

TOWN OF IRONDEQUOIT, NEW YORK

**Basic Financial Statements for the Year Ended
December 31, 2019
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

TOWN OF IRONDEQUOIT, NEW YORK

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SECTION A

BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

June 11, 2020

To the Town Board of the
Town of Irondequoit, 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 Irondequoit, New York (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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of changes in total OPEB liability and related ratios, contributions-pension plans, and proportionate share of the net pension liability (asset) 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 non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of the New York State Codes, Rules, and Regulations, and is not a required part of the basic financial statements.

The combining non-major fund financial statements and the schedule of expenditures of federal awards 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 non-major fund financial statements and the schedule of expenditures of federal awards 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 June 11, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Bonadio & Co., LLP

TOWN OF IRONDEQUOIT, NEW YORK

Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2019

The management's discussion and analysis of the Town of Irondequoit, New York's (the Town's) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2019. Please read it in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources by \$8,642,184. This negative net position for the year is due to the increase in Other Post Employment Obligations in the current year.
- General revenues, which include real property taxes, non-property taxes, use of money and property, sale of property and miscellaneous, are \$26,453,172 or 72%, of all revenues. Program specific revenues in the form of charges for services, operating grants, and capital grants accounted for \$10,090,316, or 28%, of total revenues.
- During 2019, the Town issued Bond Anticipation Notes in the amount of \$24,011,000 to finance a new recreation facility and ongoing projects including building improvements, road repair projects, athletic field and playground improvements and sewer improvements.
- During 2019, the Town issued serial bonds in the amount of \$10,960,000 for the library construction.
- The Town's governmental fund financial statements report a combined ending fund deficit of \$923,150.
- At the end of the current year, the unassigned fund balance of the General Fund was \$7,858,953.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements including the notes to financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Town, government-wide and fund financial statements.

Government-Wide Financial Statements

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

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

TOWN OF IRONDEQUOIT, NEW YORK

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2019

- The *statement of activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the Town include police, public works, parks departments, general administration, and interest on long-term debt.

Fund Financial Statements

A *fund* is a self-balancing grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Fiduciary Funds.

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

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

The Town maintains four major individual governmental funds; General Fund, Highway Fund, Sewer Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for each fund.

The Town adopts an annual budget for the General Fund, Highway Fund, Sewer Fund, Drainage District Fund, Library Fund, Lighting District Fund and the Water Fund. A budgetary comparison statement has been provided for each major fund with an annually adopted budget within the basic financial statements to demonstrate compliance with the budget.

- *Fiduciary Funds* are used to account for assets held by the Town in an agency capacity on behalf of others. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of these funds are not, and never will be, available to support the Town's programs.

TOWN OF IRONDEQUOIT, NEW YORK

**Management’s Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2019**

Major Features of the Town-Wide and Fund Financial Statements

<u>Features</u>	<u>Town-Wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Town	The activities of the Town that are not proprietary or fiduciary, such as General administration, Highway, and Library	Instances in which the Town administers resources on behalf of someone else
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet, Statement of Revenues and Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement	Accrual accounting and economic resource focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resource focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Assets and deferred inflows of the Town's governmental activities exceeded liabilities and deferred inflows by \$8,642,184 at the close of 2019. The Town’s assets, deferred outflows, liabilities, deferred inflows, and net position are summarized in Table 1 and the changes in net position are summarized in Table 2.

TOWN OF IRONDEQUOIT, NEW YORK

**Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2019**

Table 1

**Statement of Net Position
For the Years Ended
December 31, 2019 and 2018
(In thousands)**

	<u>2019</u>	<u>2018</u>
ASSETS:		
Current assets	\$ 26,759	\$ 26,636
Capital assets	<u>72,378</u>	<u>63,320</u>
Total assets	<u>99,137</u>	<u>89,956</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>16,993</u>	<u>6,868</u>
LIABILITIES:		
Current liabilities	28,115	29,512
Due within one year	2,468	2,546
Due in more than one year	<u>90,142</u>	<u>64,583</u>
Total liabilities	<u>120,725</u>	<u>96,641</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,047</u>	<u>9,739</u>
NET POSITION:		
Net investment in capital assets	16,904	13,299
Restricted	4,849	13,387
Unrestricted	<u>(30,395)</u>	<u>(36,241)</u>
Total net position	<u>\$ (8,642)</u>	<u>\$ (9,555)</u>
	<u>2019</u>	<u>2018</u>
Current Assets	<u>\$ 26,759</u>	<u>\$ 26,636</u>
Current Liabilities	<u>\$ 28,115</u>	<u>\$ 29,512</u>
Ratio of Current Assets to Current Liabilities	0.95	0.90

Total assets increased by approximately \$9,181,000 due primarily to an increase in capital assets of nearly \$9,058,000 offset by decreased accounts receivable of approximately \$907,200. The increase in capital assets was due to roughly \$11,620,000 in additions offset by \$4,151,000 in depreciation. The increase in total liabilities of \$24,084,000 results from Other Post Employment Obligations in the current year.

TOWN OF IRONDEQUOIT, NEW YORK

**Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2019**

Table 2

**Changes in Net Position
For The Years Ended
December 31, 2019 and 2018
(In thousands)**

	<u>2019</u>	<u>2018</u>
REVENUES:		
Program revenues -		
Charges for services	\$ 8,235	\$ 8,464
Operating grants and contributions	1,395	1,540
Capital grants and contributions	460	2,944
General revenues -		
Real property taxes and tax items	17,632	17,149
Nonproperty tax items	5,855	5,585
State and federal aid not restricted for a specific	1,584	1,488
Investment earnings	469	309
Other revenues	666	1,339
Sale of property and compensation for loss	<u>247</u>	<u>2,638</u>
Total revenues	<u>36,543</u>	<u>41,456</u>
EXPENSES:		
Program expenses -		
General government support	4,155	4,677
Public safety	10,899	11,546
Transportation	6,431	6,068
Economic assistance	392	400
Culture and recreation	4,588	4,852
Home and community services	8,262	7,909
Interest expense	<u>905</u>	<u>1,032</u>
Total expenses	<u>35,632</u>	<u>36,484</u>
Increase (Decrease) in net position	<u>\$ 911</u>	<u>\$ 4,972</u>

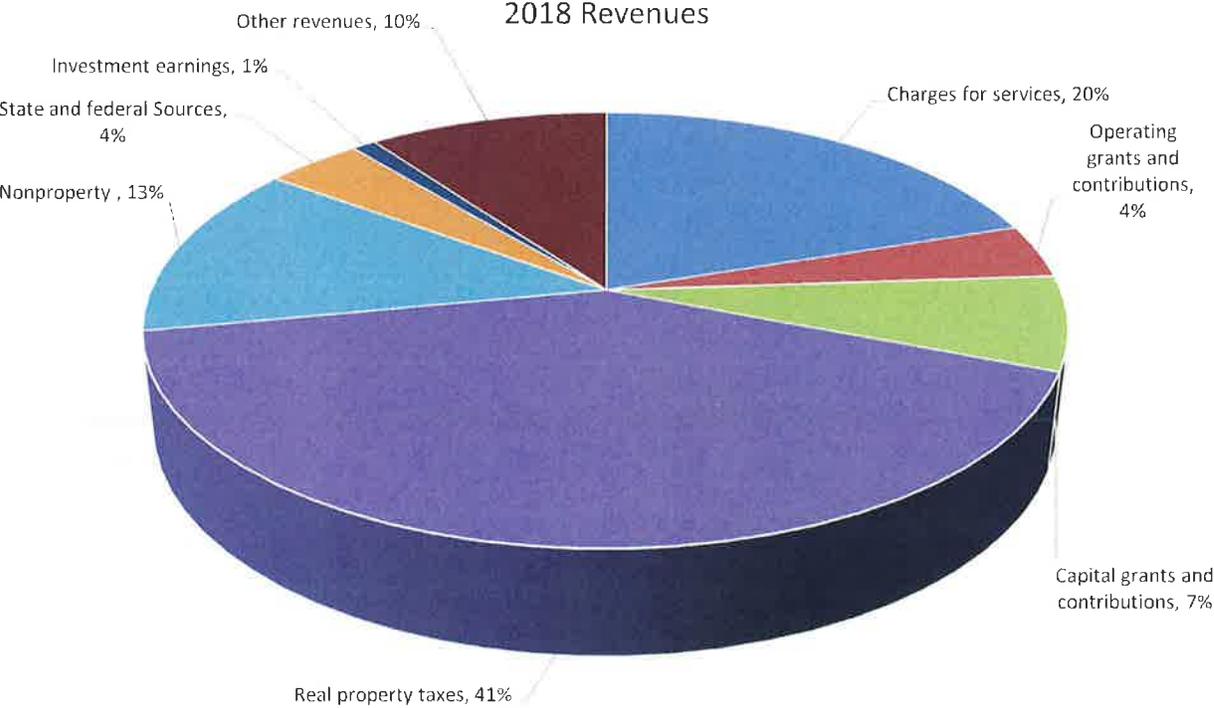
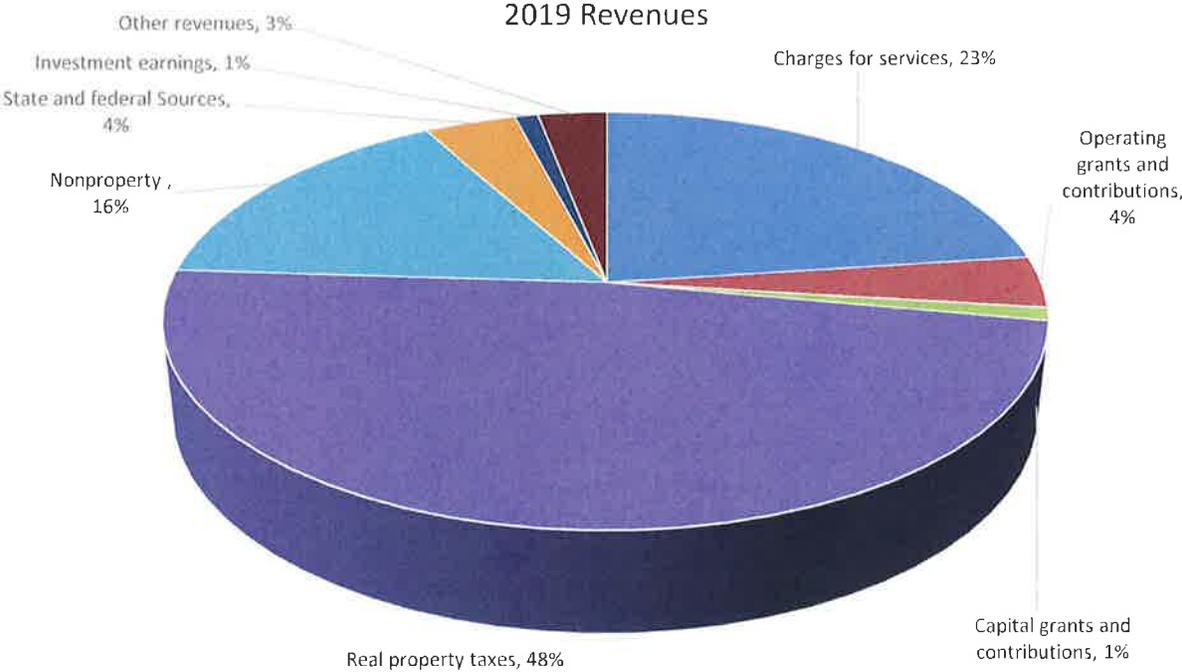
In 2019, the expenses of all governmental activities were approximately \$35,632,000. The amount that taxpayers ultimately financed for these activities through Town real property taxes and real property tax items was essentially \$17,632,000 or 48.20%.

Revenues of the Town's primary government decreased 11.85% from approximately \$41,456,000 to \$36,543,000, primarily due to non-recurring capital grants received in 2018.

Expenses of the Town's primary government decreased 2.33%, from approximately \$36,484,000 to \$35,632,000, primarily due to a reduced depreciation expense in 2019.

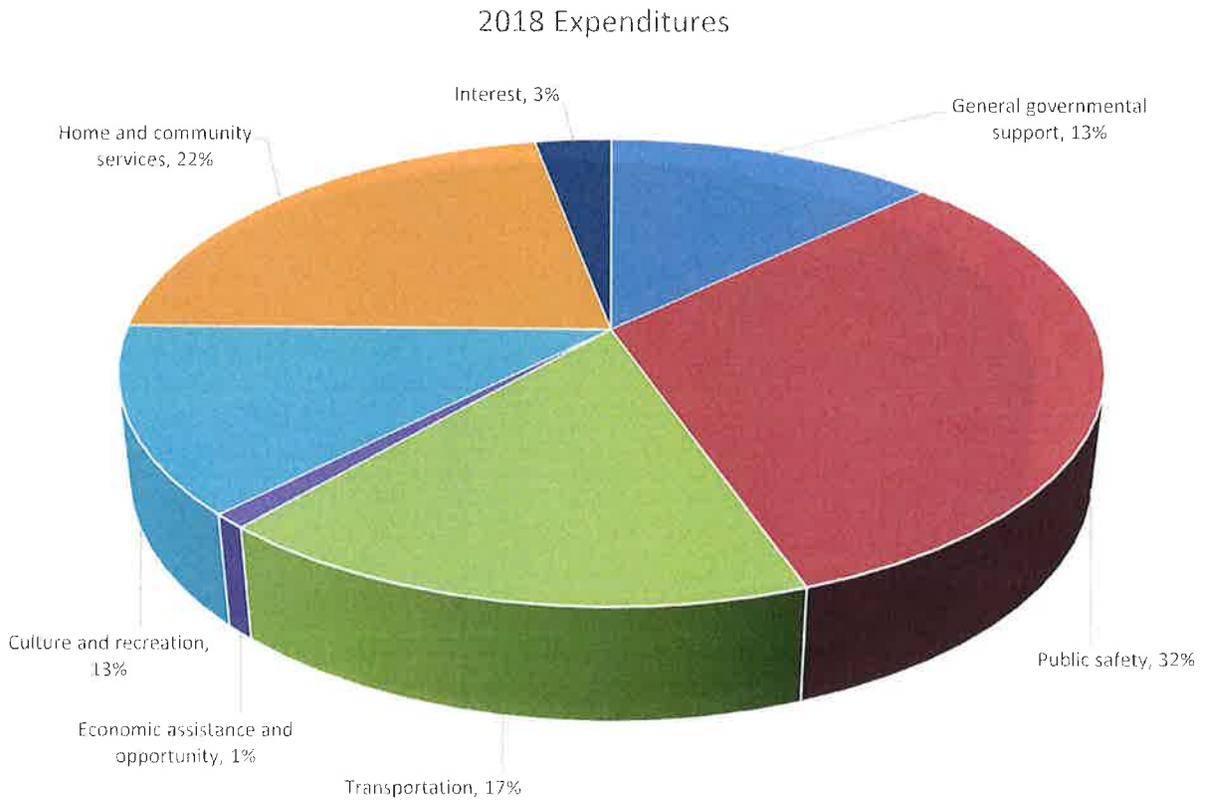
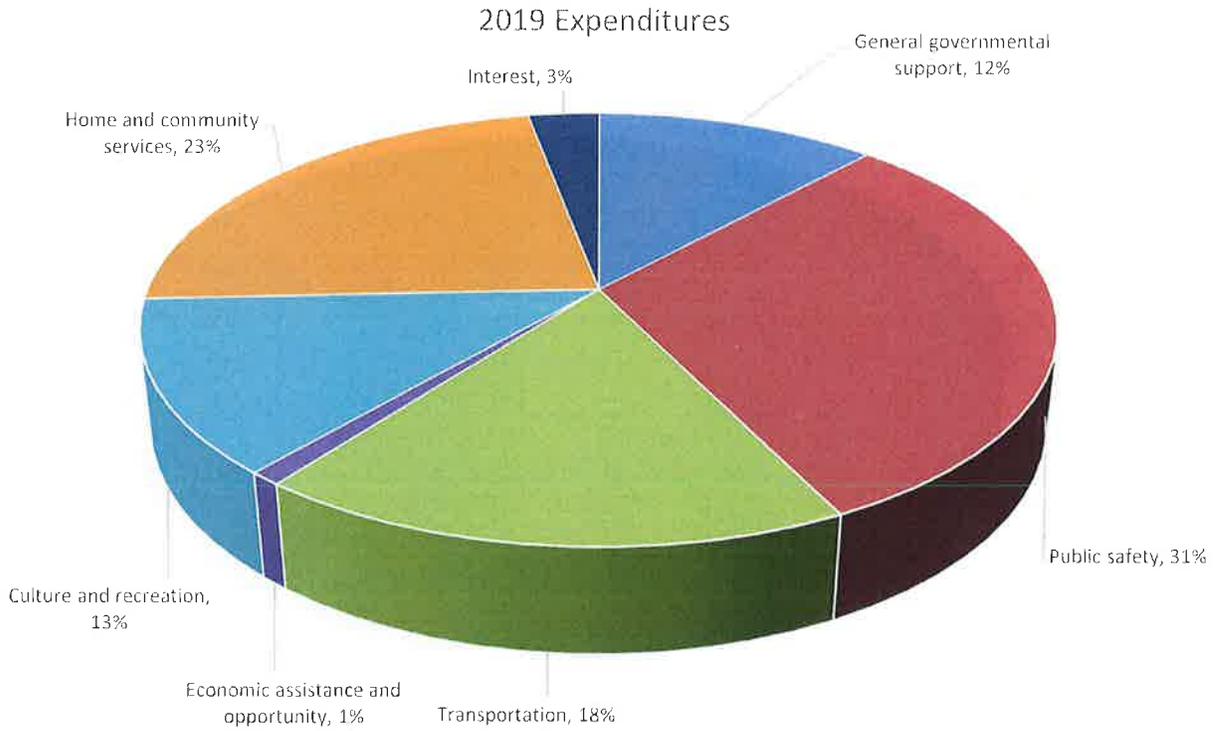
TOWN OF IRONDEQUOIT, NEW YORK

**Management’s Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2019**



TOWN OF IRONDEQUOIT, NEW YORK

**Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2019**



TOWN OF IRONDEQUOIT, NEW YORK

Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2019

Capital Assets

At the end of 2019, the governmental activities of the Town held approximately \$72,378,000 in capital assets. This amount represents an increase (including additions, net of disposals and depreciation) of approximately \$9,058,000, or 14%, over last year. Depreciation expense of approximately \$4,151,000 has been recorded in the current year. Additional information on the Town's capital assets can be found in the notes to the financial statements.

2019 significant capital asset activity included the following:

- \$440,746 in construction in progress
- \$9,112,153 in the construction of the new DPW building
- \$1,752,278 in infrastructure improvements, including roads, sidewalks, and sewers
- \$697,047 in building improvements
- \$1,101,834 in machinery and equipment
- \$603,990 in capital asset disposals
- \$3,659,540 represents change in accumulated depreciation value

Long-Term Liabilities

At December 31, 2019, the Town had total long-term serial bonds payable totaling \$19,072,239 inclusive of a premium of \$217,258. Total serial bonds outstanding increased by \$9,667,323 due to scheduled principal payments of \$1,260,000 and the amortization of the bond premium of \$32,677, offset by the issuance of a new bond of \$10,960,000.

At December 31, 2019, the Town had capital lease obligations totaling \$2,099,578. Total capital lease obligations increased by \$110,033 due to scheduled lease payments of \$756,896 offset by the issuance of new capital leases totaling \$866,929 to finance the purchases of articulated loaders and vehicles.

At December 31, 2019, the Town's compensated absences balances totaled \$2,007,132. This represents a net decrease of \$138,747 from the prior year due to accrued vacation and sick time of \$1,189,464 offset by the use of accrued vacation, sick and compensatory time of \$1,328,211.

At December 31, 2019, the Town's other postemployment benefits balances equated to \$63,738,767. This represents a net increase of \$14,139,716 from the prior year due to an annual other postemployment benefits cost of \$2,199,494, offset by current year contributions of \$2,175,861.

At December 31, 2019, the Town's workers' compensation liability amounted to \$1,432,725. This represents a net decrease of \$291,159 from the prior year due to incurred claims of approximately \$534,803, offset by current year payments of claims of approximately \$825,962.

At December 31, 2019, the Town's net pension liability totaled \$4,258,879. This represents a net increase of \$1,993,565 from the prior year due to a current year cost of \$2,797,431 and a decrease in deferred inflows of resources of \$4,143,587 offset by a decrease in deferred outflows of resources of \$2,731,832, and current year contributions of \$2,215,621.

The Town's constitutional debt limit is \$190,314,991 and, as calculated in the most recent debt statement on April 16, 2020, the Town is using 21.24% of the limit.

TOWN OF IRONDEQUOIT, NEW YORK

Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2019

The Town's credit rating is done by Moody's Investors Service. Moody's has rated the Town Aa3 since March 4, 2015.

The Town updates its six (6) year Capital Improvement Program annually and through this method analyzes the future cost of current debt and the implication of future debt. The policy of the Town is to be proactive in managing its infrastructure improvement projects and costs so that carefully measured steps are taken to maintain public assets without placing unreasonable burdens on property tax payers and special district rate payers.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

General Fund

The General Fund is the Town's main operating fund. This fund is used to account for all Town operations that are not financed by a special revenue source or accounted for in another fund. It includes all general Town offices, police, justice courts, recreation, safety inspection and other general services.

The General Fund experienced an increase in fund balance of \$984,922 for 2019. Primary sources for the \$21,515,594 General Fund revenue include property tax and property tax items of approximately \$11,539,000, non-property tax items of approximately \$5,855,000 and state aid of approximately \$1,653,000. Overall total revenues decreased \$1,886,636. The main contribution to the decrease was approximate \$1,700,000 insurance recovery funding received in 2018 stemming from 2016 Department of Public Works Garage fire. The claim was finalized in 2018 and no additional funds were received in 2019.

The major components of the General Fund total expenditures of \$20,567,399 include public safety of approximately \$11,357,000, and general government support of approximately \$4,360,000. Total expenditures increased roughly \$206,000 year over year.

Highway Fund

The Highway Fund is a special revenue fund where the activity for the Town's Department of Public Works is recorded. The Highway Fund had a decrease in fund balance of approximately \$212,000 for 2019. The Highway Fund had revenues of approximately \$5,205,000, which is comprised essentially of the fund's share of property taxes (approximately \$3,747,000), state aid (approximately \$460,000) and intergovernmental charges (approximately \$826,000).

The Highway Fund's expenditures were approximately \$5,388,000, of which approximately \$4,756,000 was for current year transportation related costs, and approximately \$528,000 for debt service. Overall, total expenditures increased \$105,000 year over year.

Sewer Fund

The Sewer Fund is a special revenue fund used to account for all transactions to provide sewer services throughout the Town. The Sewer Fund had an increase in fund balance of approximately \$76,000 for 2019. The Sewer Fund had revenues of approximately \$4,014,000 is comprised primarily of the fund's share of property taxes (basically \$3,829,000). The sewer fund revenues decreased slightly (\$50,000) from 2018.

TOWN OF IRONDEQUOIT, NEW YORK

**Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2019**

The Sewer Fund's expenditures were approximately \$3,967,000 of which essentially \$2,986,000 and \$913,000 were for current year home and community services costs and debt service costs respectively. The excess revenue over expenditures of \$47,000, in addition other financing sources (transfers) increased the fund balance an additional \$29,000.

Capital Projects Fund

The Capital Projects fund is used to account for the acquisition or construction of major capital facilities or improvements. The Capital Projects Fund is funded mainly by Bond Anticipation Notes (BANs) and grants awarded from other governmental units. The Capital Projects fund had revenue of approximately \$256,000 and expenditures of approximately \$12,011,000. The revenue was primarily made up of premiums received on obligations (approximately \$248,500). The Town issued BANs in the amount of \$24,011,500 in 2019 to finance the operations of the Capital Projects fund, such as the new DPW building, building improvements, road repair projects, and athletic fields and improvements. The largest components of expenditures were general government, home and community and transportation related costs of approximately \$9,442,000, \$1,152,000, and \$1,106,000 respectively. The deficiency of revenues over expenses is due to the fund using proceeds of short term debt to fund current year expenditures.

Other Governmental Funds

Non-major funds include the Special Grant, Miscellaneous Special Grant, Library, Drainage, Lighting, and Water funds. The non-major funds had a increase in fund balance of approximately \$231,000 in 2019.

Revenues, Expenditures and Fund Balances-
Major Governmental Operating Funds
(Includes other financing sources and uses)
(in thousands)

2019						
	Annual		Cumulative Fund Balance	Residual Fund Balance	% of Original Budget	
	Revenues	Expenditures				
General Fund	21,516	\$ 20,567	\$ 8,995	\$ 7,859	37.58%	
Highway Fund	5,205	\$ 5,388	\$ 1,173	\$ 1,167	20.57%	
Sewer Fund	4,015	\$ 3,968	\$ 826	\$ 823	20.23%	
2018						
	Annual		Cumulative Fund Balance	Residual Fund Balance	% of Original Budget	
	Revenues	Expenditures				
General Fund	23,402	\$ 20,361	\$ 8,011	\$ 7,021	34.58%	
Highway Fund	5,503	\$ 5,282	\$ 1,386	\$ 1,372	25.09%	
Sewer Fund	4,065	\$ 3,959	\$ 750	\$ 740	18.09%	

TOWN OF IRONDEQUOIT, NEW YORK

Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2019

For three of the four major governmental operating funds, the comparative unassigned (general fund)/restricted (highway and sewer funds), fund balances are highlighted and shown as a percentage of the respective year's budget. The Capital Projects Fund is not compared in this manner.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The Town's General Fund's total expenditures came within 3% of budget.
- The Town's General Fund's total revenues came within 3% of budget.

HIGHWAY FUND BUDGETARY HIGHLIGHTS

- The Town's Highway Fund's total expenditures came within 6% of budget.
- The Town's Highway Fund's total revenues came within 8% of budget.

SEWER FUND BUDGETARY HIGHLIGHTS

- The Town's Sewer Fund's total expenditures came within 1% of budget.
- The Town's Sewer Fund's total revenues came within 1% of budget.

ECONOMIC FACTORS

There are no certiorari proceedings that would significantly reduce the Town's real property tax base. The policy of the Town is to maintain assessed values at the 100% equalization rate.

Other major revenues are sales tax and mortgage tax received from Monroe County and the franchise (cable TV) fee. For the third year, sales tax is up: 7% from 2018, 14% from 2017 and 29% from 2016 revealing steady growth. 2019 mortgage tax showed a 10% increase from 2018, 13% increase over 2017 and a 16% increase over 2016. Revenue from mortgage tax fluctuates with trends in the local real estate market; over the 5-year period from 2015-2019, receipts increased by \$177,000 or 22%. The 2019 franchise Cable TV revenue of \$716,062 is down 8.2% from 2018 which included an audit refund of \$37,000. Removing the audit refund to reflect a more accurate comparison shows a 3.7% decline in franchise cable TV revenue. The Town continues to monitor these economically sensitive revenue sources in order to forecast appropriately.

Irondequoit's tax base benefits from its close proximity to the City of Rochester. The City of Rochester is home to a number of diverse businesses—the Top 5 employers in the Greater Rochester area are University of Rochester, Rochester Regional Health, Wegmans Food Markets, Inc., Paychex, Inc., and Rochester Institute of Technology. Even though Eastman Kodak is no longer in the Top 5—now ranked as #16—it continues to be recognized in the area. A great majority of the employee population of St. Ann's Community—ranked #20 by the Rochester Business Journal—is within the Town of Irondequoit.

Rochester General Hospital of Rochester Regional Health is near the Irondequoit boundary and there are multiple Rochester Regional Health facilities in the Town. The in-town facilities are tax exempt; however, they currently provide approximately 2,166 jobs. The sharp increase in employment—1,316 since 2013— at Rochester Regional Health in the Town of Irondequoit has spurred additional property tax paying development and is expected to continue doing so.

TOWN OF IRONDEQUOIT, NEW YORK

Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2019

CONTACTING THE TOWN'S FINANCE DEPARTMENT

This financial report is designed to provide citizens, taxpayers, creditors, and investors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Diana Marsh, Comptroller, Irondequoit Town Hall, 1280 Titus Ave., Rochester, New York, 14617. Telephone (585) 336-6010. You can access this report on the internet at www.irondequoit.org. Click on "Open Government", scroll to "Important Town Documents/Information", and open "2019 Financial Statement."

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Net Position
December 31, 2019**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 20,792,263
Receivables	929,397
State and federal aid receivables	4,586,788
Due from other governments	383,204
Prepaid expenses	<u>66,848</u>
Total current assets	<u>26,758,500</u>

NON-CURRENT ASSETS:

Capital assets, net	<u>72,377,649</u>
Total assets	<u>99,136,149</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	4,025,718
OPEB related	12,872,273
Deferred amount on refunding	<u>94,600</u>
Total deferred outflows of resources	<u>16,992,591</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	1,728,272
Accrued liabilities	301,606
Bond anticipation notes payable	24,011,500
Due to state retirement systems	1,614,631
Accrued interest	433,178
Unearned revenue	<u>25,641</u>
Total current liabilities	<u>28,114,828</u>

LONG-TERM LIABILITIES:

Due within one year -	2,467,797
Due in more than one year -	<u>90,141,523</u>
Total long-term liabilities	<u>92,609,320</u>

Total liabilities	<u>120,724,148</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related	1,610,183
OPEB related	<u>2,436,593</u>
Total deferred inflows	<u>4,046,776</u>

NET POSITION

Net investment in capital assets	16,903,966
Restricted	4,849,036
Unrestricted	<u>(30,395,186)</u>
Total net position	<u>\$ (8,642,184)</u>

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities -					
General governmental support	\$ 4,154,683	\$ 493,613	\$ 444,698	\$ (118)	\$ (3,216,490)
Public safety	10,898,747	271,649	5,243	-	(10,621,855)
Transportation	6,431,322	1,028,718	-	460,210	(4,942,394)
Economic assistance and opportunity	391,635	85,418	-	-	(306,217)
Culture and recreation	4,587,737	437,937	20,854	-	(4,128,946)
Home and community services	8,262,269	5,917,944	924,150	-	(1,420,175)
Interest on long-term debt	905,161	-	-	-	(905,161)
Total governmental activities	\$ 35,631,554	\$ 8,235,279	\$ 1,394,945	\$ 460,092	(25,541,238)
GENERAL REVENUE					
Taxes -					
Real property taxes					17,171,937
Other real property tax items					460,091
Nonproperty tax items					5,855,292
State and federal aid not restricted for a specified purpose					1,583,621
Use of money and property					468,597
Miscellaneous					666,200
Sale of property and compensation for loss					247,434
Total general revenues					26,453,172
Change in net position					911,934
Net position - beginning of the year					(9,554,118)
Net position - end of year					\$ (8,642,184)

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

Balance Sheet - Governmental Funds

December 31, 2019

	General Fund	Highway Fund	Sewer Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 6,873,020	\$ 1,507,244	\$ 1,134,202	\$ 10,193,035	\$ 1,084,762	\$ 20,792,263
Accounts receivable	497,710	100,586	-	-	331,101	929,397
Due from other funds	632,785	-	-	100,433	-	733,218
State and federal receivable	2,790,850	57,919	2,199	1,413,440	322,380	4,586,788
Due from other governments	198,242	910	-	-	184,052	383,204
Prepaid expenses	47,516	6,372	2,998	-	9,962	66,848
Total assets	\$ 11,040,123	\$ 1,673,031	\$ 1,139,399	\$ 11,706,908	\$ 1,932,257	\$ 27,491,718
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 610,489	\$ 188,418	\$ 63,093	\$ 647,817	\$ 218,455	\$ 1,728,272
Accrued liabilities	114,759	74,273	70,900	-	41,674	301,606
Due to state retirement systems	1,183,322	148,929	148,752	-	133,628	1,614,631
Due to other funds	110,433	88,000	30,600	500,000	4,185	733,218
Unearned revenues	25,641	-	-	-	-	25,641
Bond anticipation notes payable	-	-	-	24,011,500	-	24,011,500
Total liabilities	2,044,644	499,620	313,345	25,159,317	397,942	28,414,868
FUND BALANCES:						
Nonspendable	47,516	6,372	2,998	-	9,962	66,848
Restricted	59,601	1,167,039	823,056	1,274,987	1,524,353	4,849,036
Assigned	1,029,409	-	-	-	-	1,029,409
Unassigned	7,858,953	-	-	(14,727,396)	-	(6,868,443)
Total fund balances	8,995,479	1,173,411	826,054	(13,452,409)	1,534,315	(923,150)
Total liabilities and fund balances	\$ 11,040,123	\$ 1,673,031	\$ 1,139,399	\$ 11,706,908	\$ 1,932,257	\$ 27,491,718

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2019**

Total fund balance - governmental funds:		\$	(923,150)
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not current financial resources and; therefore, are not reported in the funds.			
Cost of capital assets	139,916,345		
Accumulated depreciation	<u>(67,538,696)</u>		72,377,649
Deferred amounts on refunding are recorded under full accrual accounting, but are not recorded in the funds.			
			94,600
Accrued interest on long-term liabilities is not reported as an obligation under fund accounting, but is an expense in the statement of net position.			
			(433,178)
Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore are not reported in the funds.			
Deferred outflow - pension related			4,025,718
Deferred outflow - OPEB related			12,872,273
Deferred inflow - pension related			(1,610,183)
Deferred inflow - OPEB related			(2,436,593)
Long-term obligations are not due and payable in the current period and, therefore are not reported as fund liabilities:			
Compensated absences			(2,007,132)
Serial bonds			(19,072,239)
Capital leases			(2,099,578)
Workers' compensation obligations			(1,432,725)
Other post-employment benefit obligations			(63,738,767)
Net pension obligations			<u>(4,258,879)</u>
Total net position of governmental activities		\$	<u>(8,642,184)</u>

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019**

	General Fund	Highway Fund	Sewer Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total
REVENUES:						
Real property taxes	\$ 11,090,150	\$ 3,747,176	\$ 3,928,995	\$ -	\$ 3,249,454	\$ 22,015,775
Real property tax items	449,258	-	10,833	-	-	460,091
Nonproperty tax items	5,855,292	-	-	-	-	5,855,292
Departmental income	1,032,889	-	3,880	-	1,146,454	2,183,223
Intergovernmental charges	71,851	826,350	-	-	-	898,201
Use of money and property	243,714	43,795	54,617	78	126,393	468,597
Licenses and permits	54,906	43,720	-	-	-	98,626
Fines and forfeitures	211,391	-	-	-	-	211,391
Sale of property and compensation for loss	123,388	83,443	13,510	8,150	18,943	247,434
Miscellaneous	211,627	667	2,730	248,545	169,954	633,523
Interfund revenues	388,543	-	-	-	-	388,543
State aid	1,653,287	460,210	-	(118)	296,984	2,410,363
Federal aid	129,298	-	-	-	898,997	1,028,295
Total revenues	21,515,594	5,205,361	4,014,565	256,655	5,907,179	36,899,354
EXPENDITURES:						
General governmental support	4,360,342	102,927	67,670	9,442,305	20,503	13,993,747
Public safety	11,357,187	-	-	-	-	11,357,187
Transportation	420,275	4,756,371	-	1,105,849	190,496	6,472,991
Economic assistance and opportunity	287,024	-	-	-	-	287,024
Culture and recreation	1,931,284	-	-	311,623	1,940,041	4,182,948
Home and community services	1,105,872	-	2,986,656	1,151,634	2,748,107	7,992,269
Debt service -						
Principal	674,802	463,569	768,295	-	465,230	2,371,896
Interest	430,613	64,657	144,951	-	396,812	1,037,033
Total expenditures	20,567,399	5,387,524	3,967,572	12,011,411	5,761,189	47,695,095
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	948,195	(182,163)	46,993	(11,754,756)	145,990	(10,795,741)
OTHER FINANCING SOURCES:						
Installment purchase debt	-	-	-	866,929	-	866,929
Proceed from serial bonds	-	-	-	10,960,000	-	10,960,000
BANs redeemed from appropriations	-	-	-	355,000	-	355,000
Operating transfers - in	147,160	57,960	59,625	111,994	85,000	461,739
Operating transfers - out	(110,433)	(88,000)	(30,600)	(232,706)	-	(461,739)
Total other financing sources and uses	36,727	(30,040)	29,025	12,061,217	85,000	12,181,929
CHANGE IN FUND BALANCE	984,922	(212,203)	76,018	306,461	230,990	1,386,188
FUND BALANCE - beginning of year	8,010,557	1,385,614	750,036	(13,758,870)	1,303,325	(2,309,338)
FUND BALANCE - end of year	\$ 8,995,479	\$ 1,173,411	\$ 826,054	\$ (13,452,409)	\$ 1,534,315	\$ (923,150)

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019**

Net change in fund balances - governmental funds:	\$	1,386,188
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as an expense. Also, depreciation is recorded in the statement of activities, but not as a change in fund balance of the governmental funds. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital additions	13,321,572	
Depreciation	<u>(4,150,954)</u>	9,170,618
Losses on the disposal of capital assets are recorded in the statement of activities, but not in the governmental funds		(112,576)
Repayments of long-term liabilities are a reduction on the statement of net position, but are treated as an expenditure in the governmental funds:		
Serial bonds principal		1,260,000
Capital lease obligation		756,896
Amortization of the deferred amount on refunding is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.		(16,197)
Amortization of bond premiums is not recorded as revenue in the governmental funds, but is recorded in the statement of activities.		32,677
Accrued interest is an expenditure in the statement of activities, but is not reported as an expenditure in the governmental funds.		
Serial bonds		374,407
Bond anticipation notes		(242,535)
Proceeds from the issuance of long-term debt is considered revenue in the governmental funds, but increases long-term liabilities in the statement of net position:		
Serial bonds		(10,960,000)
Capital lease obligation		(866,929)
Various transactions are reported in the statement of activities, but do not require the use of current financial resources and; therefore, are not recorded as expenditures in the governmental funds:		
(Increase) Decrease in compensated absences		138,747
(Increase) Decrease in workers' compensation liability		291,159
(Increase) Decrease in other postemployment benefit obligation		281,289
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense:		
Pension contributions		2,215,621
Cost of benefits earned, net of employee contributions		<u>(2,797,431)</u>
Change in net position of governmental activities	\$	<u>911,934</u>

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Fiduciary Net Position
December 31, 2019**

	Private Purpose	
	<u>Trusts</u>	<u>Trust and Agency</u>
ASSETS		
Cash	\$ 42,237	\$ 263,344
Accounts receivable	<u>-</u>	<u>656</u>
Total assets	<u>42,237</u>	<u>264,000</u>
LIABILITIES		
Other liabilities	<u>18,456</u>	<u>264,000</u>
Total liabilities	<u>18,456</u>	<u>264,000</u>
NET POSITION	<u>\$ 23,781</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019**

	<u>Private Purpose Trusts</u>
ADDITIONS:	
Contributions	\$ <u>235,597</u>
Total additions	<u>235,597</u>
DEDUCTIONS:	
General government	<u>249,030</u>
Total deductions	<u>249,030</u>
CHANGE IN NET POSITION	(13,433)
NET POSITION - BEGINNING OF YEAR	<u>37,214</u>
NET POSITION - END OF YEAR	<u>\$ 23,781</u>

The accompanying notes are an integral part of these statements.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Irondequoit, New York (the Town) are prepared in conformity with accounting principles generally accepted in the United States. 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 is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The Comptroller is responsible for daily financial management and oversight.

The Town provides its residents with the following basic services: general administrative services; police and law enforcement; town courts; highway maintenance; reconstruction and snow and ice control; public library; town clerk; receiver of taxes; recreation and parks; drainage; street lighting; sewer services; water services; capital improvements; and community development. All governmental activities and functions performed by the Town are its direct responsibility.

The financial reporting entity consists of (a) the primary government which is the Town and (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in generally accepted accounting principles.

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

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth by the GASB including legal standing, fiscal dependency, and financial accountability. A component unit is included in the Town's reporting entity if it is both fiscally dependent on the Town and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based on the application of these criteria, the Town has determined that there are no organizations that meet criteria for inclusion in the reporting entity of the Town.

Basis of Presentation

1. Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Town's services are classified as governmental activities.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources 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 net position; and unrestricted net position. The Town first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, and investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes and trust and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

2. Fund Financial Statements

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of the assets/deferred inflows of resources, liabilities/deferred outflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in one column in the fund financial statements.

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

Major Governmental Funds:

- **General Fund** - the principal operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

- **Highway Fund** - established pursuant to Highway Law Section 141 to account for revenues and expenditures for highway purposes.
- **Sewer Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide sewer services throughout the Town.
- **Capital Projects Fund** - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.

Non-Major Governmental Funds:

The other funds which do not meet the major fund criteria are aggregated and reported as non-major governmental funds. The following are reported as non-major governmental funds:

- **Special Revenue Funds** - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Town. The following are non-major special revenue funds utilized by the Town:
 - Lighting Districts
 - Drainage District
 - Library Fund
 - Water District
 - Special Grant Fund
 - Miscellaneous Special Grant Fund
- b. **Fiduciary Funds** - Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity for others and; therefore, are not available to support Town programs. These activities are not included in the government-wide financial statement because their resources do not belong to the Town and are not available for use. The following are the Town's fiduciary fund types:
 - **Trust and Agency Fund** - is custodial in nature and does not present results of operations or have a measurement focus. The Trust and Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in a custodial capacity.
 - **Private Purpose Trust Funds** - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments, but not the Town itself.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

Basis of Accounting/Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The Town's financial statements are prepared in conformity with accounting principles generally accepted in the United States as prescribed by the GASB, which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

1. Accrual

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except when the elimination would distort direct costs and program revenue reported for the various functions concerned.

2. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the year.

Material revenues that are accrued include real property taxes, sales taxes, franchise taxes, and state and federal aid. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and bond anticipation notes redeemed from appropriations are reported as other financing sources.

Expenditures are recorded when incurred except that:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- Principal and interest on indebtedness is not recognized as an expenditure until due and paid.
- Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

Real Property Taxes

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

Tax payments are due and collected during the period January 1st to May 31st.

The tax roll is returned to the Monroe County Commissioner of Finance after May 31st at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

Cash and Cash Equivalents

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Due To/From Other Funds

The amounts reported on the Governmental Funds Balance Sheet for due to and from other funds represents amounts due between different fund types (i.e. general, highway, and non-major funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Capital Assets - Property, Plant and Equipment

Purchased or constructed capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental type activity column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

Capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land Improvements	\$ 15,000	Straight-Line	15 years
Buildings	\$ 15,000	Straight-Line	40 years
Building Improvements	\$ 15,000	Straight-Line	15 years
Machinery and Equipment	\$ 15,000	Straight-Line	3-15 years
Infrastructure	\$ 15,000	Straight-Line	15-40 years

Compensated Absences

The Town labor agreements provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement certain eligible employees qualify for paid medical premiums and/or payment for value of unused sick leave. These payments are budgeted annually without accrual.

Payments of compensated absences recorded in the government-wide financial statements are dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources are made available for the payment of compensated absences when such payments become due.

Postemployment Benefits

The Town provides postemployment health insurance coverage to its retired employees and their survivors. Substantially all employees may become eligible for these benefits when they reach eligible retirement age and have worked 20 years for the Town. The Town made no provision for recognizing the cost of postemployment benefits which may eventually be paid to employees who have not yet retired, on the governmental funds statements. On the government-wide statements, these amounts attributable to past service have been recorded as a liability.

Unearned Revenue

Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period under the modified accrual method of accounting. Unearned revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Short-Term Debt

The Town may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years of the original issue date.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

Long-Term Obligations

Long-term liabilities to be repaid from governmental resources are recorded as liabilities in the government-wide financial statements. The long-term liabilities consist primarily of serial bonds payable, capital leases, compensated absences, and other postemployment benefits.

Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with certain 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 transfer of expenditures and revenues to provide financial or other services.

Insurance

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not yet exceeded commercial insurance coverage in recent fiscal years. The Town is self-insured for workers' compensation and has purchased reinsurance agreements to reduce exposure to large losses. 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.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a use of resources that applies to a future period and so will not be recognized as an outflow (expense/expenditure) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Labor Relations

Town employees are represented by five collective bargaining units with the balance of employees governed by Town Board rules and regulations.

Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from these estimates.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

Net Position - Government-Wide Financial Statements

The government-wide financial statements display net position in three components as follows:

- **Net Investment in Capital Assets**

This net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted Net Position**

This net position consists of resources with constraints placed on their use either by external groups such as creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position**

This net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances - Fund Financial Statements

The governmental fund financial statements present fund balances according to classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable Fund Balances**

These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balance was \$66,848 at December 31, 2019.

- **Restricted Fund Balances**

These are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Restricted fund balance was \$4,849,036 at December 31, 2019.

- **Committed Fund Balances**

These are amounts that can be used only for specific purposes determined by a formal action of the Town Board. The Town Board is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Town Board, prior to the end of the year.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

- **Assigned Fund Balances**

These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town does not have a formal policy regarding the assignment of fund balances, it is at the discretion of the Town's Finance Committee to make assignments as they see fit. Assigned fund balance was \$1,029,409 at December 31, 2019.

- **Unassigned Fund Balances**

These are all other spendable amounts.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Board has provided otherwise in its commitment or assignment actions.

2. STEWARDSHIP

Budgetary

A. Budget Policies

- a. Prior to October 30th, the Town Supervisor files a tentative budget to the Town Clerk for submission to the Town Board for the year commencing the following January 1st. The tentative budget, which includes proposed expenditures and the proposed means of financing them, is then presented to the Town Board by November 10th.
- b. The full Town Board reviews the tentative budget and may make some revisions before approving a preliminary budget and calling for a public hearing which is generally held in November.
- c. Following the public hearing, revisions may again be made by the Town Board before adopting the budget by November 20th.
- d. Formal annual budgetary accounts are employed as a management control device for the General Fund and each Individual Special Revenue Fund Type.
- e. During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for departmental budgetary control. Budget amendments and budget transfers require Town Board approval.
- f. Annual budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. All unencumbered appropriations, except for Special Grant-related appropriations, lapse at the end of the fiscal year.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

g. Capital Project Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the project's inception, and lapse upon termination of the project.

h. Total expenditures for each object classification within a department may not legally exceed the total appropriation for that object classification.

B. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary comparison schedules are presented as required supplementary information in the basic financial statements.

Budget/GAAP Reconciliation

The Town reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the fund balances computed on GAAP basis and budgetary basis:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Sewer Fund</u>
GAAP basis fund balance at December 31, 2019	\$ 8,995,479	\$ 1,173,411	\$ 826,054
Less: Outstanding encumbrances	<u>(269,537)</u>	<u>(22,225)</u>	<u>(63,787)</u>
Budgetary basis fund balance at December 31, 2018	<u>\$ 8,725,942</u>	<u>\$ 1,151,186</u>	<u>\$ 762,267</u>

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and Cash Equivalents and Investments

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

Demand deposits and certificates of deposit at year-end were entirely covered by FDIC insurance and collateral held by financial institutions. At December 31, 2019, cash and cash equivalents are composed entirely of demand deposit accounts, money market accounts and savings accounts. All deposits are carried at cost.

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

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

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

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

Custodial Credit Risk

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

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Custodial Credit Risk - Deposits

As of December 31, 2019, the bank balance of the Town's cash and cash equivalents of its primary government, including fiduciary funds, was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Fund:		
Primary government	\$21,274,614	\$20,792,263
Fiduciary funds	<u>305,581</u>	<u>305,581</u>
Cash and cash equivalents	<u>\$21,580,195</u>	<u>\$21,097,844</u>
Category 1: Covered by FDIC insurance	\$ 1,196,092	
Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	<u>20,842,800</u>	
Total	<u>\$22,038,892</u>	

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

4. RECEIVABLES

Receivables

Receivables at December 31, 2019 for individual major and non-major funds consisted of the following which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Capital Projects</u>	<u>Non-major</u>	<u>Total</u>
Accounts receivable:						
Court fines	\$ 51,950	\$ -	\$ -	\$ -	\$ -	\$ 51,950
Clerk fees	31,333	-	-	-	-	31,333
Franchise fees	360,298	-	-	-	-	360,298
Water rents receivable	-	-	-	-	315,901	315,901
Insurance recoveries	170	-	-	-	-	170
Miscellaneous receivables	53,959	100,586	-	-	15,200	169,745
Total accounts receivable	<u>\$ 497,710</u>	<u>\$ 100,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,101</u>	<u>\$ 929,397</u>
State and federal receivable:						
Sales tax	\$ 1,894,232	\$ -	\$ -	\$ -	\$ -	\$ 1,894,232
Mortgage tax	241,361	-	-	-	-	241,361
Windstorm grant	425,000	-	-	-	-	425,000
NYS equipment grant	212,000	38,000	-	-	-	250,000
NYS CHIPS receivable	-	19,919	-	-	-	19,919
NYS capital projects grants	-	-	-	1,413,440	-	1,413,440
Miscellaneous grants receivable	18,257	-	2,199	-	322,380	342,836
Total State and federal receivable	<u>\$ 2,790,850</u>	<u>\$ 57,919</u>	<u>\$ 2,199</u>	<u>\$ 1,413,440</u>	<u>\$ 322,380</u>	<u>\$ 4,586,788</u>
Due from other governments:						
Stop DWI grant	\$ 4,678	\$ -	\$ -	\$ -	\$ -	\$ 4,678
Miscellaneous	13,744	171	-	-	-	13,915
Property maintenance from County	117,318	-	-	-	-	117,318
M.A.R Agreement	-	739	-	-	-	739
Elections	48,116	-	-	-	-	48,116
Senior center grant	14,386	-	-	-	-	14,386
Delinquent water rents	-	-	-	-	184,052	184,052
Total Due from other governments	<u>\$ 198,242</u>	<u>\$ 910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,052</u>	<u>\$ 383,204</u>

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

5. INTERFUND ACTIVITY

Interfund Receivables, Payables, Revenues and Expenditures

Interfund receivables, payables, revenues and expenditures at December 31, 2019 were as follows:

	<u>Interfund</u>		<u>Transfers</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 632,785	\$ 110,433	\$ 147,160	\$ 110,433
Highway Fund	-	88,000	57,960	88,000
Sewer Fund	-	30,600	59,625	30,600
Capital Projects Fund	100,433	500,000	111,994	232,706
Non-Major Funds	-	4,185	85,000	-
Total	<u>\$ 733,218</u>	<u>\$ 733,218</u>	<u>\$ 461,739</u>	<u>\$ 461,739</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and move residual cash from closed projects to debt service to be used for debt payments at a later date.

The purpose of interfund transfers within a Town is to consolidate funding from multiple funds into one for the purchase of a large piece of equipment or the completion of a project that is to benefit multiple funds.

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>
Capital assets not being depreciated:				
Land	\$ 10,277,878	\$ -	\$ -	\$ 10,277,878
Construction in progress	<u>11,578,147</u>	<u>12,219,738</u>	<u>(2,449,325)</u>	<u>21,348,560</u>
Total capital assets not being depreciated	<u>21,856,025</u>	<u>12,219,738</u>	<u>(2,449,325)</u>	<u>31,626,438</u>
Other capital assets:				
Buildings	18,659,717	-	-	18,659,717
Improvements	8,113,940	697,047	-	8,810,987
Machinery, equipment and vehicles	14,123,036	1,101,834	(603,990)	14,620,880
Infrastructure	<u>64,446,045</u>	<u>1,752,278</u>	<u>-</u>	<u>66,198,323</u>
Total other capital assets	<u>105,342,738</u>	<u>3,551,159</u>	<u>(603,990)</u>	<u>108,289,907</u>
Less: Accumulated depreciation for:				
Buildings	(5,237,149)	(387,702)	-	(5,624,851)
Improvements	(4,854,826)	(414,752)	-	(5,269,578)
Machinery, equipment and vehicles	(7,582,964)	(859,389)	491,414	(7,950,939)
Infrastructure	<u>(46,204,217)</u>	<u>(2,489,111)</u>	<u>-</u>	<u>(48,693,328)</u>
Total accumulated depreciation	<u>(63,879,156)</u>	<u>(4,150,954)</u>	<u>491,414</u>	<u>(67,538,696)</u>
Other capital assets, net	<u>41,463,582</u>	<u>(599,795)</u>	<u>(112,576)</u>	<u>40,751,211</u>
Governmental activities capital assets, net	<u>\$ 63,319,607</u>	<u>\$ 11,619,943</u>	<u>\$ (2,561,901)</u>	<u>\$ 72,377,649</u>

Depreciation expense for the year ended December 31, 2019 was charged to functions/programs of the primary government as follows:

General government	\$ 286,736
Public safety	105,491
Transportation	1,538,496
Economic assistance and opportunity	114,161
Culture and recreation	786,433
Home and community service	<u>1,319,637</u>
Total depreciation	<u>\$ 4,150,954</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

7. PENSION PLANS

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (collectively, the Systems). The SeaBreeze Water District also participates in the New York State and Local ERS. These are cost-sharing multiple-employer, public employee retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. 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 Systems, 110 State Street, Albany, NY 12244.

Funding Policies

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the Systems contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who join on or after April 1, 2012 will contribute 3% of their reportable salary. Beginning April 1, 2013, the contribution rate for Tier 6 members will vary based on each member's annual compensation varying between 3-6%.

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2019	\$ 1,097,781	\$ 1,117,840
2018	\$ 1,087,752	\$ 1,176,021
2017	\$ 1,162,265	\$ 1,180,686

The Town's contributions made to the Systems were equal to 100% of the required contributions required for each year.

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

At December 31, 2019, the Town reported a net pension liability of:

	<u>ERS</u>	<u>ERS - SBW</u>	<u>PFRS</u>	<u>Total</u>
Net pension liability	<u>\$ 2,118,604</u>	<u>\$ 47,287</u>	<u>\$ 2,092,988</u>	<u>\$ 4,258,879</u>

The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2017, rolled forward to April 1, 2018. 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, 2019, The Town's proportionate share was:

	<u>ERS</u>	<u>ERS - SBW</u>	<u>PFRS</u>
Proportionate share	<u>0.0299014%</u>	<u>0.0006674%</u>	<u>0.1248008%</u>
Change from prior year	<u>0.0006701%</u>	<u>-0.0000213%</u>	<u>-0.0037824%</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

For the year ended December 31, 2019, The Town recognized pension expense of \$2,750,167. At December 31, 2019, The Town reported deferred outflows/inflows of resources related to pensions from the following sources:

ERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 417,197	\$ 142,218
Changes in assumptions	532,530	-
Net difference between projected and actual earnings on pension plan investments	-	543,751
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	65,492	163,740
Contributions subsequent to the measurement date	<u>808,787</u>	<u>-</u>
Total	<u>\$ 1,824,006</u>	<u>\$ 849,709</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS - Sea Breeze Water District (SBW)		
Differences between expected and actual experience	\$ 9,312	\$ 3,174
Changes in assumptions	11,886	-
Net difference between projected and actual earnings on pension plan investments	-	12,136
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	1,469	4,269
Contributions subsequent to the measurement date	<u>21,117</u>	<u>-</u>
Total	<u>\$ 43,784</u>	<u>\$ 19,579</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PFRS		
Differences between expected and actual experience	\$ 508,445	\$ 223,461
Changes in assumptions	760,438	-
Net difference between projected and actual earnings on pension plan investments	-	419,174
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	104,494	98,260
Contributions subsequent to the measurement date	<u>784,551</u>	<u>-</u>
Total	<u>\$ 2,157,928</u>	<u>\$ 740,895</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for ERS, ERS-SBW and PFRS, respectively:

Plan's Year Ended March 31:	<u>ERS</u>	<u>ERS - SBW</u>	<u>PFRS</u>
2020	407,886	8,040	409,511
2021	(440,860)	(10,020)	(76,321)
2022	(74,216)	(1,308)	12,305
2023	272,700	6,376	237,396
2024	-	-	49,591
	<u>\$ 165,510</u>	<u>\$ 3,088</u>	<u>\$ 632,482</u>

The Town recognized \$808,787, \$21,117, and \$784,551 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019, related to ERS, ERS-SBW, and PFRS, respectively. These amounts will be recognized as a reduction of the net pension liabilities in the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019.

The actuarial valuation used the following actuarial assumptions for both the ERS and PFRS:

Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS, indexed by service
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

Long-term Rate of Return

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

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Type</u>	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36	4.55
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return	2	3.75
Opportunistic Portfolio	3	5.68
Real Asset	3	5.29
Bonds & Mortgages	17	1.31
Cash	1	-0.25
Inflation-Indexed Bonds	4	1.25
	<u>100%</u>	

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 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% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease 6%	Current Discount 7%	1% Increase 8%
ERS Proportionate Share of net pension liability (asset)	<u>\$ 9,262,875</u>	<u>\$ 2,118,604</u>	<u>\$ (3,883,090)</u>
ERS - SBW Proportionate Share of net pension liability (asset)	<u>\$ 206,746</u>	<u>\$ 47,287</u>	<u>\$ (86,670)</u>
PFRS Proportionate Share of net pension liability (asset)	<u>\$ 7,563,745</u>	<u>\$ 2,092,988</u>	<u>\$ (2,475,729)</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2019 for ERS and PFRS respectively follow:

ERS and ERS - SBW

Total pension liability	\$	189,803,429
Net position		(182,718,124)
Net pension liability (asset)	\$	<u>7,085,305</u>
ERS net position as a percentage of total pension liability		96.27%

PFRS

Total pension liability	\$	34,128,100
Net position		(32,451,037)
Net pension liability (asset)	\$	<u>1,677,063</u>
PFRS net position as a percentage of total pension liability		95.09%

8. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Town provides certain health care benefits for retired employees. The Town administers the Town of Irondequoit Retiree Medical, Prescription Drug and Dental Benefits Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB).

In general, the Plan provides for continuation of medical insurance benefits and dental insurance for certain retirees and their spouses and can be amended by action of the Town subject to applicable collective bargaining and employment agreements. There were 163 retired employees receiving benefits at December 31, 2019. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan in a trust that meet all of the criteria in GASB statement No. 75, paragraph 4.

Benefits Provided

The obligations of the Plan are established by action of the Town pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and members varies depending on the applicable agreement. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Town. The accrual basis of accounting is used. The amount paid during 2019 was \$2,175,861.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees and spouses or beneficiaries currently receiving benefits	163
Active employees	<u>250</u>
Total participants	<u>413</u>

Net OPEB Liability

The Town's net OPEB liability was measured as of December 31, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0 percent per year
Payroll Growth	3.0 percent average
Discount Rate	2.75 percent as of December 31, 2019
Excess Medical Cost Growth	1.2 percent

The discount rate was based on "The Bond Buyer 20-Bond GO Index" as of the valuation date, which represents the average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Mortality rates were RP-2014 headcount-weighted mortality tables with adjustments for mortality improvements based on Scale MP-2019.

Changes in the Total OPEB Liability

Balance at January 1, 2019	<u>\$49,599,051</u>
Changes for the year-	
Service cost	1,245,810
Interest	1,366,839
Differences between expected and actual experience	830,655
Change in assumptions	12,872,273
Benefit payments	<u>(2,175,861)</u>
Net changes	<u>14,139,716</u>
Balance at December 31, 2019	<u>\$63,738,767</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00% in 2018 to 2.75% in 2019.

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

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 the discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease <u>(1.75%)</u>	Current Discount <u>(2.75%)</u>	1% Increase <u>(3.75%)</u>
Total OPEB Liability	<u>\$ 74,643,971</u>	<u>\$ 63,738,767</u>	<u>\$ 55,212,949</u>

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

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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease <u>(0.20%)</u>	Current Discount <u>(1.20%)</u>	1% Increase <u>(2.20%)</u>
Total OPEB Liability	<u>\$ 54,235,225</u>	<u>\$ 63,738,767</u>	<u>\$ 76,207,895</u>

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 \$1,894,572. At December 31, 2019, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferrred Outflows of <u>Resources</u>	Deferrred Inflows of <u>Resources</u>
Changes of assumptions	<u>\$12,872,273</u>	<u>\$2,436,593</u>
Total	<u>\$12,872,273</u>	<u>\$2,436,593</u>

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

<u>Fiscal Year Ending December 31</u>	<u>Amount</u>
2020	\$ 1,805,482
2021	1,805,482
2022	1,805,485
2023	1,805,482
2024	2,128,619
Thereafter	<u>1,085,130</u>
	<u>\$ 10,435,680</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

9. BOND ANTICIPATION NOTES

Short term debt provides financing for governmental activities. The Town issued Bond Anticipation Notes (BANs) in order to finance ongoing road repair projects, buildings, and equipment purchases.

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

January 1, 2019	\$	24,331,500
Borrowings		10,995,000
Repayments		<u>(11,315,000)</u>
December 31, 2019	\$	<u>24,011,500</u>

Below is a summary of BANs outstanding as of December 31, 2019:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>12/31/2019</u>
4/18/2019	4/15/2020	3.000%	\$ 11,250,000
4/18/2019	4/15/2020	3.000%	1,170,000
12/19/2019	12/18/2020	2.000%	1,766,500
12/19/2019	12/18/2020	2.000%	<u>9,825,000</u>
			<u>\$ 24,011,500</u>

10. LONG-TERM OBLIGATIONS

Serial Bonds

The Town borrows money in order to acquire land, high cost 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 serial bonds are full faith and credit debt of the Town. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidations of the long-term liabilities.

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

The following contains a summary of serial bonds with corresponding maturity schedules:

	Year of Issue	Amount of Original Issue	Year of Final Maturity	Interest Rate	Amount Outstanding 12/31/2019
Public Improvements	1990	\$ 3,989,400	2020	6.80%	\$ 35,000
District Improvements	2000	797,279	2019	0.807-3.591%	35,000
District Improvements	2002	577,648	2021	0.785-3.42%	60,000
District Improvements	2002	1,851,499	2021	1.21-4.98%	200,000
District Improvements	2003	577,648	2023	0.721-4.50%	120,000
Public Improvements	2004	300,000	2024	1.58-4.95%	75,000
Public Improvements	2012	4,490,000	2024	2.0-3.25%	365,000
Public Improvements	2012	4,485,000	2032	2.0-2.65%	2,665,000
Public Improvements	2016	627,150	2030	2.25-3.375%	395,000
Public Improvements	2017	3,475,000	2030	2.0-3.25%	2,854,981
Public Improvements	2017	1,300,000	2032	2.5-3.125%	1,090,000
Public Improvements	2019	<u>10,960,000</u>	2044	2.0-3.0%	<u>10,960,000</u>
TOTAL		<u>\$ 33,430,624</u>			<u>\$ 18,854,981</u>

Other Long-Term Debt

In addition to the above long-term debt the Town had the following other non-current liabilities:

- **Compensated absences** - represents the value earned and unused portion of the liability for compensated absences.
- **Postemployment benefits** - represents the cost of health care benefits provided to retirees.
- **Workers' compensation** - represents future obligations to be paid to employees for work related incidents.
- **Capital leases** - represents future obligations to be repaid under non-cancellable lease agreements for certain vehicles and equipment.
- **Net pension liability** - represents the Town's proportionate share of the ERS, ERS-SBW, and PFRS net pension liability.

The following is a summary of changes in long-term obligations:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Due Within One Year
General obligation debt:					
Serial bonds	\$ 9,154,981	\$ 10,960,000	\$ (1,260,000)	\$ 18,854,981	\$ 1,255,000
Premium	249,935	-	(32,677)	217,258	-
	<u>\$ 9,404,916</u>	<u>\$ 10,960,000</u>	<u>\$ (1,292,677)</u>	<u>\$ 19,072,239</u>	<u>\$ 1,255,000</u>
Other liabilities:					
Compensated absences	\$ 2,145,879	\$ 1,189,464	\$ (1,328,211)	\$ 2,007,132	\$ 200,713
Workers' compensation	\$ 1,723,884	\$ 534,803	\$ (825,962)	\$ 1,432,725	\$ 431,022
Capital leases	\$ 1,989,545	\$ 866,929	\$ (756,896)	\$ 2,099,578	\$ 581,062
Net pension liability	\$ 2,265,314	\$ 1,993,565	\$ -	\$ 4,258,879	\$ -
Postemployment benefits	\$ 49,599,051	\$ 14,139,716	\$ -	\$ 63,738,767	\$ -

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

Interest on long-term debt for the year was composed of:

Interest paid	\$ 1,037,033
Plus: Interest accrued in the current year	433,178
Less: Interest accrued in the prior year	<u>(565,050)</u>
 Total interest expense	 <u>\$ 905,161</u>

The following table summarizes the Town's future serial bond debt requirements as of December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,255,000	\$ 647,472	\$ 1,902,472
2021	1,310,000	462,628	1,772,628
2022	1,170,000	432,323	1,602,323
2023	1,115,000	406,205	1,521,205
2024	1,060,000	381,358	1,441,358
2025-2029	4,490,000	1,577,472	6,067,472
2030-2034	3,024,981	1,023,813	4,048,794
2035-2039	2,510,000	630,750	3,140,750
2040-2044	<u>2,920,000</u>	<u>224,250</u>	<u>3,144,250</u>
 Totals	 <u>\$ 18,854,981</u>	 <u>\$ 5,786,271</u>	 <u>\$ 24,641,252</u>

The following table summarizes the Town's future capital lease debt requirements as of December 31:

	<u>Total</u>
2020	\$ 638,890
2021	573,191
2022	549,892
2023	330,385
2024	<u>155,266</u>
	2,247,624
Less: Interest	<u>(148,046)</u>
	 <u>\$ 2,099,578</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

In 2012, the Town defeased certain obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2019, \$4,360,000 of bonds outstanding were considered defeased. The bond refunding resulted in an economic gain on refunding of \$150,262. The excess of the reacquisition price over the net carrying amount of the refunded bonds in the amount of \$108,705 has been deferred and is being amortized using the straight-line method through 2024. This amount is reflected as a deferred outflow of resources on the financial statements. For the year ended December 31, 2019, the Town recognized \$10,357 in amortization expense reducing the deferred amount on refunding to a balance of \$36,206 at December 31, 2019.

In 2017, the Town defeased certain obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2019, \$3,465,000 of bonds outstanding were considered defeased. The bond refunding resulted in an economic gain on refunding of \$318,907. The excess of the reacquisition price over the net carrying amount of the refunded bonds in the amount of \$75,914 has been deferred and is being amortized using the straight-line method through 2030. This amount is reflected as a deferred outflow of resources on the financial statements. For the year ended December 31, 2019, the Town recognized \$5,840 in amortization expense reducing the deferred amount on refunding to a balance of \$58,394 at December 31, 2019.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

11. FUND BALANCES

As of December 31, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Non-major Funds</u>
Nonspendable:					
Prepaid expenditures	\$ 47,516	\$ 6,372	\$ 2,998	\$ -	\$ 9,962
Restricted:					
General government support	-	4,000	15,000	655,214	9,326
Public safety	-	-	-	-	-
Transportation	-	18,225	-	-	-
Culture and recreation	-	-	-	575,627	7,384
Home and community	-	-	48,787	44,146	501,494
Other spendable amounts	-	1,144,814	759,269	-	1,006,149
Asset Forfeiture Fund	<u>59,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted	<u>59,601</u>	<u>1,167,039</u>	<u>823,056</u>	<u>1,274,987</u>	<u>1,524,353</u>
Assigned:					
Future appropriations	190,000	-	-	-	-
General government	163,316	-	-	-	-
Public safety	62,364	-	-	-	-
Economic assistance	893	-	-	-	-
Culture and recreation	27,656	-	-	-	-
Home and community	15,308	-	-	-	-
Self insurance fund	<u>569,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assigned	<u>1,029,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>7,858,953</u>	<u>-</u>	<u>-</u>	<u>(14,727,396)</u>	<u>-</u>
Total	<u>\$ 8,995,479</u>	<u>\$ 1,173,411</u>	<u>\$ 826,054</u>	<u>\$ (13,452,409)</u>	<u>\$ 1,534,315</u>

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

12. DEFERRED COMPENSATION PLAN

Employees of the Town may elect to participate in the Public Employees Benefits Services Corporation Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. As of December 31, 2019, the market value of the assets of the Plan totaled \$16,840,229.

Employees contribute to the Plan through voluntary salary deductions. Participation in the Plan is voluntary and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent third-party which is responsible for administering the fund's investments and record keeping.

13. TAX ABATEMENT

The Town has multiple real property tax abatement agreements entered into by the County of Monroe Industrial Development Agency under Article 18-A of the real property tax law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) and are under one of five possible programs:

JobsPlus Program

Under the JobsPlus program the recipient can be manufacturers, technology-based producer service companies, commercial projects which will increase the tax assessment with new construction and the rehabilitation of existing commercial buildings that have been vacant for a long period of time. They must meet a minimum of 10% job creation goal over impacted employment within three years. The project must use all local labor for the construction of new, expanded or renovated facilities.

Enhanced JobsPlus Program

Under the Enhanced JobsPlus program the recipient can be manufacturers or technology based producer service companies. The requirements are an investment minimum of \$15 million in new plant, machinery and equipment or renovation of existing buildings, a minimum of 100 new jobs from new companies locating in Monroe County, or existing companies expanding operations within Monroe County within 3 years, and in the absence of a waiver permitting otherwise, the project must use all local labor for the construction of new, expanded or renovated facilities.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements December 31, 2019

Shelter Rent

Property tax abated under the Shelter rent program is for new building or renovation projects for student or affordable housing. This program requires job creation of a minimum of 10% within 3 years as well as the use of local labor for the construction of new or renovation of facilities.

Green JobsPlus

Under the Green JobsPlus program the recipient can be manufacturers, technology-based producer service companies, or commercial projects which will increase the tax assessment with new construction. Requirements for this program are that the project must be rated as certified, gold, silver or platinum by the United States Green Building Council's Leadership in Energy and Environmental Design Green Building Rating System must meet the minimum of 10% job creation in 3 years and must use all local labor.

LeasePlus Program

For new building construction or renovation projects for Universities and medical related facilities in which a 501(c)(3) entity leases from a for-profit entity. The requirements under this program are job creation of 10% within 3 years and the use of local labor.

The following information relates to the PILOT agreements entered into under the aforementioned programs:

See table on subsequent page

TOWN OF IRONDEQUOIT, NEW YORK

**Notes to Basic Financial Statements
December 31, 2019**

Year Began	Agreement / Property	Total Assessed Value	Tax Rate	Tax Value	Regular Amount Due	Pilot Received	Taxes Abated
2013	1612 E. Ridge Road/L A Fitness Health Club	\$ 3,214,300	\$ 6.04	\$ 2,491,200	\$ 15,047	\$ 13,396	\$ 1,651
2013	723 Washington Avenue/A. I. Armitage LLC	195,000	6.04	154,000	930	803	127
2015	999 East Ridge Road/Morgan Depot Plaza LLC (a)	1,116,700	6.04	686,700	4,148	11,068	(6,920)
2015	1055 East Ridge Road/Tops Building B	1,563,300	6.04	798,300	4,822	5,648	(826)
2015	1025 East Ridge Road/Gas Station Building C	100,000	6.04	80,000	483	1,387	(904)
* 1995	1500 & 1550 Portland Ave./St. Ann's (b)	26,985,600	6.04	26,985,600	162,993	50,000	112,993
* 2009	2150 Portland Ave./Heritage Christian (b)	515,000	6.04	515,000	3,111	1,566	1,545
* 2008	St. Salomes - Culver Rd./Providence Housing (b)	1,140,000	6.04	1,140,000	6,886	26,835	(19,949)
* 2004	Brower Rd. Housing/Devel. Fund Corp. (b)	2,778,600	6.04	2,778,600	16,783	16,000	783
* 2007	Sycamore Green Apts./Iroind. Housing Dev. Fund (b)	5,958,600	6.04	5,958,600	35,990	38,188	(2,198)
* 2015	Bakers Park,Stranahan,651 Titus Ave / I-Square	2,863,800	6.04	2,863,800	17,297	16,502	795
2019	500 Medley Center Pkwy/Target	13,040,000	6.04	13,040,000	78,762	39,394	39,368
2019	2200 N. Goodman St./Holiday Inn	3,504,300	6.04	3,504,300	21,166	1,388	19,778

* Irondequoit's unique PILOT agreements are based on special terms & conditions agreed upon by the affected taxing jurisdiction. Most of these agreements are with non-profit organizations.

a In the case of Morgan Depot Plaza, the 2019 PILOT received was greater than the Regular Tax Due as the assessed value was below market.

b In the case of properties listed as wholly exempt in Roll Section 8 that meet the criteria of a non-profit organization, the tax implication of a unique PILOT can be higher or lower than the Regular Tax Due based on the agreement outlined in the PILOT.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to Basic Financial Statements

December 31, 2019

14. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Town and its future results and financial position is not presently determinable.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund - (Unaudited)
For the Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Real property taxes	\$ 11,090,150	\$ 11,090,150	\$ 11,090,150	\$ -
Real property tax items	421,139	421,139	449,258	28,119
Nonproperty tax items	5,484,000	5,484,000	5,855,292	371,292
Departmental income	1,140,295	1,140,295	1,032,889	(107,406)
Intergovernmental charges	97,355	97,355	71,851	(25,504)
Use of money and property	133,298	133,298	243,714	110,416
Licenses and permits	50,650	50,650	54,906	4,256
Fines and forfeitures	242,500	242,500	211,391	(31,109)
Sale of property and compensation for loss	113,500	126,922	123,388	(3,534)
Miscellaneous	98,400	192,829	211,627	18,798
Interfund revenues	386,922	386,922	388,543	1,621
State aid	1,495,545	1,495,545	1,653,287	157,742
Federal aid	80,250	80,250	129,298	49,048
	<u>20,834,004</u>	<u>20,941,855</u>	<u>21,515,594</u>	<u>573,739</u>
EXPENDITURES:				
General governmental support	4,461,726	4,779,222	4,523,658	255,564
Public safety	11,489,917	11,554,073	11,419,551	134,522
Transportation	417,560	427,558	420,275	7,283
Economic assistance and opportunity	304,432	304,796	287,917	16,879
Culture and recreation	2,052,166	2,063,766	1,958,940	104,826
Home and community services	1,127,751	1,163,321	1,121,180	42,141
Debt service	1,061,012	1,105,422	1,105,415	7
	<u>20,914,564</u>	<u>21,398,158</u>	<u>20,836,936</u>	<u>561,222</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(80,560)</u>	<u>(456,303)</u>	<u>678,658</u>	<u>1,134,961</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	30,660	30,660	147,160	116,500
Operating transfers - out	-	(110,434)	(110,433)	1
	<u>30,660</u>	<u>(79,774)</u>	<u>36,727</u>	<u>116,501</u>
CHANGE IN FUND BALANCE	<u>\$ (49,900)</u>	<u>\$ (536,077)</u>	<u>715,385</u>	<u>\$ 1,251,462</u>
FUND BALANCE - beginning of year			<u>8,010,557</u>	
FUND BALANCE - end of year			<u>\$ 8,725,942</u>	

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Highway Fund - (Unaudited)
For the Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Real property taxes	\$ 3,747,176	\$ 3,747,176	\$ 3,747,176	\$ -
Intergovernmental charges	941,805	941,805	826,350	(115,455)
Use of money and property	2,500	2,500	43,795	41,295
Licenses and permits	40,000	40,000	43,720	3,720
Sale of property and compensation for loss	82,000	82,000	83,443	1,443
Miscellaneous	9,330	9,330	667	(8,663)
State aid	792,635	792,635	460,210	(332,425)
	<u>5,615,446</u>	<u>5,615,446</u>	<u>5,205,361</u>	<u>(410,085)</u>
Total revenues				
EXPENDITURES:				
General governmental support	111,789	116,789	106,927	9,862
Transportation	5,067,186	5,103,929	4,774,596	329,333
Debt service	494,431	528,239	528,226	13
	<u>5,673,406</u>	<u>5,748,957</u>	<u>5,409,749</u>	<u>339,208</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(57,960)</u>	<u>(133,511)</u>	<u>(204,388)</u>	<u>(70,877)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	57,960	57,960	57,960	-
Operating transfers - out	-	(88,000)	(88,000)	-
	<u>57,960</u>	<u>(30,040)</u>	<u>(30,040)</u>	<u>-</u>
Total other financing sources (uses)				
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (163,551)</u>	<u>(234,428)</u>	<u>\$ (70,877)</u>
FUND BALANCE - beginning of year			<u>1,385,614</u>	
FUND BALANCE - end of year			<u>\$ 1,151,186</u>	

TOWN OF IRONDEQUOIT, NEW YORK

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Sewer Fund - (Unaudited)
For the Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Real property taxes	\$ 3,928,995	\$ 3,928,995	\$ 3,928,995	\$ -
Real property tax items	11,065	11,065	10,833	(232)
Departmental income	2,000	2,000	3,880	1,880
Use of money and property	15,335	15,335	54,617	39,282
Sale of property and compensation for loss	46,000	46,000	13,510	(32,490)
Miscellaneous	4,920	4,920	2,730	(2,190)
Total revenues	<u>4,008,315</u>	<u>4,008,315</u>	<u>4,014,565</u>	<u>6,250</u>
EXPENDITURES:				
General governmental support	76,660	85,160	82,670	2,490
Home and community services	3,121,498	3,060,076	3,035,443	24,633
Debt service	869,782	913,249	913,246	3
Total expenditures	<u>4,067,940</u>	<u>4,058,485</u>	<u>4,031,359</u>	<u>27,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(59,625)</u>	<u>(50,170)</u>	<u>(16,794)</u>	<u>33,376</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	59,625	59,625	59,625	-
Operating transfers - out	-	(30,600)	(30,600)	-
Total other financing sources (uses)	<u>59,625</u>	<u>29,025</u>	<u>29,025</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (21,145)</u>	<u>12,231</u>	<u>\$ 33,376</u>
FUND BALANCE - beginning of year			<u>750,036</u>	
FUND BALANCE - end of year			<u>\$ 762,267</u>	

TOWN OF IRONDEQUOIT, NEW YORK

**Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended December 31, 2019**

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
--	------	------	------	------	------	------	------	------	------	------

Total OPEB Liability										
Service cost	\$ 1,246	\$ 873								
Interest	1,367	2,108								
Differences between expected and actual experience	831	(3,985)								
Changes in assumptions	12,872	-								
Benefit payments	(2,176)	(2,397)								
Total change in total OPEB liability	14,140	(3,401)								
Total OPEB liability - beginning	49,599	53,000								
Total OPEB liability - ending	\$ 63,739	\$ 49,599								

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Covered-employee payroll	\$ 12,139	\$ 12,139
Total OPEB liability as a percentage of covered - employee payroll	525.1%	408.6%

Notes to schedule:
Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.75%	4.00%
---------------	-------	-------

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused an increase in liabilities.

The healthcare trend cost rates have been reset to an initial rate of 7.50% decreasing annually to an ultimate rate of 4.30% in 2062.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

TOWN OF IRONDEQUOIT, NEW YORK

**Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended December 31, 2019**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Proportion of the net pension liability (asset)	0.030%	0.029%	0.030%	0.027%	0.027%					
Proportionate share of the net pension liability (asset)	\$ 2,119	\$ 943	\$ 2,777	\$ 4,409	\$ 913					
Covered-employee payroll	\$ 7,701	\$ 7,568	\$ 7,288	\$ 7,507	\$ 6,593					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.52%	12.46%	38.10%	58.73%	13.85%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.90%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS SEA BREEZE WATER DISTRICT										
Proportion of the net pension liability (asset)	0.001%	0.001%	0.001%	0.001%	0.065%					
Proportionate share of the net pension liability (asset)	\$ 47	\$ 22	\$ 67	\$ 114	\$ 23					
Covered-employee payroll	\$ 209	\$ 203	\$ 197	\$ 195	\$ 168					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.49%	10.84%	34.01%	58.46%	13.69%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.90%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - PERS										
Proportion of the net pension liability (asset)	0.125%	0.129%	0.136%	0.134%	0.135%					
Proportionate share of the net pension liability (asset)	\$ 2,093	\$ 1,300	\$ 2,813	\$ 3,969	\$ 371					
Covered-employee payroll	\$ 4,921	\$ 5,103	\$ 5,112	\$ 5,143	\$ 4,501					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.53%	25.48%	55.03%	77.17%	8.24%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.09%	96.93%	93.50%	90.20%	99.00%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

TOWN OF IRONDEQUOIT, NEW YORK

**Required Supplementary Information
Schedule of Contributions - Pension Plans - (Unaudited)
For the Year Ended December 31, 2019/2019**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Contractually required contribution	\$ 1,070	\$ 1,061	\$ 1,181	\$ 1,143	\$ 1,329					
Contributions in relation to the contractually required contribution	<u>1,070</u>	<u>1,061</u>	<u>1,181</u>	<u>1,143</u>	<u>1,329</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered-employee payroll	\$ 7,701	\$ 7,568	\$ 7,288	\$ 7,507	\$ 6,593					
Contributions as a percentage of covered-employee payroll	<u>13.89%</u>	<u>14.02%</u>	<u>16.20%</u>	<u>15.23%</u>	<u>20.16%</u>					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS SEA BREEZE WATER DISTRICT										
Contractually required contribution	\$ 27	\$ 27	\$ 27	\$ 24	\$ 34					
Contributions in relation to the contractually required contribution	<u>27</u>	<u>27</u>	<u>27</u>	<u>24</u>	<u>34</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered-employee payroll	\$ 209	\$ 203	\$ 197	\$ 195	\$ 168					
Contributions as a percentage of covered-employee payroll	<u>12.92%</u>	<u>13.30%</u>	<u>13.71%</u>	<u>12.31%</u>	<u>20.24%</u>					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - PFRS										
Contractually required contribution	\$ 1,118	\$ 1,176	\$ 1,136	\$ 1,030	\$ 1,108					
Contributions in relation to the contractually required contribution	<u>1,118</u>	<u>1,176</u>	<u>1,136</u>	<u>1,030</u>	<u>1,108</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered-employee payroll	\$ 4,921	\$ 5,103	\$ 5,112	\$ 5,143	\$ 4,501					
Contributions as a percentage of covered-employee payroll	<u>22.72%</u>	<u>23.05%</u>	<u>22.22%</u>	<u>20.03%</u>	<u>24.62%</u>					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTAL SCHEDULES

TOWN OF IRONDEQUOIT, NEW YORK

**Combining Balance Sheet - Non-Major Governmental Funds
December 31, 2019**

	Miscellaneous					Lighting			Water		Total
	Special Grant Fund	Special Grant Fund	Library Fund	Drainage District	Districts	Districts	District	District	District	Nonmajor Governmental Funds	
ASSETS											
Cash and cash equivalents	\$ -	\$ 145,980	\$ 406,215	\$ 303,694	\$ 216,925	\$ 11,948	\$ 11,948	\$ 1,084,762			
Accounts receivable	-	-	15,200	-	-	315,901	-	331,101			
State and federal receivable	41,130	-	-	281,250	-	-	-	322,380			
Due from other governments	-	-	-	-	-	184,052	-	184,052			
Prepaid expenses	-	-	6,387	1,432	-	2,143	-	9,962			
Total assets	\$ 41,130	\$ 145,980	\$ 427,802	\$ 586,376	\$ 216,925	\$ 514,044	\$ 1,932,257				
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
Accounts payable	\$ 27,555	\$ -	\$ 83,877	\$ 14,518	\$ 25,946	\$ 66,559	\$ 218,455				
Accrued liabilities	1,154	-	18,448	11,995	-	10,077	41,674				
Due to state retirement systems	8,236	-	78,800	25,475	-	21,117	133,628				
Due to other funds	4,185	-	-	-	-	-	4,185				
Total liabilities	41,130	-	181,125	51,988	25,946	97,753	397,942				
FUND BALANCES:											
Nonspendable	-	-	6,387	1,432	-	2,143	9,962				
Restricted	-	145,980	240,290	532,956	190,979	414,148	1,524,353				
Total fund balances	-	145,980	246,677	534,388	190,979	416,291	1,534,315				
Total liabilities and fund balances	\$ 41,130	\$ 145,980	\$ 427,802	\$ 586,376	\$ 216,925	\$ 514,044	\$ 1,932,257				

TOWN OF IRONDEQUOIT, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds For the Year Ended December 31, 2019

	Special Grant Fund	Miscellaneous Special Grant Fund	Library Fund	Drainage District	Lighting Districts	Water District	Total Nonmajor Governmental Funds
REVENUES:							
Real property taxes	\$ -	\$ -	\$ 2,334,611	\$ 756,195	\$ 158,648	\$ -	\$ 3,249,454
Departmental income	-	-	129,856	-	-	1,016,598	1,146,454
Use of money and property	-	1,000	-	11,168	1,208	113,017	126,393
Sale of property and compensation for loss	-	-	10,466	-	-	8,477	18,943
Miscellaneous	23,323	9,504	334	-	136,793	-	169,954
State aid	-	-	15,734	281,250	-	-	296,984
Federal aid	898,997	-	-	-	-	-	898,997
Total revenues	922,320	10,504	2,491,001	1,048,613	296,649	1,138,092	5,907,179
EXPENDITURES:							
General governmental support	-	-	-	-	-	20,503	20,503
Transportation	-	-	-	-	190,496	-	190,496
Culture and recreation	-	-	1,940,041	-	-	-	1,940,041
Home and community services	922,320	-	-	595,803	-	1,229,984	2,748,107
Debt service -							
Principal	-	-	210,000	242,170	-	13,060	465,230
Interest	-	-	335,100	61,163	-	549	396,812
Total expenditures	922,320	-	2,485,141	899,136	190,496	1,264,096	5,761,189
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	10,504	5,860	149,477	106,153	(126,004)	145,990
OTHER FINANCING SOURCES:							
Operating transfers - in	-	-	85,000	-	-	-	85,000
Operating transfers - out	-	-	-	-	-	-	-
Total other financing sources	-	-	85,000	-	-	-	85,000
CHANGE IN FUND BALANCE	-	10,504	90,860	149,477	106,153	(126,004)	230,990
FUND BALANCE - beginning of year	-	135,476	155,817	384,911	84,826	542,295	1,303,325
FUND BALANCE - end of year	\$ -	\$ 145,980	\$ 246,677	\$ 534,388	\$ 190,979	\$ 416,291	\$ 1,534,315

SECTION B

UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S 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

June 11, 2020

To the Town Board of the
Town of Irondequoit, 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 Irondequoit, New York (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, and have issued our report thereon dated June 11, 2020.

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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 11, 2020

To the Town Board of the
Town of Irondequoit, New York

Report on Compliance for Each Major Federal Program

We have audited the Town of Irondequoit, New York's (the Town's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2019. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bonadio & Co., LLP

TOWN OF IRONDEQUOIT, NEW YORK

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

Federal Grantor/Pass Through Grantor/Program or <u>Cluster Title</u>	Federal CFDA <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	Federal <u>Expenditures</u>	Expenditures to <u>Subrecipients</u>
U.S. Department of Housing and Urban Development: Community Development Block Grants/Entitlement Grants	14.228	N/A	\$ 922,318	\$ 87,157
Total U.S. Department of Housing and Urban Development			<u>922,318</u>	<u>87,157</u>
U.S. Department of Transportation: Passed through Genesee Transportation Council - Highway Planning and Construction	20.205	N/A	19,694	-
Total U.S. Department of Transportation			<u>19,694</u>	<u>-</u>
U.S. Department of Health and Human Services: Passed through Monroe County Office for the Aging - Special Programs for the Aging-Title III, Part C- Nutrition Services	93.045	4300002492	81,471	-
Total U.S. Department of Justice			<u>81,471</u>	<u>-</u>
U.S. Department of Agriculture: Passed through Monroe County - Nutrition Services Incentive	93.053	4300002492	25,153	-
Total U.S. Department of Justice			<u>25,153</u>	<u>-</u>
U.S. Department of Homeland Security Public Assistance Grant	97.036	N/A	2,980	-
Total U.S. Department of Homeland Security			<u>2,980</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,051,616</u>	<u>\$ 87,157</u>

The accompanying notes are an integral part of this schedule.

TOWN OF IRONDEQUOIT, NEW YORK

Notes to the Schedule of Expenditures of Federal Awards December 31, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Irondequoit, New York (the Town) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the Town's general ledger.

The Town did not elect to use the 10 % de minimis indirect cost rate as allowed under the Uniform Guidance.

3. PASS-THROUGH PROGRAMS

Where the Town receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the Town's financial management system. The Town has identified certain pass-through identifying numbers and included them in the Schedule, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

5. MATCHING COSTS

Matching costs, i.e., the Town's or State's share of certain program costs, are not included in the schedule of expenditures of federal awards.

TOWN OF IRONDEQUOIT, NEW YORK

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None noted

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None noted

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, section 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None.

