

**AUDITED
BASIC FINANCIAL STATEMENTS**

TOWN OF CONCORD, NEW YORK

DECEMBER 31, 2018

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TOWN OF CONCORD, NEW YORK
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of the Town of Concord, New York (the Town), as of and for the year ended December 31, 2018, 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. 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of the Town, as of December 31, 2018, 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 required supplementary information, as listed on the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Freed Maxick CPAs, P.C.

Batavia, New York
June 10, 2019

**TOWN OF CONCORD, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	General Town Outside Village	Highway- Part Town	Fire Protection	Sewer		
ASSETS							
Cash and cash equivalents	\$ 603,582	\$ 33,828	\$ 495,137	\$ 103,446	\$ 486,840	\$ 303,773	\$ 2,026,606
Receivables	17,720	225	332	-	-	307	18,584
Due from other funds	-	3,640	130,000	-	-	-	133,640
Due from other governments	3,090	183,179	-	-	-	-	186,269
Prepaid items	12,862	500	10,640	-	-	742	24,744
Restricted investments-annuity contracts	-	-	-	1,297,860	-	-	1,297,860
Restricted cash-LOSAP	-	-	-	27,648	-	-	27,648
Total assets	<u>\$ 637,254</u>	<u>\$ 221,372</u>	<u>\$ 636,109</u>	<u>\$ 1,428,954</u>	<u>\$ 486,840</u>	<u>\$ 304,822</u>	<u>\$ 3,715,351</u>
LIABILITIES							
Accounts payable	\$ 40,812	\$ 2,970	\$ 28,872	\$ -	\$ 9,548	\$ 5,594	\$ 87,796
Accrued liabilities	662	85	7,512	-	-	2,617	10,876
Due to other funds	-	130,000	-	-	-	3,640	133,640
Total liabilities	<u>41,474</u>	<u>133,055</u>	<u>36,384</u>	<u>-</u>	<u>9,548</u>	<u>11,851</u>	<u>232,312</u>
FUND BALANCES							
Nonspendable	12,862	500	10,640	-	-	742	24,744
Restricted	216,644	-	250,235	1,325,508	-	-	1,792,387
Assigned	134,235	87,817	338,850	103,446	477,292	292,229	1,433,869
Unassigned	<u>232,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,039</u>
Total fund balances	<u>595,780</u>	<u>88,317</u>	<u>599,725</u>	<u>1,428,954</u>	<u>477,292</u>	<u>292,971</u>	<u>3,483,039</u>
Total liabilities and fund balances	<u>\$ 637,254</u>	<u>\$ 221,372</u>	<u>\$ 636,109</u>	<u>\$ 1,428,954</u>	<u>\$ 486,840</u>	<u>\$ 304,822</u>	<u>\$ 3,715,351</u>

See notes to basic financial statements.

**TOWN OF CONCORD, NEW YORK
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018**

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Total fund balance - governmental funds (page 5)	\$		3,483,039
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation			4,419,422
Net accrued interest expense for bonds not reported in the funds			(29,295)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:			
Serial bonds payable	\$	(2,350,161)	
Compensated absences		(52,333)	
Net pension liability		(72,416)	
Total LOSAP pension liability		<u>(2,328,868)</u>	(4,803,778)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:			
Deferred ERS pension outflows	\$	287,629	
Deferred ERS pension inflows		(229,060)	
Deferred LOSAP pension inflows		<u>(264,727)</u>	<u>(206,158)</u>
Net position of governmental activities	\$		<u><u>2,863,230</u></u>

TOWN OF CONCORD, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds	
		General Town Outside Village	Highway- Part Town	Fire Protection			Sewer
REVENUES							
Real property taxes	\$ 753,851	\$ -	\$ 226,916	\$ 575,539	\$ 162,054	\$ 58,875	\$ 1,777,235
Real property tax items	14,362	-	-	-	-	-	14,362
Non-property tax items	-	741,363	-	-	-	-	741,363
Departmental income	32,394	3,750	-	-	-	-	36,144
Intergovernmental charges	-	-	246,581	-	-	186,514	433,095
Use of money and property	2,019	-	980	31,312	1,431	795	36,537
Fines and permits	151,320	9,775	-	-	-	-	161,095
Sale of scrap and material	-	-	-	-	-	2,600	2,600
Miscellaneous local sources	20,460	-	14,614	-	-	2,038	37,112
State sources	172,066	20,000	80,117	-	-	-	272,183
Total revenues	<u>1,146,472</u>	<u>774,888</u>	<u>569,208</u>	<u>606,851</u>	<u>163,485</u>	<u>250,822</u>	<u>3,511,726</u>
EXPENDITURES							
Current:							
General government	585,327	5,392	-	165	-	-	590,884
Public safety	14,627	51,395	-	568,654	-	-	634,676
Health	2,601	-	-	-	-	-	2,601
Transportation	102,812	-	818,842	-	-	26,024	947,678
Economic assistance and opportunity	123,705	-	-	-	-	46,014	169,719
Culture and recreation	49,109	77,195	-	-	-	133,924	260,228
Home and community services	-	85,858	-	-	110,837	9,882	206,577
Employee benefits	208,362	6,200	157,911	-	41	14,739	387,253
Capital outlay:							
Transportation	-	-	-	-	-	6,687	6,687
Home and community services	-	-	-	-	-	30,461	30,461
Debt service:							
Principal	50,000	-	94,000	-	20,000	4,318	168,318
Interest	71,184	-	10,394	-	16,703	1,582	99,863
Total expenditures	<u>1,207,727</u>	<u>226,040</u>	<u>1,081,147</u>	<u>568,819</u>	<u>147,581</u>	<u>273,631</u>	<u>3,504,945</u>
Excess (deficit) of revenues over expenditures	(61,255)	548,848	(511,939)	38,032	15,904	(22,809)	6,781

See notes to basic financial statements.

**TOWN OF CONCORD, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018 (Continued)**

	<u>General</u>	<u>Special Revenue Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>General Town Outside Village</u>	<u>Highway- Part Town</u>	<u>Fire Protection</u>		
OTHER FINANCING SOURCES (USES)						
Interfund transfer in	-	-	630,000	-	-	630,000
Interfund transfer out	-	(630,000)	-	-	-	(630,000)
Serial bonds	-	-	-	-	2,347,790	2,347,790
BANS redeemed from appropriations	-	-	-	-	140,960	140,960
Total other financing sources (uses)	<u>-</u>	<u>(630,000)</u>	<u>630,000</u>	<u>-</u>	<u>2,488,750</u>	<u>2,488,750</u>
Net change in fund balances	(61,255)	(81,152)	118,061	38,032	15,904	2,465,941
Fund balances (deficit) - beginning	<u>657,035</u>	<u>169,469</u>	<u>481,664</u>	<u>1,390,922</u>	<u>461,388</u>	<u>(2,172,970)</u>
Fund balances - ending	<u>\$ 595,780</u>	<u>\$ 88,317</u>	<u>\$ 599,725</u>	<u>\$ 1,428,954</u>	<u>\$ 477,292</u>	<u>\$ 292,971</u>
						<u>\$ 3,483,039</u>

See notes to basic financial statements.

**TOWN OF CONCORD, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Amounts reported for governmental activities in the Statement of Activities (page 4) are different because:

Net change in fund balances - total governmental funds (page 8)	\$	2,495,531	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$253,624) exceeded capital outlays (\$9,082) in the current period.</p>			
			(244,542)
<p>In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest payable in the current year.</p>			
			(29,295)
<p>Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>			
Change in compensated absences	\$	(4,784)	
Change in ERS pension liability		128,960	
Change in LOSAP pension liability		190,255	
Change in deferred outflows and inflows related to ERS pensions		(131,050)	
Change in deferred outflows and inflows related to LOSAP pensions		<u>(103,656)</u>	79,725
<p>The issuance of long-term debt (i.e. bonds) provides current financial resources to governmental funds, while the repayment of bond principal consumes current financial resources of governmental funds. The amount of the issuance or repayment of the long-term debt will increase or decrease the liability, respectively.</p>			
Issuance of bond proceeds	\$	(2,347,790)	
Repayment of debt principal		<u>27,358</u>	<u>(2,320,432)</u>
Change in net position of governmental activities	\$		<u><u>(19,013)</u></u>

TOWN OF CONCORD, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUND
DECEMBER 31, 2018

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 3,806
Accounts receivable	<u>85</u>
Total assets	<u>\$ 3,891</u>
LIABILITIES	
Due to other governments	\$ 3,161
Agency liabilities	<u>730</u>
Total liabilities	<u>\$ 3,891</u>

See notes to basic financial statements.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. REPORTING ENTITY

The Town reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefines and establishes the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

C. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

General Town Outside Village Fund - used to account for transactions which are required by statute to be charged to the area of the Town outside the Village.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Highway-Part Town Fund - established pursuant to Highway Law Section 141 to account for revenues and expenditures for highway purposes.

Fire Protection Fund - used to account for revenues and expenditures for fire protection purposes only.

Sewer Fund - used to account for operations for sewer collection and treatment and is financed with tax assessments.

Additionally, the Town reports the following fund types:

The Agency Fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

The Agency Fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH AND CASH EQUIVALENTS

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

2. RESTRICTED ASSETS

Cash and investments in the Length of Service Award Program (LOSAP) are administered by Hometown/RSA Consultants, recommended from the Service Award Program Committee. These assets are primarily invested in annuity contracts and cash deposits. The Town's LOSAP investments are reported at fair value. None of the Town's investments are subject to concentration of credit risk.

3. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

4. RECEIVABLES

Receivables are carried at their net realizable value. Receivables are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectable receivables, however, no allowance for uncollectible receivables has been provided since management believes that such allowance would not be material.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 2,500	straight-line	20-50 years
Infrastructure	2,500	straight-line	35-50 years
Machinery and equipment	2,500	straight-line	5-10 years
Vehicles	2,500	straight-line	5 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. INSURANCE

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three fiscal years.

7. DEFERRED OUTFLOWS/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(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town only has one item that qualifies for reporting in this category. This is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liabilities and the difference during the measurement period between the Town's contributions and its proportional share of total contributions to the pensions not included in pension expense. Also included is the Town's contributions to the pensions subsequent to the measurement date. See details of deferred pension outflows in Notes 3.D.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item that qualifies for reporting in this category. This is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liabilities and difference during the measurement periods between the Town's contributions and its proportional share of total contributions to the pensions not included in pension expense. See details of deferred pension inflows in Notes 3.D and 3.E.

8. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of serial bonds payable, compensated absences, net pension liability under the New York State retirement system and the LOSAP pension liability.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term obligations are reported as expenditures.

9. NET POSITION FLOW ASSUMPTION

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. FUND BALANCE FLOW ASSUMPTIONS

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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

11. FUND BALANCE POLICIES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. REVENUES AND EXPENDITURES/EXPENSES

1. PROGRAM REVENUES

Amounts reported as *program revenues* include 1) 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. PROPERTY TAXES

Property taxes are levied annually no later than the fourth Tuesday in November and become a lien on January 1st of the subsequent year. Taxes are collected during the period January 1st to April 30th. Unpaid town taxes are turned over to the County for enforcement. Any such taxes remaining unpaid on or about July 1st, are relieved as County taxes in the subsequent year.

3. COMPENSATED ABSENCES

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

Compensated absences for government fund type employees are reported as a fund liability and expenditure in the government-wide financial statements. The compensated absences liability for the governmental activities at the year-end totaled \$52,333. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

G. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

H. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2018, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective.

The Town has evaluated these Statements and determined that they have no significant impact on the Town's financial statements for the fiscal year ending December 31, 2018.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Town, for their potential impact in future years.

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019.
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending December 31, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which will be effective for the year ending December 31, 2019.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2021.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting – The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than October 5th, the Town Supervisor submits a tentative budget to the Town Board for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except Capital Projects and the Fiduciary Fund.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20th, the Town Board adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- All modifications of the budget must be approved by the Town Board and all appropriations lapse at fiscal year end.

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

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

Collateral is required for demand 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.

The Town's aggregate bank balances were fully collateralized at December 31, 2018.

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

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

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

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Custodial Credit Risk

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

The Town’s third party custodial financial institution provided the following securities as collateral which are in accordance with the City’s investment policy and third party custodial agreement:

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

Restricted Investments – Annuity Contracts

The Town’s restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (LOSAP), a defined benefit volunteer firefighter award program (See Note 3.E). These annuities are guaranteed fixed annuities. The interest on each annuity varies but they are all fixed rate with a guaranteed minimum rate for a specific period. The cost and value of the contracts amounted to \$1,297,860 as of December 31, 2018. These contracts are subject to a surrender charge if the annuity is surrendered prior to the end of the contract. The surrender charge at December 31, 2018 amounts to \$42,292.

B. RECEIVABLES

Significant revenues accrued by the Town at December 31, 2018 include the following:

<u>General Town Outside Village:</u>	
Due from other governments - sales tax	\$ <u>183,179</u>

C. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended December 31, 2018, was as follows:

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated:				
Land	\$ 267,396	\$ -	\$ -	\$ 267,396
Total capital assets not being depreciated	267,396	-	-	267,396
Capital assets, being depreciated:				
Buildings	2,617,726	-	-	2,617,726
Improvements	939,748	-	-	939,748
Vehicles & equipment	2,013,835	9,082	-	2,022,917
Infrastructure	1,655,522	-	-	1,655,522
Total capital assets, being depreciated	7,226,831	9,082	-	7,235,913
Less accumulated depreciation:				
Buildings	572,800	62,422	-	635,222
Improvements	503,576	22,380	-	525,956
Vehicles & equipment	1,363,156	123,496	-	1,486,652
Infrastructure	390,731	45,326	-	436,057
Total accumulated depreciation	2,830,263	253,624	-	3,083,887
Total capital assets being depreciated, net	4,396,568	(244,542)	-	4,152,026
Governmental activities capital assets, net	\$ 4,663,964	\$ (244,542)	\$ -	\$ 4,419,422

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

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

General government	\$ 70,455
Transportation	134,182
Economic assistance and opportunity	5,299
Culture and recreation	19,738
Home and community services	<u>23,950</u>
Total depreciation expense - governmental activities	<u>\$ 253,624</u>

D. PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS)

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS), which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. 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 fiduciary 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 (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's 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.

Funding Policy

The System is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31st.

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

At December 31, 2018, the Town reported the following liability for its proportionate share of the net pension liability to the System. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Town.

	<u>ERS</u>
Measurement date	03/31/18
Net pension liability	\$ 72,416
Town's portion of the Plan's total net pension liability	0.0022437 %
Change in proportion since the prior measurement date	0.0022223

TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2018, the Town recognized a pension expense of \$100,849. At December 31, 2018 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,828	\$ 21,344
Changes of assumptions	48,017	-
Net difference between projected and actual earnings on pension plan investments	105,178	207,610
Changes in proportionate and differences between the Town's contributions and proportionate share of contributions	34,375	106
Town's contributions subsequent to the measurement date	<u>74,231</u>	<u>-</u>
Total	<u>\$ 287,629</u>	<u>\$ 229,060</u>

The Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:	
2019	\$ 28,805
2020	24,008
2021	(47,112)
2022	(21,363)
2023	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.5 %
Salary increases	3.8
Investment rate of return (net of investment expense, including inflation)	7.0
Cost of living adjustments	1.3 %

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Asset class:	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.0 %	4.6 %
International equity	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bond and mortgages	17.0	1.3
Cash	1.0	-0.3
Inflation - indexed bonds	4.0	1.3
Total	<u>100.0 %</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the 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 tables presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	<u>1% Increase (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Town's proportionate share of the net pension liability/(asset)	\$ 547,915	\$ 72,416	\$ (329,838)

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

	(Dollars in Thousands)
	<u>ERS</u>
Employers' total pension liability	\$ 183,400,590
Plan net position	180,173,145
Employers' net pension total	<u>\$ 3,227,445</u>
Ratio of plan net position to the Employers' total pension liability	98.2%

Prepayment to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2018 represent the employer contribution for the period of January 1, 2019 through March 31, 2019 of the retirement invoice for the Plan year April 1, 2018 through March 31, 2019. Prepaid retirement contributions as of December 31, 2018 amounted to \$24,744.

E. LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

Defined Benefit Volunteer Firefighter Award Program

Plan Description

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

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Benefits

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

Fiduciary Investment and Control

Service credit is determined by the Town Board of the sponsor, based on information certified to the Town Board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the Town Board.

The Town Board of the sponsor has retained and designated the Hometown/Firefighter Services, recommended from the Service Award Program Committee, to assist in the administration of the program. The designated program administrator's functions include: maintaining the firefighter records, communicating the program to firefighters, enrolling firefighters, and maintaining financial records. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Town Board.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. Authority to invest the Program’s assets is vested in the Town. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town.

The Town accounts for Program assets as restricted cash and investments in the Fire Protection Fund. Benefit payments are recognized as an expenditure within the Fire Protection Fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted Fire Protection Fund assets to the trust (restricted cash and investments).

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is BPAs Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary dated December 31, 2018.

Participants Covered by the Benefit Terms

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

Inactive participants currently receiving benefit payments	15
Inactive participants entitled to but not yet receiving benefit payments	22
Active participants	<u>52</u>
Total	<u><u>89</u></u>

Contributions

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

Measurement of Total Pension Liability

The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of January 1, 2019.

Actuarial Assumptions

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

Actuarial cost method	Entry Age Normal
Inflation	2.25 %
Salary scale	None assumed
Discount rate	3.71 %
Mortality table	RP 2000 Combined-Unisex

Discount Rate

GASB 73 requires that the discount rate used be determined based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the total pension liability was 3.71%. This was the yield to maturity of the Fidelity 20-Year General Obligation AA Bond Index as of December 31, 2018.

TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Changes in the Total Pension Liability - LOSAP:

	<u>Total Pension Liability - LOSAP</u>
Balance at January 1, 2018	\$ 2,519,123
Changes for the year:	
Service cost	64,570
Interest on the total pension liability	82,187
Changes of benefit terms	-
Differences between expected and actual experience	(111,922)
Changes of assumptions or other inputs	(152,805)
Benefit payments	(72,285)
Net changes	<u>(190,255)</u>
Balance at December 31, 2018	<u>\$ 2,328,868</u>

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

The following presents the total pension liability of the Town as of the December 31, 2018 measurement date, calculated using the discount rate of 3.71 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71 percent) or 1 percentage point higher (4.71 percent) than the current rate:

	<u>1% Decrease (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase (4.71%)</u>
Total pension liability - LOSAP	\$ <u>2,689,000</u>	\$ <u>2,328,868</u>	\$ <u>2,034,000</u>

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

For the year ended December 31, 2018, the Town recognized pension expense of \$146,757. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 111,922
Changes of assumptions or other inputs	-	152,805
Total	<u>\$ -</u>	<u>\$ 264,727</u>

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

Year ended December 31:

2019	\$ (20,943)
2020	(20,943)
2021	(20,943)
2022	(20,943)
2023	(20,943)
Thereafter	(160,012)

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

F. SHORT-TERM DEBT

The purpose of all of the short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes (BANs). The amounts issued for governmental activities are accounted for in the capital projects fund.

State law requires that BANS issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, BANS issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2018:

	Original Issue	Interest Rate	Balance 01/01/18	Issued	Redemptions	Balance 12/31/18
Senior citizens center and equipment acquisitions	2015	1.29%	\$ 2,029,000	\$ -	\$ 2,029,000	\$ -
Craneridge sewer project	2014	1.25%	420,000	-	420,000	-
Cattaraugus street water district	2014	1.25%	39,750	-	39,750	-
Total			<u>\$ 2,488,750</u>	<u>\$ -</u>	<u>\$ 2,488,750</u>	<u>\$ -</u>

G. LONG-TERM LIABILITIES

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds outstanding at December 31, 2018 are as follows:

Issue Description	Original Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding Balance 12/31/18
Water - Trevett Road	1999	\$ 47,173	0.000 %	2019	\$ 2,371
Public Improvement	2018	2,347,790	3.125-3.55 %	2045	2,347,790
					<u>\$ 2,350,161</u>

Legal Debt Margin

There is a statutory debt limit applicable to Towns within New York State. The Town is in compliance with this debt limit.

Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended December 31, 2018 are as follows:

	Balance 01/01/18	Additions	Reductions	Balance 12/31/18	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 29,729	\$ 2,347,790	\$ 27,358	\$ 2,350,161	\$ 170,161
Compensated absences	47,549	27,177	22,393	52,333	5,233
LOSAP liability	2,519,123	146,757	337,012	2,328,868	-
Net pension liability *	201,376	-	128,960	72,416	-
Total	<u>\$ 2,797,777</u>	<u>\$ 2,521,724</u>	<u>\$ 515,723</u>	<u>\$ 4,803,778</u>	<u>\$ 175,394</u>

* Reductions to the net pension liability is presented net of additions.

TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Compensated Absences

As explained in Note 1, the Town records the value of governmental type compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable throughout the year. Payments by the Town to liquidate compensated absences are typically from the funds in which the individuals are employed. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$5,233 for the governmental activities will be due within one year.

Length of Service Award Program (LOSAP)

The Town reported a liability of \$2,328,868 for the governmental activities for the year ended December 31, 2018 for its LOSAP liability. Refer to Note 3.E for additional information related to the Town's LOSAP liability. Payments by the Town for benefit contributions are made from the Fire Protection Fund.

Net Pension Liability

The Town reported a liability of \$72,416 for the governmental activities for the year ended December 31, 2018 for its proportionate share of the net pension liability for the New York State and Local Employees' Retirement System. Refer to Note 3.D for additional information related to the Town's net pension liability. Payments by the Town for retirement contributions are typically from funds in which the individuals are employed.

The debt service requirements for the Town's bonds are as follows:

Year ending December 31.	Bonds	
	Principal	Interest
2019	\$ 170,161	\$ 75,497
2020	170,000	70,111
2021	70,000	66,212
2022	70,000	63,937
2023	75,000	61,582
2024-2028	405,000	269,720
2029-2033	440,000	198,906
2034-2038	345,000	135,829
2039-2043	415,000	70,789
2044-2045	190,000	6,650
	<u>\$ 2,350,161</u>	<u>\$ 1,019,233</u>

H. NET POSITION AND FUND BALANCE

NET POSITION

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

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 4,419,422
Bonds payable used for capital assets	<u>(2,350,161)</u>
Net investment in capital assets	<u>\$ 2,069,261</u>

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position is consistent with restricted fund balance balances at December 31, 2018.

Unrestricted net position – This category represents net position of the Town not restricted for any project or other purpose.

FUND BALANCE

In the governmental fund financial statements there are five classifications of fund balance:

Nonspendable – represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by Town at December 31, 2018 include:

- *Prepaid items* – represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.

Restricted – represents amounts with constraints placed on the use of resources and are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- *Restricted for capital projects* – represents funds to be used for construction, reconstruction and/or acquisition of capital improvements and equipment.
- *Restricted for tax stabilization* – represents funds set aside to lessen or prevent projected increases in excess of 2.5% of the real property tax levy.

Committed – represents amounts that are subject to a purpose constraint imposed by a formal action of the Village's highest level of decision-making authority. As of December 31, 2018, the Town had no committed fund balances.

Assigned – represents amounts that are constrained by the Town's intent to be used for the specified purposes noted below, but are neither restricted nor committed.

Unassigned – represents all amounts not included in other spendable classifications. The General fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

DETAIL OF FUND BALANCES

As of December 31, 2018, fund balances were classified as follows:

	<u>General</u>	<u>General Town Outside Village</u>	<u>Highway- Part Town</u>	<u>Fire Protection</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Nonspendable:</u>							
Prepaid items	\$ 12,862	\$ 500	\$ 10,640	\$ -	\$ -	\$ 742	\$ 24,744
<u>Restricted:</u>							
Tax stabilization	34,797	-	-	-	-	-	34,797
Capital projects	181,847	-	250,235	-	-	-	432,082
LOSAP	-	-	-	1,325,508	-	-	1,325,508
<u>Assigned:</u>							
Subsequent years' expenditures	134,235	1,929	75,000	40,000	61,016	35,940	348,120
Town Outside Village	-	85,888	-	-	-	-	85,888
Highway-Part Town	-	-	263,850	-	-	-	263,850
Fire Protection	-	-	-	63,446	-	-	63,446
Sewer	-	-	-	-	416,276	-	416,276
Highway-Townwide	-	-	-	-	-	178,022	178,022
Library	-	-	-	-	-	9,502	9,502
Lighting District	-	-	-	-	-	18,384	18,384
Water	-	-	-	-	-	6,991	6,991
Joint Van	-	-	-	-	-	11,604	11,604
Capital Projects	-	-	-	-	-	31,786	31,786
<u>Unassigned:</u>							
General Fund	232,039	-	-	-	-	-	232,039
Total	\$ 595,780	\$ 88,317	\$ 599,725	\$ 1,428,954	\$ 477,292	\$ 292,971	\$ 3,483,039

I. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Town Outside Village	Water	\$ 3,640
Highway-Part Town	General Town Outside Village	130,000
Total		\$ 133,640

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

J. INTERFUND TRANSFERS

The composition of interfund transfers as of December 31, 2018 is as follows:

	<u>Transfer in:</u>
	<u>Highway-Part Town</u>
<u>Transfer out:</u>	
General Town Outside Village	\$ 630,000

During the year, transfers were made from the General Town Outside Village Fund to the Highway-Part Town Fund based on annual budgeted appropriations.

**TOWN OF CONCORD, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

K. TAX ABATEMENTS

The Concord Industrial Development Agency (the Agency), created by Chapter 55 of the Laws of 1972 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively, "the Act"), has three real property tax abatement agreements with various businesses in the Town for the purpose of job creation.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended December 31, 2018, the Town's total tax revenues were reduced by \$2,546.

Copies of the agreements may be obtained from the Town or the Agency.

NOTE 4 - CONTINGENCIES

Assessments

The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

Grants

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowable expenditures resulting from such audits could become a liability of the Town. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

NOTE 5 - SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after June 10, 2019 which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF CONCORD, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS ***

	Year Ended December 31,			
	2015	2016	2017	2018
<u>Employees' Retirement System</u>				
Measurement date	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Town's proportion of the net pension liability	0.0021138%	0.0021309%	0.0021432%	0.0022437%
Town's proportionate share of the net pension liability	\$ <u>71,409</u>	\$ <u>337,675</u>	\$ <u>201,376</u>	\$ <u>72,416</u>
Town's covered payroll	\$ 635,603	\$ 650,874	\$ 668,374	\$ 685,804
Town's proportionate share of the net pension liability as a percentage of its covered payroll	11%	52%	30%	11%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	90.7%	94.7%	98.2%

* This Schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

TOWN OF CONCORD, NEW YORK
SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Year Ended December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Employees' Retirement System</i>										
Contractually required contribution	\$ 33,879	\$ 52,456	\$ 86,664	\$ 97,578	\$ 143,109	\$ 108,896	\$ 127,081	\$ 95,838	\$ 97,544	\$ 98,758
Contributions in relation to the contractually required contribution	<u>33,879</u>	<u>52,456</u>	<u>86,664</u>	<u>97,578</u>	<u>143,109</u>	<u>108,896</u>	<u>127,081</u>	<u>95,838</u>	<u>97,544</u>	<u>98,758</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	**	**	**	**	**	**	**	**	\$ 581,001	\$ 685,109
Contributions as a percentage of covered payroll	6.5%	10.9%	16.8%	17.7%	22.1%	17.8%	20.0%	14.7%	16.8%	14.4%

** This Schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

**TOWN OF CONCORD, NEW YORK
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY –
VOLUNTEER FIREFIGHTER LOSAP
LAST TEN FISCAL YEARS ***

	Year Ended December 31,	
	2017	2018
Measurement Date	12/31/17	12/31/18
Total Pension Liability		
Service Cost	\$ 66,755	\$ 64,570
Interest	85,308	82,187
Changes of assumptions or other inputs	171,845	(152,805)
Differences between expected and actual experience	(10,774)	(111,922)
Benefit payments	(66,118)	(72,285)
Net change in total pension liability	<u>247,016</u>	<u>(190,255)</u>
Total pension liability - beginning	<u>2,272,107</u>	<u>2,519,123</u>
Total pension liability - ending	<u>\$ 2,519,123</u>	<u>\$ 2,328,868</u>
Covered-employee payroll	Not applicable	Not applicable
Total pension liability as a percentage of covered-employee payroll	Not applicable	Not applicable

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**TOWN OF CONCORD, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 750,728	\$ 750,728	\$ 753,851	\$ 3,123
Real property tax items	21,000	21,000	14,362	(6,638)
Departmental income	14,000	22,000	32,394	10,394
Use of money and property	1,085	1,085	2,019	934
Fines and permits	187,325	187,325	151,320	(36,005)
Sale of property	100	100	-	(100)
Miscellaneous local sources	8,450	8,450	20,460	12,010
State sources	145,650	145,650	172,066	26,416
	<u>1,128,338</u>	<u>1,136,338</u>	<u>1,146,472</u>	<u>10,134</u>
Total revenues				
EXPENDITURES				
Current:				
General government	652,206	659,872	585,327	74,545
Public safety	16,090	16,090	14,627	1,463
Health	2,601	2,601	2,601	-
Transportation	109,339	109,673	102,812	6,861
Economic assistance and opportunity	122,804	122,804	123,705	(901)
Culture and recreation	51,985	52,115	49,109	3,006
Home and community services	2,000	1,870	-	1,870
Employee benefits	232,000	232,000	208,362	23,638
Debt Service:				
Principal	55,000	54,346	50,000	4,346
Interest	71,006	71,660	71,184	476
	<u>1,315,031</u>	<u>1,323,031</u>	<u>1,207,727</u>	<u>115,304</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	(186,693)	(186,693)	(61,255)	125,438
OTHER FINANCING USES				
Interfund transfer out	(20,000)	(20,000)	-	20,000
	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total other financing uses				
Net change in fund balance *	(206,693)	(206,693)	(61,255)	145,438
Fund balance - beginning	657,035	657,035	657,035	1,314,070
Fund balance - ending	<u>\$ 450,342</u>	<u>\$ 450,342</u>	<u>\$ 595,780</u>	<u>\$ 1,459,508</u>

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

**TOWN OF CONCORD, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL TOWN OUTSIDE VILLAGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Non-property taxes	\$ 710,000	\$ 710,000	\$ 741,363	\$ 31,363
Departmental income	3,000	3,000	3,750	750
Use of money and property	10	10	-	(10)
Fines and permits	5,000	5,000	9,775	4,775
State sources	-	40,000	20,000	(20,000)
	<u>718,010</u>	<u>758,010</u>	<u>774,888</u>	<u>16,878</u>
Total revenues				
EXPENDITURES				
Current:				
General government	12,000	12,000	5,392	6,608
Public safety	52,418	52,418	51,395	1,023
Culture and recreation	78,500	78,040	77,195	845
Home and community services	75,125	115,985	85,858	30,127
Employee benefits	9,000	8,600	6,200	2,400
	<u>227,043</u>	<u>267,043</u>	<u>226,040</u>	<u>41,003</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	490,967	490,967	548,848	(24,125)
OTHER FINANCING USES				
Interfund transfers out	<u>(630,000)</u>	<u>(630,000)</u>	<u>(630,000)</u>	<u>-</u>
Total other financing uses	<u>(630,000)</u>	<u>(630,000)</u>	<u>(630,000)</u>	<u>-</u>
Net change in fund balances *	(139,033)	(139,033)	(81,152)	(220,185)
Fund balances - beginning	<u>169,469</u>	<u>169,469</u>	<u>169,469</u>	<u>338,938</u>
Fund balances - ending	<u>\$ 30,436</u>	<u>\$ 30,436</u>	<u>\$ 88,317</u>	<u>\$ 118,753</u>

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

**TOWN OF CONCORD, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE HIGHWAY-PART TOWN FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 226,916	\$ 226,916	\$ 226,916	\$ -
Intergovernmental charges	246,581	246,581	246,581	-
Use of money and property	410	410	980	570
Miscellaneous local sources	2,000	2,000	14,614	12,614
State sources	69,609	69,609	80,117	10,508
	<u>545,516</u>	<u>545,516</u>	<u>569,208</u>	<u>23,692</u>
Total revenues				
EXPENDITURES				
Current:				
General government	55,000	25,470	-	25,470
Transportation	807,770	837,300	818,842	18,458
Employee benefits	209,000	205,936	157,911	48,025
Debt Service:				
Principal	94,000	94,000	94,000	-
Interest	9,746	12,810	10,394	2,416
	<u>1,175,516</u>	<u>1,175,516</u>	<u>1,081,147</u>	<u>94,369</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	(630,000)	(630,000)	(511,939)	(70,677)
OTHER FINANCING SOURCES				
Interfund transfers in	630,000	630,000	630,000	-
	<u>630,000</u>	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Total other financing sources				
Net change in fund balances *	-	-	118,061	118,061
Fund balances - beginning	481,664	481,664	481,664	963,328
Fund balances - ending	<u>\$ 481,664</u>	<u>\$ 481,664</u>	<u>\$ 599,725</u>	<u>\$ 1,081,389</u>

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

**TOWN OF CONCORD, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE FIRE PROTECTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 575,539	\$ 575,539	\$ 575,539	\$ -
Use of money and property	200	200	31,312	31,112
Total revenues	<u>575,739</u>	<u>575,739</u>	<u>606,851</u>	<u>31,112</u>
EXPENDITURES				
Current:				
General government	165	165	165	-
Public safety	<u>599,739</u>	<u>599,739</u>	<u>568,654</u>	<u>31,085</u>
Total expenditures	<u>599,904</u>	<u>599,904</u>	<u>568,819</u>	<u>31,085</u>
Net change in fund balance *	(24,165)	(24,165)	38,032	27
Fund balance - beginning	<u>1,390,922</u>	<u>1,390,922</u>	<u>1,390,922</u>	<u>2,781,844</u>
Fund balance - ending	<u>\$ 1,366,757</u>	<u>\$ 1,366,757</u>	<u>\$ 1,428,954</u>	<u>\$ 2,781,871</u>

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

**TOWN OF CONCORD, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE SEWER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 162,054	\$ 162,054	\$ 162,054	\$ -
Use of money and property	520	520	1,431	911
	<u>162,574</u>	<u>162,574</u>	<u>163,485</u>	<u>911</u>
Total revenues				
EXPENDITURES				
Current:				
Home and community services	184,652	197,019	110,837	86,182
Employee benefits	500	500	41	459
Debt service:				
Principal	20,000	20,000	20,000	-
Interest	15,920	22,153	16,703	5,450
	<u>221,072</u>	<u>239,672</u>	<u>147,581</u>	<u>92,091</u>
Total expenditures				
Net change in fund balance *	(58,498)	(77,098)	15,904	93,002
Fund balance - beginning	<u>461,388</u>	<u>461,388</u>	<u>461,388</u>	<u>922,776</u>
Fund balance - ending	<u>\$ 402,890</u>	<u>\$ 384,290</u>	<u>\$ 477,292</u>	<u>\$ 1,015,778</u>

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

**TOWN OF CONCORD, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1 - BUDGETARY INFORMATION

A. BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and the special revenue funds (General Town Outside Village, Highway-Part Town, Fire Protection, Library, Lighting District, Water Districts, Joint Youth, Joint Van, and the Sewer Districts). Budgetary comparison schedules are presented for the General Fund and for each major special revenue fund, however, budgetary information for the nonmajor funds is not considered required supplementary information and, therefore, is not presented. The Capital Projects Fund does not have an appropriated budget due to the nature of the fund.

The appropriated budget is prepared by fund, function, and department. The Town Supervisor may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2018, expenditures exceeded appropriations for the economic assistance and opportunity function (the legal level of budgetary control) within the General Fund by \$901, however the Town did not exceed appropriations in total in that fund.

NOTE 2 – FACTORS AFFECTING TRENDS IN THE RETIREMENT SYSTEM PENSION LIABILITY

The Town's proportionate share of the net pension liability of the New York State Local Retirement System (NYSLRS) is significantly dependent on the performance of the stock market and the funds that the NYSLRS invests in. In addition to this factor, the discount factor has varied from 7.5% to 7.0% over the past four years.

NOTE 3 - VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

Although assets have been accumulated in an irrevocable trust, as reported in the Balance Sheet of the Fire Protection Fund, such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Changes of Assumptions or Other Inputs

The discount rate used to measure the total pension liability was based on the Fidelity 20-Year GO AA Bond Index and was as follows:

December 31, 2016:	3.81%
December 31, 2017:	3.31%
December 31, 2018:	3.71%

Trust Assets

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

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SUPPLEMENTARY INFORMATION

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**TOWN OF CONCORD, NEW YORK
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	Special Revenue Funds							Total
	Highway - Townwide	Library	Lighting District	Water	Joint Youth	Joint Van	Capital Projects	
ASSETS								
Cash and cash equivalents	\$ 178,022	\$ 11,404	\$ 30,368	\$ 10,825	\$ 25,451	\$ 15,917	\$ 31,786	\$ 303,773
Receivables	-	-	-	-	-	307	-	307
Prepaid items	-	-	-	-	-	742	-	742
Total assets	<u>\$ 178,022</u>	<u>\$ 11,404</u>	<u>\$ 30,368</u>	<u>\$ 10,825</u>	<u>\$ 25,451</u>	<u>\$ 16,966</u>	<u>\$ 31,786</u>	<u>\$ 304,822</u>
LIABILITIES								
Accounts payable	\$ -	\$ 909	\$ 2,017	\$ 194	\$ 1,825	\$ 649	\$ -	\$ 5,594
Accrued liabilities	-	-	-	-	-	2,617	-	2,617
Due to other funds	-	-	-	3,640	-	-	-	3,640
Total liabilities	<u>-</u>	<u>909</u>	<u>2,017</u>	<u>3,834</u>	<u>1,825</u>	<u>3,266</u>	<u>-</u>	<u>11,851</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	742	-	742
Assigned	178,022	10,495	28,351	6,991	23,626	12,958	31,786	292,229
Total fund balances	<u>178,022</u>	<u>10,495</u>	<u>28,351</u>	<u>6,991</u>	<u>23,626</u>	<u>13,700</u>	<u>31,786</u>	<u>292,971</u>
Total liabilities and fund balances	<u>\$ 178,022</u>	<u>\$ 11,404</u>	<u>\$ 30,368</u>	<u>\$ 10,825</u>	<u>\$ 25,451</u>	<u>\$ 16,966</u>	<u>\$ 31,786</u>	<u>\$ 304,822</u>

**TOWN OF CONCORD, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Special Revenue Funds							Total
	Highway - Townwide	Library	Lighting District	Water	Joint Youth	Joint Van	Capital Projects	
REVENUES								
Real property taxes	\$ 9,600	\$ 8,930	\$ 20,057	\$ 20,288	\$ -	\$ -	\$ -	\$ 58,875
Intergovernmental charges	-	-	-	-	129,500	57,014	-	186,514
Use of money and property	557	37	157	4	37	3	-	795
Sale of scrap and material	-	-	-	-	-	2,600	-	2,600
Miscellaneous local sources	-	-	-	-	-	2,038	-	2,038
Total revenues	<u>10,157</u>	<u>8,967</u>	<u>20,214</u>	<u>20,292</u>	<u>129,537</u>	<u>61,655</u>	<u>-</u>	<u>250,822</u>
EXPENDITURES								
Current:								
Transportation	-	-	26,024	-	-	-	-	26,024
Economic assistance and opportunity	-	-	-	-	-	46,014	-	46,014
Culture and recreation	-	8,220	-	-	125,704	-	-	133,924
Home and community services	-	-	-	9,882	-	-	-	9,882
Employee benefits	-	66	-	296	6,502	7,875	-	14,739
Capital outlay:								
Transportation	-	-	-	-	-	-	6,687	6,687
Home and community services	-	-	-	-	-	-	30,461	30,461
Debt service:								
Principal	-	-	-	4,318	-	-	-	4,318
Interest	-	-	-	1,582	-	-	-	1,582
Total expenditures	<u>-</u>	<u>8,286</u>	<u>26,024</u>	<u>16,078</u>	<u>132,206</u>	<u>53,889</u>	<u>37,148</u>	<u>273,631</u>
Excess (deficit) of revenues over expenditures	10,157	681	(5,810)	4,214	(2,669)	7,766	(37,148)	(22,809)
OTHER FINANCING SOURCES								
Serial bonds	-	-	-	-	-	-	2,347,790	2,347,790
BANS redeemed from appropriations	-	-	-	-	-	-	140,960	140,960
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,488,750</u>	<u>2,488,750</u>
Net change in fund balances	10,157	681	(5,810)	4,214	(2,669)	7,766	2,451,602	2,465,941
Fund balances (deficit) - beginning	<u>167,865</u>	<u>9,814</u>	<u>34,161</u>	<u>2,777</u>	<u>26,295</u>	<u>5,934</u>	<u>(2,419,816)</u>	<u>(2,172,970)</u>
Fund balances - ending	<u>\$ 178,022</u>	<u>\$ 10,495</u>	<u>\$ 28,351</u>	<u>\$ 6,991</u>	<u>\$ 23,626</u>	<u>\$ 13,700</u>	<u>\$ 31,786</u>	<u>\$ 292,971</u>

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