

TOWN OF NEW HAVEN

FINANCIAL STATEMENTS

December 31, 2020

Table of Contents

TOWN OF NEW HAVEN

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
AUDITED BASIC FINANCIAL STATEMENTS	21
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES	21
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	22
BALANCE SHEET - GOVERNMENTAL FUNDS	23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	24
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS	25
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) TO THE STATEMENT OF ACTIVITIES	26
NOTES TO AUDITED BASIC FINANCIAL STATEMENTS	27
REQUIRED SUPPLEMENTARY INFORMATION	60
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	60
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – HIGHWAY FUND	61
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – WATER FUND	62
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – STREET LIGHTING FUND	63
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – FIRE PROTECTION FUND	64
SCHEDULE OF TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – NYSLRS PENSION PLAN	65
SCHEDULE OF TOWN’S CONTRIBUTIONS – NYSLRS PENSION PLAN	66

SUPPLEMENTARY INFORMATION _____	67
COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS _____	67
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – NON-MAJOR GOVERNMENTAL FUNDS _____	68
SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND _____	69
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS _____	70
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 <i>GOVERNMENT AUDITING STANDARDS</i> _____	71



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF TRUSTEES
TOWN OF NEW HAVEN
NEW HAVEN, 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 NEW HAVEN**, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Basis for Adverse Opinion on Governmental Activities

Management has not recorded the value of liabilities assumed through the provision of other post-employment benefits to qualifying individuals employed by the Town. Accounting principles generally accepted in the United States of America require that those outstanding obligations and commitments assumed through the provision of post-retirement benefits be accrued through actuarial valuations, which would increase the liabilities, and expenses of the governmental activities, while decreasing the net position. The amount by which this departure would affect the related account of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of New Haven as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of New Haven, as of December 31, 2020, and the respective changes in financial position thereof 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 (pages 5-20), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund (page 60), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Highway Fund (page 61), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Water Fund (page 62), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Lighting Fund (page 63), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Fire Protection Fund (page 64), Schedule of the Town's Proportionate Share of the Net Pension Liability – NYSLRS Pension Plan (page 65), and the Schedule of Town's Contributions – NYSLRS Pension Plan (page 66) 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.

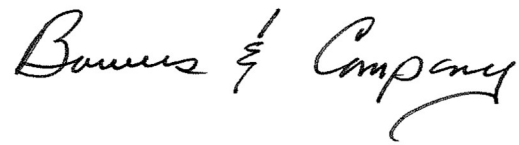
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Haven's basic financial statements. The combining and individual nonmajor fund financial statements (pages 67-68), schedule of project expenditures – capital projects fund (page 69), and schedule of net investment in capital assets (page 70) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of project expenditures – capital projects fund, and schedule of net investment in capital assets 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 and individual nonmajor fund financial statements, schedule of project expenditures – capital projects fund, and schedule of net investment in capital assets 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 August 13, 2021, on our consideration of the Town of New Haven'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 of New Haven'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 of New Haven's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Banner & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Watertown, New York
August 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

This section of the Town of New Haven's annual financial report presents our discussion and analysis of the Town's financial performance during the calendar year that ended on December 31, 2020. Please read it in conjunction with the Town's financial statements, which follow this section. This discussion and analysis includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

- The Town's total net position decreased by \$332,417 (9.81%) as a result of this year's operations. A major portion of this was due to Net Pension Liability which increased by \$280,223.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balances of \$1,074,560, an increase of \$109,310 (11.32%) over the prior year. The General Fund reported a fund balance of \$522,710 at 12/31/20, which was a decrease of \$24,088 (4.41%) from 12/31/19.
- The Town of New Haven was able to successfully manage its operations during the unexpected COVID-19 pandemic, but a long-term impact is still anticipated. The COVID-19 emergency orders in New York State terminated on June 24, 2021.

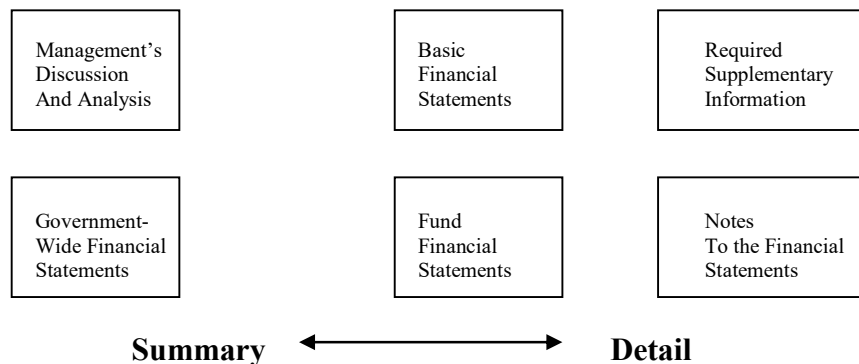
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic 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.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.

Figure A-1**Required Components of the Town of New Haven's Basic Financial Report**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, which are added together and presented in single columns in the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

Required Components of the Town of New Haven's Basic Financial Report – Continued

The following summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the financial statements.

Major Features of the Town of New Haven's Government-Wide Fund Financial Statements

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets/deferred outflows and liabilities/deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Governmental activities-include most of the Town's basic services such as public works, cultural facilities, and general administration. Sales and property taxes finance most of these activities.

The two government-wide statements report the Town's net position and how they have changed. Net position, the difference between the Town's assets/deferred outflows and liabilities/deferred inflows, is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds-not the Town as a whole. Funds are groupings of related accounts that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Council establishes other funds to control and manage money for particular purposes or to show how it is using certain revenue sources.

The Town has one kind of fund:

- *Governmental funds* – Most of the Town's basic services are included in government funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Notes to Audited 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. The notes to the financial statements follow the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary schedules. The *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, all funds*, – which provide budgetary comparative information for all Funds with adopted budgets, the *Schedule of Town's Proportionate Share of the Net Pension Liability – NYSLRS Pension Plan*, and the *Schedule of Town's Contributions – NYSLRS Pension Plan*. Other supplemental schedules that are not required, are included that provide information that has been combined in the governmental funds financial statements for non-major funds. Supplemental schedules provide combining information for the Street Lighting and Fire Protection Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position - The Town's net position at December 31, 2020 amounted to \$3,056,574. Of that total, \$2,017,443 is in the form of net investment in capital assets.

Table A-1

Town of New Haven Summary of Net Position December 31, 2020 and 2019			
	Governmental Activities		Percentage Change
	2020	2019	
Assets			
Current and Other Assets	\$ 2,950,613	\$ 993,861	196.9%
Capital Assets, Net	13,078,868	13,913,718	-6.0%
Total Assets	<u>\$ 16,029,481</u>	<u>\$ 14,907,579</u>	7.5%
Deferred Outflows of Resources			
Pensions	\$ 318,627	\$ 153,909	107.0%
Total Deferred Outflows of Resources	<u>\$ 318,627</u>	<u>\$ 153,909</u>	107.0%
Liabilities			
Current Liabilities	\$ 522,805	\$ 528,392	-1.1%
BAN Payable	1,840,000	-	100.0%
Long-Term Liabilities	10,914,018	11,101,054	-1.7%
Total Liabilities	<u>\$ 13,276,823</u>	<u>\$ 11,629,446</u>	14.2%
Deferred Inflows of Resources			
Pensions	\$ 14,711	\$ 43,051	-65.8%
Total Deferred Inflows of Resources	<u>\$ 14,711</u>	<u>\$ 43,051</u>	-65.8%
Net Position			
Net Investment in Capital Assets	\$ 2,017,443	\$ 2,527,358	-20.2%
Restricted	70,409	20,337	246.2%
Unrestricted	968,722	841,296	15.1%
Total Net Position	<u>\$ 3,056,574</u>	<u>\$ 3,388,991</u>	-9.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE -

Continued

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

	2020	2019
Cost of Capital Assets	\$ 22,796,203	\$ 22,513,952
Accumulated Depreciation	(9,717,335)	(8,600,234)
	<u>\$ 13,078,868</u>	<u>\$ 13,913,718</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities recorded in the government-wide statements year-end consist of:

	2020	2019
Governmental Activities:		
Bonds Payable	\$ 10,935,877	\$ 11,386,360
Compensated Absences	41,979	57,255
Net Pension Liability - Proportionate Share	388,145	107,922
	<u>11,366,001</u>	<u>11,551,537</u>
Less: Current Portion of Long-Term Debt	(451,983)	(450,483)
	<u>\$ 10,914,018</u>	<u>\$ 11,101,054</u>

The Town's net position from its governmental activities reflects its investment in capital assets (buildings, infrastructure such as roads, water, and machinery and equipment), net of any related debt used to acquire those assets that is still outstanding. The Town has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to meet its long-term obligations. The Town's policy has been to make reasonable and continuous efforts to fund all long-term liabilities.

Changes in Net Position – The Town's total governmental general revenues for fiscal year 2020 as per the Statement of Activities were \$2,118,393. Property and sales taxes totaled \$2,007,787 and accounted for 94.78% of total governmental revenues. The Town's total governmental revenues decreased by (\$19,211) or (.8%) over fiscal year 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE -
Continued**

The total cost of the Town's governmental programs and services was \$2,779,706 in fiscal year 2020, which was an increase of \$46,060 (1.7%) over fiscal year 2019. The Town's expenses cover a range of services, including public safety, public works, culture and recreation and social and economic programs.

Table A-2

**Town of New Haven
Summary of Changes in Net Position
December 31, 2020 and 2019**

	Governmental Activities 2020	2019	Percentage Change
Revenues			
Program Revenues:			
Charges for Services	\$ 229,717	\$ 173,322	32.5%
Operating Grants and Contributions	99,179	123,975	-20.0%
Capital Grants and Contributions	-	18,522	-100.0%
General Revenues:			
Property Taxes	1,858,501	1,853,902	0.2%
Nonproperty Tax Items	183,700	203,816	-9.9%
Interest and Earnings	2,370	8,418	-71.8%
Use of Property	7,980	21,376	-62.7%
Miscellaneous State Aid	45,602	27,396	66.5%
Miscellaneous Local Sources	20,240	19,848	2.0%
Total Revenues	<u>2,447,289</u>	<u>2,450,575</u>	-0.1%
Expenses			
General Government	358,804	352,671	1.7%
Public Safety	264,966	273,058	-3.0%
Health	30,037	20,909	43.7%
Transportation	1,135,827	1,094,539	3.8%
Economic Assistance and Opportunity	500	500	0.0%
Culture and Recreation	7,852	10,183	-22.9%
Home and Community Services	868,505	867,341	0.1%
Interest on Long-Term Debt	113,215	114,445	-1.1%
Total Expenses	<u>2,779,706</u>	<u>2,733,646</u>	1.7%
Changes in Net Position	(332,417)	(283,071)	17.4%
Net Position-Beginning of Year	<u>3,388,991</u>	<u>3,672,062</u>	-7.7%
Net Position-End of Year	<u>\$ 3,056,574</u>	<u>\$ 3,388,991</u>	-9.8%

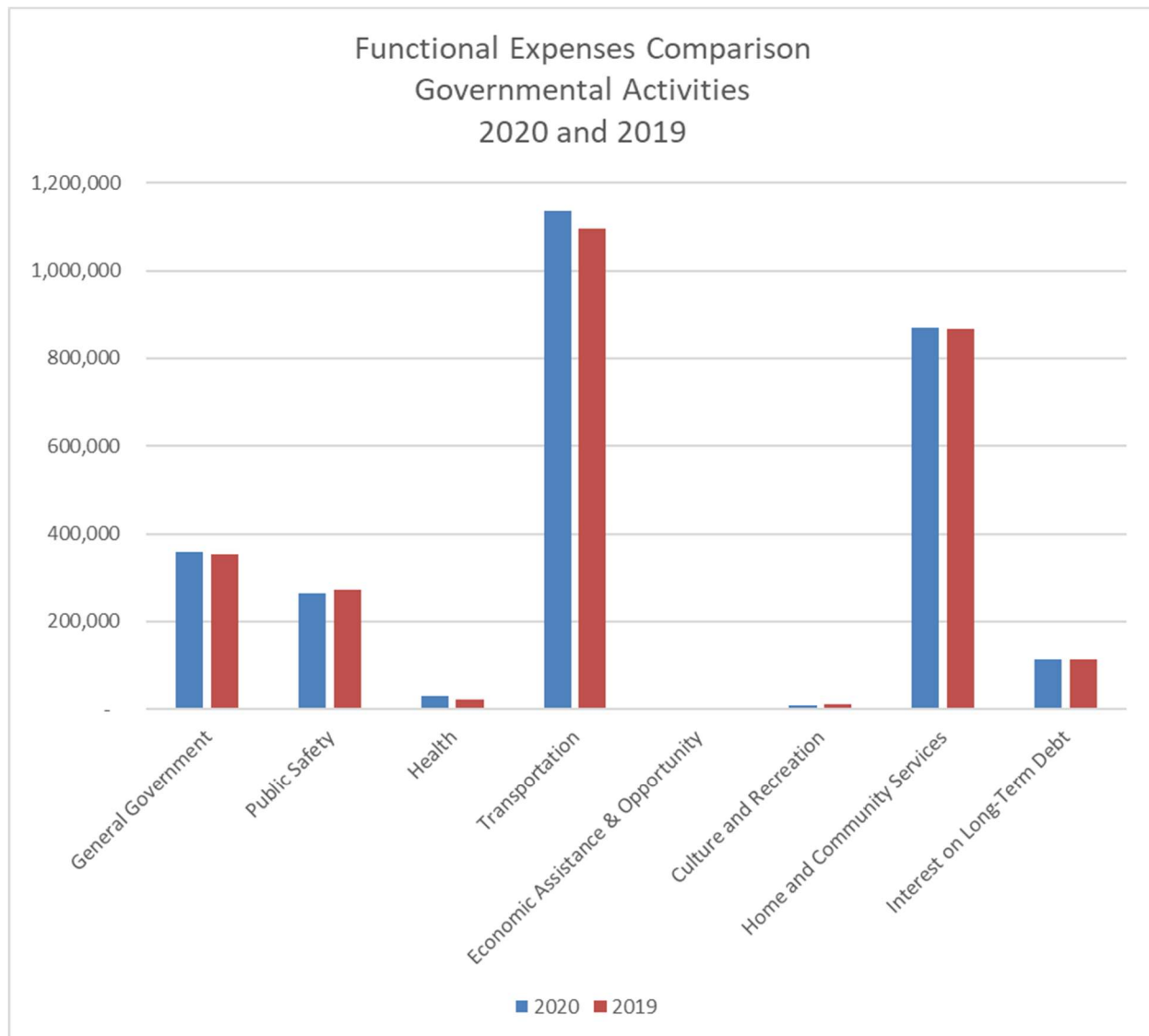
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE –Continued

Governmental Activities

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the Town's governmental activities for fiscal year 2020 and in comparison to fiscal year 2019.

Graph 1 : Functional Expenses – 2020 Compared to 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

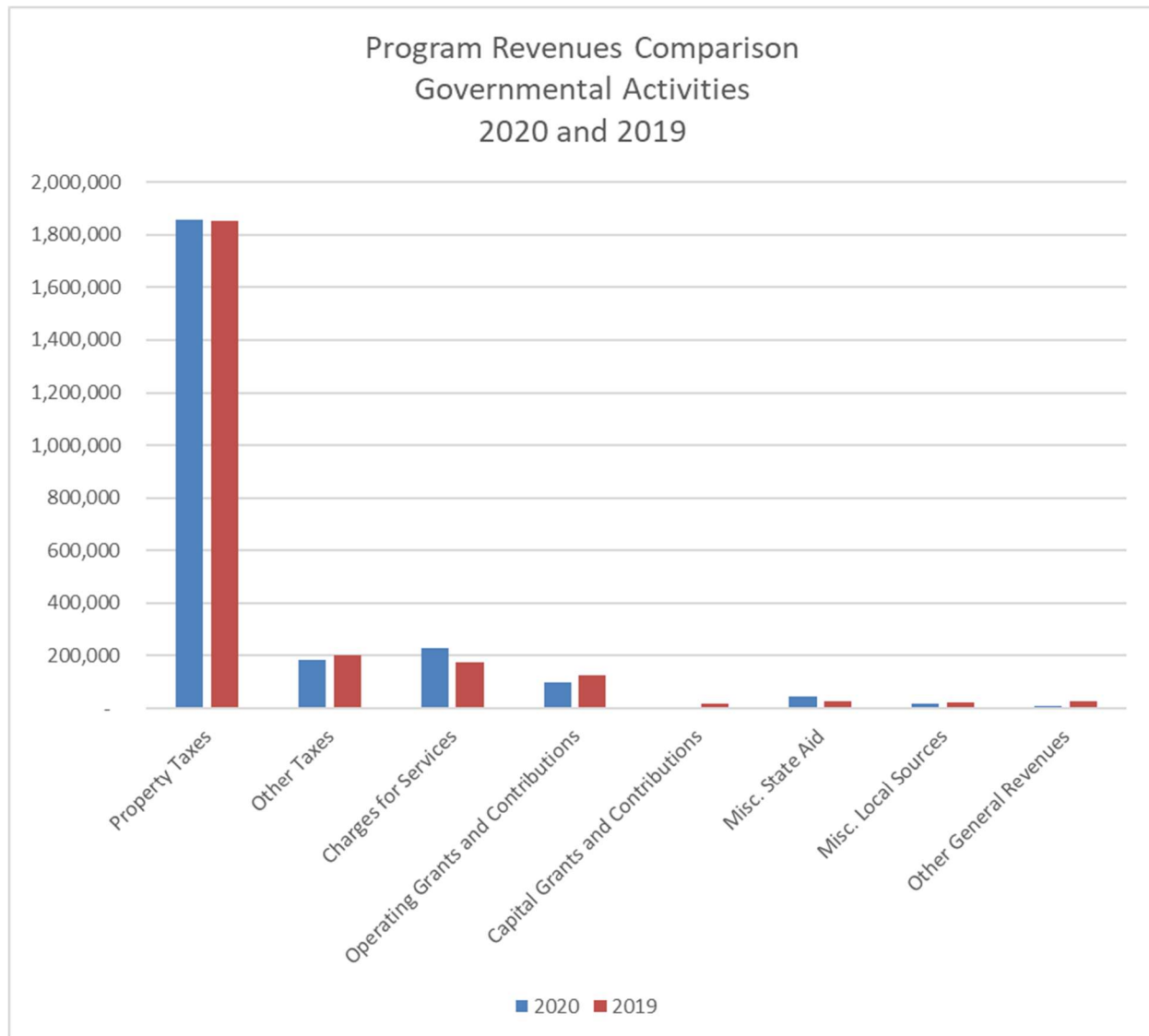
December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE –

Continued

Governmental Activities – Continued

Graph 1.1 : Program Revenues – 2020 Compared to 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

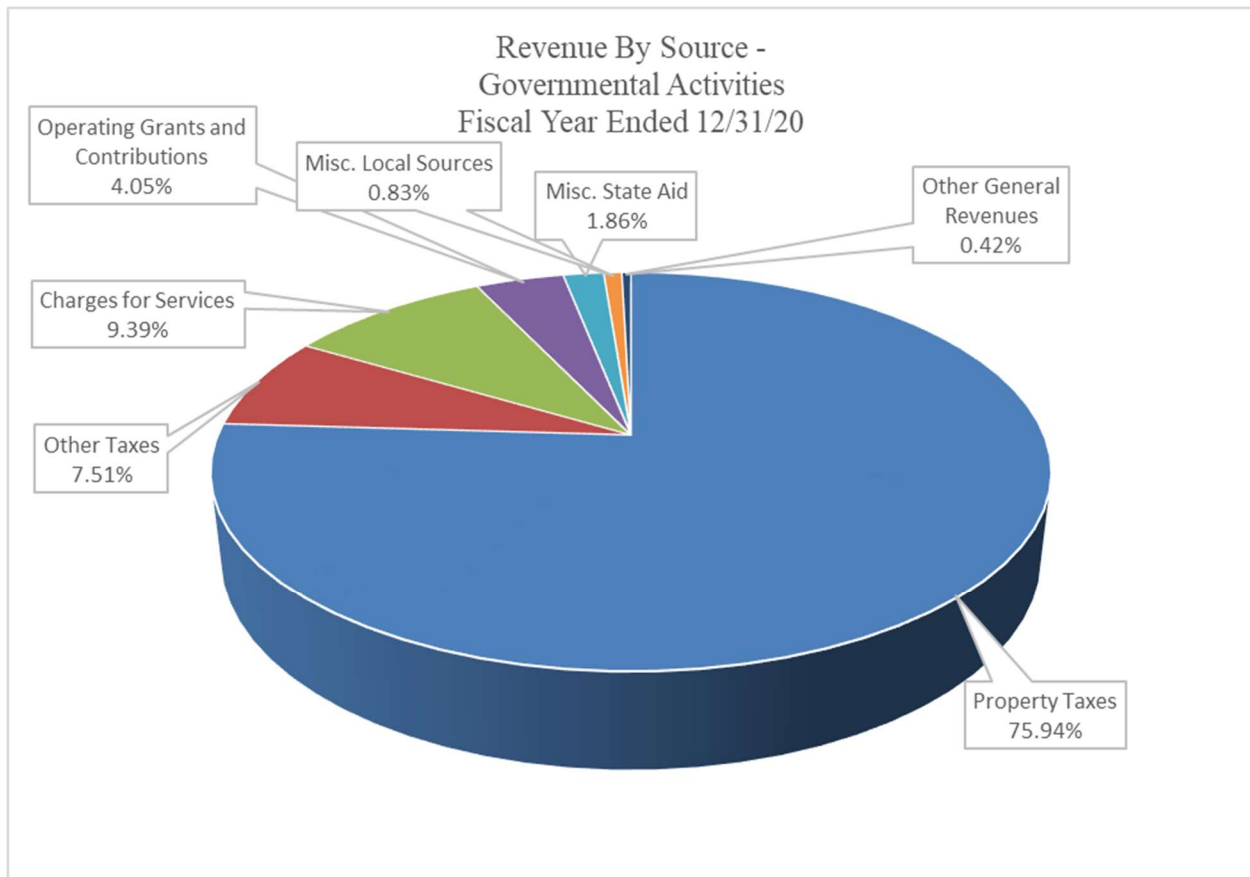
December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE –

Continued

Governmental Activities – Continued

Graph 2 : Revenue by Source



MANAGEMENT'S DISCUSSION AND ANALYSIS

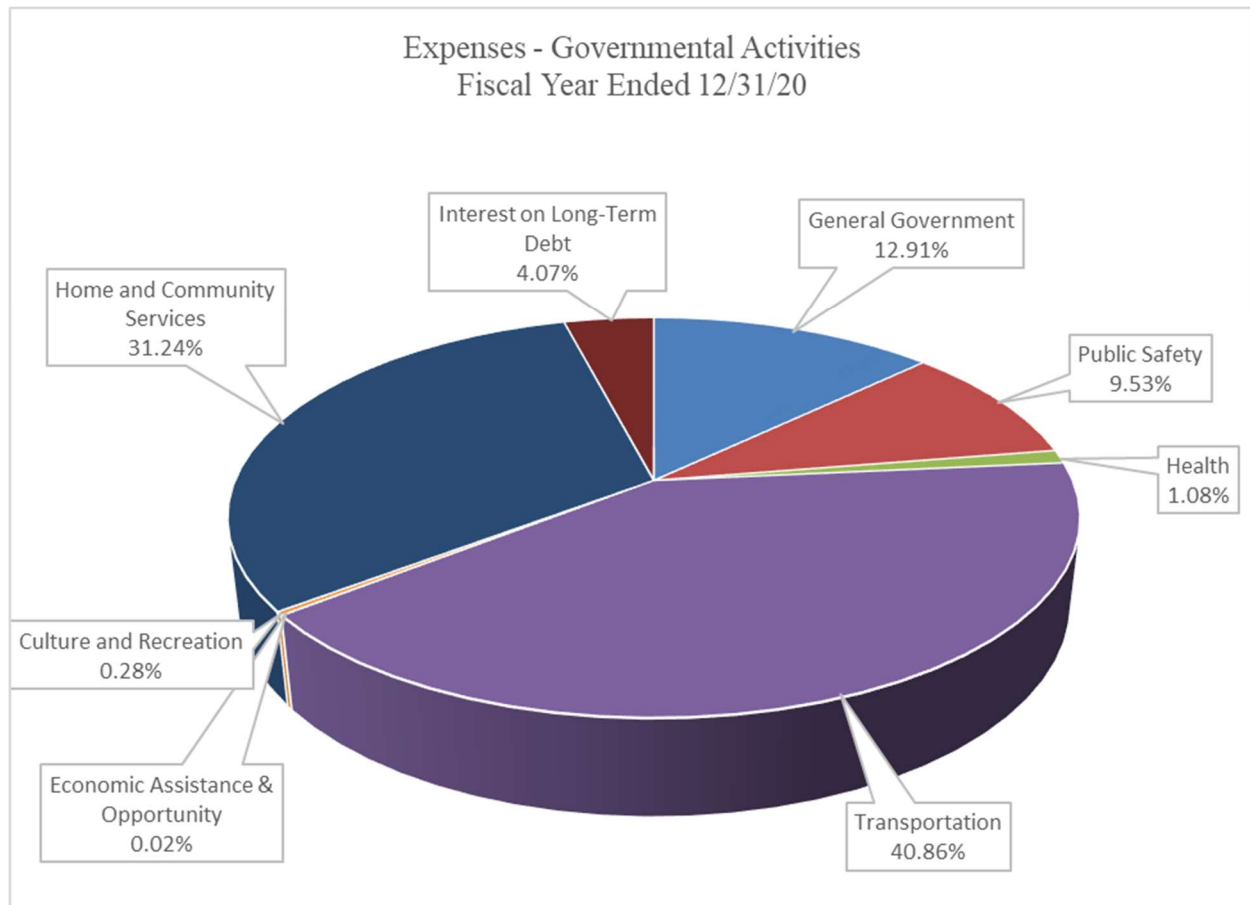
December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE –

Continued

Governmental Activities – Continued

Graph 3 : Expenses by Type



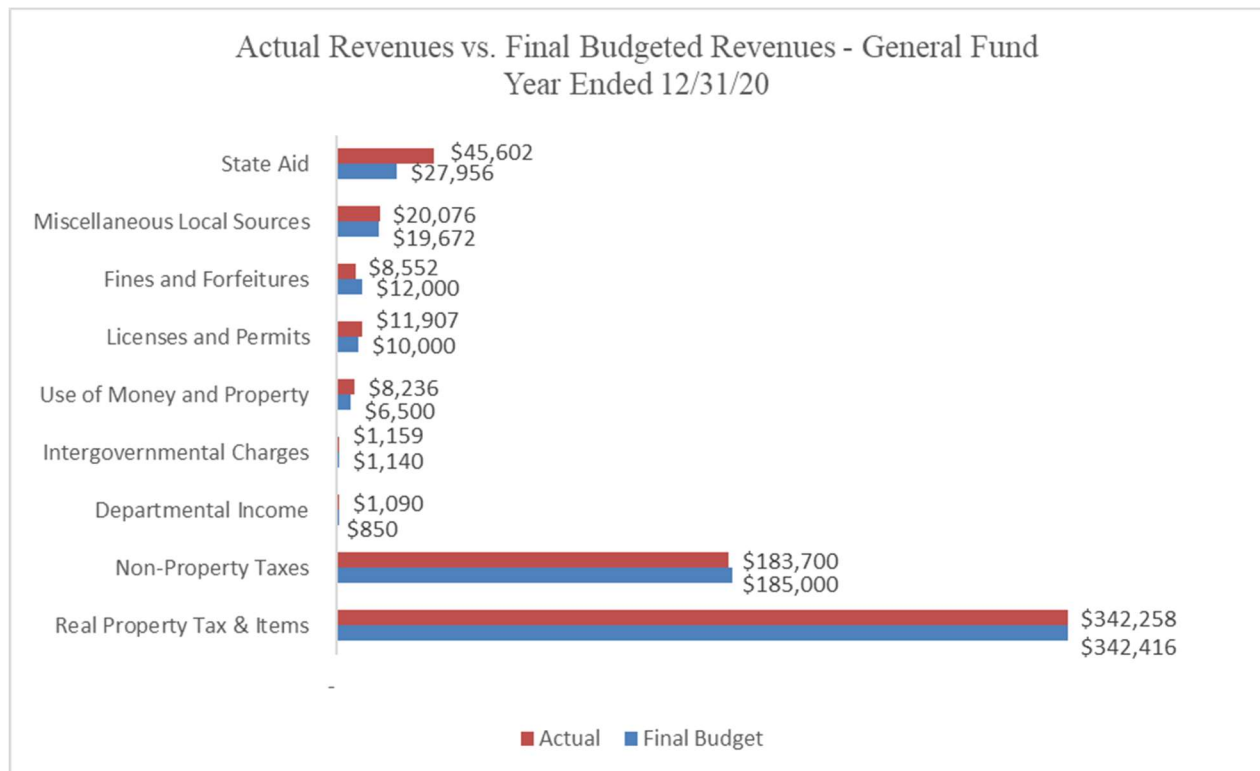
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE –

Continued

As the Town completed the year, its governmental funds reported a combined fund balance of \$1,074,560; a \$109,310 or 11.33% increase over last year.

General Fund Budgetary Highlights**Graph 4: Actual Revenues Compared to Final Budgeted Revenues**

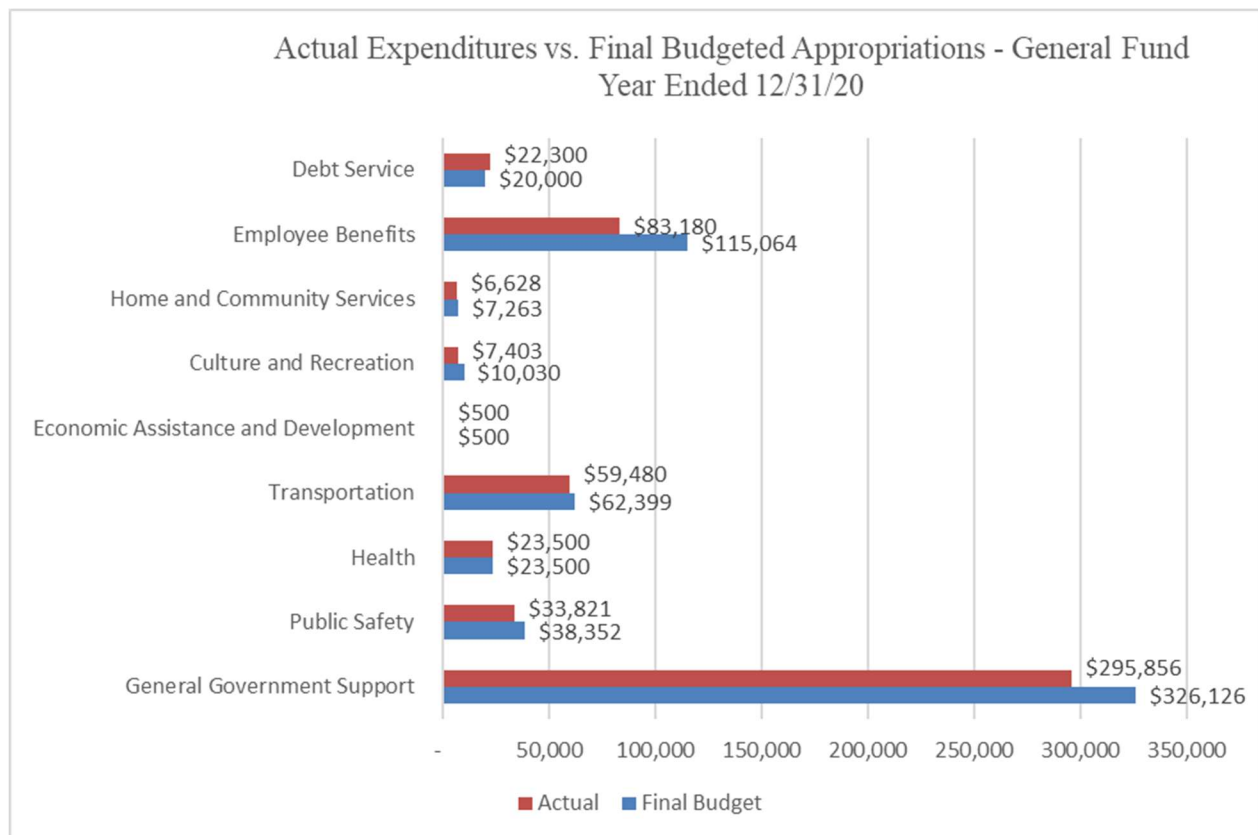
Revenue in the General Fund exceeded the budget by \$17,046 or 2.82%. Most of this difference can be attributed to an unexpected increase in mortgage tax, franchise fees, permits and rental of real property.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE –

Continued

General Fund Budgetary Highlights – Continued**Graph 5 : Actual Expenditures Compared to Final Budgeted Appropriations**

Expenditures in the General Fund were under final appropriated budget amounts by \$110,566 or 14.60%. The difference is attributed to contractual expenses that were under budget due to the COVID-19 pandemic and the interfund transfer of \$114,000 from the General Fund to the Highway Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation for governmental activities as of December 31, 2020 was \$13,078,868. The total decrease in net capital assets from the prior year was 6.0% for governmental activities. Capital additions during the fiscal year included continued highway improvements of roads and equipment purchases for various departments. See Note 5 to the financial statements for additional information about changes in capital assets during the fiscal year.

Table A-3

**Town of New Haven
Capital Assets, Net
December 31, 2020 and 2019**

	Governmental Activities	
	2020	2019
Non Depreciable Assets:		
Construction in Progress	\$ 96,451	\$ -
Depreciable Assets:		
Buildings and Improvements	1,804,341	1,804,341
Other Improvements	19,610,561	19,427,196
Furniture and Office Equipment	13,849	11,414
Machinery and Equipment	1,271,001	1,271,001
Total Depreciable Assets:	<u>22,796,203</u>	<u>22,513,952</u>
Less: Accumulated Depreciation	<u>(9,717,335)</u>	<u>(8,600,234)</u>
Total Capital Assets, Net	<u>\$ 13,078,868</u>	<u>\$ 13,913,718</u>

During the year ended December 31, 2019, the Board approved resolution for a capital project to establish Water District #9 with a total budgeted project cost of \$3,240,000. The project is to be funded with a loan of \$1,840,000 and a grant of \$1,400,000 through USDA.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION – Continued

Long-Term Debt

At year-end, the Town had \$10,935,877 in bonds outstanding; a \$450,483 decrease from the prior year. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

There were no new serial bond issues or capital note issues during the year.

Property taxes for the Town of New Haven debt financing purposes have remained relatively stable and within the allowed NYS Property Tax Cap. The Town of New Haven has been able to both expand and maintain its infrastructure.

Table A-4

	Town of New Haven	
	Outstanding Bonds	
	December 31, 2020 and 2019	
	Governmental Activities	
	2020	2019
Total Serial Bonds	<u>\$ 10,935,877</u>	<u>\$ 11,386,360</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time the financial statements were prepared and audited, the Town was aware of several circumstances that could affect its future financial health.

Many factors were considered by the Town's administration during the process of developing the 2021 budget. The primary factors were the New York State Property Tax Cap Law, continued development of the Town's water service areas, and the anticipated annual increase in costs to provide necessary services to its residents.

The 2021 budget was passed as follow: The total 2021 budgeted General Fund appropriations were \$585,831 with \$311,875 to be raised by taxes; and the total 2021 Highway Fund appropriations were \$1,064,574 with \$778,834 to be raised by taxes.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

Principal Officers

The elected members of the Town of New Haven, Town Council are as follows:

Name of Official	Title	Term of Office
Vacant	Supervisor	N/A
Daniel Barney	Councilman	12/31/23
William Rombough	Councilman	12/31/21
Patricia Prosser	Councilwoman	12/31/21
Frederick Wilbur	Councilman	12/31/23

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of New Haven's Office, P.O. Box 141, New Haven, NY 13121.

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

December 31, 2020

ASSETS

Cash and Cash Equivalents:		
Unrestricted	\$	1,121,160
Restricted		1,794,362
Receivables:		
Other		2,898
Prepaid Expenses		32,193
Capital Assets, Net		13,078,868
TOTAL ASSETS	\$	16,029,481

DEFERRED OUTFLOWS OF RESOURCES

Pension	\$	318,627
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$	318,627

LIABILITIES

Payables:		
Accounts Payable and Accrued Expenses	\$	26,066
Accrued Interest on BAN and Bonds Payable		34,769
Other Accrued Liabilities		6,274
Due to Other Governments		3,713
Bond Anticipation Note Payable		1,840,000
Long-Term Liabilities:		
Due Within One Year:		
Current Portion of Bonds Payable		451,983
Due in More Than One Year:		
Bonds Payable, Net		10,483,894
Compensated Absences Payable		41,979
Net Pension Liability - Proportionate Share		388,145
TOTAL LIABILITIES	\$	13,276,823

DEFERRED INFLOWS OF RESOURCES

Pension	\$	14,711
TOTAL DEFERRED INFLOWS OF RESOURCES	\$	14,711

NET POSITION

Net Investment in Capital Assets	\$	2,017,443
Restricted for:		
Highway Fund Capital Reserve		20,364
Tax Stabilization Reserve		50,045
Unrestricted		968,722
TOTAL NET POSITION	\$	3,056,574

See notes to audited basic financial statements.

STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES

Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government Support	\$ 358,804	\$ 18,271	\$ -	\$ -	\$ (340,533)
Public Safety	264,966	8,552	-	-	(256,414)
Health	30,037	-	-	-	(30,037)
Transportation	1,135,827	197,386	99,179	-	(839,262)
Economic Assistance and Opportunity	500	-	-	-	(500)
Culture and Recreation	7,852	-	-	-	(7,852)
Home and Community Services	868,505	5,508	-	-	(862,997)
Interest on Long-Term Debt	113,215	-	-	-	(113,215)
Total Governmental Activities	<u>\$ 2,779,706</u>	<u>\$ 229,717</u>	<u>\$ 99,179</u>	<u>\$ -</u>	<u>(2,450,810)</u>

GENERAL REVENUES:

Real Property Taxes	1,858,501
Other Tax Items	183,700
Interest and Earnings	2,370
Use of Property	7,980
Other State Aid	45,602
Miscellaneous Local Sources	20,240
Total General Revenues	<u>2,118,393</u>
Change in Net Position	(332,417)
Net Position, Beginning of Year	<u>3,388,991</u>
Net Position, End of Year	<u>\$ 3,056,574</u>

See notes to audited basic financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents:						
Unrestricted	\$ 462,093	\$ 426,823	\$ 230,848	\$ -	\$ 1,396	\$ 1,121,160
Restricted	50,045	20,364	-	1,723,953	-	1,794,362
Receivables:						
Other	2,546	-	352	-	-	2,898
Prepaid Expenditures	20,300	11,893	-	-	-	32,193
TOTAL ASSETS	<u>\$ 534,984</u>	<u>\$ 459,080</u>	<u>\$ 231,200</u>	<u>\$ 1,723,953</u>	<u>\$ 1,396</u>	<u>\$ 2,950,613</u>
LIABILITIES						
Accounts Payable	\$ 8,310	\$ 8,255	\$ -	\$ 9,501	\$ -	\$ 26,066
Accrued Liabilities	251	6,023	-	-	-	6,274
Due to Other Governments	3,713	-	-	-	-	3,713
Bond Anticipation Note Payable	-	-	-	1,840,000	-	1,840,000
Total Liabilities	<u>12,274</u>	<u>14,278</u>	<u>-</u>	<u>1,849,501</u>	<u>-</u>	<u>1,876,053</u>
FUND BALANCES (DEFICITS)						
Nonspendable	20,300	11,893	-	-	-	32,193
Restricted	50,045	20,364	-	-	-	70,409
Assigned Appropriated	5,390	228,000	12,311	-	-	245,701
Assigned Unappropriated	-	184,545	218,889	-	1,396	404,830
Unassigned (Deficits)	446,975	-	-	(125,548)	-	321,427
Total Fund Balances (Deficits)	<u>522,710</u>	<u>444,802</u>	<u>231,200</u>	<u>(125,548)</u>	<u>1,396</u>	<u>1,074,560</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 534,984</u>	<u>\$ 459,080</u>	<u>\$ 231,200</u>	<u>\$ 1,723,953</u>	<u>\$ 1,396</u>	<u>\$ 2,950,613</u>

See notes to audited basic financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2020

Total Fund Balance - Governmental Funds \$ 1,074,560

Amounts reported for governmental activities in the Statement of Net Position are different because:

Proportionate share of long-term liability associated with participation in state retirement system is not current financial resources or obligations and is not reported in the fund statements:

Net Pension Liability-Proportionate Share - ERS (388,145)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore are not reported in the funds statements:

Pensions 318,627

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements:

Pensions (14,711)

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Cost of Capital Assets	\$ 22,796,203	
Accumulated Depreciation	(9,717,335)	13,078,868

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	10,935,877	
Accrued Interest on BAN and Bonds Payable	34,769	
Compensated Absences Payable	41,979	(11,012,625)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 3,056,574

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	General	Highway	Water	Capital Projects	Total Non-Major Funds	Total Governmental Funds
REVENUES						
Real Property Taxes	\$ 335,515	\$ 744,888	\$ 536,210	\$ -	\$ 235,145	\$ 1,851,758
Real Property Tax Items	6,743	-	-	-	-	6,743
Nonproperty Tax Items	183,700	-	-	-	-	183,700
Departmental Income	1,090	-	5,508	-	-	6,598
Intergovernmental Charges	1,159	197,386	-	-	-	198,545
Use of Money and Property	8,236	334	1,780	-	-	10,350
Licenses and Permits	11,907	-	-	-	-	11,907
Fines and Forfeitures	8,552	-	-	-	-	8,552
Miscellaneous Local Sources	20,076	4,115	164	-	-	24,355
State Aid	45,602	99,179	-	-	-	144,781
Total Revenues	622,580	1,045,902	543,662	-	235,145	2,447,289
EXPENDITURES						
General Government Support	295,856	-	75	-	-	295,931
Public Safety	33,821	-	-	-	231,145	264,966
Health	23,500	-	-	-	-	23,500
Transportation	59,480	723,639	-	-	3,638	786,757
Economic Assistance and Opportunity	500	-	-	-	-	500
Culture and Recreation	7,403	-	-	-	-	7,403
Home and Community Services	6,628	-	15,194	-	-	21,822
Capital Outlay	-	-	-	96,451	-	96,451
Employee Benefits	83,180	198,215	-	-	-	281,395
Debt Service, Principal	20,000	-	430,483	-	-	450,483
Debt Service, Interest	2,300	-	106,471	-	-	108,771
Total Expenditures	532,668	921,854	552,223	96,451	234,783	2,337,979
Excess (Deficiency) of Revenues Over Expenditures	89,912	124,048	(8,561)	(96,451)	362	109,310
OTHER FINANCING SOURCES AND (USES)						
Operating Transfers In	-	114,000	-	-	-	114,000
Operating Transfers Out	(114,000)	-	-	-	-	(114,000)
Total Other Financing Sources (Uses)	(114,000)	114,000	-	-	-	-
Net Change in Fund Balances	(24,088)	238,048	(8,561)	(96,451)	362	109,310
Fund Balances (Deficit), Beginning of Year	546,798	206,754	239,761	(29,097)	1,034	965,250
Fund Balances (Deficit), End of Year	\$ 522,710	\$ 444,802	\$ 231,200	\$ (125,548)	\$ 1,396	\$ 1,074,560

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 109,310

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

Capital outlays to purchase or build capital assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays:

Capital Outlays	\$ 282,251	
Depreciation Expense	<u>(1,117,101)</u>	(834,850)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal Payments - Bonds	450,483
----------------------------	---------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest expense reported in the Statement of Activities is increased by the net increase in accrued interest on debt.

(4,444)

(Increases) decreases in proportionate share of net pension liability and related deferred outflows/inflows for the employees' retirement system reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

(68,192)

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Compensated Absences	<u>15,276</u>
--------------------------------	---------------

Change in Net Position of Governmental Activities	<u><u>\$ (332,417)</u></u>
--	----------------------------

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Town of New Haven (Town), is governed by the general laws of the State of New York and various local laws. The Town Council is the legislative body responsible for overall operations. The Supervisor serves as Chief Executive Officer and the Chief Fiscal Officer.

The accounting policies of the Town conform to generally accepted accounting principles as applied to government units. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

The Town is a municipal corporation with a four-member board.

The Town provides a full range of municipal services including public works activities, fire protection, water services, town highway maintenance, improvements and construction, planning and development, and general and administrative services.

The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The accompanying financial statements present all funds and activities of the Town.

Joint Venture

Inter-Municipal Water Service Agreements

The Town has inter-municipal water service agreements with the Town of Scriba, NY for the operation and maintenance of its water service areas 1 through 7. These agreements outline the respective responsibilities of each town. As per each agreement, the Town of Scriba assumes the responsibility for the daily operations of each district, and that all rents, charges and other revenues collected from the customers are the property of the Town of Scriba. However, the Town of New Haven retains ownership of the systems. The Town of New Haven is solely responsible for any unpaid indebtedness and for upgrades necessary to comply with any Federal, State, or local law, rule or regulation. The Town of New Haven's financial records account for each water district's debt payments and cash balances available to pay the debt, while the Town of Scriba accounts for all other revenue and expenditures related to the water districts in its financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture – Continued

The Town of New Haven has inter-municipal water service agreement with the Village of Mexico, NY for the operation and maintenance of service area 8. This agreement outlines the respective responsibilities of each municipality. As per each agreement, the Village of Mexico assumes the responsibility for the daily operation of the district, and that all rents, charges and other revenues collected from the customers are the property of the Village of Mexico. However, the Town of New Haven retains ownership of the system. The Town of New Haven is solely responsible for any unpaid indebtedness and for upgrades necessary to comply with any Federal, State, or local law, rule or regulation. The Town of New Haven's financial records account for the water district's debt payments and cash balances available to pay the debt, while the Village of Mexico accounts for all other revenue and expenditures related to the water district in its financial statements.

The Town of New Haven has inter-municipal water supply agreement with the Town of Mexico, NY for the supply of water from its water service area 8 system to property owners within the Town of Mexico. This agreement outlines the respective responsibilities of each municipality. As per each agreement, the Town of Mexico assumes the responsibility for the daily operation of the district, and that all rents, charges and other revenues collected from the customers are the property of the Town of New Haven. While the Town of New Haven retains ownership of water service area 8 system, the Town of Mexico and its property owners maintain ownership of the portion of the system they installed to supply water to residents of the Town of Mexico. The Town of Mexico agrees to remit to the Town of New Haven the special tax assessment they collected from the property owners and shall pay such monies to the Town of New Haven by March 1st of each year. The Town of New Haven and the Town of Mexico's financial records account for their respective water district's debt payments and cash balances available to pay the debt, while the Town of New Haven accounts for all other revenue and expenditures related to the water district in its financial statements.

Inter-Municipal Code Enforcement Agreement

The Town of New Haven has an inter-municipal code enforcement agreement with the Town of Mexico, NY in which the Towns agree to share the service of the same individual to serve as their code enforcement officer. This agreement outlines the respective responsibilities of each Town. The Town of Mexico assumes the responsibility of providing and maintaining a vehicle in which services may be provided to both municipalities with the Town of New Haven providing reimbursement for mileage. The Town of New Haven and the Town of Mexico will cover one half of remaining expenses incurred.

Copies of these agreements may be obtained by writing the Town Clerk, Town of New Haven, P.O. Box 141, New Haven, NY 13121.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements. The focus is on the Town as a whole and the fund financial statements, including the major individual funds of the activities. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. In the government-wide statement of net position, the governmental activities column is reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide statement of activities reflects both the gross and net cost per functional category (general government, public safety, transportation, economic assistance and opportunity, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

Program revenues must be directly associated with the function (general government, public safety, transportation, economic assistance and opportunity, etc.). Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants and contributions.

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

Fund Financial Statements

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Financial Statements – Continued

The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

The Town reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Town. It accounts for all financial resources of the general government except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Highway Fund – The Highway Fund is used to account for all related revenues and expenditures for, but not limited to, road repair, reconstruction and maintenance, and snow removal, which are not required to be accounted for in the Town's General Fund.

Water Fund – The Water Fund is used to account for the proceeds of specific tax revenue sources that are legally restricted to expenditures for water services.

Capital Projects Fund - The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities. The Capital Projects Fund is considered a major fund for reporting purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source, and expenditures or expenses by function.

Economic Resources Measurement Focus and Accrual Basis

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Real and personal property taxes are recognized in the period for which levied, provided the Town has an enforceable legal claim to the resources. Grants, shared revenues, and contributions are recognized when all eligibility requirements are met.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – ContinuedCurrent Financial Resources Measurement Focus and Modified Accrual Basis

The governmental fund financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized in the period in which they become measurable and available. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 90 days of the end of the current fiscal period. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Financial Statement Presentation

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided.

Amounts reported as program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Special Districts

Included within the boundaries of the Town are fire, lighting, and water districts. Each of these districts are created by the Town, administered by the Town Board and the full faith and credit of the Town is pledged to secure district indebtedness. However, each district constitutes a separate and distinct political subdivision and, to that extent other revenues are insufficient to meet operating costs, is to be supported solely by real property taxes or assessments levied against property within the district. Each districts operation is accounted for in a separate special revenue fund.

Special district construction projects and other expenditures financed through the issuance of capital indebtedness are accounted for in the capital projects fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes

Real property taxes are levied annually by the Town Board no later than November 15th. Taxes were collected during the period January 1st through May 31, 2020.

Uncollected real property taxes are subsequently enforced by Oswego County. The County pays the amount representing uncollected real property taxes transmitted to the County for enforcement to the Town.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

Interfund Transactions

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

New York State law governs the Town's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Certain proceeds of debt issuances and certain deposits that have been limited as to usage pursuant to donor restrictions have been classified as restricted cash on the balance sheet.

Cash and cash equivalents are restricted when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Receivables

The Town uses the direct write-off method for uncollectible accounts receivable. The Town expects all receivables to be fully collectable within the first three months of the subsequent year.

Property taxes are recorded as revenue in the year they are levied. Oswego County pays the amounts representing uncollected real property taxes levied by the Town following the end of the collection period. Amounts are transmitted to the County for enforcement for the Town should they become delinquent, therefore there is no amount of taxes receivable for the Town at the end of the fiscal year.

Prepaid Items

The Town uses the consumption method to account for prepaid items. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets, which include land, buildings, improvements, machinery, equipment and construction in progress, are reported in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of more than \$1,000 with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Capital assets (excluding land) are depreciated using the straight-line method over the following estimated useful lives:

Town Buildings and Improvements	20-40 years
Furniture and Office Equipment	5 years
Machinery and Equipment	5-12 years

Compensated Absences

The Town accrues compensated absences when vested. Compensated absences are recorded in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation leave eligibility and accumulation is specified in the Town's contract with the Teamsters Local 317. Eligible employees are granted paid vacation leave in varying amounts, based primarily on length of service. Employees are allowed to accrue unused vacation time for use in future periods. Any accrued vacation leave remaining at the employee's termination of employment for lack of work, sickness or injury, shall be fully payable to the employee at their current rate of pay.

Sick leave eligibility and accumulation is specified in the Town's Employee Union contracts. For the fiscal year ended December 31, 2020, an eligible employee may accumulate sick leave credits to a maximum of one hundred and seventy-five days. When an eligible employee is terminated from employment, retires, or is deceased, the Town will pay for 75% of days of accumulated sick leave at their current rate of pay.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences – Continued

Personal and bereavement leave eligibility and accumulation is specified in the Town's Employee Union contracts. An eligible employee will be credited with seven days of paid personal leave and three to four days of paid bereavement leave on an annual basis. An employee may not accumulate personal leave credits. Upon separation of employment, all personal leave benefits are forfeited.

Other Benefits

Town employees participate in the New York State Employees' Retirement System.

In addition to providing pension benefits, the Town provides health insurance coverage to all eligible Highway Department employees. The Town shares the cost of the health insurance premiums for qualifying employees and dependents. Upon retirement, the Town has agreed to contribute up to a certain amount monthly for health insurance premiums, based on years of service.

The Town has established a pay-as-you-go approach for funding all benefits.

Short-Term Debt

The Town may issue Bond Anticipation Notes (BAN), 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. The item is related to pensions reported in the government-wide statement of net position. Pension related deferred outflows of resources may occur due to differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual investment earnings on pension plan assets, and changes in proportion and differences between employer contributions and proportionate share of contributions and employer contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Town has one item that qualifies for reporting in this category. It is related to pensions reported in the government-wide statement of net position. Pension related deferred inflows of resources may occur due to differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual investment earnings on pension plan assets, and changes in proportion and differences between employer contributions and proportionate share of contributions and employer contributions made subsequent to the measurement date.

Equity ClassificationsGovernment-Wide Statements

In the government-wide statements there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets.

Restricted Net Position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Unrestricted Net Position – reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

Fund Statements

Fund balance is the excess of assets over liabilities in a governmental fund. There are five separate components of fund balance, each of which identifies to what extent the Town is bound to honor constraints on the specific purpose for which amounts can be spent. The five components are:

Nonspendable – The portion of a fund balance that cannot be spent because they are either: (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.

Restricted – The portion of a fund balance that has constraints placed on the use of resources that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Town has established the following restricted fund balances:

Tax Stabilization Reserve

According to General Municipal Law §6-e, expenditures made from the tax stabilization reserve must be used to finance certain unanticipated revenue losses or unanticipated expenditures chargeable to the “eligible portion of the annual budget,” and to lessen or prevent projected increases in excess of 2 ½ percent of the amount of the real property tax levy needed to finance the eligible portion of the annual budget. The reserve was created by resolution of the governing board. Generally, the reserve may be used only upon recommendation of the chief executive officer and resolution adopted by at least two-thirds a vote of the government board. This reserve is accounted for in the General Fund.

Reserve for Highway Capital Projects

According to General Municipal Law § 6-c and 6-g, funds must be used to establish a reserve fund for purchase and acquisition of highway equipment and repair of Town roads. This reserve is accounted for in the Highway Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Restricted fund balance includes the following at December 31, 2020:

General Fund:

Tax Stabilization Reserve	\$ 50,045
---------------------------	-----------

Highway Fund:

Capital Projects Reserve	20,364
--------------------------	--------

	<u>\$ 70,409</u>
--	------------------

Committed – The portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town and remain binding unless removed in the same manner. The Town has no committed fund balances of December 31, 2020.

Assigned – The portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established either by the Town Council or by an official designated for that purpose. The Town Board has authorized the Supervisor to assign fund balance.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Order of Use of Fund Balance

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for the funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2020, the Town implemented the following new statements issued by GASB:

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Future Changes in Accounting Standards

GASB has issued Statement No. 87, *Leases*, effective for the fiscal year ending December 31, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2022.

GASB has issued Statement No. 90, *Majority Equity Interests- an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2021.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending December 31, 2023.

GASB has issued Statement No. 92, *Omnibus 2020*, effective for the year ending December 31, 2022.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which was effective for the year ending December 31, 2020, except for GASB No. 93 paragraphs 13-14 will be effective for the year ending December 31, 2022.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending December 31, 2023.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Standards – Continued

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending December 31, 2022.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Impact of COVID-19 Pandemic on Financial Statements

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Town and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration, spread, severity, and impact of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Town of New Haven's financial position and changes in net position and fund balances is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Subsequent Events

The Town has evaluated events and transactions that occurred between December 31, 2020 and August 13, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. Management has determined that no such events have occurred.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND GOVERNMENT-WIDE
STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) vs. Statement of Activities

Differences between the funds statement of revenues, expenditures, and changes in fund balances (deficits) and the statement of activities fall into one of four broad categories. The amounts shown below represent:

1. Long-Term Revenue and Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

2. Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the statement of activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND GOVERNMENT-WIDE
STATEMENTS - Continued**

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) vs. Statement of Activities – Continued

3. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statement, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

4. Pension Differences:

Pension differences occur as a result of changes in the Town's proportion of the collective net pension liability and differences between the Town's contributions and its proportionate share of the total contributions to the pension systems.

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

Budgets and Budgetary Accounting

Prior to the November meeting, the Supervisor submits a tentative budget to the Town Council for the fiscal year commencing January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds. After public hearings are conducted no later than November 1, to obtain taxpayer comments, the governing board adopts the budget. All budget modifications must be approved by the governing board.

The General Fund Budget was amended from \$600,278 to \$757,234 to reflect the following:

Additional fund balance appropriations to increase interfund transfers for purchase of a truck and capital fund expenditures for \$154,000.

Additional State Aid from the New York State Justice Court Assistance Program of \$2,956 which increased revenues and related expenditures for purchase of equipment and safety measures.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY – Continued**

Budgets and Budgetary Accounting – Continued

The Highway Fund Budget was amended from \$1,042,438 to \$1,281,628 to reflect the following:

Purchase of a snowplow truck for \$228,000, by increasing appropriated fund balance by \$114,000 and receipt of an interfund transfer from the General Fund of \$114,000.

Increase appropriation by \$11,190 for expenditures related to snow removal and sand purchases no longer provided by the County and increase in receipt of revenue from other governments.

The Water Fund Budget was amended from \$553,145 to \$553,245 to reflect the following:

Increase of appropriations by \$100 for other expenditures and increase in receipt of revenue from use of money and property.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the supplementary schedules for the General Fund, Highway Fund, Water Fund, Street Lighting Funds, and Fire Protection Fund, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the Funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each year.

Deficit Fund Balance

The Capital Projects Fund shows an unassigned deficit fund balance of \$125,548 at December 31, 2020. The deficit is attributed to the current project that is in process in which either permanent financing has not been obtained or grant reimbursement requests have not been submitted within 60 days of December 31. The deficits will be funded through future anticipated grant revenues, transfers from the General Fund, or permanent debt financing.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 4 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

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

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed above.

The Town does not typically purchase investments, other than stated above, and is not exposed to any material interest rate risk.

The Town does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

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

Pooled Accounts

The following funds participated in pooled checking and money market accounts, as follows:

General Fund	\$ 373,743
Lighting Fund	1,220
Fire Protection Fund	176
Total Pooled Book Balance	<u>\$ 375,139</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 4 – CASH AND CASH EQUIVALENTS – CUSTODIAL
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE
AND FOREIGN CURRENCY RISKS – Continued**

Deposits

The Town's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ <u>-</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Town's name	\$ <u>2,425,495</u>

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for specific purposes. Restricted cash as of December 31, 2020 includes \$1,794,362 within the governmental funds.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 – CAPITAL ASSETS, NET

Capital asset balances and activity were as follows:

	Beginning Balance	Increases	Reclass- ifications	Decreases	Ending Balance
Governmental Activities:					
Construction in Progress	\$ -	\$ 96,451	\$ -	\$ -	\$ 96,451
Buildings and Improvements	1,804,341	-	-	-	1,804,341
Other Improvements	19,427,196	183,365	-	-	19,610,561
Furniture and Office Equipment	11,414	2,435	-	-	13,849
Machinery and Equipment	1,271,001	-	-	-	1,271,001
Total	<u>22,513,952</u>	<u>282,251</u>	<u>-</u>	<u>-</u>	<u>22,796,203</u>
Less - Accumulated Depreciation for:					
Buildings and Improvements	604,242	50,357	-	-	654,599
Other Improvements	7,294,820	974,416	-	-	8,269,236
Furniture and Office Equipment	7,567	2,014	-	-	9,581
Machinery and Equipment	693,605	90,314	-	-	783,919
Total Accumulated Depreciation	<u>8,600,234</u>	<u>1,117,101</u>	<u>-</u>	<u>-</u>	<u>9,717,335</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 13,913,718</u>	<u>\$ (834,850)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,078,868</u>

Depreciation expense was charged to governmental functions as follows:

General Government Support	\$ 31,836
Transportation	239,904
Home and Community Services	<u>845,361</u>
Total Depreciation Expense	<u>\$ 1,117,101</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – SHORT-TERM DEBT

Short-term debt may be authorized and issued to fund capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs).

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	10/21/2021	0.79%	<u>\$ -</u>	<u>\$ 1,840,000</u>	<u>\$ -</u>	<u>\$ 1,840,000</u>

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

Interest Paid	\$ -
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	<u>2,828</u>
Total Interest on Short-Term Debt	<u>\$ 2,828</u>

The BAN was issued as temporary financing until grant funding and permanent financing are obtained for the water district project.

NOTE 7 – LONG-TERM DEBT OBLIGATIONS

The Town obtains long-term financing for most capital projects, such as acquisition of equipment, construction of building and infrastructure, or improvements through the issuance of general obligation serial bonds. General obligation bonds are secured by the full faith and credit of the Town. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital asset.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 7 – LONG-TERM DEBT OBLIGATIONS – Continued

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Serial Bonds	\$ 11,386,360	\$ -	\$ 450,483	\$ 10,935,877	\$ 451,983
Compensated Absences Payable	57,255 *	-	15,276	41,979	-
Net Pension Liability-Proportionate Share	107,922 *	280,223	-	388,145	-
Total Long-Term Liabilities	<u>\$ 11,551,537</u>	<u>\$ 280,223</u>	<u>\$ 465,759</u>	<u>\$ 11,366,001</u>	<u>\$ 451,983</u>

* Additions and deletions to compensated absences and net pension liability-proportionate share are shown net since it is impractical to determine these amounts separately.

Long-term debt obligations payable at December 31, 2020 consist of the following for governmental activities:

	Issue Date	Final Maturity	Interest Rate	Amount Outstanding at 12/31/20
Bonds:				
Serial Bond 2008 - Water District # 2	8/2008	4/2024	4.75%	\$ 19,000
Serial Bond 2008 - Salt Bard	8/2008	4/2024	4.75%	15,000
Serial Bond 2008 - Town Hall Roof	8/2008	4/2024	4.75%	21,000
Serial Bond 2009 - Water District #3	4/2009	4/2039	0.00%	6,144,277
Serial Bond 2011 - Water District #4	10/2011	4/2049	2.25%	926,600
Serial Bond 2014 - Water District #5	4/2014	4/2052	1.875%	710,000
Serial Bond 2016 - Water District #6	2/2016	2/2055	2.50%	1,515,000
Serial Bond 2018 - Water District #7	4/2018	4/2057	2.25%	622,500
Serial Bond 2018 - Water District #8	11/2018	9/2057	1.875%	962,500
Total Long-Term Debt Obligations				<u>\$ 10,935,877</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 7 – LONG-TERM DEBT OBLIGATIONS - Continued

The following is a summary of debt service requirements at year-end December 31:

Years	Principal	Interest
2021	\$ 451,983	\$ 105,274
2022	439,583	102,136
2023	440,683	99,307
2024	442,183	96,395
2025	434,783	93,737
Thereafter	<u>8,726,662</u>	<u>1,438,000</u>
	<u>\$ 10,935,877</u>	<u>\$ 1,934,849</u>

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

Interest Paid	\$ 108,771
Less: Interest Accrued in the Prior Year	(30,325)
Plus: Interest Accrued in the Current Year	<u>31,941</u>
Total Interest on Long-Term Debt	<u>\$ 110,387</u>

NOTE 8 – PENSION PLANS**Employees' Retirement System (ERS) Plan Description**

The Town participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued

Employees' Retirement System (ERS) Plan Description – Continued

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS Benefits ProvidedBenefits

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require 10 years of service credit to be 100 percent vested.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for 5 years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for 5 years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for 5 years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued**Funding Policies**

The System is noncontributory except for employees who joined after July 27, 1976, who contribute three (3) percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions are paid annually based on the ERS' fiscal year which ends on March 31st. The expected annual contribution to the System is based on the ERS reports provided to the Town. Contributions for the current year and two preceding years were equal to 100% of the contributions required. The Town of New Haven's share of the required contributions, based on covered payroll paid for the current and two preceding years were:

	2020	2019	2018
ERS - Employer Contributions	\$ 73,071	\$ 75,894	\$ 77,922

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the Town exercised.

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

At December 31, 2020, the Town reported the following liabilities for their proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2020 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. 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 Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the Town.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued

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

	<u>ERS</u>
Measurement Date	March 31, 2020
Town's Proportionate Share of the Net Pension Liability	\$ 388,145
Town's Portion (%) of the Plan's Total Net Pension Liability	0.0014658%
Change in Proportion Since the Prior Measurement Date	-0.0000574%

For the year ended December 31, 2020, the Town recognized a pension expense of \$68,192 for ERS. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Employees' Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 22,844	\$ -
Changes of Assumption	7,815	6,748
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	198,982	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	34,183	7,963
Town Contributions Subsequent to Measurement Date	<u>54,803</u>	<u>-</u>
Total	<u>\$ 318,627</u>	<u>\$ 14,711</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS - Continued

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

The Town reported \$54,803 as deferred outflows of resources related to pensions resulting from Town of New Haven's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the Town will be recognized in pension expense for the year ended as follows:

	ERS
2021	\$ 45,549
2022	63,478
2023	79,242
2024	60,844
2025	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement Date	March 31, 2020
Actuarial Valuation Date	April 1, 2019
Interest Rate	6.8%
Salary Scale	4.2%
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation Rate	2.5%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation is based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the ERS target asset allocation as of March 31, 2020 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds and Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-Indexed Bonds	4%	0.50%
	<u>100%</u>	

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – PENSION PLANS – Continued

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension 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 6.8% for ERS, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employees' Retirement System			
Employer's Proportionate Share of the Net Pension (Asset) Liability	\$ 712,356	\$ 388,145	\$ 89,546

Pension Plan Fiduciary Net Position

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

	ERS (In Thousands)
Measurement Date	March 31, 2020
Employer's Total Pension Liability	\$ 194,596,261
Plan Net Position	<u>(168,115,682)</u>
Employer's Net Pension Liability	<u>\$ 26,480,579</u>
Ratio of Plan Net Position to the Employer's Total Pension Liability	86.39%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 9 – INTERFUND BALANCES AND ACTIVITY

There were no interfund receivables and payables at December 31, 2020.

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 114,000
Highway Fund	114,000	-
	<u>\$ 114,000</u>	<u>\$ 114,000</u>

The Town of New Haven typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The approved transfer was to cover a portion of the cost of a new vehicle.

NOTE 10 – COMMITMENTS AND CONTINGENCIES**Risk Financing and Related Insurance**General Information

The Town of New Haven is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The Town has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the Town's administration believes disallowances, if any, will be immaterial.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 11 – FUND BALANCES (DEFICITS)

The following is a summary of the Governmental Fund balances (deficits) of the Town at the year ended December 31, 2020:

	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Capital Projects</u>	<u>Total Non- Major</u>	<u>Total Governmental Funds</u>
FUND BALANCES (DEFICITS)						
Nonspendable	\$ 20,300	\$ 11,893	\$ -	\$ -	\$ -	\$ 32,193
Restricted						
Tax Stabilization	50,045	-	-	-	-	50,045
Capital	-	20,364	-	-	-	20,364
Assigned						
Designated for Next Fiscal Year	5,390	228,000	12,311	-	-	245,701
Unappropriated	-	184,545	218,889	-	1,396	404,830
Unassigned						
General Fund	446,975	-	-	-	-	446,975
Capital Projects Funds	-	-	-	(125,548)	-	(125,548)
Total Governmental Fund	<u>\$ 522,710</u>	<u>\$ 444,802</u>	<u>\$ 231,200</u>	<u>\$ (125,548)</u>	<u>\$ 1,396</u>	<u>\$ 1,074,560</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND**

Year Ended December 31, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual Amounts	Final Budget Over/(Under)
REVENUES				
Real Property Taxes	\$ 335,516	\$ 335,516	\$ 335,515	\$ (1)
Real Property Tax Items	6,900	6,900	6,743	(157)
Non-Property Taxes	185,000	185,000	183,700	(1,300)
Departmental Income	850	850	1,090	240
Intergovernmental Charges	1,140	1,140	1,159	19
Use of Money and Property	6,500	6,500	8,236	1,736
Licenses and Permits	10,000	10,000	11,907	1,907
Fines and Forfeitures	12,000	12,000	8,552	(3,448)
Miscellaneous Local Sources	19,672	19,672	20,076	404
State Aid	25,000	27,956	45,602	17,646
Total Revenues	602,578	605,534	622,580	17,046
OTHER FINANCING SOURCES				
Operating Transfer In	-	-	-	-
Total Revenues and Other Financing Sources	602,578	605,534	622,580	17,046
EXPENDITURES				
General Government Support	325,065	326,126	295,856	(30,270)
Public Safety	38,352	38,352	33,821	(4,531)
Health	22,000	23,500	23,500	-
Transportation	62,399	62,399	59,480	(2,919)
Economic Assistance and Development	500	500	500	-
Culture and Recreation	10,030	10,030	7,403	(2,627)
Home and Community Services	7,702	7,263	6,628	(635)
Employee Benefits	114,230	115,064	83,180	(31,884)
Debt Service, Principal	20,000	20,000	20,000	-
Debt Service, Interest	-	-	2,300	2,300
Total Expenditures	600,278	603,234	532,668	(70,566)
OTHER FINANCING USES				
Operating Transfers Out	-	154,000	114,000	(40,000)
Total Expenditures and Other Financing Uses	600,278	757,234	646,668	(110,566)
Net Change in Fund Balances	\$ 2,300	\$ (151,700)	(24,088)	\$ 127,612
Fund Balance, Beginning of Year			546,798	
Fund Balance, End of Year			\$ 522,710	

See paragraph on supplementary schedules included in independent auditor's report.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – HIGHWAY FUND

Year Ended December 31, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual Amounts	Final Budget Over/(Under)
REVENUES				
Real Property Taxes	\$ 744,888	\$ 744,888	\$ 744,888	\$ -
Intergovernmental Charges	178,650	189,840	197,386	7,546
Use of Money and Property	400	400	334	(66)
Miscellaneous Local Sources	3,500	3,500	4,115	615
State Aid	115,000	115,000	99,179	(15,821)
Total Revenues	1,042,438	1,053,628	1,045,902	(7,726)
OTHER FINANCING SOURCES				
Operating Transfer In	-	114,000	114,000	-
Total Revenues and Other Financing Sources	1,042,438	1,167,628	1,159,902	(7,726)
EXPENDITURES				
Transportation	835,742	1,067,819	723,639	(344,180)
Employee Benefits	206,696	213,809	198,215	(15,594)
Total Expenditures	1,042,438	1,281,628	921,854	(359,774)
OTHER FINANCING USES				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Financing Uses	1,042,438	1,281,628	921,854	(359,774)
Net Change in Fund Balances	\$ -	\$ (114,000)	238,048	\$ 352,048
Fund Balance, Beginning of Year			206,754	
Fund Balance, End of Year			\$ 444,802	

See paragraph on supplementary schedules included in independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – WATER FUND**

Year Ended December 31, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual Amounts	Final Budget Over/(Under)
REVENUES				
Real Property Taxes	\$ 536,210	\$ 536,210	\$ 536,210	\$ -
Departmental Income	2,700	2,700	5,508	2,808
Use of Money and Property	-	100	1,780	1,680
Miscellaneous Local Sources	-	-	164	164
Total Revenues	538,910	539,010	543,662	4,652
OTHER FINANCING SOURCES				
Operating Transfer In	-	-	-	-
Total Revenues and Other Financing Sources	538,910	539,010	543,662	4,652
EXPENDITURES				
General Government Support	-	100	75	(25)
Home and Community Services	16,168	16,168	15,194	(974)
Debt Service, Principal	430,483	430,483	430,483	-
Debt Service, Interest	106,494	106,494	106,471	(23)
Total Expenditures	553,145	553,245	552,223	(1,022)
OTHER FINANCING USES				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Financing Uses	553,145	553,245	552,223	(1,022)
Net Change in Fund Balances	\$ (14,235)	\$ (14,235)	(8,561)	\$ 5,674
Fund Balance, Beginning of Year			239,761	
Fund Balance, End of Year			\$ 231,200	

See paragraph on supplementary schedules included in independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STREET LIGHTING FUND**

Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over/(Under)
	Original	Final		
REVENUES				
Real Property Taxes	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Total Revenues	4,000	4,000	4,000	-
OTHER FINANCING SOURCES				
Operating Transfer In	-	-	-	-
Total Revenues and Other Financing Sources	4,000	4,000	4,000	-
EXPENDITURES				
Transportation	4,000	4,000	3,638	(362)
Total Expenditures	4,000	4,000	3,638	(362)
OTHER FINANCING USES				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Financing Uses	4,000	4,000	3,638	(362)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	362	<u>\$ 362</u>
Fund Balance, Beginning of Year			858	
Fund Balance, End of Year			<u>\$ 1,220</u>	

See paragraph on supplementary schedules included in independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – FIRE PROTECTION FUND**

Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over/(Under)
	Original	Final		
REVENUES				
Real Property Taxes	\$ 231,145	\$ 231,145	\$ 231,145	\$ -
Total Revenues	231,145	231,145	231,145	-
OTHER FINANCING SOURCES				
Operating Transfer In	-	-	-	-
Total Revenues and Other Financing Sources	231,145	231,145	231,145	-
EXPENDITURES				
Public Safety	231,145	231,145	231,145	-
Total Expenditures	231,145	231,145	231,145	-
OTHER FINANCING USES				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Financing Uses	231,145	231,145	231,145	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			176	
Fund Balance, End of Year			<u>\$ 176</u>	

See paragraph on supplementary schedules included in independent auditor's report.

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – NYSLRS PENSION PLAN
LAST SIX FISCAL YEARS**

December 31, 2020

Employees' Retirement System (ERS)	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.0014658%	0.0015232%	0.0014554%	0.0016482%	0.0017554%	0.0016606%
Town's Proportionate Share of the Net Pension Liability	\$ 388,145	\$ 107,922	\$ 46,973	\$ 154,872	\$ 281,740	\$ 56,098
Town's Covered - Employee Payroll	\$ 480,900	\$ 505,738	\$ 490,942	\$ 457,727	\$ 477,181	\$ 453,597
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	80.71%	21.34%	9.57%	33.84%	59.04%	12.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SCHEDULE OF TOWN'S CONTRIBUTIONS – NYSLRS PENSION PLAN
LAST SIX FISCAL YEARS
Year Ended December 31, 2020

Employees' Retirement System (ERS)	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 73,071	\$ 75,894	\$ 77,922	\$ 68,861	\$ 72,281	\$ 83,905
Contributions in Relation to the Contractually Required Contribution	<u>73,071</u>	<u>75,894</u>	<u>77,922</u>	<u>68,861</u>	<u>72,281</u>	<u>83,905</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered - Employee Payroll	\$ 480,900	\$ 505,738	\$ 490,942	\$ 457,727	\$ 477,181	\$ 453,597
Contributions as a Percentage of Covered - Employee Payroll	15.19%	15.01%	15.87%	15.04%	15.15%	18.50%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SUPPLEMENTARY INFORMATION

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Street Lighting Fund	Fire Protection Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash - Unrestricted	\$ 1,220	\$ 176	\$ 1,396
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,220</u>	<u>\$ 176</u>	<u>\$ 1,396</u>
FUND BALANCE			
Assigned:			
Unappropriated	\$ 1,220	\$ 176	\$ 1,396
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>1,220</u>	<u>176</u>	<u>1,396</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,220</u>	<u>\$ 176</u>	<u>\$ 1,396</u>

See paragraph on supplementary schedules included in independent auditor's report.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES (DEFICITS) – NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended December 31, 2020

	Street Lighting Fund	Fire Protection Fund	Totals
Revenues			
Real Property Taxes	\$ 4,000	\$ 231,145	\$ 235,145
Total Revenues	<u>4,000</u>	<u>231,145</u>	<u>235,145</u>
Expenditures			
Public Safety	-	231,145	231,145
Transportation	3,638	-	3,638
Total Expenditures	<u>3,638</u>	<u>231,145</u>	<u>234,783</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>362</u>	<u>-</u>	<u>362</u>
Fund Balance - Beginning of Year	<u>858</u>	<u>176</u>	<u>1,034</u>
Fund Balance - End of Year	<u>\$ 1,220</u>	<u>\$ 176</u>	<u>\$ 1,396</u>

See paragraph on supplementary schedules included in independent auditor's report.

SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND

Year Ended December 31, 2020

PROJECT TITLE	Original Appropriation	Revised Appropriation	Project Expenditures			Unexpended Balance	Methods of Financing				Total	Fund Balance (Deficit) as of 12/31/20
			Prior Years	Current Year	Cumulative Total		Proceeds of Obligations	State Aid	Federal Aid	Local Sources		
Capital Project Water Service Area No. 9	\$ 3,240,000	\$ 3,240,000	\$ 29,097	\$ 96,451	\$ 125,548	\$ 3,114,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (125,548)
Total	<u>\$ 3,240,000</u>	<u>\$ 3,240,000</u>	<u>\$ 29,097</u>	<u>\$ 96,451</u>	<u>\$ 125,548</u>	<u>\$ 3,114,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (125,548)</u>

See paragraph on supplementary schedules included in independent auditor's report.

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS

Year Ended December 31, 2020

Capital Assets, Net		\$	13,078,868
Deduct:			
Bond Anticipation Note Payable	\$	1,840,000	
Less: Unspent Bond Anticipation Note Proceeds		(1,714,452)	
Short-Term Portion of Serial Bonds Payable		451,983	
Long-Term Portion of Serial Bonds Payable		<u>10,483,894</u>	<u>11,061,425</u>
Net Investment in Capital Assets		\$	<u><u>2,017,443</u></u>

See paragraph on supplementary schedules included in independent auditor's report.



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

**TO THE BOARD OF TRUSTEES
TOWN OF NEW HAVEN
NEW HAVEN, 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 New Haven as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of New Haven's basic financial statements and have issued our report thereon dated August 13, 2021.

Internal Control Over Financial Reporting

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

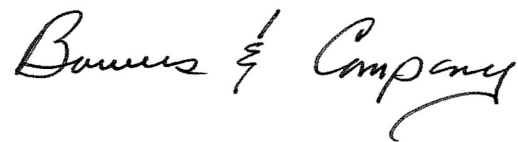
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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

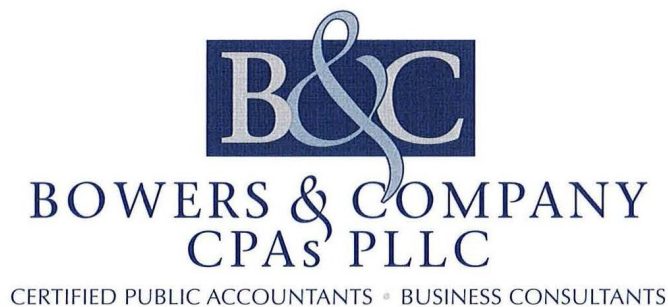
As part of obtaining reasonable assurance about whether the Town of New Haven's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

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.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
August 13, 2021



To the Town Council
Town of New Haven, New York

In planning and performing our audit of the financial statements of Town of New Haven as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated August 13, 2021, on the financial statements of Town of New Haven.

Increase the Threshold for Capitalization of Fixed Assets

It was found that the Town is currently using \$1,000 as a capitalization threshold to capitalize and depreciate assets over their useful lives for government-wide financial statements.

Recommendation

Our recommendation would be to review the threshold and potentially increase the capitalization threshold to \$2,500 or upwards to \$5,000 to avoid having to keep ongoing records for items of relatively small value. The capitalization policy should be updated to reflect the increased amount and communicate the policy change to those who are responsible to ensure the updated policy is consistently followed.

Management's Response

This will be presented to the Town Board and discussed for consideration as part of the current Purchasing Policy.

Journal Entries

It was found during our testing that there are not adequate controls over the process of general journal entries.

Recommendation

Our recommendation to improve internal controls over journal entries is to adopt a policy or procedure whereby all journal entries and supporting documentation is to be reviewed by someone independent of the preparer. All entries should be initialed by the preparer and the individual reviewing to attribute responsibility and accountability to the appropriate individuals. All journal entries should be accompanied by full explanation, supporting documentation and maintained in a central location.

Management's Response

This will be discussed with the Town Board to determine an agreeable process for this recommendation. The easiest method would be for the bookkeeper to make the journal entry changes and then present them for board approval at the next board meeting. Most journal entries monthly would be for interest entries, necessary bank transfers or items related to payroll.

Capital Fund General Ledger Closing Process

It was found that the Capital Fund is not being closed at each year-end December 31 within the general ledger software. Therefore, the financial reports are rolling for each project and not properly stated in accordance with accounting standards for each calendar year.

Recommendation

Our recommendation is to follow the Town's closing process for the capital projects fund as it does for all of the Town's other funds for each calendar year within the general ledger software.

Management's Response

We will work to set up a closing process for the capital projects fund within the general ledger software going forward.

Bond Anticipation Notes Payable

It was found that the bond anticipation note payable that was issued during 2020 was incorrectly reported as revenue in the capital projects fund.

Recommendation

Our recommendation is to record bond anticipation notes issued as short-term financing in the general ledger liability account H626, Bond Anticipation Notes Payable when the funds are received. When permanent financing is obtained, the BAN will be paid off reducing the liability H626 account and the bond receipts will be recorded as revenue in account H5710, serial bonds.

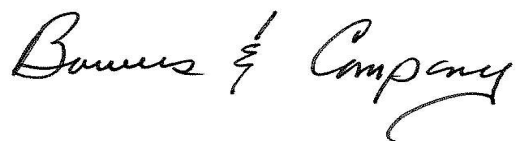
Management's Response

This error was based on the information provided at the time. It was anticipated that the initial BAN (Bond Anticipation Note) would be paid off before year-end and re-established as a Bond. This entry will be corrected for 2020 year-end financials.

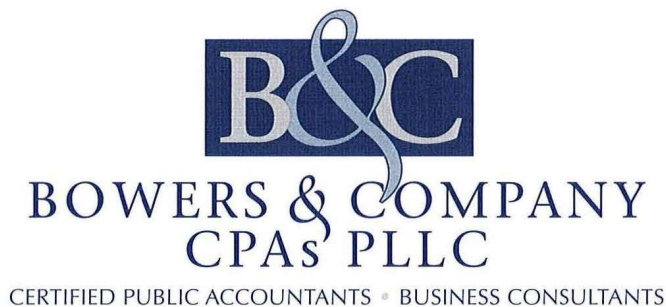
We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Town Council, and others within the Town, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the "Sincerely," text.

Watertown, New York
August 13, 2021



August 13, 2021

To Town Council
Town of New Haven, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of New Haven for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 16, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of New Haven are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Town of New Haven changed accounting policies relating to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2020. We noted no transactions entered into by Town of New Haven during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

Management's estimate of depreciation is based on economic useful lives of capital asset classes.

Management estimates actuarial assumptions that are used to determine pension liability and annual pension cost for the year in accordance with GASB Statement No. 68.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of New Haven's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of New Haven's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

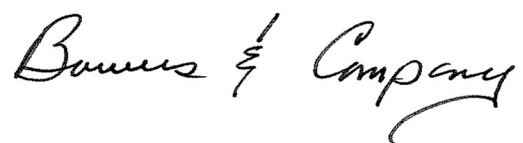
We applied certain limited procedures to *management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – General Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – Highway Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – Water Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – Street Lighting Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – Fire Protection Fund, Schedule of Town's Proportionate Share of the Net Pension Liability –NYSLRS Pension Plan, and Schedule of the Town's Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Combined Balance Sheet – Special Revenue Fund, Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)- Special Revenue Fund, Schedule of Project Expenditures – Capital Projects Fund, and Schedule of Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Town Council and management of Town of New Haven and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Bowles & Company". The signature is written in dark ink and is positioned below the "Very truly yours," text.

Attached Material Misstatements Corrected by Management:

Government-Wide Financials

Non-Current Governmental Liabilities:

Adjusting Journal Entries JE # 1

To reverse off BAN, to be reported within capital fund as short-term liability.

W626 BAN	1,840,000.00	
W129 Total Noncurrent Govtl Liabilities		1,840,000.00
Total	1,840,000.00	1,840,000.00

Non-Current Governmental Assets:

Adjusting Journal Entries JE # 1

To adjust fixed assets to actual

K103 Improvements other than Buildings	248,496.00	
K104 Equipment	10,557.00	
K105 Construction in Progress	96,451.00	
K102 Buildings		18,733.00
K159 Total Noncurrent Govtal Assets		336,771.00
Total	355,504.00	355,504.00

Fund Financials

Capital Fund

Adjusting Journal Entries JE # 1

To move BAN issuance to liability account

5730 BAN Proceeds	1,840,000.00	
626 Bond Anticipation Note		1,840,000.00
Total	1,840,000.00	1,840,000.00

Adjusting Journal Entries JE # 2

To accrue accounts payable as of yearend for services through 12/30

1440.41 Engineer & Architectural Contractual	9,501.00	
600 Accounts Payable		9,501.00
Total	9,501.00	9,501.00