

TOWN OF VESTAL

Vestal, New York

FINANCIAL REPORT

For the Year Ended
December 31, 2019



TOWN OF VESTAL

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INDEPENDENT AUDITORS' REPORT

Town Board
Town of Vestal
Vestal, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vestal (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INSERO & Co. CPAs, LLP

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Vestal, as of December 31, 2019, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of the Town's Contributions - NYSLRS Pension Plans, Schedule of the Town's Proportionate Share of Net Pension Liability, Schedule of Changes in the Town's Total Pension Liability - Length of Service Award Program, Schedule of Changes in the Town's Total OPEB Liability and Related Ratios, and the related notes to required supplementary information, on pages 4-4j and 51-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Balance Sheet - Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds are presented for purposes of additional analysis and are not required part of the basic financial statements.

The Combining Balance Sheet - Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds are the responsibility of management and were 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 Combining Balance Sheet - Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures, and the Changes in Fund Balances - Non-Major Governmental Funds are 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 January 28, 2021 on our consideration of the Town of Vestal'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 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 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 the Town's internal control over financial reporting and compliance.

Respectfully submitted,



Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
January 28, 2021

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Our discussion and analysis of the Town's financial performance provides an overview of its financial activities for the fiscal year ended December 31, 2019. Where possible, results of the current year will be discussed in comparison with the prior year, with an emphasis placed on the current year. Please read it in conjunction with the Town's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- ❖ The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2019 by \$21,247,129. Of this amount, \$30,354,898 represents an unrestricted deficit. This is primarily the result of recording the Town's other postemployment benefits liability (OPEB) and pension obligations.
- ❖ The Town's debt decreased \$2,252,007 during 2019, ending the year with a balance of \$16,562,816 as compared to \$18,814,823 at December 31, 2018.
- ❖ Significant investment gain in Fiduciary Funds contributed to an increase in net position of \$482,040.
- ❖ The General Fund recorded an increase in fund balance of \$164,857 in 2019, compared to an increase of \$870,696 in 2018. Fund balance in the General Fund was \$5,978,387 and \$5,813,530 at December 31, 2019 and 2018, respectively.
- ❖ Revenues and other financing sources in the General Fund were \$813,298 greater than budgeted in 2019, and \$878,311 greater than budgeted in 2018. Expenditures, other financing uses, and encumbrances were \$605,316 under budget in 2019 and \$282,476 below budget in 2018. The final budget for the General fund called for a use of \$1,354,552 in fund balance; due to the variances noted, fund balance grew by \$164,857.

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 through 7) provide information about the Town as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 8. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Town's operations in more detail than the Government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities of the Town's Proprietary Fund and activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of budgetary comparison schedules for the General Townwide, Fire, Sewer, Water, and Highway Townwide Funds, a Schedule of Town's Contributions - NYSLRS Pension Plans, a Schedule of the Town's Proportionate Share of the Net Pension Liability, a Schedule of Changes in the Town's Total Pension Liability - Length of Service Award Program, a Schedule of Changes in the Town's OPEB Liability and Related Ratios, and Combining Schedules for the Town's Non-Major Governmental Funds.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer the question of whether the Town as a whole is better or worse off as a result of the year's activities. These statements include *all* assets and deferred outflows of resources, and all liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. One can think of the Town's net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, all of the Town's activities, which are governmental in nature, are reported in one column, including public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds

Fund Financial Statements

Analysis of the Town's Major Funds begins on page 8. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by state law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: All of the Town's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide financial statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Proprietary Funds: Internal Service Funds (a component of Proprietary Funds) are used to report activities that provide supplies and services for the Town's other programs and activities such as the administration of health insurance.

The Town as Trustee: The Town is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Town's Fiduciary Activities are reported in separate statements that begin on page 15. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring the assets reported in this fund are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's *combined* net position for the fiscal year ended December 31, 2019 increased from \$14,742,416 to \$21,247,129. A portion of the Town's net position, \$45,784,378, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$5,817,649, represents resources that are subject to external restrictions on how they may be used and is reported as restricted net position. The remaining category of total net position is an unrestricted net deficit in the amount of \$30,354,898.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Our analysis below focuses on the net position (*Figure 1*), and changes in net position (*Figure 2*), of the Town's Governmental Activities.

*Figure 1
Net Position*

<i>Net Position</i>	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>	<i>2018 - 2019</i>
<i>Current Assets</i>	\$ 16,419,759	\$ 18,435,763	\$ 2,016,004	12.3%
<i>Noncurrent Assets</i>	5,787,582	5,619,034	(168,548)	(2.9%)
<i>Capital Assets, Net</i>	60,839,182	59,463,229	(1,375,953)	(2.3%)
<i>Total Assets</i>	83,046,523	83,518,026	471,503	0.6%
<i>Pensions and OPEB</i>	7,756,646	8,174,705	418,059	5.4%
<i>Total Deferred Outflows of Resources</i>	7,756,646	8,174,705	418,059	5.4%
<i>Current Liabilities</i>	16,788,011	16,142,775	(645,236)	(3.8%)
<i>Noncurrent Liabilities</i>	55,827,847	49,960,955	(5,866,892)	(10.5%)
<i>Total Liabilities</i>	72,615,858	66,103,730	(6,512,128)	(9.0%)
<i>Pensions and OPEB</i>	3,444,895	4,341,872	896,977	26.0%
<i>Total Deferred Inflows of Resources</i>	3,444,895	4,341,872	896,977	26.0%
<i>Net Investment in Capital Assets</i>	43,544,061	45,784,378	2,240,317	5.1%
<i>Restricted</i>	6,253,320	5,817,649	(435,671)	(7.0%)
<i>Unrestricted</i>	(35,054,965)	(30,354,898)	4,700,067	13.4%
<i>Total Net Position</i>	\$ 14,742,416	\$ 21,247,129	\$ 6,504,713	44.1%

Total assets grew slightly due to an increase in current assets, offset by decreases in both capital assets and noncurrent assets.

The changes in deferred outflows of resources - pensions, and deferred inflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the Pension Systems' Plan's net pension liability and related deferred outflows and inflows of resources.

Changes in noncurrent liabilities, deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB are primarily due to recognition of GASB Statement No. 75, which is based on an actuarial valuation of the Town's OPEB plan, as well as regular principal payments.

Net investment in capital assets increased due to reduction in debt offsetting total capital reductions. Total restricted net position was reduced due to expenditure of the capital reserve funds in the Water Fund. Unrestricted deficit was reduced as a result of operations.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Figure 2 demonstrates the results of the Town's activities.

Figure 2
Changes in Net Position

Changes in Net Position	Governmental Activities and Total Government		Dollar Change	Percent Change
	2018	2019	2018 - 2019	2018 - 2019
REVENUES				
<i>Program Revenues :</i>				
<i>Charges for Services</i>	\$ 7,084,573	\$ 7,713,423	\$ 628,850	8.9%
<i>Operating Grants</i>	358,101	200,135	(157,966)	(44.1%)
<i>Capital Grants</i>	907,978	668,571	(239,407)	(26.4%)
<i>General Revenues :</i>				
<i>Property Taxes and Tax Items</i>	10,857,777	11,188,585	330,808	3.0%
<i>Nonproperty Taxes</i>	7,407,531	7,671,515	263,984	3.6%
<i>State Sources</i>	678,499	348,735	(329,764)	(48.6%)
<i>Use of Money and Property</i>	233,374	514,207	280,833	120.3%
<i>Other General Revenues</i>	848,159	1,040,559	192,400	22.7%
Total Revenues	\$ 28,375,992	\$ 29,345,730	\$ 969,738	3.4%
PROGRAM EXPENSES				
<i>General Government</i>	4,088,975	\$ 4,302,332	213,357	5.2%
<i>Public Safety</i>	7,882,931	5,693,127	(2,189,804)	(27.8%)
<i>Public Health</i>	2,900	1,644	(1,256)	(43.3%)
<i>Transportation</i>	6,285,315	4,130,847	(2,154,468)	(34.3%)
<i>Economic Assistance</i>	17,794	18,428	634	3.6%
<i>Culture and Recreation</i>	1,987,034	1,632,041	(354,993)	(17.9%)
<i>Home and Community Services</i>	7,254,321	6,334,558	(919,763)	(12.7%)
<i>Interest on Long-term Debt</i>	287,621	728,040	440,419	153.1%
Total Expenses	\$ 27,806,891	\$ 22,841,017	\$ (4,965,874)	(17.9%)
CHANGE IN NET POSITION	\$ 569,101	\$ 6,504,713	\$ 5,935,612	1043.0%

Revenues increased by 3.4% while expenses decreased by 17.9%. Charges for services increased due to water and sewer fee increases. Operating grants decreased primarily as a result of decreased public safety grants. Expenses decreased primarily as a result of cost reduction efforts and the change in OPEB.

Governmental Activities

The cost of all Governmental Activities was \$22,841,017 in 2019. As shown in the Statement of Activities, the amount financed for these activities through property taxes and other general revenues was \$14,258,888 in 2019, as some of the cost was paid by those who directly benefited from the programs, \$7,713,423, or by other governments and organizations that subsidized certain programs with grants and contributions, \$868,706.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Figure 3 shows the sources of revenue for 2019 and 2018.

Figure 3
Revenue by Source - 2019

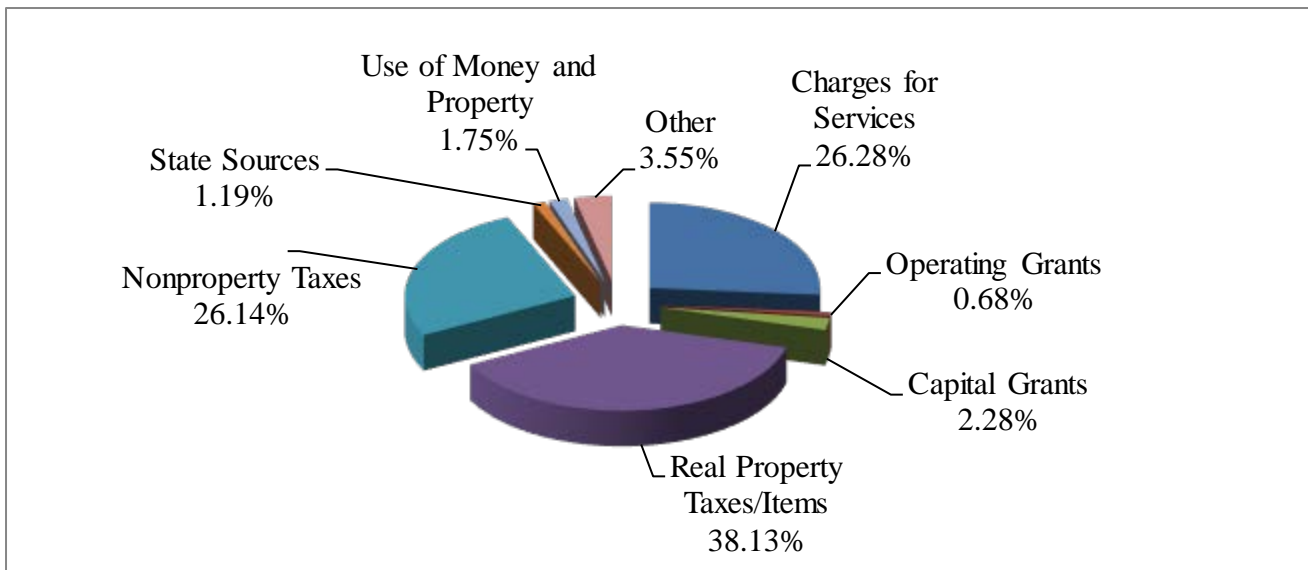
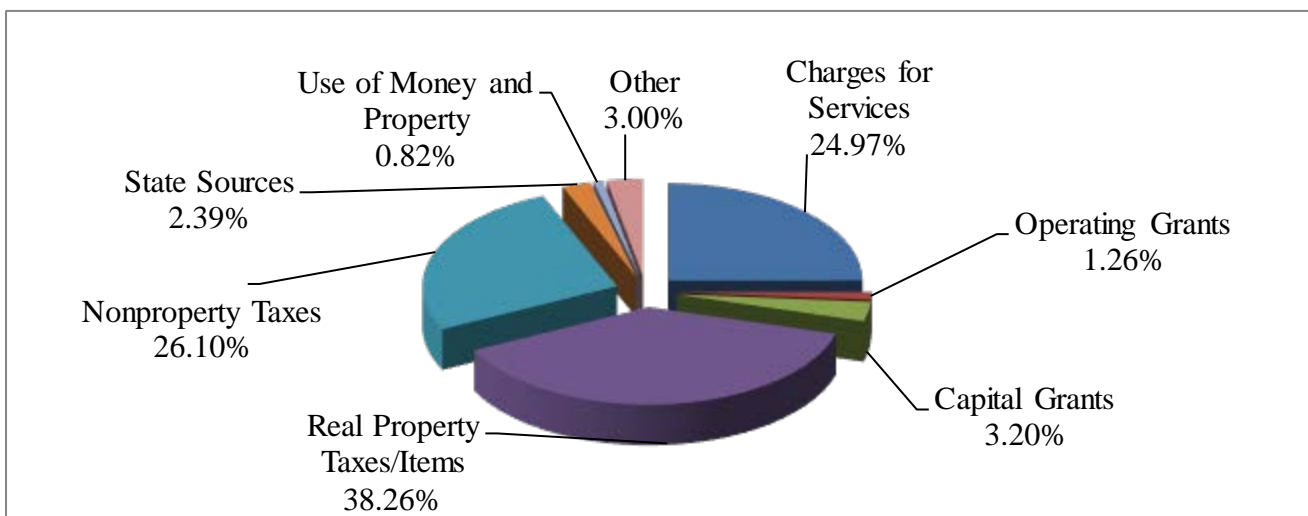


Figure 4
Revenue by Source - 2018



TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The total cost and revenue comparison of the Governmental Activities for each of the Town's largest programs follows. The difference between the cost and revenue shows the financial contribution made by the Town's taxpayers for each of these activities.

Figure 5
Program Cost and Revenue Comparison
Governmental Activities - 2019

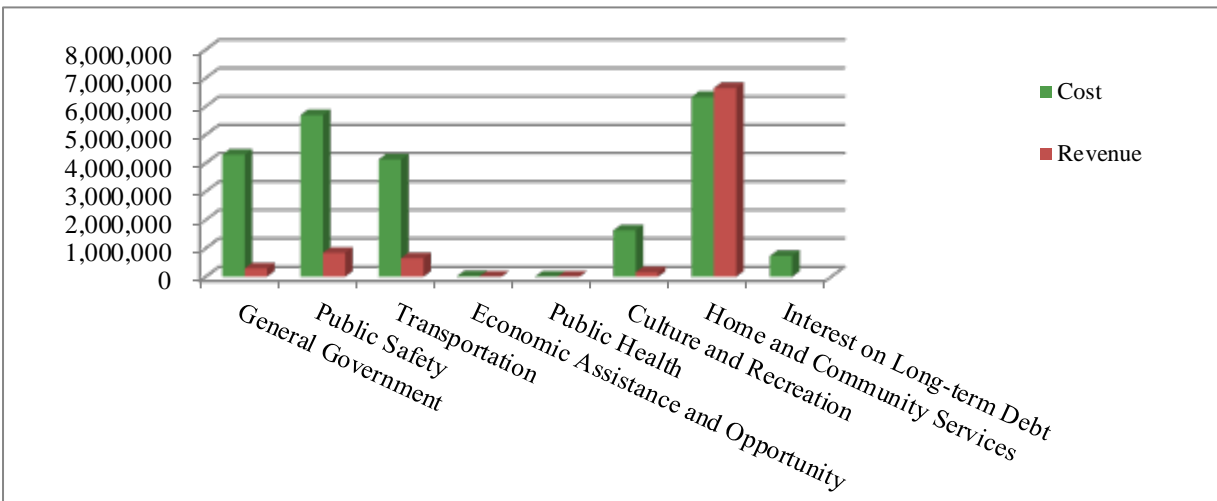
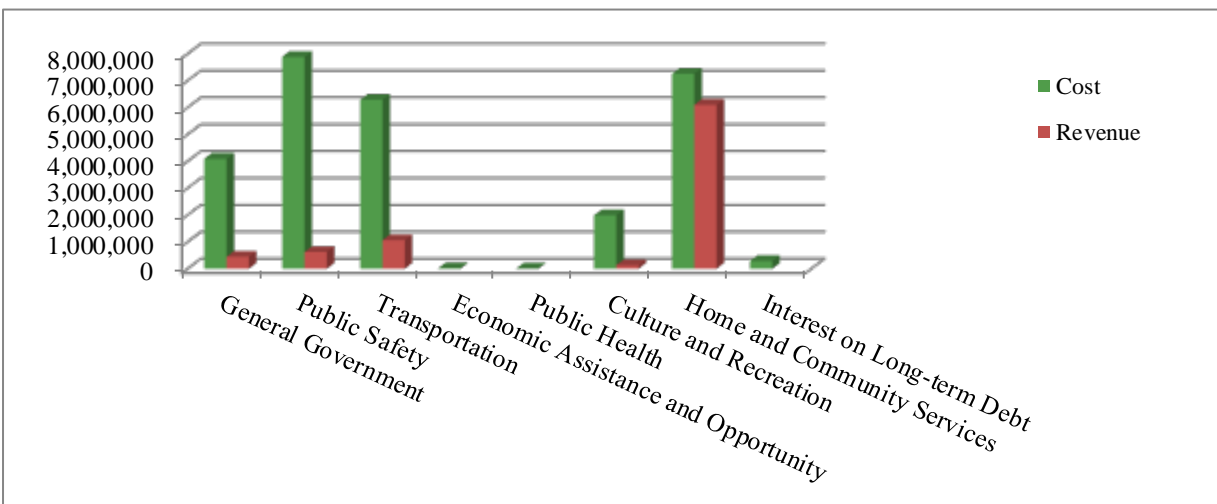


Figure 6
Program Cost and Revenue Comparison
Governmental Activities - 2018



TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

THE TOWN'S FUNDS

As the Town completed the year, its Governmental Funds, as presented in the Balance Sheet on pages 8-8a, reported a combined fund balance of \$6,363,671 which is 85.5% above last year's total of \$3,430,572.

The Capital Projects Fund improved primarily to the reduction in short-term debt. *Figure 5* shows the changes in fund balances during the year for the Town's Governmental Funds.

*Figure 5
Governmental Funds
Fund Balances for the Years Ended December 31,*

<i>Governmental Funds</i>	<i>2018</i>	<i>2019</i>	<i>Dollar Change</i>
			<i>2018 - 2019</i>
<i>General Fund - Townwide</i>	\$ 5,813,530	\$ 5,978,387	\$ 164,857
<i>Fire District</i>	1,662,345	1,745,787	83,442
<i>Sewer Fund</i>	3,413,800	3,822,470	408,670
<i>Water Fund</i>	3,325,474	2,401,350	(924,124)
<i>Highway Fund</i>	1,357,712	1,343,703	(14,009)
<i>Capital Projects Fund</i>	(12,263,717)	(9,061,931)	3,201,786
<i>Non-Major Funds</i>	121,428	133,905	12,477
<i>Totals</i>	\$ 3,430,572	\$ 6,363,671	\$ 2,933,099

General Townwide Fund Budgetary Highlights

Over the course of the year, the Town Board and management of the Town revised the budget several times. These budget amendments consisted of transfers between functions and an overall increase of \$681,731 from the original adopted budget.

Resources available for appropriation (revenues and other financing sources) were \$813,298 above the final budgeted amount. The actual charges to appropriations (expenditures, encumbrances and other financing uses) were below the final General Townwide Fund budget amounts by \$605,316.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2019, the Town had invested \$136,124,393, net of accumulated depreciation of \$76,661,164, in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net decrease of \$1,375,953, including additions of \$2,917,275, net book value of disposals of \$196,134 and depreciation expense of \$4,097,094.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

*Figure 6
Capital Assets*

<i>Capital Assets</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>
<i>Land</i>	\$ 9,921,132	\$ 9,944,232	\$ 23,100
<i>Buildings</i>	6,827,168	6,691,217	(135,951)
<i>Improvements</i>	2,710,050	2,640,089	(69,961)
<i>Equipment</i>	8,003,069	8,031,102	28,033
<i>Infrastructure</i>	33,377,763	32,156,589	(1,221,174)
<i>Totals</i>	\$ 60,839,182	\$ 59,463,229	\$ (1,375,953)

Debt Administration

Debt considered liabilities of Governmental Activities, is shown in *Figure 7*. Exclusive of the indebtedness of the Vestal Fire District, \$7,400,357 of the total indebtedness of the Town was subject to the constitutional debt limit and represented approximately 5.73% of the Town's statutory debt limit.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (S&P), has assigned its underlying rating of AA- with a stable outlook to the Town's outstanding bonds.

*Figure 7
Major Outstanding Debt for the Years Ended December 31,*

<i>Major Outstanding Debt</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>
<i>Bond Anticipation Notes</i>	\$ 14,025,448	\$ 12,416,075	\$ (1,609,373)
<i>Serial Bonds</i>	4,789,375	4,129,160	(660,215)
<i>Intsallment Purchase Debt</i>	-	17,581	17,581
<i>Totals</i>	\$ 18,814,823	\$ 16,562,816	\$ (2,252,007)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following is a summary of currently known facts, decisions, or conditions that are expected to have a significant effect on the Town's financial position.

COVID 19

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same. On March 18, 2020 the Town declared a state of emergency. The emergency declaration expired on April 17, 2020.

While the virus has affected revenue streams supporting operating and debt service cost the degree of impact to the Town’s operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Town and its economy.

The Town is monitoring 2020 financial results and has taken proactive measures to maintain its functionality and meet its obligations. Immediately following the town’s emergency declaration department heads were instructed to suspend any previously approved capital spending provided for in the 2020 operating budget until further notice. Orders placed for equipment not yet received, with the exception of vehicles for first responders, were canceled. This action has preserved at least \$900,000 of fund balance previously appropriated for capital needs and allowed the allocated a portion of the savings to mitigate the anticipated revenue shortfalls. Department heads were further instructed to halt any unnecessary expenditures and to postpone filling vacant positions until given expressed authority to resume hiring. Two employees took advantage of a retirement incentive allowing the town some restructuring opportunities. The Town does not anticipate cash flow concerns and is evaluating the possible consequences should the emergency continue into 2021. Hiring to fill vacant essential positions has resumed.

Town officials are in the process of preparing the 2021 budget and plan to appropriate some fund balance to soften the real property tax levy increase. The Town Board is committed to staying within New York’s tax levy limit. Town officials will be evaluating the town’s fund balance policy and may modify it to preserve more fund balance than allowed under the existing policy. This will help ensure future tax increases are within the tax levy limit given these uncertain times.

Local Economy

Binghamton University (the “University”) and the area medical facilities continue to drive growth within the Town of Vestal.

A \$40 million multi-unit housing complex is proposed consisting of 64 cottage-style two and three story buildings and 161 units. The project is currently going through the approval process.

A two building car rental office and vehicle fueling and washing facility with an estimated construction cost of \$2.2 million is nearing completion.

TOWN OF VESTAL

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The Binghamton-Johnson City Joint Sewage Treatment Plant located in the east end of Vestal is undergoing a major construction remodel which is nearing completion. Construction cost per building permits on file exceeded \$155,000,000. The town is currently reviewing a new permit application for an additional \$1.6 million upgrade to a pump station.

The rehabilitation and remodeling of commercial property in the Town is stable. Inquiries regarding permitted use of property and how to prepare for and perform construction in the Town continue to stream in. These inquiries pertain to not only existing developed property but vacant land as well. This is an indication to Town Officials that developers are thoroughly examining potential opportunities in the Town and that they view the current uncertainty as short term.

The residential market for new single family home construction has seen little growth. There were no new housing starts in 2019 but there have been three starts in 2020 with more inquiries.

The total taxable assessed value increased slightly in 2020.

2020 Taxes

The 2020 adopted budget resulted in an increase in the Town of Vestal tax rate of \$.0426 per \$1,000 of assessed value and a Vestal Fire District tax rate increase of \$.0493 per \$1,000 of assessed value.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Town of Vestal, 605 Vestal Parkway West, Vestal, New York 13850.

TOWN OF VESTAL

STATEMENT OF NET POSITION DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 12,161,597
Investments - Unrestricted	135,000
Investments - Restricted	579,622
Due from State and Federal Governments	753,113
Due from Other Governments	1,937,925
Other Receivables	2,344,508
Prepaid Expenses	523,998
Total Current Assets	18,435,763
Noncurrent Assets	
Restricted Cash and Cash Equivalents	5,619,034
Capital Assets, Non-Depreciable	9,944,232
Capital Assets, Net of Accumulated Depreciation	49,518,997
Total Noncurrent Assets	65,082,263
Total Assets	83,518,026
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	5,364,044
Pensions	2,810,661
Total Deferred Outflows of Resources	8,174,705

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF NET POSITION (Continued) DECEMBER 31, 2019

LIABILITIES

Current Liabilities

Accounts Payable	\$ 1,700,326
Accrued Liabilities	414,955
Due to Fiduciary Fund	580
Interest Payable	205,092
Deferred Revenues	247,606
Bond Anticipation Notes Payable	12,416,075
Current Portion of Long-Term Liabilities	
Installment Purchase Debt	3,981
Bonds Payable	1,154,160
Total Current Liabilities	16,142,775

Noncurrent Liabilities and Obligations

Bonds Payable	2,975,000
Installment Purchase Debt	13,600
Other Postemployment Benefits Liability	41,000,633
Net Pension Liabilities - Proportionate Share	5,971,722
Total Long-Term Liabilities	49,960,955

Total Liabilities 66,103,730

DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits	2,930,012
Pensions	1,411,860

Total Deferred Inflows of Resources 4,341,872

NET POSITION

Net Investment in Capital Assets	45,784,378
Restricted	5,817,649
Unrestricted	(30,354,898)

Total Net Position \$ 21,247,129

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental Activities				
General Governmental Support	\$ 4,302,332	\$ 292,972	\$ 1,310	\$ (4,008,050)
Public Safety	5,693,127	541,923	159,440	(4,856,364)
Public Health	1,644			(1,644)
Transportation	4,130,847	116,660	533,171	(3,481,016)
Economic Assistance and Opportunity	18,428			(18,428)
Culture and Recreation	1,632,041	133,187	21,000	(1,477,854)
Home and Community Services	6,334,558	6,628,681	18,385	312,508
Interest on Debt	728,040			(728,040)
Total Governmental Activities	<u>\$ 22,841,017</u>	<u>\$ 7,713,423</u>	<u>\$ 200,135</u>	<u>\$ 668,571</u>
				<u>(14,258,888)</u>
GENERAL REVENUES				
				10,314,283
				874,302
				7,671,515
				348,735
				514,207
				52,287
				937,272
				51,000
				<u>20,763,601</u>
				6,504,713
				14,742,416
				<u>\$ 21,247,129</u>

See Notes to Financial Statements

TOWN OF VESTAL

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

	Major Funds			
	General Townwide Fund	Special Revenue Funds		
		Fire Fund	Sewer Fund	Water Fund
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 2,590,139	\$ 687,636	\$ 1,136,678	\$ 1,009,722
Temporary Investments		35,260		99,740
Due from Other Funds				
Due from State and Federal Governments	24,408	2,621		
Due from Other Governments	1,230,489		902	418
Prepaid Expenses	310,473	1,506		29,238
Other Receivables	167,469	1,038	1,286,217	769,922
Restricted Cash and Cash Equivalents	1,599,229	1,505,147	1,688,825	706,862
Restricted Investments	579,622			
Total Assets	<u>\$ 6,501,829</u>	<u>\$ 2,233,208</u>	<u>\$ 4,112,622</u>	<u>\$ 2,615,902</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 178,325	\$ 485,300	\$ 174,898	\$ 59,948
Accrued Liabilities	331,269	2,121		31,290
Due to Other Funds	5,708			
Bond Anticipation Notes Payable				
Unearned Revenues	8,140		115,254	123,314
Total Liabilities	<u>523,442</u>	<u>487,421</u>	<u>290,152</u>	<u>214,552</u>
Fund Balances				
Nonspendable	310,473	1,506		29,238
Restricted	2,190,063	1,064,182	1,737,571	706,862
Assigned	1,505,399	680,099	2,084,899	1,665,250
Unassigned (Deficit)	1,972,452			
Total Fund Balances (Deficit)	<u>5,978,387</u>	<u>1,745,787</u>	<u>3,822,470</u>	<u>2,401,350</u>
Total Liabilities and Fund Balances	<u>\$ 6,501,829</u>	<u>\$ 2,233,208</u>	<u>\$ 4,112,622</u>	<u>\$ 2,615,902</u>

See Notes to Financial Statements

Major Funds			
Special Revenue Funds			
Highway Townwide Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 267,057	\$ 3,301,266	\$ 59,210	\$ 9,051,708
			135,000
		5,128	5,128
306,190	422,515		755,734
638,250	65,245		1,935,304
51,907			393,124
115,905		898	2,341,449
46,043		72,928	5,619,034
			579,622
\$ 1,425,352	\$ 3,789,026	\$ 138,164	\$ 20,816,103
\$ 31,374	\$ 434,882	\$ 3,361	\$ 1,368,088
50,275			414,955
			5,708
	12,416,075		12,416,075
		898	247,606
81,649	12,850,957	4,259	14,452,432
51,907			393,124
46,043		72,928	5,817,649
1,245,753		60,977	7,242,377
	(9,061,931)		(7,089,479)
1,343,703	(9,061,931)	133,905	6,363,671
\$ 1,425,352	\$ 3,789,026	\$ 138,164	\$ 20,816,103

TOWN OF VESTAL

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019

Total Governmental Fund Balances \$ 6,363,671

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets of the Governmental Funds, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. 59,463,229

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Other Postemployment Benefits Liability	\$ (41,000,633)	
Net Pension Liabilities	(5,971,722)	
Bonds Payable	(4,129,160)	
Interest Payable	(205,092)	
Installment Purchase Debt	<u>(17,581)</u>	(51,324,188)

Deferred outflows of resources and deferred inflows of resources do not affect current period revenues or expenditures and, therefore, are not reported in the Governmental Funds.

Deferred Outflows of Resources - OPEB	\$ 5,364,044	
Deferred Outflows of Resources - Pensions	2,810,661	
Deferred Inflows of Resources - OPEB	(2,930,012)	
Deferred Inflows of Resources - Pensions	<u>(1,411,860)</u>	3,832,833

The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Position. 2,911,584

Net Position of Governmental Activities \$ 21,247,129

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Major Funds			
	General Townwide Fund	Special Revenue Funds		
		Special District Funds		
	Fire Fund	Sewer Fund	Water Fund	
REVENUES				
Real Property Taxes	\$ 5,512,346	\$ 1,407,838	\$	\$ 327,225
Real Property Tax Items	180,840		517,109	
Nonproperty Tax Items	5,118,515			
Departmental Income	359,690		3,795,605	2,503,892
Intergovernmental Charges	51,000	4,800		
Use of Money and Property	247,789	52,064	55,631	62,375
Licenses and Permits	182,258			
Fines and Forfeitures	193,053			
Sale of Property and Compensation for Loss	47,946	10,295		10,173
Miscellaneous Local Sources	238,428	1,000	265,836	34,022
Interfund Revenues	234,989			322,476
State Sources	358,579	2,621		
Federal Sources	12,668	1,500		
Total Revenues	12,738,101	1,480,118	4,634,181	3,260,163
EXPENDITURES				
General Governmental Support	2,025,581			
Public Safety	4,102,741	1,053,820		
Health	1,500			
Transportation	375,779			
Economic Assistance and Opportunity	18,428			
Culture and Recreation	1,240,854			
Home and Community Services	12,911		3,657,057	1,645,858
Employee Benefits	1,580,729	100,612		217,881
Debt Service				
Principal	479,835	111,267	48,862	457,786
Interest	87,660	47,714	19,592	164,482
Capital Outlay				
Total Expenditures	9,926,018	1,313,413	3,725,511	2,486,007
Excess of Revenues (Expenditures)	2,812,083	166,705	908,670	774,156
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	33,000			
Interfund Transfers (Out)	(2,680,226)	(83,263)	(500,000)	(1,698,280)
Proceeds of Obligations				
BANs Redeemed from Appropriations				
Total Other Financing Sources (Uses)	(2,647,226)	(83,263)	(500,000)	(1,698,280)
Net Changes in Fund Balances	164,857	83,442	408,670	(924,124)
Fund Balances (Deficit), Beginning of Year	5,813,530	1,662,345	3,413,800	3,325,474
Fund Balances (Deficit), End of Year	\$ 5,978,387	\$ 1,745,787	\$ 3,822,470	\$ 2,401,350

See Notes to Financial Statements

Major Funds			
Special Revenue Funds			
Highway Townwide Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 2,797,060	\$	\$ 269,814	\$ 10,314,283
74,166		102,187	874,302
2,553,000			7,671,515
			6,659,187
14,060	2,963		72,823
29,583	2,886	194	450,522
			182,258
			193,053
140,775			209,189
32,039		5,128	576,453
99,637			657,102
468,699	158,667		988,566
	214,707		228,875
6,209,019	379,223	377,323	29,078,128
			2,025,581
			5,156,561
			1,500
3,253,043		263,846	3,892,668
			18,428
			1,240,854
		99,880	5,415,706
439,961			2,339,183
1,348,110		1,050	2,446,910
203,430		70	522,948
	1,748,213		1,748,213
5,244,544	1,748,213	364,846	24,808,552
964,475	(1,368,990)	12,477	4,269,576
	2,766,500		2,799,500
(978,484)			(5,940,253)
	498,238		498,238
	1,306,038		1,306,038
(978,484)	4,570,776	-	(1,336,477)
(14,009)	3,201,786	12,477	2,933,099
1,357,712	(12,263,717)	121,428	3,430,572
\$ 1,343,703	\$ (9,061,931)	\$ 133,905	\$ 6,363,671

TOWN OF VESTAL

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ 2,933,099**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense as well as the book value of disposed assets exceeded capital outlay in the current period.

Capital Outlay	\$ 2,917,275	
Depreciation Expense	(4,097,094)	
Net Book Value of Disposed Assets	<u>(196,134)</u>	(1,375,953)

Changes in the Town's proportionate share of net pension liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the Town's deferred outflows and deferred inflows related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (137,999)	
PFRS	(210,471)	
LOSAP	<u>(97,010)</u>	(445,480)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of Obligations	\$ (498,238)	
Installment Purchase Debt Payment	2,322	
Change in Interest Payable	(205,092)	
Debt Principal Payments	<u>1,138,550</u>	437,542

Revenues and expenses of Internal Service Funds are included in the Statement of Activities. (215,724)

Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements.

Change in Other Postemployment Benefits Liability		<u>5,171,229</u>
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Change in Net Position of Governmental Activities **\$ 6,504,713**

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2019

	Internal Service Fund
ASSETS	
Cash and Cash Equivalents - Unrestricted	\$ 3,109,889
Prepaid Expenses	130,874
Other Receivables, Net	3,059
Total Assets	3,243,822
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable	332,238
Total Liabilities	332,238
Net Position	
Unrestricted	2,911,584
Total Net Position	\$ 2,911,584

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF ACTIVITIES PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Internal Service Fund
OPERATING REVENUES	
Interfund Transfers In	\$ 3,076,753
Sale of Property and Compensation for Loss	39,232
Miscellaneous Local Sources	360,819
Total Revenues	3,476,804
OPERATING EXPENSES	
Current	
General Governmental Support	538,138
Employee Benefits	3,218,075
Total Expenses	3,756,213
Excess of (Operating Expenses)	(279,409)
NON-OPERATING REVENUES	
Use of Money and Property	63,685
Total Non-Operating Revenues	63,685
Net Change in Net Position	(215,724)
Net Position, Beginning of Year	3,127,308
Net Position, End of Year	\$ 2,911,584

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Other Funds	\$ 3,076,753
Miscellaneous Local Sources	365,457
Sale of Property and Compensation for Loss	39,232
Cash Payments - Contractual	(538,138)
Cash Payments - Hospital and Medical	(3,175,789)
Net Cash Provided (Used) by Operating Activities	(232,485)
Cash Flows From Non-Capital Financing Activities	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-
Cash Flows From Investing Activities	
Interest Income Received	63,685
Net Cash Provided (Used) by Investing Activities	63,685
Net Change in Cash Equivalents	(168,800)
Cash and Cash Equivalents, Beginning of Year	3,278,689
Cash and Cash Equivalents, End of Year	\$ 3,109,889
Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities	
Loss from Operations	\$ (279,409)
(Increase) in Accounts Receivable	4,638
Decrease in Prepaid Expenses	(21,086)
(Decrease) in Accounts Payable	63,372
Net Cash (Used) by Operating Activities	\$ (232,485)

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2019

	<u>Agency Fund</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Cash		
Unrestricted	\$ 7,115	\$ 3,350
Restricted		13,275
Restricted Investments		3,221,672
Due from Governmental Funds	580	
Total Assets	<u><u>\$ 7,695</u></u>	<u><u>3,238,297</u></u>
LIABILITIES		
Other Liabilities	\$ 7,695	3,350
Total Liabilities	<u><u>\$ 7,695</u></u>	<u><u>3,350</u></u>
NET POSITION		
Restricted for Fire Service Awards		3,234,947
Total Net Position		<u><u>\$ 3,234,947</u></u>

See Notes to Financial Statements

TOWN OF VESTAL

STATEMENT OF ACTIVITIES FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Private Purpose Trust Fund
ADDITIONS	
Investment Earnings	\$ 533,119
Total Additions	<u>533,119</u>
DEDUCTIONS	
General Government Support	<u>115,079</u>
Net Additions	418,040
OTHER ADDITIONS AND DEDUCTIONS	
Interfund Revenues	<u>64,000</u>
Change in Net Position	482,040
Net Position - Beginning of Year	<u>2,752,907</u>
Net Position - End of Year	<u><u>\$ 3,234,947</u></u>

See Notes to Financial Statements

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 1* Summary of Significant Accounting Policies**

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

Financial Reporting Entity

The Town, which was founded in 1823, is governed by Town Law, other general municipal laws of New York State, and various local laws. The Town Board is the legislative body responsible for overall operations; the Town Supervisor serves as chief executive officer and as chief fiscal officer.

The following basic services are provided: public safety, health, transportation (streets and highways), economic assistance and opportunity, culture and recreation, home and community services, planning and zoning, general administration, water, and sewer.

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the Town;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town's reporting entity.

Fire District

Fire protection is provided by the Vestal Fire District (the Fire District). The Fire District is governed by the Board of Fire Commissioners, whose membership is the Town Board, ex officio. The Fire District is included in the reporting entity as a separate Governmental Fund.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 1 Summary of Significant Accounting Policies - Continued

Emergency Squad

Effective December 1, 1996, the Town entered into a contract with VVES, Inc., a nonprofit corporation, to provide general ambulance service within Town boundaries. VVES, Inc. is not included in the Town reporting entity. The Town has no authority to appoint the governing authority or management of VVES, Inc. In addition, the Town has no responsibility for deficits, no entitlement to surpluses, and does not guarantee debt of VVES, Inc. VVES, Inc. has substantial financial independence, with the following exceptions. Fees imposed and collected by VVES, Inc. were established by the Town pursuant to the authority contained in §122-b(2) of General Municipal Law and are included in the contractual agreement. Under the provisions of the contract, title to certain Town assets was transferred to VVES, Inc., which is contractually obligated to pay for these assets by reimbursing the Town for remaining debt service payments.

In 2006, the Town constructed a new building which houses the emergency squad's operations. In accordance with a written agreement, VVES, Inc. reimburses the Town for debt service costs on the \$768,500 notes issued and remains responsible for certain repair and maintenance costs. At December 31, 2019, \$360,000 remained outstanding on this debt.

Basic Financial Statements

The Town's basic financial statements include both Government-wide (reporting the Town as a whole) and Governmental Fund financial statements (reporting the Town's funds). The Government-wide and Governmental Fund financial statements categorize primary activities as governmental. The Town's general governmental support, public safety, public health transportation, economic assistance, culture and recreation, and home and community services are classified as Governmental Activities.

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental and Business-type). Government-wide financial statements do not include the activities reported in the Fiduciary Funds. The focus of the Government-wide financial statements addresses the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 1* Summary of Significant Accounting Policies - Continued**

Government-Wide Financial Statements - Continued

The Statement of Activities reports both the gross and net cost for each of the Town's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues (charges paid by the recipients of the goods or services offered by the programs, grants, and contributions) that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Town.

The Town does not allocate indirect costs. Indirect costs are reported in the function entitled "general governmental support."

Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Town records its transactions in the funds described below.

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the Town's Governmental Funds.

Major Funds

- **General Townwide Fund** - Principal operating fund; includes all operations not required to be recorded in other funds.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 1* Summary of Significant Accounting Policies - Continued**

Governmental Funds - Continued

Major Funds - Continued

- **Special Revenue Funds** - Used to account for the proceeds of specific revenue sources legally restricted to expenditure for specified purposes.

The following Special Revenue Funds are utilized:

- **Special District Funds** - Established by the Town to account for activities in the following areas: Fire, Sewer, and Water.
- **Highway Townwide Fund** - Established pursuant to Highway Law, §141, to account for revenues and expenditures for highway purposes.
- **Capital Projects Fund** - Used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment.

Non-Major Funds

- **Special Revenue Funds** - Used to account for the proceeds of specific revenue sources legally restricted to expenditure for specified purposes.

The following Special Revenue Funds are utilized:

- **Special District Funds** - Established by the Town to account for activities in the following areas: Drainage and Lighting.
- **Special Grant Fund** - Accounts for proceeds of a specific revenue source, expenditures for which are legally restricted for purposes specified in the grant agreements.
- **Other Special Revenue** - Accounts for other special revenue funds.
- **Debt Service Fund** - Used to account for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 1* Summary of Significant Accounting Policies - Continued**

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations or activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

- **Internal Service Fund**

The Internal Service Fund is used to account for the accumulation of resources for payment of health insurance as authorized by General Municipal Law.

Fiduciary Fund Types

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The following are the Town's Fiduciary Funds.

- **Agency Fund**

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

- **Private Purpose Trust Fund**

Established to account for Town Fire District trusts.

Basis of Accounting/Measurement Focus

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

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

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town recognizes receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Accounting/Measurement Focus - Continued

Modified Accrual Basis - Continued

Expenditures are recorded when incurred except:

- Expenditures for certain minor prepaid expenses and inventory-type items are recognized at the time of the purchase.
- Principal and interest on indebtedness are not recognized as an expenditure until due.
- Compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as departmental expenditures when paid. At year end, the vested and unpaid balance is accrued.
- General fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received on the Statement of Net Position. No budgetary provision for depreciation is made. No liability is recorded for interest payable to maturity.

Accrual Basis

The Governmental Activities, Proprietary, and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Position and Statement of Fiduciary Net Assets. The Statement of Activities and Statement of Changes in Fiduciary Net Assets presents changes in net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Property Taxes

Town real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1 to March 31. The Town Receiver of taxes collects all real estate taxes for Town and County purposes. The Town Receiver distributes the collected tax money to the Town Supervisor prior to distributing the balance collected to the County on March 31. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Annually the County bills the Town for current and prior year adjustments to tax bills resulting from small claims decisions or court orders. The Town pays this bill before December 31 and with the exception of court ordered settlements, nets these adjustments against the current year levy in reporting real property tax revenue.

In June 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the town in a particular year, beginning with the 2012-2013 fiscal year. The growth in annual levy is limited to the lesser of 2% or annual change in the national unadjusted Consumer Price Index for All Urban Consumers - All Items (CPI-U), subject to certain limited exceptions and adjustments.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 1 Summary of Significant Accounting Policies - Continued

Internal Service Fund Revenues

The Town's internal service fund records revenue as either operating or nonoperating revenue. Generally, revenue from investments or from other Funds of the Town are considered nonoperating revenue. Other revenues are considering operating.

Cash and Cash Equivalents

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

Investments

Temporary investments consist of short-term treasury instruments and are stated at fair value. Restricted investments consist of U.S. Treasury investments and are stated at fair value.

Vacation, Sick Leave, and Compensatory Absences

Full-time employees earn from 10 to 25 days of vacation leave per year depending on length of employment. Generally, vacation leave must be used by year end or forfeited, except that up to ten days may be carried over to the next year. In the event of termination or upon retirement, an employee is entitled to payment of accumulated vacation at various rates subject to certain maximum limitations. Part-time employees of the Town do not earn vacation leave benefits.

Employees may also accumulate compensatory time in lieu of overtime pay. Police department personnel can carry up to 100 hours of compensatory time to the next year.

For employees represented by the Operating Engineers and the Vestal Police Supervisors unions and full-time non-union employees, the Town provided a balance of sick time hours that accrued effective January 1, 2016. Employees represented by the CSEA union were provided a balance of sick time hours on June 1, 2018. One additional day of sick time accrues monthly if the employee in on the payroll at least half the month. Employees represented by the Police Benevolent Association similarly received a balance of sick time hours on January 1, 2020. Upon retirement, the employee may cash out the balance of sick leave in excess of 192 hours up to a specified maximum. Effective May 9, 2018, the Town adopted a resolution to provide additional benefits pursuant to §41-j of the Retirement and Social Security Law. As a result, the cash-out of sick time was eliminated from the Operating Engineers union contract as of January 1, 2018.

The Town does maintain an insured disability program, in which eligible employees receive insurance benefits on the 30 day of disability. The Town continues to pay the employee's full compensation during the waiting period provided the employee has sick leave or other accrued paid time off to change. Insurance benefits amount to two-thirds of pay with a weekly maximum. The weekly maximum is \$700 for members of CSEA and the International Union of Operating Engineers Local Union 106. The weekly maximum is \$800 for members of the Police Benevolent Association and \$1,000 for the Police Supervisors Association and non-union management. This insurance pays benefits for a one-year period only.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 1 Summary of Significant Accounting Policies - Continued

Vacation, Sick Leave, and Compensatory Absences - Continued

Personal leave is granted in accordance with collective bargaining agreements or the Employee Handbook and is generally limited to six days per year with no accumulated balance.

Vested vacation, sick, and compensatory time is recorded as a liability and expenditure in the Governmental Funds. The current liability for compensated absences increased by \$17,488 during the year. This liability is reported in the various governmental funds as of December 31, 2019 totaling \$184,131. This amount is reported within accrued liabilities.

Capital Assets

Capital assets purchased for general governmental purposes are recorded as expenditures in Governmental Funds and are capitalized at cost in the Statement of Net Position. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value upon acquisition.

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

Assets consisting of certain infrastructure type improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and drainage and lighting systems, have now been capitalized and are presented in these financial statements.

The asset values, net of accumulated depreciation, appear in the Statement of Net Position within this report. Depreciation has been provided using the straight-line method over the estimated useful life of the asset. Interest on general fixed assets work in progress has not been capitalized.

Insurance

The Town maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. The Town maintains an insurance reserve for general liability, public officials' liability, law enforcement liability, and other court ordered settlements. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. In the last six years, paid losses for claims totaled \$108,140, which were paid from the insurance reserve fund. Claims of \$183,839 were paid for court ordered assessment settlements. Legal fees and expenses incurred to defend general liability claims totaled approximately \$130,917 over that same period. Legal and professional fees included for assessment challenges are paid from general appropriations and are not included above. Contributions are made to the insurance reserve annually via real property taxes levied, interest earnings, and an interfund transfer.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 1 **Summary of Significant Accounting Policies - Continued**

Use of Estimates

The presentation of financial statements in conformity with the prescribed basis of accounting as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity

The Town classifies fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Town Board, by budgetary appropriation, authorized the department heads to assign fund balance for encumbrances. The Town Board may by budgetary appropriation or resolution assign fund balance to fund operations or capital expenditures.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 1 **Summary of Significant Accounting Policies - Continued**

Fund Equity - Continued

- **Unassigned** - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Town has not adopted any resolutions to commit fund balance. The Town's policy is to apply expenditures against restricted fund balance, assigned fund balance, and unassigned fund balance, in this respective order.

The Town adopted a reserve fund policy on August 10, 2016 that covers reserve and unassigned fund balance.

For restricted fund balance (reserves) the Town shall strive to maintain a level of reserves to guard taxpayers against a service disruption and to help reduce the reliance on borrowing. Funding of the reserves comes from surplus funds in a fiscal year or other sources designated by the Town Board. The Board must approve any expenditures of or use of reserves by approval of a resolution and the reserves shall only be used for their intended purpose.

For unassigned fund balance, Town management will maintain levels at no less than 10% and no more than 15% of the total adopted budgeted expenditures of the General Fund. On an annual basis, the Comptroller/Director of Finance will calculate and verify compliance with this by taking the audited balance available in the unrestricted unassigned fund balance of the General Fund for the most recent audited fiscal year and dividing that by the adopted expenditure budget for the current fiscal year for the General Fund, taking into account any appropriation of fund balance. The Comptroller/Director of Finance shall report annually to the Town Board and make recommendations for the use of funds or the replenishment of funds, depending of a surplus or deficit. For years in which a surplus results, any excess may be utilized for any lawful purpose by the Town Board. For years in which a deficit occurs, resulting in the unrestricted unassigned fund balance falling below 10%, the Comptroller/Director of Finance shall prepare and submit to the Town Board a plan to restore the minimum target level in the next budget year or appropriate period of time.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to other postemployment benefits (OPEB) and pensions in the Statement of Net Position. The types of deferred outflows of resources related to OPEB are described in Note 7 and the types of deferred outflows of resources related to pensions are described in Note 6.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 1 Summary of Significant Accounting Policies - Continued

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions, which are further described in Note 6.

Note 2 Stewardship, Compliance, and Accountability

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$9,061,931 at December 31, 2019. This deficit will be eliminated as short-term debt is converted to long-term financing.

Statement of Net Position

At December 31, 2019 the Statement of Net Position had an unrestricted net deficit of \$30,354,898. This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. (See Note 7). The deficit is not expected to be eliminated in the normal course of actions.

Note 3 Cash and Investments

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

Collateral is required for demand and time deposits and certificates of deposit at 100% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, as well as obligations of the state, its municipalities and school districts.

Deposits and investments are categorized as either (1) insured and for which the securities are held by the Town's agent in the Town's name; (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Town's name; or (3) uncollateralized.

Total financial institution (bank) balances at December 31, 2019, per the bank, were \$17,972,724. These deposits are either insured or collateralized in accordance with state statutes and Town investment policies.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 3 Cash and Investments - Continued

Investments are stated at fair value and are categorized as either (1) insured or registered, with investments held by the Town or the Town’s agent in the Town’s name; (2) uninsured and unregistered, with investments held by the financial institution’s trust department in the Town’s name; (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the Town’s name. The Town has the following investments in the following denominations:

<u>Description</u>	<u>Fund Type</u>	<u>Category</u>	<u>Amount</u>
U.S. Treasury Bonds	General Fund Insurance Reserve	(1)	\$ 403,797
U.S. Treasury Bonds	Fire Fund	(1)	35,260
U.S. Treasury Bonds	Water Fund	(1)	99,740
Town of Vestal Bond	General Fund Insurance Reserve	(1)	175,825

In addition, the Town’s Fire District Service Award program has investments of \$3,221,672 at December 31, 2019. This amount is invested in several different mutual funds and is not insured. See Note 12 for a further description of the program.

Fair Value Measurement

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows.

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Town has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Town’s assets at fair value as of December 31, 2019.

	<u>Assets at Fair Value at December 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Obligations:				
U.S. Treasury Bonds	\$	\$ 538,797	\$	\$ 538,797
Town of Vestal Bond		175,825		175,825
Mutual Funds	3,221,672			3,221,672
Total	\$ 3,221,672	\$ 714,622	\$ -	\$ 3,936,294

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 4 Other Receivables

Other receivables for the year ended December 31, 2019 consisted of:

General Townwide Fund	
Franchise Fees	\$ 81,787
Justice Fees	35,808
Other Receivables	38,661
Accrued Interest Receivable	11,213
Total General Fund	<u>167,469</u>
Special District Funds	
Fire Fund	
Other Receivables	<u>1,038</u>
Sewer Fund	
Sewer Rents Receivable	<u>1,286,217</u>
Water Fund	
Water Rents Receivable	766,800
Other Receivables	797
Accrued Interest Receivable	2,325
Total Water Fund	<u>769,922</u>
Highway Townwide Fund	
Other Receivables	<u>115,905</u>
Non-Major Funds	
Other Receivables	<u>898</u>
Total Governmental Funds	<u>2,341,449</u>
Internal Service Fund	
Other Receivables	<u>3,059</u>
Total	<u><u>\$ 2,344,508</u></u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 5 Capital Assets

The changes in capital assets for the fiscal year ended December 31, 2019 are as follows.

Type	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Nondepreciable Capital Assets:				
Land	\$ 9,921,132	\$ 23,100	\$ -	\$ 9,944,232
Total Nondepreciable Capital Assets	9,921,132	23,100	-	9,944,232
Depreciable Capital Assets:				
Buildings	21,197,149	569,414		21,766,563
Improvements	4,519,666	46,151		4,565,817
Machinery and Equipment	23,432,687	1,424,360	(1,235,870)	23,621,177
Infrastructure	75,372,354	854,250		76,226,604
Total Depreciable Capital Assets	124,521,856	2,894,175	(1,235,870)	126,180,161
Total Historical Cost	134,442,988	2,917,275	(1,235,870)	136,124,393
Accumulated Depreciation:				
Buildings	(14,369,981)	(705,365)		(15,075,346)
Improvements	(1,809,616)	(116,112)		(1,925,728)
Machinery and Equipment	(15,429,618)	(1,242,983)	1,082,526	(15,590,075)
Infrastructure	(41,994,591)	(2,075,424)		(44,070,015)
Total Accumulated Depreciation	(73,603,806)	(4,139,884)	1,082,526	(76,661,164)
Governmental Capital Assets, Net	<u>\$ 60,839,182</u>	<u>\$ (1,222,609)</u>	<u>\$ (153,344)</u>	<u>\$ 59,463,229</u>

Depreciation expense for the year ended December 31, 2019 was allocated to functions as follows:

General Governmental Support	\$ 669,092
Public Safety	687,768
Transportation	1,303,973
Culture and Recreation	190,347
Home and Community Services	1,245,914
Total	<u>\$ 4,097,094</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the System)

Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)

The Town participates in the New York State and Local Employees' Retirement System which include the New York State and Local Employees' Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans (System). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The System is included in New York 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 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 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. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual reports.

Contributions

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

	<u>ERS</u>	<u>PFRS</u>
2019	\$ 681,881	\$ 550,102
2018	712,209	599,386
2017	719,063	590,861

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

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

At December 31, 2019, the Town reported the following liability for its proportionate share of the net pension liability for each of the System plans. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportionate share 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 derived from report provided to the Town by each System.

	ERS	PFRS
Actuarial Valuation Date	04/01/2019	04/01/2019
Net Pension Liability	\$ 7,085,304,242	\$ 1,677,063,145
Town's Portion of the Plan's Total Net Pension Liability	1,178,904	1,228,597
Town's Share of the Plan's Total Net Pension Liability	0.0166387%	0.0732588%

For the year ended December 31, 2019, the Town recognized pension expense of \$832,829 for ERS and \$791,349 for PFRS.

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences Between Expected and Actual Experience	\$ 232,151	\$ 298,460	\$ 79,138	\$ 131,173
Changes of Assumptions	296,328	446,382		
Net Differences Between Projected and Actual Earnings on Pension Investments			302,572	246,058
Changes in Proportion and Differences Between the Town's Contribution and Proportionate Share of Contributions	110,527	34,688	24,836	94,738
Town's Contributions Subsequent to the Measurement Date	520,676	443,353		
Total	\$ 1,159,682	\$ 1,222,883	\$ 406,546	\$ 471,969

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the System) - Continued

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

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

<u>Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 286,320	\$ 232,176
2021	(206,710)	(54,612)
2022	(7,427)	(12,504)
2023	160,277	124,450
2024		18,051
Thereafter		

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an 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 valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows.

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2019	March 31, 2019
Actuarial Valuation Date	April 1, 2018	April 1, 2018
Investment Rate of Return (Net of Investment Expense, Including Inflation)	7.0%	7.0%
Salary Increases	4.2%	5.0%
Inflation Rate	2.5%	2.5%
Cost of Living Adjustments	1.3%	1.3%

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

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the System) - Continued

Actuarial Assumptions - Continued

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.

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 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.

Measurement Date	<u>ERS and PFRS</u>
	March 31, 2019
Asset Type	
Domestic Equities	4.6%
International Equities	6.4%
Real Estate	5.6%
Private Equity/Alternative Investments	7.5%
Absolute Return Strategies	3.8%
Opportunistic Portfolio	5.7%
Real Assets	5.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%
Mortgages and Bonds	1.3%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the System) - Continued

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Town's Proportionate Share of the Net Pension Liability	\$ 5,154,357	\$ 1,178,904	\$ (2,160,758)
PFRS			
Town's Proportionate Share of the Net Pension Liability	\$ 4,439,966	\$ 1,228,597	\$ (1,453,269)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows.

	Dollars in Thousands	
	ERS	PFRS
Measurement Date	March 31, 2019	March 31, 2019
Employers' Total Pension Liability	\$ 189,803,429	\$ 34,128,100
Plan Net Position	(182,718,124)	(32,451,037)
Employers' Net Pension Liability	\$ 7,085,305	\$ 1,677,063
Ratio of Plan Net Position to the Employers' Total Pension Liability	96.3%	95.1%

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the System) - Continued

Current Year Activity

The following is a summary of current year activity:

ERS	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (550,753)	\$ (628,151)	\$ (1,178,904)
Deferred Outflows of Resources	2,014,578	(854,896)	1,159,682
Deferred Inflows of Resources	(1,751,594)	1,345,048	(406,546)
Total	<u>\$ (287,769)</u>	<u>\$ (137,999)</u>	<u>\$ (425,768)</u>
PFRS	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (719,598)	\$ (508,999)	\$ (1,228,597)
Deferred Outflows of Resources	1,863,606	(640,723)	1,222,883
Deferred Inflows of Resources	(1,411,220)	939,251	(471,969)
Total	<u>\$ (267,212)</u>	<u>\$ (210,471)</u>	<u>\$ (477,683)</u>

Note 7 Postemployment Benefits Other Than Pensions - (OPEB)

General Information About the OPEB

Plan Description - The Town's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

General Information About the OPEB - Continued

Benefits Provided - The Town provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under.

Employees Covered by Benefit Terms - At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	111
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	125
Total	236

Total OPEB Liability

The Town's total OPEB liability of \$41,000,633 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2018
Measurement Date	January 1, 2019
Reporting Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Discount Rate	4.1%
Salary Scale	3.0%
Rate of Inflation	2.4%
Marital Assumption	70.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	7.0% for 2019, Decreasing to an Ultimate Rate of 3.9% for 2089

The discount rate is based on the Bond Buyer Weekly 20-Year Bond GO Index rate as of the measurement date (or the nearest business day thereto).

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Actuarial Assumptions and Other Inputs - Continued

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay actuarial cost method.

Retirement rates are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation."

The healthcare cost trend rates were developed using the baseline projection of the Society of Actuaries Long-Term Healthcare Cost Trend Model.

The actuarial assumptions used in the December 31, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	<u>\$ 47,161,768</u>
Changes for the Year	
Service Cost	1,225,045
Interest Cost	1,639,590
Changes of Benefit Terms	(6,800,699)
Differences Between Expected and Actual Experience	2,794,743
Changes in Assumptions or Other Inputs	(3,571,153)
Benefit Payments	<u>(1,448,661)</u>
	<u>(6,161,135)</u>
Balance at December 31, 2019	<u>\$ 41,000,633</u>

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	<u>\$ 47,513,534</u>	<u>\$ 41,000,633</u>	<u>\$ 35,764,371</u>

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 35,459,151	\$ 41,000,633	\$ 48,011,045

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

For the year ended December 31, 2019, the Town recognized OPEB expense of \$3,652,485.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,292,994	\$
Changes in Assumptions or Other Inputs	1,552,306	2,930,012
Contributions Subsequent to Measurement Date	1,518,744	
Total	<u><u>\$ 5,364,044</u></u>	<u><u>\$ 2,930,012</u></u>

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 283,579
2021	283,579
2022	283,579
2023	144,001
2024	(79,450)
Thereafter	-

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 8 Short-Term Debt - Bond Anticipation Notes (BANs)

Liabilities for short-term BANs are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually beginning with the second complete year of origination.

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

BANs renewed prior to issuance of the financial statements for a one year period are considered long-term obligations as of the balance sheet date and as such are reported in the Statement of Net Position.

The following is a summary of changes in short-term BANs, for the year ended December 31, 2019.

	Beginning Balance	Additions	Deletions	Ending Balance
BANs Capital Construction	\$ 14,025,448	\$ 175,000	\$ (1,784,373)	\$ 12,416,075

Maturity dates and interest rates for short-term BANs are as follows:

Maturity Date	Fund	Interest Rate	Balance at December 31, 2019
05/12/2021	Capital Projects	1.26-2.50%	\$ 12,416,075

Interest paid on BANs totaled \$404,226 for the year ended December 31, 2019.

Note 9 Long-Term Debt

Exclusive of the indebtedness of the Vestal Fire District, \$7,400,357 of the total indebtedness of the Town, was subject to the constitutional debt limit and represented approximately 5.73% of the Town's statutory debt limit.

Serial Bonds

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position.

The following is a summary of changes in serial bonds payable for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Serial Bonds	\$ 4,789,375	\$ 478,335	\$ (1,138,550)	\$ 4,129,160	\$ 1,154,160

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 9 Long-Term Debt - Continued

Summary of Serial Bonds

As of December 31, 2019, serial bonds, including issue and maturity dates and interest rates, consisted of the following:

Description of Issue	Year Issued	Final Maturity	Interest Rate	Payable to Maturity
Water District 7 - Part 3	1982	09/01/2021	5.0%	\$ 825
Highway Roads	2011	05/15/2021	1.3-4.0%	108,869
Parks Large Equipment	2011	05/15/2021	1.3-4.0%	10,372
Highway Large Equipment	2011	05/15/2021	1.3-4.0%	75,759
Emergency Squad Building	2011	05/15/2031	5.8-7.0%	360,000
Roads and Highway Improvements	2012	05/15/2021	2.1-3.1%	94,000
Parks Improvements	2012	05/12/2022	2.1-3.1%	41,000
Parks Large Equipment	2013	05/15/2023	1.0-2.0%	30,000
Highway Roads, Equipment	2013	05/15/2023	1.0-2.0%	480,000
Refunding Bond	2013	06/15/2026	2.0-2.4%	1,085,000
Highway and Various Projects	2014	05/15/2022	2.3-2.8%	267,000
Parks Utility Truck	2014	05/15/2020	2.3-2.5%	3,000
Highway Roads and Equipment	2016	05/01/2021	1.5-1.6%	290,000
Highway Roads and Equipment	2017	05/01/2022	1.0-2.0%	375,000
Rail Trail Phase II	2018	05/01/2023	2.75%	92,000
Highway Roads and Equipment	2018	05/01/2023	2.75%	338,000
Highway Roads and Equipment	2019	05/01/2029	2.13%	478,335
Total				<u><u>\$ 4,129,160</u></u>

The following is a summary of maturing debt service requirements for serial bonds:

Year	Principal	Interest	Total
2019	\$ 1,154,160	\$ 101,281	\$ 1,255,441
2020	1,050,000	69,647	1,119,647
2021	710,000	48,160	758,160
2022	455,000	33,849	488,849
2023	250,000	24,800	274,800
2024-2028	450,000	55,985	505,985
2029-2031	60,000	4,200	64,200
Total	<u><u>\$ 4,129,160</u></u>	<u><u>\$ 337,922</u></u>	<u><u>\$ 4,467,082</u></u>

Interest paid on long-term debt totaled \$118,722 in 2019.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 9 Long-Term Debt - Continued

Capital Leases (Installment Purchase Debt)

The Town is obligated under certain leases accounted for as capital leases. Net book value of assets purchased under capital leases totaled \$19,903 at December 31, 2019.

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Balance December 31, 2019</u>
Installment Purchase Debt	7/1/2019	5/1/2024	2.0%	\$ 17,581

The following is a summary of changes in installment purchase debt payable for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment Purchase Debt	\$ -	\$ 19,903	\$ 2,322	\$ 17,581	\$ 3,981

The following is a schedule of future minimum lease payments under capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,981	\$ 398	\$ 4,379
2021	3,981	318	4,299
2022	3,981	239	4,220
2023	3,981	159	4,140
2024	1,657	80	1,737
Total	\$ 17,581	\$ 1,194	\$ 18,775

Note 10 Interfund Balances

Interfund balances and transfers at December 31, 2019 are as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Townwide Fund	\$	\$ 5,708	\$ 33,000	\$ 2,680,226
Special District Fund - Fire Fund				83,263
Special District Fund - Sewer Fund				500,000
Special District Fund - Water Fund				1,698,280
Highway Townwide Fund				978,484
Capital Projects Fund			2,766,500	
Agency Fund	580			
Non-Major Funds	5,128			
Internal Service Fund			3,076,753	
Private Purpose Trust Fund			64,000	
Total	\$ 5,708	\$ 5,708	\$ 5,940,253	\$ 5,940,253

The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 11 Restricted Fund Balance

Restricted fund balance in the General Fund at December 31, 2019 was comprised of the following:

General Fund	
Insurance Reserve	\$ 2,028,222
General Reserve	16,047
Capital Reserve	62,454
Reserve for Repairs	41,021
Reserve for Debt	11,345
Other Restricted Fund Balance:	
DARE Program	3,095
Crime Proceeds	21,329
Sale of Property	5,057
Handicapped Parking Education	1,493
	<hr/>
Total	<u><u>\$ 2,190,063</u></u>

Note 12 Fire Service Award Program

Length of Service Awards Program - LOSAP

The Town of Vestal/Vestal Fire District established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program) under §457(e)(11) of the Internal Revenue Code, effective January 1, 1996, for active volunteer firefighter members of the Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate recruitment and retention of active volunteer firefighters. The Town of Vestal/Vestal Fire District is the sponsor of the program and the program administrator.

Program Description

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age." The amount of the service award paid to a volunteer is based upon the number of years of service credit earned for performing active volunteer firefighter activities.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 12 Fire Service Award Program - Continued

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 16 and completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age (65) while an active volunteer. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter of the Fire Department.

Benefits

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$15 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is 40 years under the program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards commence payment when a participant attains entitlement age. Volunteers who continue to be active after attaining entitlement age and beginning to receive a service award continue to have the opportunity to earn program credit and thereby increase their service award payments. The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement (for participants who were active volunteers at death, the minimum death benefit payable is \$10,000). The program does not provide extra line-of-duty death or disability benefits. Except for the minimum guaranteed death benefit of \$10,000 (funded through Group Term Life Insurance), all death and disability benefits are "self-insured" and paid from the program trust fund.

For a complete explanation of the program, see the Program Document, a copy of which is available from the Town Comptroller.

Fiduciary Investment and Control

After the end of each calendar year, the Fire District prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year, indicating which volunteers earned 50 points. The certified list is delivered to the Town Board/Board of Fire Commissioners for the Board's review and approval.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 12 Fire Service Award Program - Continued

Fiduciary Investment and Control - Continued

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying reasonable expenses of the operation and administration of the program. The Town Board/Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Town Comptroller. The Town Board/Board of Fire Commissioners are the Program Trustees.

Authority to invest program assets is vested in the Program Trustees. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Town Board/Board of Fire Commissioners.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the Town/Fire District during 2008-2019 is Kati Young of Penflex, Inc. Mr. Fiorillo is an associate of the American Society of Actuaries and meets the qualifications of the Academy of Actuaries. Portions of the following information are derived from a report dated April 27, 2020 prepared by Ms. Young.

Participants Covered by the Benefit Terms

At the December 31, 2018 measurement date, the following participants were covered by the benefit terms:

Inactive Participants Currently Receiving Benefit Payments	\$	37
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments		73
Active Participants		87
Total	\$	197

Contributions

New York State General Municipal Law §219(d) requires the Town to contribute an actuarially determined contribution on an annual basis, which is appropriated annually by the district.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 12 Fire Service Award Program - Continued

Measurement of Total Pension Liability

The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None Assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate. The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones Indices notes the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least AA by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

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.

Balance as of 12/31/2018 Measurement Date	\$ 3,744,903
Service Cost	103,993
Interest	120,032
Changes of Assumptions or Other Inputs	(290,942)
Differences Between Expected and Actual Experience	(12,860)
Benefit Payments	(100,905)
Net Changes	(180,682)
Balance as of 12/31/2019 Measurement Date	\$ 3,564,221

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 12 Fire Service Award Program - Continued

Measurement of Total Pension Liability - Continued

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, 2018 measurement date, calculated using the discount rate of 3.64%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate.

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 4,209,835	\$ 3,564,221	\$ 3,051,425

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

For the year ended December 31, 2019, the Town recognized pension expense of \$212,448. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 45,114	\$ 43,026
Changes of Assumptions or Other Inputs	267,544	490,319
Benefit Payments and Administrative Expenses Subsequent to the Measurement Date	115,438	
Total	\$ 428,096	\$ 533,345

\$115,438 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2020.

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

Year Ending December 31:	
2020	\$ (19,276)
2021	(19,276)
2022	(19,276)
2023	(19,276)
2024	(19,276)
Thereafter	(124,307)

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 13* Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The Town began participation in the New York State Deferred Compensation Plan (the Plan) on January 1, 2000. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB Statement No. 32, "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the Plan does not meet the criteria for inclusion in the Town's financial statements.

***Note 14* Federal Housing Program**

Prior to 1999, the Town participated in a Section 8 housing program of the U.S. Department of Housing and Urban Development. This program was, by contractual arrangement, administered by the Town of Union in all respects other than the receipt and disbursement of funds. Effective October 1, 1999, the Town agreed to the merger of its program with the Town of Union's program. The Town of Union thereby assumed the Town of Vestal annual contribution contract and administration obligations. The use of the federal funds and interest earnings remaining in the Town's custody is restricted to housing programs.

***Note 15* Sales and Franchise Taxes**

A 4% sales tax is levied in the County of Broome under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% sales and compensating use tax. The County retains the first 25% of sales tax received. Beginning in 2009, the County capped its distributions to local municipalities. In November 2016, the formula was amended and now returns 50% of the 3% imposed sales tax to the constituent municipalities based on population. Sales tax revenue increased from \$7,088,597 in 2018 to \$7,346,072 in 2019.

The cable television company providing service in the Town of Vestal must pay a franchise fee of 5% to the Town on gross receipts generated in the Town. The franchise agreement expired in June 2014 and is currently being negotiated. In 2019, this fee totaled \$325,443, which increased from \$318,934 received in 2018.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

Note 16 Tax Abatements

The town is impacted by three property tax abatement agreements. Generally these agreements provide for a percentage abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) for an agreed upon period of time. The entity further agrees to construct a project for a specified project benefiting the economic and social welfare of the community.

	<u>Student Housing</u>	<u>Multi-Use Senior Long Term Care Facility</u>	<u>Low Income Senior Housing</u>	<u>Sports Complex</u>
Date of Agreement	August 13, 2014	February 6, 2014	December 6, 2006	November 16, 2017
Taxable Assessed Value	\$ 40,055,180	\$ 26,640,000	\$ 1,379,000	\$ 1,350,000
Tax Rate 2019, per \$1,000	4.467916	4.467916	4.467916	4.467916
Tax Value 2019	178,914	119,025	6,161	6,032
PILOT Received	160,688	59,513	1,530	3,016
Taxes Abated 2019	18,226	59,512	4,631	3,016

Note 17 Subsequent Events

COVID-19

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. New York State has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law §24 contains procedures for local governments to declare local states of emergency and issue orders to implement same. On March 18, 2020, the Town declared a state of emergency which was again extended on April 17, 2020 for a period of 30 days.

Immediately following the Town’s emergency declaration, department heads were instructed to suspend any previously approved capital spending provided for in the 2020 operating budget until further notice. Orders placed for equipment not yet received, with the exception of vehicles for first responders, were canceled. This action has preserved at least \$900,000 of fund balance previously appropriated. Spending has been restricted to essential goods and services. We do not anticipate cash flow concerns for the immediate second quarter and are still evaluating the possible consequences should the emergency continue into the summer.

TOWN OF VESTAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

***Note 17* Subsequent Events - Continued**

COVID-19 - Continued

While the virus might affect revenue streams, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on the Town's resources. The degree of any such impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Town and its economy. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

Debt

In May 2020, the Town issued \$845,000 in new serial bonds.

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE GENERAL - TOWNWIDE FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Real Property Taxes	\$ 5,520,870	\$ 5,520,870	\$ 5,512,346
Real Property Tax Items	179,675	179,675	180,840
Nonproperty Tax Items	4,660,000	4,660,000	5,118,515
Departmental Income	298,565	308,264	359,690
Intergovernmental Charges	-	25,500	51,000
Use of Money and Property	123,406	123,406	247,789
Licenses and Permits	121,925	121,925	182,258
Fines and Forfeitures	150,000	150,000	193,053
Sale of Property and Compensation for Loss	11,000	17,278	47,946
Miscellaneous Local Sources	55,755	61,863	238,428
Interfund Revenues	231,719	231,719	234,989
State Sources	491,489	511,098	358,579
Federal Sources	6,250	13,205	12,668
Total Revenues	<u>11,850,654</u>	<u>11,924,803</u>	<u>12,738,101</u>
EXPENDITURES			
General Governmental Support	2,379,921	2,309,853	2,025,581
Public Safety	4,150,693	4,271,036	4,102,741
Health	1,500	1,501	1,500
Transportation	402,216	420,426	375,779
Economic Assistance and Opportunity	18,735	18,741	18,428
Culture and Recreation	1,105,403	1,299,454	1,240,854
Home and Community Services	23,386	26,871	12,911
Employee Benefits	1,514,800	1,602,663	1,580,729
Debt Service (Principal and Interest)	<u>565,174</u>	<u>567,499</u>	<u>567,495</u>
Total Expenditures	<u>10,161,828</u>	<u>10,518,044</u>	<u>9,926,018</u>
Excess of Revenues	<u>1,688,826</u>	<u>1,406,759</u>	<u>2,812,083</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	33,000	33,000	33,000
Interfund Transfers (Out)	(2,433,000)	(2,758,515)	(2,680,226)
Total Other Financing (Uses) Sources	<u>(2,400,000)</u>	<u>(2,725,515)</u>	<u>(2,647,226)</u>
Excess of (Expenditures) and Other (Uses)			
Over Revenues and Other Financing Sources	<u>(711,174)</u>	<u>(1,318,756)</u>	<u>164,857</u>
Appropriated Fund Balance	746,970	1,354,552	
Additions to Reserves	(35,796)	(35,796)	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>164,857</u>
Fund Balance, Beginning of Year			<u>5,813,530</u>
Fund Balance, End of Year			<u>\$ 5,978,387</u>

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$	\$ (8,524)
	1,165
	458,515
	51,426
	25,500
	124,383
	60,333
	43,053
	30,668
	176,565
	3,270
	(152,519)
	(537)
-	813,298
1,150	283,122
40,131	128,164
	1
17,350	27,297
	313
6,368	52,232
	13,960
	21,934
	4
64,999	527,027
(64,999)	1,340,325
	-
	78,289
-	78,289
<u>\$ (64,999)</u>	<u>\$ 1,418,614</u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - FIRE FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Taxes	\$ 1,413,064	\$ 1,413,064	\$ 1,407,838
Intergovernmental Charges			4,800
Use of Money and Property	10,450	8,567	52,064
Sale of Property and Compensation for Loss			10,295
Miscellaneous Local Sources		500	1,000
State Sources			2,621
Federal Sources			1,500
Total Revenues	1,423,514	1,422,131	1,480,118
EXPENDITURES			
Public Safety	807,909	1,177,013	1,053,820
Employee Benefits	10,405	107,081	100,612
Debt Service (Principal and Interest)	158,981	158,981	158,981
Total Expenditures	977,295	1,443,075	1,313,413
Excess of Revenues (Expenditures)	446,219	(20,944)	166,705
OTHER FINANCING (USES)			
Interfund Transfers In (Out)	(85,000)	(83,601)	(83,263)
Total Other Financing (Uses)	(85,000)	(83,601)	(83,263)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	361,219	(104,545)	83,442
Appropriated Fund Balance	-	465,764	
Additions to Reserves	(361,219)	(361,219)	
Net Change in Fund Balance	\$ -	\$ -	83,442
Fund Balance, Beginning of Year			1,662,345
Fund Balance, End of Year			\$ 1,745,787

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$	\$ (5,226)
	4,800
	43,497
	10,295
	500
	2,621
	1,500
-	57,987
32,335	90,858
	6,469
	-
32,335	97,327
(32,335)	155,314
	338
-	338
<u>\$ (32,335)</u>	<u>\$ 155,652</u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Tax Items	\$ 516,663	\$ 516,663	\$ 517,109
Departmental Income	3,669,600	3,669,600	3,795,605
Use of Money and Property	8,000	8,000	55,631
Miscellaneous Local Sources			265,836
Total Revenues	4,194,263	4,194,263	4,634,181
EXPENDITURES			
Home and Community Services	4,171,240	4,171,240	3,657,057
Debt Service (Principal and Interest)	68,456	68,456	68,454
Total Expenditures	4,239,696	4,239,696	3,725,511
Excess of Revenues	(45,433)	(45,433)	908,670
OTHER FINANCING (USES) SOURCES			
Interfund Transfers (Out)	(673,600)	(673,600)	(500,000)
Total Other Financing (Uses) Sources	(673,600)	(673,600)	(500,000)
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(719,033)	(719,033)	408,670
Appropriated Fund Balance and Reserves	719,033	719,033	
Net Change in Fund Balance	\$ -	\$ -	408,670
Fund Balance, Beginning of Year			3,413,800
Fund Balance, End of Year			\$ 3,822,470

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$	\$ 446
	126,005
	47,631
	265,836
-	439,918
	514,183
	2
-	514,185
-	954,103
	173,600
	173,600
<u>\$ -</u>	<u>\$ 1,127,703</u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - WATER FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Real Property Taxes	\$ 328,750	\$ 328,750	\$ 327,225
Departmental Income	2,520,000	2,520,000	2,503,892
Use of Money and Property	10,000	10,000	62,375
Sale of Property and Compensation for Loss			10,173
Miscellaneous Local Sources			34,022
Interfund Revenues	322,491	322,491	322,476
Total Revenues	3,181,241	3,181,241	3,260,163
EXPENDITURES			
Home and Community Services	2,248,163	2,263,081	1,645,858
Employee Benefits	239,728	239,728	217,881
Debt Service (Principal and Interest)	622,269	622,269	622,268
Total Expenditures	3,110,160	3,125,078	2,486,007
Excess of Revenues	71,081	56,163	774,156
OTHER FINANCING (USES)			
Interfund Transfers (Out)	(1,051,000)	(1,741,000)	(1,698,280)
Total Other Financing (Uses)	(1,051,000)	(1,741,000)	(1,698,280)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(979,919)	(1,684,837)	(924,124)
Appropriated Fund Balance	979,919	1,684,837	
Net Change in Fund Balance	\$ -	\$ -	(924,124)
Fund Balance, Beginning of Year			3,325,474
Fund Balance, End of Year			\$ 2,401,350

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
<u>\$</u>	<u>\$ (1,525)</u>
	<u>(16,108)</u>
	<u>52,375</u>
	<u>10,173</u>
	<u>34,022</u>
	<u>(15)</u>
<u>-</u>	<u>78,922</u>
<u>10,163</u>	<u>607,060</u>
	<u>21,847</u>
	<u>1</u>
<u>10,163</u>	<u>628,908</u>
<u>(10,163)</u>	<u>707,830</u>
	<u>42,720</u>
<u>-</u>	<u>42,720</u>
<u>\$ (10,163)</u>	<u>\$ 750,550</u>

TOWN OF VESTAL

BUDGETARY COMPARISON SCHEDULE HIGHWAY TOWNWIDE FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Real Property Taxes	\$ 2,800,089	\$ 2,800,089	\$ 2,797,060
Real Property Tax Items	73,868	73,868	74,166
Nonproperty Tax Items	2,553,000	2,553,000	2,553,000
Intergovernmental Charges	14,060	14,060	14,060
Use of Money and Property	24,000	24,000	29,583
Sale of Property and Compensation for Loss	7,500	7,500	140,775
Miscellaneous Local Sources			32,039
Interfund Revenues	99,646	99,646	99,637
State Sources	241,090	468,700	468,699
Total Revenues	<u>5,813,253</u>	<u>6,040,863</u>	<u>6,209,019</u>
EXPENDITURES			
Transportation	3,144,267	3,450,473	3,253,043
Employee Benefits	458,216	457,647	439,961
Debt Service (Principal and Interest)	1,551,539	1,551,540	1,551,540
Total Expenditures	<u>5,154,022</u>	<u>5,459,660</u>	<u>5,244,544</u>
Excess of Revenues (Expenditures)	<u>659,231</u>	<u>581,203</u>	<u>964,475</u>
OTHER FINANCING (USES)			
Interfund Transfers (Out)	(1,023,510)	(995,828)	(978,484)
Total Other Financing (Uses)	<u>(1,023,510)</u>	<u>(995,828)</u>	<u>(978,484)</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(364,279)</u>	<u>(414,625)</u>	<u>(14,009)</u>
Appropriated Fund Balance	364,279	414,625	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(14,009)</u>
Fund Balance, Beginning of Year			<u>1,357,712</u>
Fund Balance, End of Year			<u>\$ 1,343,703</u>

See Notes to Required Supplementary Information

<u>Encumbrances</u>	<u>Fav. (Unfav.) Variance</u>
\$	\$ (3,029)
	298
	-
	-
	5,583
	133,275
	32,039
	(9)
	(1)
-	168,156
32,691	164,739
	17,686
	-
32,691	182,425
(32,691)	350,581
	17,344
-	17,344
<u>\$ (32,691)</u>	<u>\$ 367,925</u>

TOWN OF VESTAL

SCHEDULE OF TOWN'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2019	2018	2017
ERS			
Contractually Required Contribution	\$ 681,881	\$ 712,209	\$ 719,063
Contributions in Relation to the Contractually Required Contribution	(681,881)	(712,209)	(719,063)
Contribution Deficiency (Excess)	-	-	-
Town's Covered-Employee Payroll	4,816,166	4,703,706	4,711,257
Contributions as a Percentage of Covered-Employee Payroll	14.2%	15.1%	15.3%
PFRS			
Contractually Required Contribution	550,102	599,386	590,861
Contributions in Relation to the Contractually Required Contribution	(550,102)	(599,386)	(590,861)
Contribution Deficiency (Excess)	-	-	-
Town's Covered-Employee Payroll	2,827,616	2,565,952	2,567,443
Contributions as a Percentage of Covered-Employee Payroll	19.5%	23.4%	23.0%

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
\$ 823,480 (823,480)	\$ 933,277 (933,277)	\$ 856,505 (856,505)	\$ 886,701 (886,701)	\$ 817,876 (817,876)	\$ 548,626 (548,626)	\$ 310,531 (310,531)
-	-	-	-	-	-	-
4,608,592 17.9%	4,507,117 20.7%	4,511,444 19.0%	4,428,245 20.0%	4,521,353 18.1%	4,461,236 12.3%	4,736,023 6.6%
586,847 (586,847)	560,060 (560,060)	696,727 (696,727)	599,959 (599,959)	440,907 (440,907)	401,218 (401,218)	316,055 (316,055)
-	-	-	-	-	-	-
2,477,727 23.7%	2,330,830 24.0%	2,323,436 30.0%	2,411,015 24.9%	2,331,873 18.9%	2,311,227 17.4%	2,395,380 13.2%

TOWN OF VESTAL

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEAR ENDED DECEMBER 31,

	2019	2018
ERS		
Town's Proportion of the Net Pension Liability	0.0166387%	0.0170647%
Town's Proportionate Share of the Net Pension Liability	\$ 1,178,904	\$ 550,753
Town's Covered-Employee Payroll During the Measurement Period	4,816,166	4,703,706
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	24.48%	11.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.3%	98.2%
PFRS		
Town's Proportion of the Net Pension Liability	0.0732588%	0.0711939%
Town's Proportionate Share of the Net Pension Liability	\$ 1,228,597	\$ 719,598
Town's Covered-employee Payroll During the Measurement Period	2,827,616	2,565,952
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	43.45%	28.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.1%	96.9%

See Notes to Required Supplementary Information

2017	2016	2015
0.0165783%	0.0168505%	0.0171905%
\$ 1,557,731	\$ 2,704,548	\$ 580,736
4,647,829	4,490,879	4,555,829
33.52%	60.22%	12.75%
94.7%	90.7%	97.9%
0.0716982%	0.0692477%	0.0680381%
\$ 1,486,054	\$ 2,050,276	\$ 187,281
2,521,868	2,345,303	2,287,412
58.93%	87.42%	8.19%
93.5%	90.2%	99.0%

TOWN OF VESTAL

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY - LENGTH OF SERVICE AWARD PROGRAM

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total LOSAP Liability			
Service Cost	\$ 103,993	\$ 83,497	\$ 108,460
Interest Cost	120,032	122,170	112,813
Differences Between Expected and Actual Experience	(290,942)	54,713	(40,616)
Changes in Assumptions or Other Inputs	(12,860)	324,468	(292,290)
Benefit Payments	(100,905)	(98,853)	(92,835)
Net Change in Total LOSAP Liability	<u>(180,682)</u>	<u>485,995</u>	<u>(204,468)</u>
Total LOSAP Liability - Beginning	<u>3,744,903</u>	<u>3,258,908</u>	<u>3,463,376</u>
Total LOSAP Liability - Ending	<u><u>\$ 3,564,221</u></u>	<u><u>\$ 3,744,903</u></u>	<u><u>\$ 3,258,908</u></u>

* Information will be presented as it becomes available.

See Notes to Required Supplementary Information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u>\$ 3,463,376</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>

TOWN OF VESTAL

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

Last 10 Fiscal Years

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 1,225,045	\$ 1,127,700	\$ 1,170,327
Interest Cost	1,639,590	1,656,289	1,564,991
Changes of Benefit Terms	(6,800,699)	13,894	-
Differences Between Expected and Actual Experience	2,794,743	-	-
Changes in Assumptions or Other Inputs	(3,571,153)	2,398,248	-
Benefit Payments	(1,448,661)	(1,447,701)	(1,447,701)
Net Change in Total OPEB Liability	(6,161,135)	3,748,430	1,287,617
Total OPEB Liability - Beginning	47,161,768	43,413,338	42,125,721
Total OPEB Liability - Ending	\$ 41,000,633	\$ 47,161,768	\$ 43,413,338
Covered Employee Payroll	\$ 7,715,910	\$ 7,883,020	\$ 7,358,718
Total OPEB Liability as a Percentage of Covered Payroll	531%	598%	590%

* Information will be presented as it becomes available.

See Notes to Required Supplementary Information

TOWN OF VESTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

***Note 1* Budget Policies - The Budget Policies are as Follows:**

- No later than September 30, a tentative budget is submitted by the budget officer to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. However, a department head is authorized to transfer certain budgeted amounts within their department with the prior approval of the Town Controller and subsequent ratification of the Town Board.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed for the General and Special Revenue Funds. Encumbrances are reported as assignments of fund balance, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Budgetary Basis of Accounting

Budgets are adopted annually on a basis consistent with its prescribed fund's basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreement, which covers a period other than the Town's fiscal year.

***Note 2* Schedules of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability, supplementary information, presents four years of information. These schedules will present ten years of information as it becomes available from the pension plans.

***Note 3* Schedules of Town's Contributions - NYSLRS Pension Plans and Schedules of the Town's Proportionate Share of the Net Pension Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits.

TOWN OF VESTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

Note 3 **Schedules of Town's Contributions - NYSLRS Pension Plans and Schedules of the Town's Proportionate Share of the Net Pension Liability - Continued**

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service, 4.5% in PFRS by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

Changes of Assumptions or Other Inputs: The discount rate used to measure the total pension liability was based on the yield to maturity of S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

No significant changes of assumptions.

Trust Assets: There are no assets accumulated in a trust that meets the criteria described in GASB Statement No. 73 to pay related benefits.

Note 4 **Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2019 - 4.10%
2018 - 3.44%

TOWN OF VESTAL

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2019

	Special Revenue Funds			
	Special District Funds			
	Drainage Fund	Lighting Fund	Special Grant Fund	Other Special Revenue
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 165	\$ 58,855	\$	\$ 190
Due from Other Funds	_____	_____	_____	5,128
Other Receivables, Net	_____	_____	_____	_____
Restricted Cash and Cash Equivalents	_____	_____	46,946	25,955
Total Assets	\$ 165	\$ 58,855	\$ 46,946	\$ 31,273
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$	\$ 3,361	\$	\$
Unearned Revenues	_____	_____	_____	_____
Total Liabilities	-	3,361	-	-
Fund Balances				
Restricted	_____	_____	46,946	25,955
Assigned	165	55,494	_____	5,318
Total Fund Balances	165	55,494	46,946	31,273
Total Liabilities and Fund Balances	\$ 165	\$ 58,855	\$ 46,946	\$ 31,273

Debt Service Fund	Total Non-Major Governmental Funds
\$	\$ 59,210
	5,128
898	898
27	72,928
\$ 925	\$ 138,164
\$	\$ 3,361
898	898
898	4,259
27	72,928
	60,977
27	133,905
\$ 925	\$ 138,164

TOWN OF VESTAL

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds			
	Special District Funds		Special	Other
	Drainage Fund	Lighting Fund	Grant Fund	Special Revenues
REVENUES				
Real Property Taxes	\$	\$ 268,694	\$	\$
Real Property Tax Items	99,796	2,391		
Use of Money and Property				190
Miscellaneous Local Sources				5,128
Total Revenues	99,796	271,085	-	5,318
EXPENDITURES				
Public Safety				-
Transportation		263,846		
Home and Community Services	99,880			
Debt Service				
Principal				
Interest				
Total Expenditures	99,880	263,846	-	-
Excess of Revenues (Expenditures)	(84)	7,239	-	5,318
Fund Balances, Beginning of Year	249	48,255	46,946	25,955
Fund Balances, End of Year	\$ 165	\$ 55,494	\$ 46,946	\$ 31,273

Debt Service Fund	Total Non-Major Governmental Funds
\$ 1,120	\$ 269,814
	102,187
4	194
	5,128
1,124	377,323
	-
	263,846
	99,880
1,050	1,050
70	70
1,120	364,846
4	12,477
23	121,428
\$ 27	\$ 133,905



**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***

Town Board
Town of Vestal
Vestal, New York

We have audited, in accordance with the 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 Vestal (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Vestal's basic financial statements, and have issued our report thereon dated January 28, 2021.

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) to determine the 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 a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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*.

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 Town'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 Town of Vestal's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
January 28, 2021