

*TOWN OF ROTTERDAM, NEW YORK*

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2022*

**TOWN OF ROTTERDAM, NEW YORK**

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**INDEPENDENT AUDITOR'S REPORT**

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

***Opinions***

We have audited the accompanying financial statements of all governmental and fiduciary fund types of the Town of Rotterdam, New York (the "Town") as of and for the year ended December 31, 2022, as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of all governmental and fiduciary fund types of the Town of Rotterdam, New York as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Rotterdam, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only all governmental and fiduciary fund types and do not purport to, and do not present fairly the financial position of the Town as of December 31, 2022, or the changes in its government-wide financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's budgetary comparison information on pages 30-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

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

Latham, New York  
September 23, 2024

**TOWN OF ROTTERDAM, NEW YORK**  
**BALANCE SHEETS - ALL GOVERNMENTAL FUND TYPES**  
**DECEMBER 31, 2022**

	<b>Governmental Fund Types</b>									<b>2022</b>	<b>2021</b>
	<b>General</b>	<b>Highway</b>	<b>Water</b>	<b>Sewer</b>	<b>Drainage</b>	<b>Fire Protection</b>	<b>Lighting</b>	<b>Special Grant</b>	<b>Capital Projects</b>	<b>Total Governmental Funds (Memorandum Only)</b>	<b>Total Governmental Funds (Memorandum Only)</b>
<b>Assets</b>											
Cash	\$ 5,876,938	\$ 945,620	\$ 3,431,877	\$ 1,921,098	\$ (3,118)	\$ 7,295	\$ 64,497	\$ 61,214	\$ 6,507,337	\$ 18,812,758	\$ 11,651,300
Due from Other Governments	1,045,629	-	97,086	577	-	-	-	-	-	1,143,292	1,720,105
Other Receivables	605,080	1,117	746,642	790,181	-	-	-	-	-	2,143,020	2,655,409
Leases Receivable	-	-	765,444	-	-	-	-	-	-	765,444	-
Due from Other Funds	1,412,774	499,179	-	-	-	-	-	-	-	1,911,953	44,348
Inventory	16,011	-	-	-	-	-	-	-	-	16,011	16,011
Prepaid Expenditures	356,906	31,268	10,014	5,479	-	-	-	-	-	403,667	506,535
Restricted Cash	1,140,359	651,638	1,512,663	198,589	-	-	-	-	-	3,503,249	3,410,287
<b>Total Assets</b>	<b>\$ 10,453,697</b>	<b>\$ 2,128,822</b>	<b>\$ 6,563,726</b>	<b>\$ 2,915,924</b>	<b>\$ (3,118)</b>	<b>\$ 7,295</b>	<b>\$ 64,497</b>	<b>\$ 61,214</b>	<b>\$ 6,507,337</b>	<b>\$ 28,699,394</b>	<b>\$ 20,003,995</b>
<b>Liabilities</b>											
Accounts Payable	\$ 364,915	\$ 15,679	\$ 132,318	\$ 10,320	\$ -	\$ -	\$ 18,266	\$ -	\$ 1,106,037	\$ 1,647,535	\$ 1,410,137
Accrued Liabilities	662,147	97,602	32,106	168,638	-	-	-	51,803	-	1,012,296	552,540
Due to Other Governments	256,495	-	-	133,995	-	-	-	-	-	390,490	-
Due to Other Funds	-	-	43,734	89	-	-	-	-	1,868,130	1,911,953	44,348
Unearned revenue	2,537,072	-	-	-	-	-	-	-	-	2,537,072	1,000,000
BANs Payable	-	-	-	-	-	-	-	-	-	-	5,489,210
<b>Total Liabilities</b>	<b>3,820,629</b>	<b>113,281</b>	<b>208,158</b>	<b>313,042</b>	<b>-</b>	<b>-</b>	<b>18,266</b>	<b>51,803</b>	<b>2,974,167</b>	<b>7,499,346</b>	<b>8,496,235</b>
<b>Deferred Inflows of Resources</b>											
Unavailable receivables	125,000	-	771,161	97,374	-	-	-	-	-	993,535	428,062
<b>Fund Equity (Deficit)</b>											
Nonspendable	372,917	31,268	10,014	5,479	-	-	-	-	-	419,678	522,546
Restricted	1,140,359	651,638	1,512,663	198,589	-	-	-	-	-	3,503,249	3,410,287
Assigned	643,428	1,332,635	4,061,730	2,301,440	-	7,295	46,231	9,411	3,533,170	11,935,340	6,322,688
Unassigned (Deficit)	4,351,364	-	-	-	(3,118)	-	-	-	-	4,348,246	824,177
<b>Total Fund Equity (Deficit)</b>	<b>6,508,068</b>	<b>2,015,541</b>	<b>5,584,407</b>	<b>2,505,508</b>	<b>(3,118)</b>	<b>7,295</b>	<b>46,231</b>	<b>9,411</b>	<b>3,533,170</b>	<b>20,206,513</b>	<b>11,079,698</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Equity (Deficit)</b>	<b>\$ 10,453,697</b>	<b>\$ 2,128,822</b>	<b>\$ 6,563,726</b>	<b>\$ 2,915,924</b>	<b>\$ (3,118)</b>	<b>\$ 7,295</b>	<b>\$ 64,497</b>	<b>\$ 61,214</b>	<b>\$ 6,507,337</b>	<b>\$ 28,699,394</b>	<b>\$ 20,003,995</b>

**TOWN OF ROTTERDAM, NEW YORK**  
**STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types									2022 Total Governmental Funds (Memorandum Only)	2021 Total Governmental Funds (Memorandum Only)
	General	Highway	Water	Sewer	Drainage	Fire Protection	Lighting	Special Grant	Capital Projects		
<b>Revenues</b>											
Real Property Taxes	\$ 8,823,349	\$ 3,781,149	\$ 118,433	\$ 285,894	\$ -	\$ -	\$ 163,977	\$ -	\$ -	\$ 13,172,802	\$ 13,659,855
Real Property Tax Items	906,434	303,112	-	-	-	-	-	-	-	1,209,546	1,150,167
Non-Property Tax Items	4,468,790	-	-	-	-	-	-	-	-	4,468,790	4,456,834
Departmental Income	338,134	-	2,845,857	2,017,314	-	-	-	-	-	5,201,305	2,094,685
Intergovernmental Charges	210,461	-	196,849	-	-	-	-	-	-	407,310	381,964
Use of Money and Property	16,745	2,671	289,734	3,654	-	10	115	-	-	312,929	263,980
Licenses and Permits	61,195	4,500	-	350	-	-	-	-	-	66,045	52,784
Fines and Forfeitures	287,980	-	-	-	-	-	-	-	-	287,980	268,318
Sale of Property and Compensation for Loss	27,913	79,165	-	495	-	-	-	-	-	107,573	24,356
Miscellaneous	225,217	10,551	11,300	45,085	-	-	-	289,665	300,000	881,818	539,758
Interfund Revenue	25,000	-	-	-	-	-	-	-	-	25,000	25,000
State aid	1,384,971	496,340	-	-	-	-	-	-	236,542	2,117,853	2,609,057
Federal Aid	26,672	-	-	-	-	-	-	1,930,352	-	1,957,024	2,251,571
<b>Total Revenues</b>	<b>16,802,861</b>	<b>4,677,488</b>	<b>3,462,173</b>	<b>2,352,792</b>	<b>-</b>	<b>10</b>	<b>164,092</b>	<b>2,220,017</b>	<b>536,542</b>	<b>30,215,975</b>	<b>27,778,329</b>
<b>Expenditures</b>											
General Government Support	2,994,817	-	-	-	-	-	-	-	-	2,994,817	3,156,032
Public Safety	6,651,977	-	-	-	-	-	-	-	-	6,651,977	6,796,710
Public Health	3,465	-	-	-	-	-	-	-	-	3,465	3,374
Transportation	433,773	3,211,173	-	-	1,954	-	203,818	-	-	3,850,718	3,335,057
Economic Assistance and Opportunity	149,933	-	-	-	-	-	-	-	-	149,933	143,332
Culture and Recreation	559,457	-	-	-	-	-	-	-	-	559,457	987,932
Home and Community Services	375,003	-	1,463,387	1,196,665	-	-	-	2,214,680	-	5,249,735	5,247,869
Employee Benefits	4,850,428	1,103,835	287,378	198,424	-	-	-	-	-	6,440,065	6,449,041
Debt Service	157,469	396,897	330,588	351,645	-	-	-	-	-	1,236,599	1,237,370
Capital Expenditures	-	-	-	-	-	-	-	-	3,294,903	3,294,903	572,951
<b>Total Expenditures</b>	<b>16,176,322</b>	<b>4,711,905</b>	<b>2,081,353</b>	<b>1,746,734</b>	<b>1,954</b>	<b>-</b>	<b>203,818</b>	<b>2,214,680</b>	<b>3,294,903</b>	<b>30,431,669</b>	<b>27,929,668</b>
<b>Other Changes</b>											
BANs Redeemed	-	-	-	-	-	-	-	-	279,895	279,895	269,310
Bond Proceeds	-	-	-	-	-	-	-	-	8,653,315	8,653,315	-
Premium on Bond Proceeds	-	-	-	-	-	-	-	-	408,530	408,530	-
Operating Transfers In	363,550	-	-	-	-	-	-	-	-	363,550	741,686
Operating Transfers Out	-	(60,000)	(182,350)	(114,000)	(200)	(2,000)	(5,000)	-	-	(363,550)	(741,686)
<b>Total Other Changes</b>	<b>363,550</b>	<b>(60,000)</b>	<b>(182,350)</b>	<b>(114,000)</b>	<b>(200)</b>	<b>(2,000)</b>	<b>(5,000)</b>	<b>-</b>	<b>9,341,740</b>	<b>9,341,740</b>	<b>269,310</b>
Excess (Deficiency) of Revenue over Expenditures	990,089	(94,417)	1,198,470	492,058	(2,154)	(1,990)	(44,726)	5,337	6,583,379	9,126,046	117,971
Fund Balance (Deficit) at Beginning of Year	5,517,979	2,109,958	4,385,937	2,013,450	(964)	9,285	90,957	4,074	(3,050,209)	11,080,467	10,961,727
Fund Balance (Deficit) at End of Year	\$ 6,508,068	\$ 2,015,541	\$ 5,584,407	\$ 2,505,508	\$ (3,118)	\$ 7,295	\$ 46,231	\$ 9,411	\$ 3,533,170	\$ 20,206,513	\$ 11,079,698

**TOWN OF ROTTERDAM, NEW YORK**  
*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
*DECEMBER 31, 2022*

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Revenues:	
Property Tax Collections for other Governments	\$ <u>58,264,827</u>
Expenses:	
Scenectady County	14,578,512
Mohonasen Central School District	24,042,743
Schalmont Central School District	<u>19,643,572</u>
Total Expenses	<u>58,264,827</u>
Change in Net Position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

*A. Financial Reporting Entity*

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

- Primary Government

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

- Component Unit

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

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

*B. Basis of Presentation*

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

*Governmental Fund Types*

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

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

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

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

*Account Groups*

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

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

*B. Basis of Presentation (Continued)*

*Account Groups (Continued)*

- The Non-Current Governmental Assets Account Group - used to account for land, buildings, improvements other than buildings and equipment utilized for general government purposes. The Town does not maintain subsidiary records to support the amounts recorded in the non-current governmental assets account group.
- The Non-Current Governmental Liabilities Account Group - used to account for all long-term obligations. The Town has opted not to report on the non-current governmental liabilities account group.

*C. Basis of Accounting/Measurement Focus*

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

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

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

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

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

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

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

*D. Property Taxes and Collections*

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

*E. Budgetary Data*

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

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

2. Encumbrances

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

3. Budget Basis of Accounting

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

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

F. *Allowance for Uncollectible Receivables*

An allowance for uncollectible receivables is maintained at a level which, in management's judgment, is adequate to absorb uncollectible amounts. The allowance for uncollectible receivables was \$0 at December 31, 2022.

G. *Inventory*

Inventory consists of gasoline and diesel fuel recorded at cost using the first-in, first-out basis.

H. *Interfund Transactions*

The operations of the Town include transactions between funds. These transactions may be temporary in nature such as with interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfers of expenditure and revenue to provide financing or other services.

I. *Departure from the Basis of Accounting*

The Town does not maintain subsidiary records to support the amounts recorded in the general fixed assets account group for land, buildings and improvements. The correct carrying values of these fixed assets at December 31, 2022 is not known.

J. *Deferred Outflows and Inflows of Resources*

In addition to assets, a separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time in the government wide financial statements. In addition to liabilities, a separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time in the government wide financial statements.

K. *Deferred Compensation Plan*

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

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

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

L. *Estimates*

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

M. *Self-Insurance*

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

N. *Compensated Absences*

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

O. *Postemployment Health Insurance Benefits*

In addition to providing pension benefits, the Town provides certain health benefits for retired employees, their spouses and certain survivors. All of the Town's employees may become eligible for these benefits if they reach normal retirement age. Those and similar benefits for active employees are provided through payments to New York State Government Employees' Health Insurance Program.

P. *Total Governmental Funds Column*

Total governmental funds columns in the financial statements are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. STEWARDSHIP, COMPLIANCE ACCOUNTABILITY**

Expenditures exceeded appropriations as follows:

	<b><u>Over Budget</u></b>
General Fund	
Transportation	\$ 17,574
Culture and recreation	\$ 40,498
Highway Fund	
Transportation	\$ 252,140

Expenditures exceeded appropriations as a result of expenditures incurred without budgetary approval.

**3. CASH AND INVESTMENTS**

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

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of any state and its municipalities and school districts.

During 2022, cash and investments were either insured by Federal Depository Insurance or collateralized by assets of the Town's agent in the Town's name.

**TOWN OF ROTTERDAM, NEW YORK**  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2022

**4. CASH RESTRICTED**

Cash restricted consists of the following:

General Fund

Parkland Deposits	\$ 168,771
Employee Benefit Reserve	134,523
Asset Forfeiture Reserve	50,630
Capital Reserve	82,591
Reserve for Repairs	703,844
	<u>\$ 1,140,359</u>

Highway Fund

Reserve for Repairs	\$ 651,638
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Water Fund

Reserve for Repairs	\$ 1,521,663
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Sewer Fund

Reserve for Repairs	\$ 198,589
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**5. DUE FROM OTHER GOVERNMENTS AND OTHER RECEIVABLE**

Due from other governments consist of the following:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>
Sales Tax	\$ 395,485	\$ -	\$ -
Economic Development Tax	455,546	-	-
Schenectady County - Parks	125,000	-	-
Schenectady County - Police/Bail	38,843	-	-
Other	30,395	237	577
Town of Guilderland	-	96,849	-
	<u>\$ 1,045,269</u>	<u>\$ 97,086</u>	<u>\$ 577</u>

Other receivables consist of the following:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Charter Franchise				
Fee	522,142	\$ -	\$ -	\$ -
Town Justices	36,248	-	-	-
PILOTS	23,400	-	-	-
Other	23,290	1,117	-	-
Water/Sewer Rents	-	-	746,642	790,181
	<u>\$ 605,080</u>	<u>\$ 1,117</u>	<u>\$ 746,642</u>	<u>\$ 790,181</u>

**6. LEASES RECEIVABLE**

Leases receivable consists of cell tower leases to mobile phone providers expiring at various dates through 2027.

The lease amount receivable and the related deferred inflow of resources are as follows:

	<u>Lease Receivable</u>	<u>Deferred Inflow of Resources</u>
2023	\$ 284,084	\$ 254,084
2024	179,005	179,005
2025	126,049	126,149
2026	109,279	109,279
2027	<u>67,027</u>	<u>67,027</u>
	<u>\$ 765,444</u>	<u>\$ 735,544</u>

**7. BOND ANTICIPATION NOTES**

Liabilities for bond anticipation notes (BANs) issued for capital projects that are one year in duration are accounted for in the Capital Projects Fund.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. The changes in the Town's BANs outstanding during the year were as follows:

BANs Outstanding January 1, 2022	\$ 5,489,210
Repayments	(5,489,210)
New Debt	<u>-</u>
BANs Outstanding December 31, 2022	<u>\$ -</u>

**8. UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES**

Unearned revenues consists of \$2,537,072 in American Rescue plan funds.

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

**TOWN OF ROTTERDAM, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

**8. UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)**

Deferred inflows consist of the following:

General Fund - Grant not considered available	<u>\$ 125,000</u>
Water Fund - Water rents not available	\$ 35,717
- Cell tower rents not available	<u>735,444</u>
	<u>\$ 771,161</u>
 Sewer Fund - Sewer rents not available	 <u>\$ 97,374</u>

**9. LONG-TERM INDEBTEDNESS (UNAUDITED)**

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

	<u>January 1,</u> <u>2022</u>	<u>Additions</u>	<u>Decreases</u>	<u>December 31,</u> <u>2022</u>
Landfill Postclosure				
Costs	\$ 57,752	\$ 1,621	\$ -	\$ 59,373
Bonds Payable	6,156,080	8,653,315	835,000	13,974,395
Compensated Absences	3,031,810	250,588	-	3,282,398
Postemployment				
Benefits	77,608,221	-	27,398,498	50,209,723
Net Pension Liability	<u>2,244,334</u>	<u>-</u>	<u>1,510,686</u>	<u>733,648</u>
Total	<u>\$ 89,098,197</u>	<u>\$ 8,905,524</u>	<u>\$ 29,774,184</u>	<u>\$ 68,259,537</u>

**A. Claims and Judgments**

There were several tax review cases pending against the Town for a reduction in the assessed value of property. The petitions were for taxes collected in 2005 through 2021. The Town believes that the likelihood of a reduction is remote and therefore no provision for loss has been recorded in the non-current governmental liabilities account group at December 31, 2022.

**B. Landfill Postclosure Costs**

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

**9. LONG-TERM INDEBTEDNESS (UNAUDITED) (CONTINUED)**

*B. Landfill Postclosure Costs (Continued)*

The closure of the landfill was substantially completed in 1995. The remaining cost of the required maintenance, closure and postclosure monitoring costs of the landfill is estimated to be \$59,373 at December 31, 2022. The Town has recorded this estimate in the non-current governmental liabilities account group.

*C. Bonds and EFC Note*

The following is a summary and description of the serial bonds outstanding at December 31, 2022:

	<u>Issue Date</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at December 31, 2022</u>
Water Drainage	11/05/03	\$ 442,585	11/05/32	0.00%	\$ 150,000
Water Tank/Drainage	10/15/09	\$ 2,900,000	10/15/29	4-1.5%	1,085,000
General Public				1.55% to	
Improvement	11/13/19	\$ 2,410,500	07/19/23	2.75%	2,245,000
Water District 5	11/01/21	\$ 2,046,080	08/01/31	.16 to 1.23%	1,841,080
General Improvements	06/15/22	\$ 8,563,315	06/15/37	4.0%	8,653,315
					<u>\$ 13,974,395</u>

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 604,395	\$ 604,762
2024	785,000	411,296
2025	800,000	398,286
2026	820,000	378,316
2027	855,000	356,883
2028-2032	3,825,000	1,433,815
2033-2037	2,105,000	967,297
2038-2042	1,805,000	614,772
2043-2047	2,145,000	256,789
2048-2049	230,000	15,675
	<u>\$ 13,974,395</u>	<u>\$ 5,437,891</u>

*D. Compensated Absences*

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

**9. LONG-TERM INDEBTEDNESS (UNAUDITED) (CONTINUED)**

*D. Compensated Absences (Continued)*

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

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

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

*E. Postemployment Benefits*

**Plan Description**

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

**Funding Policy**

The Town currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended December 31, 2022, \$1,997,302 was paid on behalf of 145 retirees.

**Benefits Provided**

The Town provides postemployment healthcare benefits for certain eligible retirees.

**9. LONG-TERM INDEBTEDNESS (UNAUDITED) (CONTINUED)**

E. *Postemployment Benefits (Continued)*

**Employees Covered by Benefit Terms**

As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	145
Active employees	<u>131</u>
Total participants covered by OPEB Plan	<u><u>276</u></u>

**Total OPEB Liability**

The Town's total OPEB liability of \$50,209,723 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Discount Rate	4.31% (2.05% prior year)
Healthcare Cost Trend Rates	6.75% for 2023 and 6.50% in 2024, decreasing gradually to an ultimate rate of 4.14% in 2076
Salary Increases	Varies by years of service

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of December 31, 2021.

Mortality rates were based on the April 1, 2010 - March 31, 2015 New York State Employees Retirement System expense with adjustments for mortality improvements based in Society for Actuaries Scale MP-2020.

**9. LONG-TERM INDEBTEDNESS (UNAUDITED) (CONTINUED)**

E. *Postemployment Benefits (Continued)*

**Changes in the Total OPEB Liability**

OPEB Liability Beginning of Year	\$ 77,608,221
Changes for the Year:	
Service Cost	2,689,163
Interest	1,625,728
Changes in Benefit Terms	(12,639,871)
Assumption Changes and Differences	(17,076,216)
Benefit Payments	<u>(1,997,302)</u>
 OPEB Liability End of Year	 <u>\$ 50,209,723</u>

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

The following presents the Town's total OPEB Liability calculated using a discount rate of 4.31%, as well as what the Town's total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>Discount Rate</b>		
	<b><u>1%</u></b>	<b><u>% Baseline</u></b>	<b><u>1%</u></b>
	<b><u>Decrease</u></b>		<b><u>Increase</u></b>
Total OPEB Liability	<u>\$ 43,704,902</u>	<u>\$ 50,209,723</u>	<u>\$ 58,335,642</u>

	<b>Healthcare Cost</b>		
	<b><u>1%</u></b>	<b><u>% Baseline</u></b>	<b><u>1%</u></b>
	<b><u>Decrease</u></b>		<b><u>Increase</u></b>
Total OPEB Liability	<u>\$ 42,825,677</u>	<u>\$ 50,209,723</u>	<u>\$ 59,656,411</u>

**9. LONG-TERM INDEBTEDNESS (UNAUDITED) (CONTINUED)**

*E. Postemployment Benefits (Continued)*

**OPEB Expense**

For the year ended December 31, 2022, the Town disclosed an OPEB expense as follows:

	<u><b>2022</b></u>
Service Cost	\$ 2,689,163
Interest	1,625,728
Benefit Changes	(12,639,871)
Changes of Assumptions or Other Inputs	<u>(679,878)</u>
 Net OPEB Expense	 <u><u>\$ (9,004,858)</u></u>

At December 31, 2022, the Town disclosed deferred outflows and inflows of resources related to OPEB from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Difference between expected and actual expense	\$ 1,650,148	\$ (2,823,510)
Change in assumptions and other inputs	<u>10,138,026</u>	<u>(16,833,717)</u>
	<u><u>\$ 11,788,174</u></u>	<u><u>\$ (19,657,227)</u></u>

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

December 31, 2023	\$ (679,880)
December 31, 2024	350,807
December 31, 2025	(2,030,102)
December 31, 2026	(2,663,842)
December 31, 2027	<u>(2,846,036)</u>
	<u><u>\$ (7,869,053)</u></u>

Covered payroll was \$7,988,293 for the year ended December 31, 2022.

**10. PENSION PLAN**

***General Information***

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

**10. PENSION PLAN (CONTINUED)**

***Plan Description and Benefits Provided***

The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the Systems. The Comptroller of the State of New York (the “Comptroller”) serves as sole trustee and administrative head of the Systems. System benefits are established under provisions of the New York State Retirement and Social Security Laws (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for ERS employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership and employees who joined on or after January 1, 2010 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the Systems’ fiscal year ending March 31.

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

	<u>ERS</u>	<u>PFRS</u>
March 31, 2023	\$ 389,923	\$ 1,224,745
March 31, 2022	\$ 747,643	\$ 1,278,494
March 31, 2021	\$ 613,702	\$ 1,110,604

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

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

**10. PENSION PLAN (CONTINUED)**

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

At December 31, 2022, the Town reported an asset of \$1,199,363 for ERS and a liability of \$733,648 for PFRS for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2022, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of April 1, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022, the Town's proportion was .0145% percent ERS and .1292% PFRS.

At December 31, 2022, the Town disclosed deferred outflows and inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 486,344	\$ (117,811)
Changes in assumptions	6,392,646	(33,775)
Net difference between projected and actual earnings on pension plan investments	-	(10,091,973)
Changes in proportion	170,751	(546,698)
Contributions subsequent to the measurement date	<u>1,211,001</u>	<u>-</u>
	<u>\$ 8,260,742</u>	<u>\$ (10,790,257)</u>

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

2023	\$ 484,501
2024	(1,041,176)
2025	(2,543,502)
2026	572,184
2027	<u>(1,522)</u>
	<u>\$ (2,529,515)</u>

**10. PENSION PLAN (CONTINUED)**

***ERS Actuarial Assumptions***

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions.

	<u>ERS</u>	<u>PERS</u>
Interest rate	5.9%	5.9%
Salary increase	4.4%	6.2%
Inflation rate	2.7%	2.7%
Cost of living adjustment	1.4%	1.4%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period August 1, 2010 - March 31, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 were as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	3.30%
International equity	5.85%
Private equity	6.50%
Real estate	5.00%
Absolute return strategies	4.10%
Opportunistic portfolio	5.58%
Real assets	3.78%
Cash	(1.00)%

**10. PENSION PLAN (CONTINUED)**

***Discount Rate***

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u><b>1% Decrease</b></u>	<u><b>Current Assumption</b></u>	<u><b>1% Increase</b></u>
 <b><u>ERS</u></b>			
Town's proportionate share of the net pension asset (liability)	<u>\$ (3,087,147)</u>	<u>\$ 1,199,363</u>	<u>\$ 4,784,822</u>
 <b><u>PFRS</u></b>			
Town's proportionate share of the net pension asset (liability)	<u>\$ (8,160,706)</u>	<u>\$ (733,648)</u>	<u>\$ 5,413,983</u>

***Pension Plan Fiduciary Net Position***

The components of the net pension liability of the fiduciary as of March 31, 2022 was as follows (in thousands):

	<u><b>ERS</b></u>	<u><b>PFRS</b></u>
Fiduciary total pension liability	\$ (223,874,888)	\$ (42,237,292)
Fiduciary net position	<u>232,049,473</u>	<u>41,669,250</u>
Fiduciary net pension liability	<u>\$ 8,174,858</u>	<u>\$ (568,042)</u>
 Ratio of fiduciary net position to the fiduciary total pension liability	 <u>103.65%</u>	 <u>98.66%</u>

**11. FUND BALANCE**

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

GASB 54 defines five categories of fund balances as follows:

1. **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town’s nonspendable fund balance consists of inventories and prepaid expenses at December 31, 2022.
2. **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance includes the following:

	<b>General Fund</b>	<b>Highway Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
Capital Reserve	\$ 82,591	\$ -	\$ -	\$ -
Parkland Reserve	168,771	-	-	-
Employee Benefit Reserve	134,523	-	-	-
Assets Forfeiture Reserve	50,630	-	-	-
Repair Reserve	<u>703,844</u>	<u>651,638</u>	<u>1,521,663</u>	<u>198,589</u>
	<u>\$ 1,140,359</u>	<u>\$ 651,638</u>	<u>\$ 1,521,663</u>	<u>\$ 198,589</u>

3. **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town had no committed fund balances at December 31, 2022.
4. **Assigned** fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for ensuing year’s budget. Assigned fund balance includes the following:

	<b>General Fund</b>	<b>Highway Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
Assigned for Tax Certiorari	\$ 27,054	\$ 14,567	\$ -	\$ -
Encumbrances	122,375	-	115,205	-
Ensuing Years Budget	493,999	406,000	320,444	149,817
Assigned for Special Revenue	<u>-</u>	<u>912,068</u>	<u>3,626,081</u>	<u>2,151,623</u>
Total	<u>\$ 643,428</u>	<u>\$ 1,332,635</u>	<u>\$ 4,061,730</u>	<u>\$ 2,301,440</u>

**11. FUND BALANCE (CONTINUED)**

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

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

**12. TAX ABATEMENT**

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

For the year ended December 31, 2022, the Town recognized \$1,136,243 in PILOT revenue under PILOT agreements. Abated property taxes amounted to approximately \$152,000 under this program.

**13. INTERFUND BALANCES AND TRANSFERS**

Interfund balances and transfers were as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,412,774	\$ -	363,550	\$ -
Highway	499,179	-	-	60,000
Water	-	43,734	-	182,350
Sewer	-	89	-	114,000
Drainage	-	-	-	200
Fire Protection	-	-	-	2,000
Lighting	-	-	-	5,000
Capital Projects	-	1,868,130	-	-
Total	<u>\$ 1,911,953</u>	<u>\$ 1,911,953</u>	<u>\$ 363,550</u>	<u>\$ 363,550</u>

Administrative changes to other funds by the general fund were \$363,550.

**14. COMMITMENTS AND CONTINGENCIES**

*Litigation*

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

*Grant Programs*

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

*Environmental Concerns*

The Town is engaged in many activities (*e.g.*, water and sewer service, refuse collection, gasoline storage), in the normal course of operations, that are potentially hazardous to the environment. As of December 31, 2022, the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

*Water Sale Agreement*

The Town signed a five year agreement (with an additional five year option) with the Town of Guilderland to sell water at an annual rate of \$3 per thousand gallons for the first 45 million gallons and \$2.75 per thousand gallons thereafter. Water sales began in June 2021 and totaled \$196,849 for the year ended December 31, 2022.

*BAN Issuance*

On January 5, 2023 a bond anticipation note for \$2,612,000 was issued for the sewer 7 extension. The note bears interest at 3.88% and matured January 4, 2024.

*Bond Approval*

On August 14, 2024 a bond issuance for \$28,500,000 was approved for the acquisition of land and construction of a police/court building.

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

*Union Contracts*

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

<b><u>Bargaining Unit</u></b>	<b><u>Contact Expiration Date*</u></b>
C.S.E.A., Local 1000	December 31, 2023
Rotterdam Patrolmen's Benevolent Association	December 31, 2023

\*The contracts for CSEA and the police were not approved until October 2023. An accrual for 2022's portion of the expense was made.

**15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through September 23, 2024, the date the financial statements were available to be issued. No such events or transactions were identified.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ROTTERDAM, NEW YORK**  
**BUDGET COMPARISON STATEMENT - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Encumbrances</u></b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>					
Real Property Taxes	\$ 8,823,349	\$ 8,823,349	\$ 8,823,349	\$ -	\$ -
Real Property Tax Items	907,120	907,120	906,434	-	(686)
Non-Property Tax Items	4,212,389	4,212,389	4,468,790	-	256,401
Departmental Income	283,000	283,000	338,134	-	55,134
Intergovernmental Charges	209,785	209,785	210,461	-	676
Use of Money and Property	4,080	4,080	16,745	-	12,665
Licenses and Permits	41,250	41,250	61,195	-	19,945
Fines and Forfeitures	478,100	478,100	287,980	-	(190,120)
Sale of Property and Compensation for Loss	722,200	722,200	27,913	-	(694,287)
Miscellaneous	5,500	5,500	225,217	-	219,717
Interfund Revenue	25,000	25,000	25,000	-	-
State Aid	1,048,000	1,051,294	1,384,971	-	333,677
Federal Aid	<u>1,532,916</u>	<u>1,532,916</u>	<u>26,672</u>	-	<u>(1,506,244)</u>
Total Revenues	<u>18,292,689</u>	<u>18,295,983</u>	<u>16,802,861</u>	<u>-</u>	<u>(1,493,122)</u>
<b>Expenditures</b>					
General Government Support	4,621,645	4,676,564	2,994,817	23,100	1,658,647
Public Safety	7,053,466	7,043,493	6,651,977	41,490	350,026
Public Health	3,400	3,400	3,465	-	(65)
Transportation	285,814	416,199	433,773	-	(17,574)
Economic Assistance and Opportunity	262,976	275,298	149,933	-	125,365
Culture and Recreation	606,105	576,744	559,457	57,785	(40,498)
Home and Community Services	436,639	432,520	375,003	-	57,517
Employee Benefits	5,226,725	5,209,023	4,850,428	-	358,595
Debt Service	<u>157,469</u>	<u>157,469</u>	<u>157,469</u>	-	-
Total Expenditures	<u>18,654,239</u>	<u>18,790,710</u>	<u>16,176,322</u>	<u>122,375</u>	<u>2,492,013</u>
<b>Other Changes</b>					
Operating Transfers In	<u>361,550</u>	<u>361,550</u>	<u>363,550</u>	-	<u>2,000</u>
Total Other Changes	<u>361,550</u>	<u>361,550</u>	<u>363,550</u>	-	<u>2,000</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ (133,177)</u>	<u>\$ 990,089</u>	<u>\$ (122,375)</u>	<u>\$ 1,000,891</u>

**TOWN OF ROTTERDAM, NEW YORK**  
**BUDGET COMPARISON STATEMENT - HIGHWAY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real Property Taxes	\$ 3,781,149	\$ 3,781,149	\$ 3,781,149	\$ -
Real Property Tax Items	314,846	314,846	303,112	(11,734)
Use of Money and Property	-	-	2,671	2,671
Licenses and Permits	3,000	3,000	4,500	1,500
Sale of Property and Compensation for Loss	11,000	11,000	79,165	68,165
Miscellaneous	-	-	10,551	10,551
State Aid	<u>296,867</u>	<u>296,867</u>	<u>496,340</u>	<u>199,473</u>
Total Revenues	<u>4,406,862</u>	<u>4,406,862</u>	<u>4,677,488</u>	<u>270,626</u>
<b>Expenditures</b>				
Transportation	2,660,802	2,959,033	3,211,173	(252,140)
Employee Benefits	1,258,012	1,258,012	1,103,835	154,177
Debt Service	<u>427,848</u>	<u>427,848</u>	<u>396,897</u>	<u>30,951</u>
Total Expenditures	<u>4,346,662</u>	<u>4,644,893</u>	<u>4,711,905</u>	<u>(67,012)</u>
<b>Other Changes</b>				
Operating Transfers Out	<u>(60,200)</u>	<u>(60,200)</u>	<u>(60,000)</u>	<u>(200)</u>
Total Other Changes	<u>(60,200)</u>	<u>(60,200)</u>	<u>(60,000)</u>	<u>(200)</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ (298,231)</u>	<u>\$ (94,417)</u>	<u>\$ 203,814</u>

**TOWN OF ROTTERDAM, NEW YORK**  
**BUDGET COMPARISON STATEMENT - WATER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Encumbrances</u></b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>					
Real Property Taxes	\$ 473,189	\$ 473,189	\$ 118,433	\$ -	\$ (354,756)
Departmental Income	1,680,122	1,680,122	2,845,857	-	1,165,735
Intergovernmental Charges	345,000	345,000	196,849	-	(148,151)
Use of Money and Property	244,245	244,245	289,734	-	45,489
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>11,300</u>	<u>-</u>	<u>8,300</u>
Total Revenues	<u>2,745,556</u>	<u>2,745,556</u>	<u>3,462,173</u>	<u>-</u>	<u>716,617</u>
<b>Expenditures</b>					
Home and Community Services	1,781,499	1,746,995	1,463,387	115,205	168,403
Employee Benefits	324,553	365,265	287,378	-	77,887
Debt Service	<u>357,154</u>	<u>357,154</u>	<u>330,588</u>	<u>-</u>	<u>26,566</u>
Total Expenditures	<u>2,463,206</u>	<u>2,469,414</u>	<u>2,081,353</u>	<u>115,205</u>	<u>272,856</u>
<b>Other Changes</b>					
Operating Transfers Out	<u>(282,350)</u>	<u>(282,350)</u>	<u>(182,350)</u>	<u>-</u>	<u>100,000</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ (6,208)</u>	<u>\$ 1,198,470</u>	<u>\$ (115,205)</u>	<u>\$ 1,089,473</u>

**TOWN OF ROTTERDAM, NEW YORK**  
**BUDGET COMPARISON STATEMENT - SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real Property Taxes	\$ 418,329	\$ 418,329	\$ 285,894	\$ (132,435)
Departmental Income	1,605,463	1,605,463	2,017,314	411,851
Use of Money and Property	251	251	3,654	3,403
Licenses and Permits	-	-	350	350
Sale of Property and Compensation for Loss	500	500	495	(5)
Miscellaneous	13,000	13,000	45,085	32,085
Interfund Revenue	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total Revenues	<u>2,041,543</u>	<u>2,041,543</u>	<u>2,352,792</u>	<u>311,249</u>
<b>Expenditures</b>				
Home and Community Services	1,293,579	1,406,182	1,196,665	209,517
Employee Benefits	218,635	218,635	198,424	20,211
Debt Service	<u>415,329</u>	<u>415,329</u>	<u>351,645</u>	<u>63,684</u>
Total Expenditures	<u>1,927,543</u>	<u>2,040,146</u>	<u>1,746,734</u>	<u>293,412</u>
<b>Other Changes</b>				
Operating Transfers Out	<u>(114,000)</u>	<u>(114,000)</u>	<u>(114,000)</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ (112,603)</u>	<u>\$ 492,058</u>	<u>\$ 604,661</u>