

T O W N O F B R I G H T O N

Monroe County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2019

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

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MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

Independent Auditors' Report

To the Honorable Town Council
The Town of Brighton
Monroe County, 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 Brighton, Monroe County, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 aggregate remaining fund information of the Town of Brighton, Monroe County, New York, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note II to the financial statements, the Town adopted GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in town's total OPEB liability and related ratio, schedule of the Town's proportionate share of the net pension liability, schedule of Town contributions, and budgetary comparison information on pages 3–12 and 64–68 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 Brighton, Monroe County, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is 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 May 21, 2020 on our consideration of the Town of Brighton, Monroe County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Brighton, Monroe County, New York's internal control over financial reporting and compliance.

Rochester, New York
May 21, 2020

Mengel, Metzger, Barr & Co. LLP

Management's Discussion and Analysis

Town of Brighton, Monroe County, New York

December 31, 2019

As the management of the Town of Brighton, Monroe County, New York, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2019. This discussion and analysis should be read in conjunction with the financial statements and the accompanying notes to the statements.

The Basic Financial Statements consist of a series of inter-related financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the Town as a whole, presenting both short term and longer-term views of the Town's finances. For governmental activities, the Town's traditional fund financial statements tell the reader how Town provided services and programs were financed in 2019, as well as what resources are available for future spending. Fund financial statements report on the Town's operations in greater detail than the government-wide statements, and concentrate on the Town's most significant funds (identified as "major" funds), with less significant (or "non-major") funds accumulated for presentation in one column. Fiduciary funds statements provide information about financial activities for which the Town acts solely as trustee or agent for the benefit of organizations or persons outside of the Town government.

Reporting on the Town as an Entity:

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* includes Assets and Liabilities of the Town as a whole, with the difference between Assets and Liabilities reported as the Total Net Position. The *Statement of Activities* presents financial information as to how the Town's Net Assets changed during the fiscal year, with all changes being reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Over time, increases or decreases in the Town's Net Position is one indicator of whether its "financial health" is strengthening or deteriorating. These statements are inclusive of all of the Town's basic services including police, public works/highway, parks, recreation, and library. Both statements utilize the accrual basis of accounting, the same accounting method used by most private-sector organizations.

Reporting the Town's Most Significant Funds:

Fund Financial Statements

The Fund Financial Statements provide detailed financial information about the most significant funds of the Town, not the Town as a whole. Some funds (most notably the General and Highway Funds) are established as required by State law, while other funds (such as the Library Fund) are established at the Town's discretion to help it account for and manage money for specific purposes. All of the Town's funds are classified as Governmental Funds which focus on near-term inflows and outflows of spendable resources and on balances of spendable resources still available at the end of the fiscal year. This measurement focus is known as the modified accrual basis of accounting.

Financial information is presented separately in the *Governmental Funds Balance Sheet* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the Town's General Highway Funds (each being considered a major fund). Financial information for all other Governmental Funds is combined into a single, aggregated presentation. Individual fund data for each of the non-major funds is provided in the Combining Statements provided at the end of these Basic Financial Statements.

Included as Required Supplemental Information is the Town's compliance with the Original and Amended Budget for the Town's General and Highway funds (both major funds) as reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual*.

In that the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information provided in each. The reader may then better understand the long-term impacts of near-term financing decisions. The reconciliation of total Fund Balances to the Net Position of Governmental Activities provided in the *Governmental Funds Balance Sheet*, and the *Reconciliation of the Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances to the Statement of Activities* facilitate the comparison between Governmental Funds and Governmental Activities.

Reporting the Town's Fiduciary Responsibilities: The Town as Trustee

Fiduciary Funds are not reported in the government-wide financial statements in that the resources of those funds are not available to support the Town's services and programs. The Town is responsible for ensuring that the assets reported in these funds are utilized for their intended purpose. The Town's fiduciary activities are reported in the *Statement of Fiduciary Net Position* and in the *Statement of Changes in Fiduciary Net Position* and are prepared using the full accrual basis of accounting.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information essential to a clear understanding of the financial information provided in the government-wide and fund financial statements.

Combining Financial Statements

The *Combining Balance Sheet – Non-major Governmental Funds* and the *Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Non-major Governmental Funds* present individual fund information for each of the Town's Special Revenue Funds (other than the Highway Fund) and Debt Service Fund. The totals provided in these statements are brought forward to the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*.

The Town as a Whole Governmental Activities

For the year ended December 31, 2019, Net Position changed as noted below, with the total \$12,782,293 representing a 20.24% decrease in Net Position.

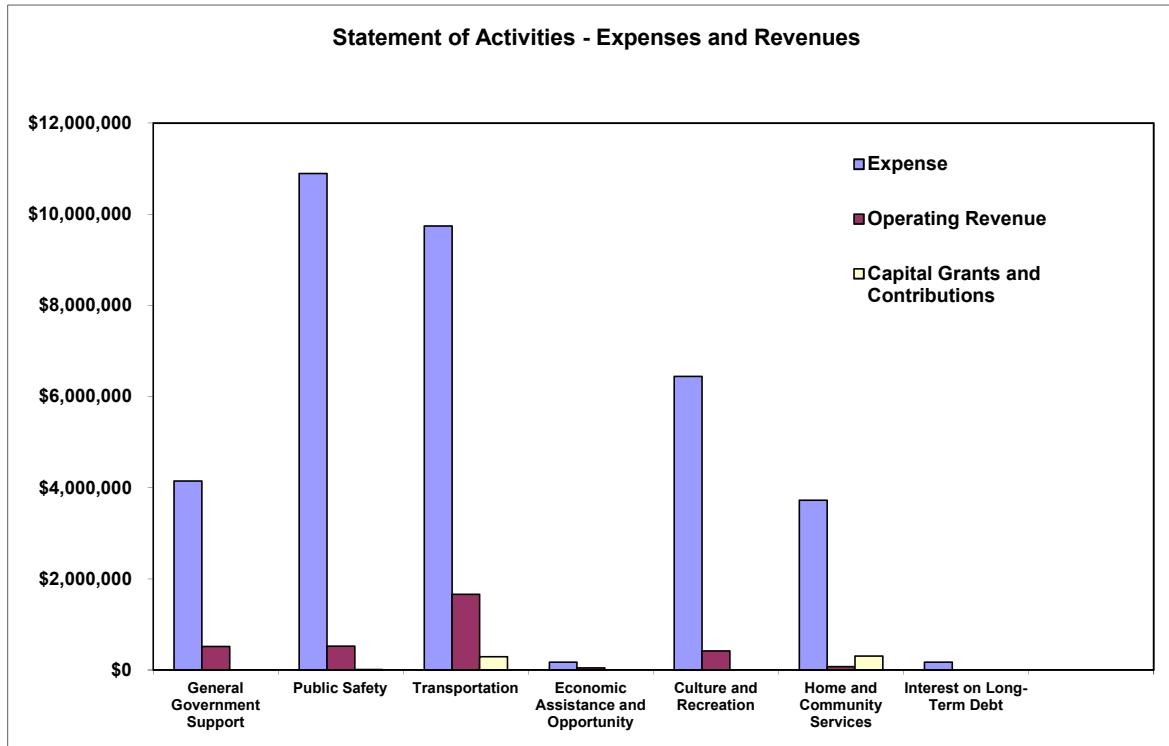
	2019	2018*	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 14,140,780	\$ 13,378,184	\$ 762,596	5.70%
Capital Assets	43,283,109	45,647,028	(2,363,919)	-5.18%
Total Assets	\$ 57,423,889	\$ 59,025,212	\$ (1,601,323)	-2.71%
Deferred Outflow of Resources:	\$ 8,307,281	\$ 6,562,375	\$ 1,744,906	26.59%
Liabilities:				
Current Liabilities	\$ 1,645,470	\$ 1,011,752	\$ 633,718	62.64%
Noncurrent Liabilities	47,008,509	40,687,111	6,321,398	15.54%
Total Liabilities	\$ 48,653,979	\$ 41,698,863	\$ 6,955,116	16.68%
Deferred Inflow of Resources:	\$ 4,294,898	\$ 7,863,376	\$ (3,568,478)	-45.38%
Net Position:				
Invested in Capital Assets, net of Related Debt	\$ 36,281,603	\$ 39,191,820	\$ (2,910,217)	-7.43%
Restricted For:				
Capital Reserves	872,255	843,516	28,739	3.41%
Reserve for LOSAP	784,863	741,834	43,029	5.80%
Other Purposes	2,787,747	3,433,342	(645,595)	-18.80%
Unrestricted	(27,944,175)	(28,185,164)	240,989	-0.86%
Total Net Position	\$ 12,782,293	\$ 16,025,348	\$ (3,243,055)	-20.24%

*2018 numbers were restated to reflect changes in fiduciary activity reporting per GASB 84

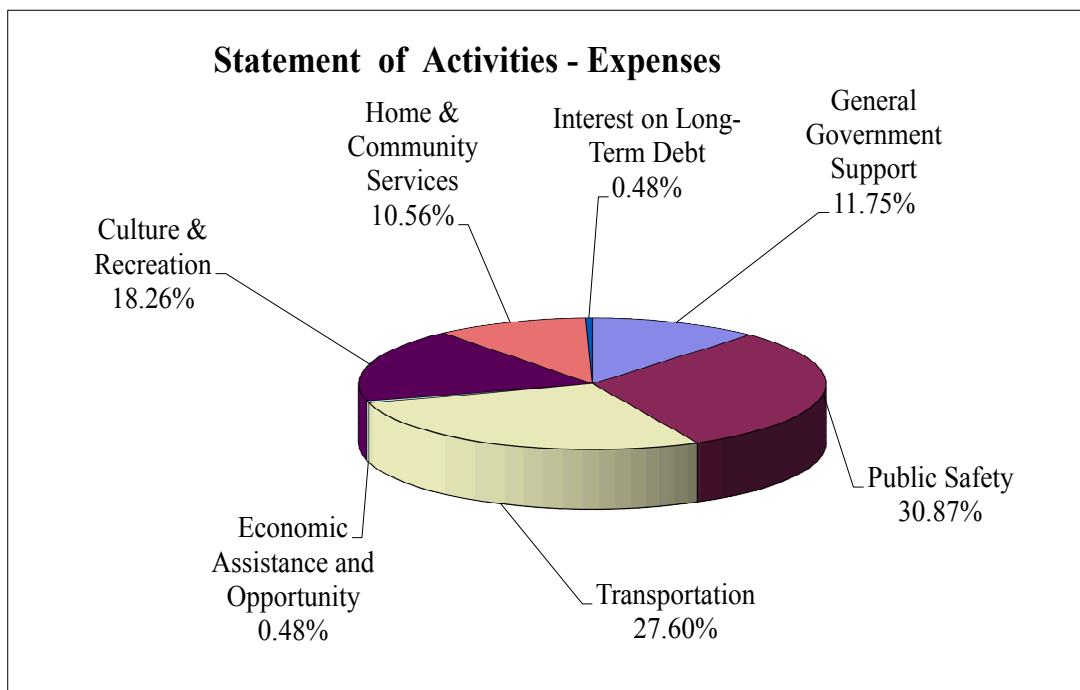
As a reminder, as of the close of 2018, 100% of the OPEB liability is now recorded. The OPEB liability continues to be recorded at 100%. It is important to note that the net OPEB liability does not require the use of current financial resources and therefore, is not reported as expenditures in the governmental funds, but rather in the non-current liabilities.

The total Net Position reflects a reduction of \$3,243,055 when compared to the 2018 Total Net Position. The most significant factor relating to the \$3,243,055 is a reduction in net capital assets of \$2,363,919. This was a result of the difference between a net increase in accumulated depreciation of \$5,460,892 and a net increase in capital assets of \$3,096,973. Depreciation expense is an accounting measure of asset utilization based on estimates of useful life for each asset. The actual life of an asset may not parallel the estimated life used for the purpose of calculating depreciation expenses. In addition, the Town of Brighton is a nearly fully developed community such that most of its needed infrastructure already exists, is being maintained and depreciated, giving with little opportunity for infrastructure expansion. Other factors affecting the net position included a net decrease in obligations for serial bonds of \$72,712, an increase of 692,019 in OPEB liability being recorded (Other Post-Employment Benefits for employee medical in retirement) and a net change resulting in an increase of the pension liability of \$392,208. The reductions in liabilities, however, were partially offset by an increase of \$131,366 in fund balances.

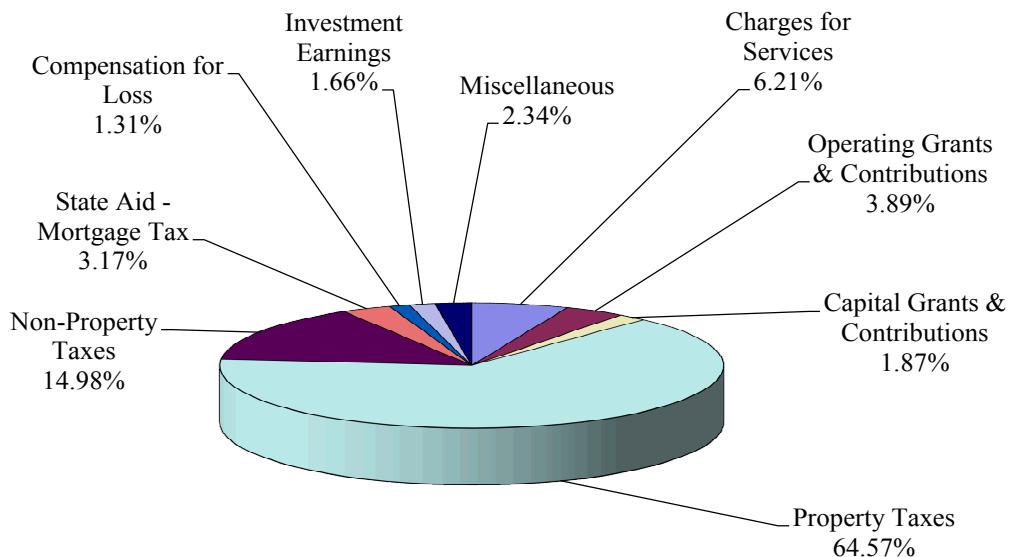
In the Statement of Activities, expenses incurred by type of governmental activity (inclusive of depreciation expense) totaled \$35,292,517, with program revenues attributable to a particular activity totaling \$3,840,004. The \$31,452,513 net negative result of expenses less revenues highlights the relative financial burden that each of the governmental activities places on the Town's taxpayers. A total of \$28,209,458 in revenues not directly attributable to any particular governmental activity are reported as General Revenues, serving to further reduce the net cost of governmental activities. The net cost of all governmental activities, after applying all Program and General Revenues, results in a \$3,243,055 negative Change in Net Position.



The Bar Graph presented above shows the relative relationship between the Program Expenses and Program Revenues by governmental activity. The \$31,452,513 balance in the net cost of operations is funded by General Revenues of \$28,209,458 (of which \$20,688,922 or 73.3% is generated through the property tax levy). The net result was a decrease in net position of \$3,243,055.



Statement of Activities - Revenues



The above program activities expenses pie chart shows the relative commitment of resources for the many types of critical services provided by the Town, and the program revenues pie chart shows the sources of revenue generated and their relative proportions as a part of total Town revenues.

The Town's Governmental Funds

For the fiscal year ended December 31, 2019, the Town's Governmental Funds reported combined ending fund balances of \$12,537,192, an increase of \$131,366 from the total 2018 combined fund balances of \$12,405,826 (as restated per GASB 84). Three of the major funds (General, Capital Projects, Library) saw increases in their fund balances of \$341,064, \$42,366 and \$45,399 respectively, however one major fund (Highway) and the non-major funds saw decreases of \$85,420 and \$212,043 respectively.

The fund balance, per GASB Statement 54 reporting beginning in fiscal year 2011, is broken out into four categories: Nonspendable, Restricted, Assigned, and Unassigned, all of which are more fully defined in the notes to these statements. Nonspendable fund balance, such as prepaid expenditures, total \$549,352. Restricted fund balance, such as reserves and amounts restricted by law or grantors for a specific purpose, total \$5,402,091. Assigned fund balance, amounts intended to be used for a specific purpose such as encumbrances and appropriated fund balance, total \$3,387,967. Unassigned fund balance, available for Town use, total \$3,197,782 (up \$208,084 from year-end 2018 unassigned fund balance of \$2,989,698).

Comparative Schedule of Expenditures

The following table presents a summary and comparison of expenditures for all Governmental Funds for the fiscal years ended December 31, 2019 and 2018.

<u>Expenditures:</u>	<u>2019</u>	<u>2018</u>	<u>Variance</u>
General Governmental Support	\$ 2,938,519	\$ 3,232,474	\$ (293,955)
Public Safety	7,784,291	7,339,332	444,959
Transportation	5,417,053	5,406,725	10,328
Economic Assistance/Opportunity	122,842	119,173	3,669
Culture and Recreation	5,156,062	4,799,188	356,874
Home and Community Services	3,646,370	4,270,746	(624,376)
Employee Benefits	6,611,633	6,593,683	17,950
Debt Service - Principal	1,007,712	1,009,463	(1,751)
Debt Service - Interest	168,614	142,289	26,325
Total	\$ 32,853,096	\$ 32,913,073	\$ (59,977)

As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the table above, the Town expended \$32,853,096 for current year operations. By comparison, this was (on a net basis) \$59,977 less than the \$32,913,073 expended in 2018. This decrease in expenditures was primarily attributed to a several capital purchases and operational expense increases and decreases. General Government Support is down primarily due to the transfer of \$261,000 to the capital projects for the 2018 land purchase and the completion of the Town's Assessment Revaluation project in 2018. Public Safety purchases were up as directly related to the unplanned purchase of an ambulance (\$84,750) and increased costs in the West Brighton Fire Protection District for fire protection and other contracted services (\$256,000). Culture and Recreation increases are due to the increased expenditures involving the Highland Crossing Trail and the Farmer's Market Building ongoing capital projects. The decreases in Home and Community Services was related to the 2018 water main project at the landfill.

Comparative Schedule of Revenues

The following schedule presents a summary of General Fund, Special Revenue Funds (including Highway), Capital Projects and Debt Service Fund revenues for the fiscal years ended December 31, 2019 and 2018.

<u>Revenues:</u>	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Real Property and Tax Items	\$ 20,688,922	\$ 20,125,769	\$ 563,153
Non-Property Taxes	4,802,034	4,555,015	247,019
Departmental Income	922,807	911,294	11,513
Intergovernmental Charges	628,248	642,872	(14,624)
Use of Money and Property	562,689	311,760	250,929
Licenses and Permits	222,707	266,062	(43,355)
Fines and Forfeitures	217,443	240,981	(23,538)
Sale of Property and Compensation for Loss	389,561	283,017	106,544
Miscellaneous	309,786	55,493	254,293
Interfund Revenues	439,052	691,634	(252,582)
State and County Aid	1,662,770	1,910,585	(247,815)
Federal Aid	1,203,443	68,034	1,135,409
Total	\$ 32,049,462	\$ 30,062,516	\$ 1,986,946

Again, as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the table above, the Town recorded \$32,049,462 in revenues to support current year operations. By comparison, on a net basis this was an increase of \$1,986,946 from the \$30,062,516 recorded in 2018.

Areas of major increases in revenues include \$563,152 for property taxes (inclusive of PILOTS and interest) and \$249,588 for the Town's share of the Monroe County sales tax, interest earnings were up by \$152,576, Federal Aid was up by \$1,135,409 as was Gifts and Donations by \$142,615 as related to the Highland Trail Crossing (\$104,180) and the donation for park equipment (\$35,475). Decreases in revenues included a reduction in interfund revenues by \$252,582 and State Aid was down by \$247,815 due to the ending in 2018 of the Green Innovation Grant Program (GIGP) on Monroe Avenue.

Fund Balances

General Fund. The General Fund, a major fund, is the primary operating fund of the Town including operations of the Police, Recreation, Parks, and Public Works Departments, the Town Court, the portion of the Highway Department not required to be accounted for in the Highway Fund, and General Administration. Results of operations in the General Fund generated an increase of \$276,010. When netting out the transfers in for debt, closed capital projects and the transfers out for capital projects, the General Fund balance increased by \$341,064. The present \$3,197,782 in unassigned fund balance represents 18.5% of the \$17,280,383 in total fund expenditures and operating transfers out recorded in the year.

Highway Fund. The Highway Fund, also classified as a major fund, includes the greater portion of the activities of the Town's Highway Department (with the balance of Highway Department activities being accounted for in the General Fund). Highway Fund activities include road repair, storm sewer maintenance, machinery acquisition and maintenance, and snow and ice control. Results of operations in the Highway Fund generated a reduction of \$91,770 in revenues over expenditures. The present \$1,756,944 of assigned fund balance for highway operations represents 32.3% of the \$5,433,200 in total fund expenditures recorded in the fiscal year.

Brighton Memorial Library Fund. The Brighton Memorial Library Fund, also classified as a major fund, includes the activities of the Town's Library Fund. The Library Fund activities include the operation of Library, lending of printed and electronic books and publications, educational programing for adults, teens and children, research materials and other community programs. Results of operations in the Library Fund generated an increase of \$45,399 in revenues over expenditures. The present \$477,137 of restricted fund balance for the library operations represents 22.9% of the \$2,080,481 in total fund expenditures recorded in the fiscal year.

Capital Projects Fund. The Capital Projects Fund, also classified as a major fund, includes the activities related to major projects and large purchases for several of the Town's Funds. Some of the major projects in the Capital Projects Fund are the Highland Crossing Trail which was completed in 2019, the Farmer's Market project, the Haven's Road reconstruction, and the purchase of large, medium and small equipment, such as snow plow / dump trucks, parks vehicles, and sewer equipment when bonds are issued for such purchases and/or when grant and other revenues are a major funding source for these projects. Results of operations in the Capital Projects Fund generated a decrease of \$966,870 in revenues over expenditures. However, when the transfers in and out and the debt issuance of \$935,000 are factored in, the net change in the fund balance is \$42,366. The present \$957,226 in restricted fund balance will be utilized to complete budgeted projects and purchases.

“Non-Major” Special Revenue (Governmental) Funds. “Non-Major” Special Revenue Funds are used to account for taxes, user fees, and other revenues that are raised or received to fund special governmental activities including the Consolidated (Sanitary) Sewer District, and other governmental services (e.g. ambulance service, fire protection, street lighting, and refuse collection) provided to service areas that may or may not encompass the entire Town. Operations of all “Non-Major” Special Revenue funds (inclusive of the debt service fund) resulted in a reduction of \$212,043 in net changes in fund balances. The reduction in fund balances is most notable related to the West Brighton Fire Protection District’s increase in expenses and the Ambulance District’s unplanned purchase of an ambulance.

As shown on the Balance Sheet for all Governmental Funds, the reconciliation of Total Fund Balances of \$12,537,192 to the Net Position of Governmental Activities of \$12,782,293 is made up of additions in net capital assets used in governmental activities of \$43,283,109 and deferred pension and OPEB outflows net of inflows of \$4,012,383. Reductions to fund balances include \$7,001,506 in obligations on outstanding bonds, OPEB liability of \$33,669,967, accrued interest on debt totaling \$41,882, net pension liability of \$5,103,829, and compensated absences earned and due to Town employees totaling \$1,233,207.

General Fund Budgetary Highlights

The Town’s General Fund Budget for revenue and operating transfers-in increased by \$9,014 over the course of the year, to a total amended budget of \$17,152,679. Actual revenues and operating transfers-in came in above the amended budget estimates by \$468,768. Approximately \$91,606 was from the Town’s portion of the Monroe County sales tax revenues, \$57,860 in interest earnings, \$122,414 in NYS Mortgage tax, \$31,579 in interest in real property tax, \$22,049 in departmental income and \$93,906 in the sale of property and insurance recoveries.

The Town’s General Fund appropriation budget (inclusive of transfers-out) increased by \$40,853 over the course of the year to a total of \$18,211,157 in amended appropriations. In all functional categories, actual expenditures were less than amended budget estimates. This variance totaled \$677,655. Major favorable budget variances included: General Government Support of \$146,385, Public Safety of \$206,389, Culture and Recreation of \$114,237, and Employee Benefits of \$113,168 all less than budget.

Highway Fund Budgetary Highlights

The Town’s Highway Fund revenue budget totaled \$5,343,445, after adding amendments to the revenue budget of \$1,540. Actual revenues came in above the amended budget estimates by \$4,335; of which \$29,910 related to interest earnings, \$35,854 in sales of property and insurance recoveries and a shortfall of \$53,855 in intergovernmental charges.

The Town’s amended Highway Fund appropriation budget totaled \$5,758,331. There was a total favorable variance in Highway Fund expenditures of \$218,880. There were several factors contributing to this variance including \$40,467 in unspent road materials and related supplies, \$2,514 in equipment, \$99,509 in salaries; \$76,237 in related employee fringe benefits. The net favorable variance of amended budget to actual revenues and expenditures in the Highway Fund was \$223,215.

Capital Assets and Debt Administration

Capital Assets. In accordance with Governmental Accounting Standards Board (GASB) Statement #34, the Town records depreciation expense and accumulated depreciation associated with all of its capital assets including infrastructure. The Town's investment in capital assets for its governmental activities totals \$43,283,109, net of accumulated depreciation. This investment in capital assets includes Land, Work in Progress, Buildings and Improvements, Machinery and Equipment, and Infrastructure. Land remained at \$9,223,734 while Work in Progress increased by \$1,961,433 due to ongoing projects for Highland Crossing Trial and the Brighton Farmer's Market Project. The net values of Buildings and Improvements of \$3,684,556 are reflective of \$49,786 in additions and \$708,752 in depreciation expense. Net Machinery and Equipment values of \$4,197,195 reflect \$1,135,394 in additions and \$737,025 in disposals (through sale or other disposal) and a net increase in accumulated depreciation of \$167,168. Infrastructure is valued at \$23,544,384 (net of accumulated depreciation). This includes \$2,430,956 in new and improved infrastructure, \$1,743,571 in deletions, and net depreciation expenses in 2019 of \$4,584,972. This primarily results from the Town's nearly fully developed dynamic, such that the need and opportunity to develop new infrastructure is small while, by comparison, the recording of depreciation on its mature network of roads (and road improvements), sewers (sanitary and storm), sidewalks, street lights, etc. is substantial. The Town's newly acquired or constructed capital assets were funded with cash, bonds, and State Aid. The following table summarizes the value of these capital assets, net of accumulated depreciation.

	<u>2019</u>	<u>2018</u>
Land	\$ 9,223,734	\$ 9,223,734
Work in Progress	2,633,240	671,807
Buildings and Land Improvements	3,684,556	4,343,522
Machinery and Equipment	4,197,195	3,965,994
Infrastructure	23,544,384	27,441,971
Total	<u>\$ 43,283,109</u>	<u>\$ 45,647,028</u>

Debt Administration and Other Long-Term Obligations. At year-end 2019 the Town had \$7,001,506 in Bonds outstanding. Of this amount \$1,047,961 will be redeemed in the ensuing year's budget, leaving \$5,953,545 to be redeemed in future years. The Town maintains a conservative debt borrowing policy and has a rating of AA-2 from Moody's Investors Service.

At year end 2019 the Town also had \$1,233,207 in accumulated compensated absences due its employees, a net decrease of \$3,501 from the prior year. The Town budgets a minimal amount for the payment of compensated absences; relying on available budgetary appropriations when that portion of the liability that relates to an employee severing service with the Town is "cashed out".

New for the fiscal year ending 12/31/15 was the GASB Statement No. 68 requirement to record the Town's net pension liability of the New York State Employees and Police & Fire Retirement Systems. The Town's net liability, as calculated by the NYS Retirement System, totaled \$3,830,698 for 2019; an increase of \$1,735,285 over year-end 2018.

Also at the end of 2018 the entire OPEB liability was recorded. The balance at January 1, 2019 for the OPEB liability was \$28,934,604. As of the end of 2019, this amount increased by \$4,735,363 based on an actuarial interim valuation report bringing the total OPEB liability at year end to \$33,669,967. The OPEB liability is recorded at one hundred percent.

Economic Factors, Subsequent Significant Events, and Future Budget Impacts

Historically, the Town of Brighton's budgeting philosophy has been conservative. The continued implementation of this principal has kept the Town's fund balances in the major funds stable for a number of years. Budget performances are reviewed quarterly with the Town Board to identify potential areas of stress so corrective actions can be implemented as early as possible. Strong fund balance positions in the Town's major funds will help mitigate the economic and tax cap pressures being placed on future operating and capital budgets. A strong fund balance position will also enable the Town to quickly respond to unanticipated budgetary demands such as unanticipated weather-related events.

A continuing challenge for all municipalities in New York State is the increasing cost of providing employee benefits – many of which are dictated by negotiated collective bargaining agreements or by the State of New York (as it pertains to the NYS and Local Employees' Retirement systems). While the employer contribution rates related to the New York State Employees' and Police and Fire Retirement Systems have stabilized in recent years, the COVID-19 pandemic has had dramatic impacts on financial and other markets. It is too soon to say whether those market disruptions may require increases in contribution levels going forward. All projections are dependent on economic and market conditions impacting the overall performance of the State Retirement System Fund. This, along with the ever escalating cost of employee medical insurance will continue to place pressure on the Town's future budgets as employee benefits are twenty-five percent (21%) of the Town's overall operating budget.

Growing and maintaining Brighton's tax base continues to be a matter of critical importance. If Brighton is to continue to provide the high level of municipal services currently offered, it is vital that smart growth development and redevelopment opportunities be sought out and given serious review and consideration to grow our tax base.

In early 2020 the COVID-19 pandemic hit the State of New York, the nation and the world. In New York, Governor Cuomo's Executive Orders relating to the pandemic, beginning in mid-March, required businesses and government to slow the spread of the virus by closing non-essential business activities and dramatically reducing staffing even in essential businesses. It is too soon to accurately predict the impact that the COVID-19 pandemic and the responses thereto will have on the Town budget, but it will likely have a negative impact on the Town's major revenue sources, property taxes, sales tax revenues and mortgage recording fees, as well as departmental revenues. The Town Board will continue to monitor this situation and make changes to our staffing, services and budget as needed.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those having an interest, and should be considered along with the Basic Financial Statements and related notes. Questions concerning any of the information provided in this report may be addressed to the Town of Brighton Finance Department at 2300 Elmwood Avenue, Rochester, New York, 14618.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Net Postion

December 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,842,078
Investments	784,863
Accounts receivable, net	1,964,487
Prepaid items	549,352
 Capital assets:	
Land and work in progress	11,856,974
Other capital assets, net of depreciation	31,426,135
 TOTAL ASSETS	\$ 57,423,889
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	\$ 8,307,281
LIABILITIES	
Accounts payable and other current liabilities	\$ 793,655
Accrued liabilities	791,190
Due to retirement system	18,527
Unearned revenue	42,098
 Noncurrent liabilities:	
Due in one year	1,787,885
Due in more than one year	45,220,624
 TOTAL LIABILITIES	\$ 48,653,979
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	\$ 4,294,898
NET POSITION	
Net investment in capital assets	\$ 36,281,603
 Restricted for:	
Capital reserves	872,255
Reserve for LOSAP	784,863
Restricted other purposes	2,787,747
Unrestricted	(27,944,175)
 TOTAL NET POSITION	\$ 12,782,293

The notes to the financial statements are an integral part of this statement.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Primary		Capital Grants and Contributions	Government Activities		
	Expenses	Charges for Services				
Primary Government:						
Governmental Activities:						
General government support	\$ 4,147,672	\$ 514,479	\$ 695	\$ -	\$ (3,632,498)	
Public safety	10,891,898	482,998	41,062	2,221	(10,365,617)	
Transportation	9,741,876	496,050	1,168,222	291,462	(7,786,142)	
Economic assistance and development	170,228	43,613	-	-	(126,615)	
Culture and recreation	6,442,642	393,922	27,283	-	(6,021,437)	
Home and community services	3,727,099	60,143	10,625	307,229	(3,349,102)	
Interest on long-term debt	171,102	-	-	-	(171,102)	
Total Governmental Activities	\$ 35,292,517	\$ 1,991,205	\$ 1,247,887	\$ 600,912	\$ (31,452,513)	
General Revenues:						
Taxes:						
Property taxes					\$ 20,688,922	
Non-property taxes					4,802,034	
Mortgage tax					1,017,414	
Compensation for loss					419,224	
Investment earnings					533,026	
Miscellaneous					748,838	
Total General Revenues					\$ 28,209,458	
Change in Net Position					\$ (3,243,055)	
Net Position - Beginning (restated)					16,025,348	
Net Position - Ending					\$ 12,782,293	

The notes to the financial statements are an integral part of this statement.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Balance Sheet
Governmental Funds
December 31, 2019

	Major	
	General Fund	Capital Projects Fund
Assets		
Cash and cash equivalents	\$ 5,273,024	\$ 658,002
Investments	-	-
Receivables, net	138,142	-
Due from other funds	112,045	-
Due from other governments, net	1,241,627	-
State and federal aid receivable	217	306,738
Prepaid items	414,638	-
Total Assets	\$ 7,179,693	\$ 964,740
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and other current liabilities	\$ 373,424	\$ 7,514
Accrued liabilities	623,542	-
Due to other funds	11,589	-
Due to other governments	10,996	-
Due to retirement system	18,527	-
Overpayments and collections in advance	16,209	-
Unearned revenue	13,645	-
Total Liabilities	\$ 1,067,932	\$ 7,514
Fund Balances:		
Nonspendable	\$ 414,638	\$ -
Restricted	868,318	957,226
Assigned	1,631,023	-
Unassigned	3,197,782	-
Total Fund Balances	\$ 6,111,761	\$ 957,226
Total Liabilities and Fund Balances	\$ 7,179,693	\$ 964,740

Highway Fund	Public Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,053,099	\$ 521,970	\$ 2,335,983	\$ 10,842,078
-	-	784,863	784,863
102,039	-	166,536	406,717
17,172	-	54,100	183,317
-	2,106	7,082	1,250,815
-	-	-	306,955
75,182	37,433	22,099	549,352
\$ 2,247,492	\$ 561,509	\$ 3,370,663	\$ 14,324,097

\$ 132,534	\$ 31,765	\$ 190,202	\$ 735,439
108,589	24,154	24,034	780,319
-	-	171,728	183,317
-	-	-	10,996
-	-	-	18,527
-	-	-	16,209
-	28,453	-	42,098
\$ 241,123	\$ 84,372	\$ 385,964	\$ 1,786,905
\$ 75,182	\$ 37,433	\$ 22,099	\$ 549,352
174,243	439,704	2,962,600	5,402,091
1,756,944	-	-	3,387,967
-	-	-	3,197,782
\$ 2,006,369	\$ 477,137	\$ 2,984,699	\$ 12,537,192
\$ 2,247,492	\$ 561,509	\$ 3,370,663	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 43,283,109

Interest is accrued on outstanding bonds in the statement of net assets but not in the funds. (41,882)

The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:

Serial Bonds Payable	(7,001,506)
Deferred Inflows - Pensions	(1,338,090)
Deferred Outflows - Pensions	3,696,040
Deferred Inflows - OPEB	(2,956,808)
Deferred Outflows - OPEB	4,611,241
Pension Liability	(5,103,829)
OPEB Liability	(33,669,967)

Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position. (1,233,207)

Net Position of Governmental Activities **\$ 12,782,293**

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Major	
	General Fund	Capital Projects Fund
Revenues:		
Real property and tax items	\$ 9,552,717	\$ -
Non-property taxes	4,802,034	-
Departmental income	699,994	-
Intergovernmental charges	42,057	90,141
Use of money and property	243,275	873
Licenses and permits	205,395	-
Fines and forfeitures	217,443	-
Sale of property and compensation for loss	110,206	-
Miscellaneous	307,905	-
Interfund revenues	292,817	-
State and county aid	1,042,329	274,229
Federal aid	39,221	1,164,222
Total Revenues	\$ 17,555,393	\$ 1,529,465
Expenditures:		
Current:		
General government support	\$ 2,938,519	\$ -
Public safety	5,674,694	-
Transportation	431,265	483,005
Economic assistance and development	122,842	-
Culture and recreation	1,537,109	1,961,432
Home and community services	1,281,501	51,898
Employee benefits	4,677,230	-
Debt Service:		
Debt service - principal	525,085	-
Debt service - interest and other charges	91,138	-
Total Expenditures	\$ 17,279,383	\$ 2,496,335
Excess (deficiency) of revenue over expenditures	\$ 276,010	\$ (966,870)
Other Financing Sources and Uses:		
Transfers - in	\$ 66,054	\$ 105,181
Transfers - out	(1,000)	(30,945)
Serial bonds	-	935,000
Total Other Financing Sources and Uses	\$ 65,054	\$ 1,009,236
Net change in fund balances	\$ 341,064	\$ 42,366
Fund Balance - Beginning (restated)	5,770,697	914,860
Fund Balance - Ending	\$ 6,111,761	\$ 957,226

The notes to the financial statements are an integral part of this statement.

Highway Fund	Public Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,126,875	\$ 1,979,255	\$ 5,030,075	\$ 20,688,922
-	-	-	4,802,034
2,377	92,323	128,113	922,807
496,050	-	-	628,248
65,910	24,983	227,648	562,689
17,312	-	-	222,707
-	-	-	217,443
195,209	1,127	83,019	389,561
-	909	972	309,786
146,235	-	-	439,052
291,462	27,283	27,467	1,662,770
-	-	-	1,203,443
\$ 5,341,430	\$ 2,125,880	\$ 5,497,294	\$ 32,049,462

\$ -	\$ -	\$ -	\$ 2,938,519
-	-	2,109,597	7,784,291
3,918,555	-	584,228	5,417,053
-	-	-	122,842
-	1,645,859	11,662	5,156,062
-	-	2,312,971	3,646,370
1,164,689	416,066	353,648	6,611,633
308,875	17,000	156,752	1,007,712
41,081	1,556	34,839	168,614
\$ 5,433,200	\$ 2,080,481	\$ 5,563,697	\$ 32,853,096
\$ (91,770)	\$ 45,399	\$ (66,403)	\$ (803,634)

\$ 6,350	\$ -	\$ 9,271	\$ 186,856
-	-	(154,911)	(186,856)
-	-	-	935,000
\$ 6,350	\$ -	\$ (145,640)	\$ 935,000
\$ (85,420)	\$ 45,399	\$ (212,043)	\$ 131,366
2,091,789	431,738	3,196,742	12,405,826
\$ 2,006,369	\$ 477,137	\$ 2,984,699	\$ 12,537,192

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 131,366

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 1,961,433
Addition of assets	3,616,136
Depreciation	(7,743,572)
Gain/(Loss) on sale of assets	<u>(197,916)</u>
	(2,363,919)

Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. The following details these items as they effect the governmental activities:

Debt repayment	\$ 1,007,712
Proceeds from serial bonds	<u>(935,000)</u>
	72,712

The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds. (692,019)

(Increase) decrease in proportionate share of net pension asset/liability 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 and expenditures in the governmental funds:

Employees' Retirement System	(211,756)
Police and Fire Retirement System	(271,326)
LOSAP	90,874

Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences. 3,501

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (2,488)

Change in Net Position of Governmental Activities \$ (3,243,055)

The notes to the financial statements are an integral part of this statement.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2019

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 464,221	\$ 140,813
Investments	<u>66,764</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 530,985</u>	<u>\$ 140,813</u>
LIABILITIES		
Accounts payable	\$ -	\$ 3,831
Other liabilities	<u>-</u>	<u>136,982</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 140,813</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	<u>\$ 530,985</u>	<u>\$ -</u>
TOTAL NET POSITION	<u>\$ 530,985</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2019

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Contributions	\$ 32,937	\$ -
Investment earnings	5,956	-
Town Clerk - Collections for State Agencies	-	6,134
Town Clerk - Tax collections for other governments	<u>-</u>	<u>88,019,190</u>
TOTAL ADDITIONS	<u>\$ 38,893</u>	<u>\$ 88,025,324</u>
DEDUCTIONS		
Culture and Recreation	\$ 57,010	\$ -
Town Clerk - collections for various state agencies	-	6,134
Tax Receiver - payments to School Districts	-	60,662,356
Tax Receiver - payments to County	<u>-</u>	<u>27,356,834</u>
TOTAL DEDUCTIONS	<u>\$ 57,010</u>	<u>\$ 88,025,324</u>
Change in net position	\$ (18,117)	\$ -
NET POSITION - BEGINNING	<u>549,102</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 530,985</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2019

I. Summary of Significant Accounting Policies:

The financial statements of the Town of Brighton, Monroe County, New York (the Town) have been prepared in conformity with generally accepted accounting principles (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. Financial Reporting Entity

The Town (which was established in 1814) is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The Supervisor is elected to serve a two year term. The Councilpersons are elected to serve four year terms with two Councilpersons on the ballot every two years.

The Town provides the following basic services to all or some residents of the Town: public safety, transportation (highway maintenance); parks and recreation; planning and zoning; public library; sanitary sewer; drainage; refuse disposal; street lighting; fire protection and ambulance; sidewalks and sidewalk snow removal.

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

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

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

1. Included in the Reporting Entity

The Brighton Memorial Library was established in 1951 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Town appoints trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the Town. The library is a blended component unit, part of the primary government, and is reported in the special revenue fund types. The Town provides ongoing financial support of Library operations through the annual property tax levy.

(I.) (Continued)

However, line item control over the library budget as well as control over the Library's general reserve fund rests exclusively with the Library Board of Trustees. Gifts and donations received by the Brighton Memorial Library are reported within the Trust and Agency Fund. Pursuant to Education Law, such funds are under exclusive control of the Library Board of Trustees. The Town does not exercise oversight responsibility with regard to such gifts and donations.

2. Excluded From the Reporting Entity

Although the following organizations, functions or activities are related to the Town they are not included in the Town reporting entity because of the reasons noted:

- a.** The Town is served by five school districts created by state legislation which designates the school boards as their governing authority. School board members are elected by the qualified voters of the districts. The school boards designate management and exercise complete responsibility of all financial matters. The Town Council exercises no oversight over school operations. Their audit reports may be obtained by contacting the school district.
- b.** The Brighton Fire District is an independent district corporation that has the authority to levy its own property taxes and borrow in its own name, and for which the governing commissioners are elected by the residents of the District. The Board of Fire Commissioners has complete responsibility for management of the District and its fiscal affairs. The Town Council exercises no oversight over District operations. Their audit reports may be obtained by contacting the Brighton Fire District.

B. Basis of Presentation

1. Government-Wide Statements

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

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

(I.) (Continued)

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

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

The Town does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Town's special district funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of services provided (finance, personnel, purchasing, legal, technology, management, etc.).

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

2. Fund Financial Statements

The emphasis in fund financial statements is on the major fund in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

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

1. Major Governmental Funds

General Fund - the principal operating fund and includes all operations not required to be recorded in other funds.

Highway Fund - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide highway services to areas throughout the Town.

(I.) (Continued)

Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.

Public Library Fund - a special revenue fund used for library services.

2. Non-Major Governmental Funds

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

Debt Service Fund - used to account for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Special Revenue Funds - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Town. The following are non-major special revenue funds utilized by the Town:

Neighborhood Improvement District Fund	Miscellaneous Special Revenue Fund
Lighting Districts Fund	Consolidated Sewer Fund
Drainage Districts Fund	Fire Protection District Fund
Business Improvement Districts Fund	Park Special District Fund
Refuse Disposal Districts Fund	Ambulance Service District Fund
Sidewalk Snow Removal District Fund	Consolidated Sidewalk District Fund
Consolidated Water District Fund	

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity.

Custodial Fund – is custodial in nature and does not present results of operations or have measurement focus. The Custodial Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The Town collects property taxes on behalf of school districts operating within its boundaries and the County of Monroe.

Private Purpose Trust Funds - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

(I.) (Continued)

1. Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

D. Assets, Liabilities, and Equity

1. Cash and Investments

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments are stated at cost, which approximates market value.

(I.) (Continued)

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax and grant reimbursements for capital projects.

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

3. Inventory

Inventory purchases in the General and Special Revenue Funds are recorded as expenditures at the time of purchase and year-end balances are not maintained.

4. Prepaid Items

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

5. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

a. Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets (back to January 1, 1974) have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

(I.) (Continued)

<u>Class</u>	<u>Estimated Useful Life</u>
Buildings	15-20 Years
Sanitary Sewer System	30 Years
Machinery & Equipment	5-15 Years
Improvements; Parking Lots	5-10 Years
Roads, Sidewalks, Curbing, Light Systems, & Gutters	30 Years

b. Fund Financial Statements

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

6. Unearned Revenue

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

7. 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 (expenses/expenditure) until then. The government may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Town-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town contributions to the pension systems (ERS and PFRS Systems) subsequent to the measurement date.

(I.) (Continued)

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 may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the Town-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (ERS and PFRS Systems) and difference during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

8. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the town-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds 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.

a. Compensatory Absences

The Town accrues accumulated unpaid vacation and compensatory time cost when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

1. Non-Represented Employees

Full-time employees can earn up to twenty-five (25) days of vacation leave per year based on their number of years of service. An employee may not at any point during the year or at year end accrue more than thirty-five (35) vacation days. Compensatory time accrued in the calendar year must be used by March 31 of the following year.

2. BPPA Represented Employees

BPPA represented employees can earn up to thirty days (30) of vacation leave per year based on their number of years of service. A maximum of seven (7) vacation leave days may be carried over into the next calendar year.

(I.) (Continued)

3. CSEA Represented Employees

CSEA represented employees can earn up to thirty (30) days of vacation leave per year based on their number of years of service. A maximum of five (5) vacation leave days may be carried over into the next calendar year.

4. Teamsters Represented Employees

Teamsters represented employees can earn up to thirty days (30) of vacation leave per year based on their number of years of service. An employee may not at any point during the year or at year end accrue more than thirty-five (35) vacation days.

5. Other Benefits

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

In addition to providing pension benefits, the Town provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

9. Encumbrances

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for the general fund and the highway fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, town-wide capital improvement project and nonmajor funds.

10. Equity Classifications

a. Government-Wide Statements

Equity is classified as net position and displayed in three components:

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

2. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

(I.) (Continued)

3. **Unrestricted net position** - all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

b. Financial Statements – Fund Balance

The Town implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
4. **Unassigned fund balance** – Amounts that are available for town purposes pursuant to any Law restrictions. Any positive amounts are reported only in the general fund.

c. The following policies relate to GASB No. 54:

1. **Assigned fund balance** – The department head is responsible for all of the purchasing activities of the Town and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (At year end, open purchase orders will therefore be designated as a component of the assigned fund balance.)

The Board has the authority to assign fund balance for the purpose of tax reduction on an annual basis.

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the Board and/or voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.

(I.) (Continued)

3. **Order of fund balance** – The Town’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts other than the General Fund are classified as restricted.

In the General Fund, assigned fund balance is determined before the remaining amounts which are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

It is possible for the funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance.

E. Revenues, Expenditures/Expenses

1. Revenues

Real property taxes are levied January 1 and collected by the Receiver of Taxes without interest through February 10, and through May 31 with interest and penalties. Taxes for county purposes are levied together with taxes for town and special district purposes on a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Uncollected taxes at June 1 are turned over to Monroe County for collection.

The County of Monroe currently imposes a *sales and use tax*. Based upon a complex formula, a portion of the total revenue collected is allocated annually to the Town in four quarterly installments.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

(I.) (Continued)

In the fund financial statements, governmental funds report expenditures of financial resources. Government-wide financial statements report expenses relating to use of economic resources.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. Interfund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. Interfund reimbursements** – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- d. Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental funds.
- b. Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

(I.) (Continued)

H. New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2019, the Town implemented the following new standards issued by GASB:

GASB has issued Statement 83, *Certain Asset Retirement Obligations*.

GASB has issued Statement 84, *Fiduciary Activities*.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.

GASB has issued Statement 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*.

I. Future Changes in Accounting Standards

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 91 *Conduct Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2020.

The Town is currently reviewing these statements and plans on adoption as required.

II. Restatement of Net Position

For the year ended December 31, 2019, the Town implemented GASB Statement No. 84, *Fiduciary Activities*. The Town's net position has been restated as follows:

	Government-Wide Statements	Governmental Funds
Net position beginning of year, as previously stated	\$ 15,947,335	\$ 12,327,813
Adjustments for activities previously recorded in Agency Fund:		
Community celebrations and projects	78,013	78,013
Net position beginning of year, as restated	<u>\$ 16,025,348</u>	<u>\$ 12,405,826</u>

III. Changes in Accounting Principles

For the year ended December 31, 2019, the Town implemented GASB Statement No. 84, Fiduciary Activity. The implementation of the statement changes the reporting for certain activity previously reported in the Fiduciary Fund. The Town is now required to report some or all of that activity in the Governmental funds. See Note II for the financial statement impact of implementation of the Statement.

IV. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the Town is subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

A. Budgetary Data

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

- a.** No later than September 30, the budget officer submits a tentative budget to the Town Clerk for submission to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- b.** After public hearings are conducted to obtain taxpayer comments, no later than December 20, the Town Board adopts the budget.
- c.** All modifications of the budget must be approved by the Town Board. (However, the Supervisor is authorized to transfer certain budgeted amounts within departments.)
- d.** Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. Budget Basis of Accounting

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

3. Revenue Restrictions

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

B. Deposit and Investment Laws and Regulations

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 the 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.

(IV.) (Continued)

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.

V. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

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 previously in these notes.

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	\$ 73,960
Collateralized with Securities held by the Pledging Financial Institution	249,596
Collateralized within Trust Department or Agent	4,913,926
Total	\$ 5,237,482

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 various purposes. Restricted cash as of year end included \$5,402,091 within the governmental funds and \$530,985 in the expendable trust fund.

B. Investment Pool

The Town participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year end are \$5,342,562, which consisted of \$399,090 in repurchase agreements, \$4,159,718 in U.S. Treasury Securities, and \$783,754 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General	\$ 998,445	\$ 998,445	CLASS
General	\$1,998,168	\$1,998,168	LAF
Highway	\$1,104,089	\$1,104,089	CLASS
Highway	\$ 293,363	\$ 293,363	LAF
Sewer	\$ 527,045	\$ 527,045	CLASS
Sewer	\$ 17,182	\$ 17,182	LAF
Library	\$ 293,463	\$ 293,463	LAF
Lighting	\$ 40,807	\$ 40,807	LAF
Refuse Disposal	\$ 70,000	\$ 70,000	LAF

C. Fair Value Measurements – Investments

The Town categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. Three levels of inputs used to measure fair value are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term the Level 2 input must be observable for substantially the full term of the assets.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Money Market, Held for Investment: The carrying amount approximates fair value because of the short maturity of the instruments.

Exchange Traded Funds and Mutual Funds: Reported at current quoted fair values.

Federal Agency Securities: Fixed income securities held by the Town, including bonds, are generally priced using pricing matrix models and quoted prices for identical or similar securities.

Pooled Investment Securities (Guaranteed Interest Account): The Town is a participant in a pooled investment account whose underlying securities are generally composed of corporate bonds, mutual funds and individual equity securities that trade on public markets. The pooled investment account overall value is calculated using quoted market prices for the underlying investments. The pool administrator allocates investment income, and accounts for contributions and withdrawals of each individual participant. The Town is provided a summary account statement on a quarterly basis.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

(V.) (Continued)

The following table summarizes as of December 31, 2019, the Town's Fire Program Investments, and categorization with the fair value measurement hierarchy:

<u>Investments</u>	<u>Level 3</u>	<u>Total</u>
General Investment Account	\$ 784,863	\$ 784,863

D. Brighton Memorial Library Expendable Trust Gift Fund

The Brighton Memorial Library Board of Trustees, pursuant to Education Law, exercise exclusive control and manage the gift Fund of the following expendable trust funds:

	<u>Amount</u>
JP Morgan Chase Savings Account	\$ 83,692
JP Morgan Chase Checking Account	10,210
Canandaigua National Bank Savings	133,322
Canandaigua National Bank CD	66,764
Key Bank Savings	236,997
Total	\$ 530,985

E. Receivables

Receivables at December 31, 2019 consisted of the following, which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Amount</u>
Sales Tax	\$ 1,206,566
Workers' Comp Reimbursements	203,286
PILOTS/Mitigation	163,964
Town Clerk	3,361
Stop - DWI Fines	24,371
Court Fines and Fees	19,247
Highland Crossing	263,172
Farmers' Market	43,565
Other	36,955
Total Receivables	\$ 1,964,487

F. Tax Abatement

The County of Monroe IDA, and the Town enter into various property tax and sales tax abatement programs for the purpose of Economic Development. As a result, the Town property tax revenue was reduced \$36,228. The Town received payment in lieu of tax (PILOT) payment totaling \$88,161 to help offset the property tax reduction.

(V.) (Continued)

G. Interfund Receivables, Payables, Revenues and Expenditures

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

	Interfund			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 112,045	\$ 11,589	\$ 66,054	\$ 1,000
Highway Fund	17,172	-	6,350	-
Sewer Fund	-	4,782	8,917	-
Capital Fund	-	-	105,181	30,945
Drainage Fund	-	-	300	-
Fire Fund	-	112,846	-	-
Lighting Fund	-	54,100	-	-
Misc. Special Revenue Fund	-	-	-	120,832
Water Fund	54,100	-	-	-
Debt Service Fund	-	-	54	34,079
Total	\$ 183,317	\$ 183,317	\$ 186,856	\$ 186,856

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to support capital project expenditures and debt service expenditures.

H. Changes In Capital Assets

A summary of changes in capital assets follows:

Type	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
Governmental Activities:				
Capital Assets that are not Depreciated -				
Land	\$ 9,223,734	\$ -	\$ -	\$ 9,223,734
Work in progress	671,807	1,961,433	-	2,633,240
Total Nondepreciable	\$ 9,895,541	\$ 1,961,433	\$ -	\$ 11,856,974
Capital Assets that are Depreciated -				
Buildings and Improvements	\$ 21,457,961	\$ 49,786	\$ -	\$ 21,507,747
Machinery and equipment	12,590,898	1,135,394	737,025	12,989,267
Infrastructure	190,893,168	2,430,956	1,743,571	191,580,553
Total Depreciated Assets	\$ 224,942,027	\$ 3,616,136	\$ 2,480,596	\$ 226,077,567
Less Accumulated Depreciation -				
Buildings and Improvements	\$ 17,114,439	\$ 708,752	\$ -	\$ 17,823,191
Machinery and equipment	8,624,904	706,277	539,109	8,792,072
Infrastructure	163,451,197	6,328,543	1,743,571	168,036,169
Total Accumulated Depreciation	\$ 189,190,540	\$ 7,743,572	\$ 2,282,680	\$ 194,651,432
Total Capital Assets Depreciated, Net of Accumulated Depreciation				
Total Capital Assets	\$ 35,751,487	\$ (4,127,436)	\$ 197,916	\$ 31,426,135
	\$ 45,647,028	\$ (2,166,003)	\$ 197,916	\$ 43,283,109

(V.) (Continued)

Depreciation expense for the year totaled \$7,743,572 and was charged to the following functions:

<u>Governmental Activities:</u>	
General Government	\$ 110,266
Public Safety	214,482
Transportation	5,348,616
Culture and Recreation	460,575
Home and Community Services	1,609,633
Total Depreciation Expense	<u>\$ 7,743,572</u>

I. Long-Term Debt

At December 31, 2019 the total outstanding obligations of the Town aggregated \$47,008,509 as follows:

1. Serial Bonds

The Town, borrows money in order to acquire land, high cost equipment, to construct buildings and improvements, and for infrastructure development and maintenance. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are supported by the full faith and credit debt of the Town. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

2. Interest Reconciliation

A summary of the long-term interest expense as of December 31, 2019 is as follows:

<u>Governmental Activities:</u>	
Interest Paid	\$ 168,614
Less: Interest Accrued in the Prior Year	(39,394)
Plus: Interest Accrued in the Current Year	41,882
Total Long-Term Interest Expense	<u>\$ 171,102</u>

3. Other Long-Term Obligations

In addition to long-term bonded debt the Town had the following other obligations:

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time.

OPEB Liability - represents health insurance benefits provided to employees upon retirement.

Net Pension Liability – represents long-term pension liability.

LOSAP Liability – represents the Town's portion of the LOSAP obligation.

(V.) (Continued)

4. **Summary of Debt**

The following is a summary of obligations outstanding at December 31, 2019:

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19	Due Within One Year
Governmental Activities:					
Serial Bonds	\$ 7,074,218	\$ 935,000	\$ 1,007,712	\$ 7,001,506	\$ 1,047,961
LOSAP Liability	1,346,168	-	73,037	1,273,131	-
Net Pension Liability	2,095,413	1,735,285	-	3,830,698	-
Compensated Absences	1,236,708	-	3,501	1,233,207	739,924
OPEB	28,934,604	4,735,363	-	33,669,967	-
Total Long-Term Obligations	\$ 40,687,111	\$ 7,405,648	\$ 1,084,250	\$ 47,008,509	\$ 1,787,885

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

5. **Debt Maturity Schedule**

The following is a statement of bonds with corresponding maturity schedules:

Description	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 12/31/19
Sewer District Fund Serial Bonds -					
Western Dr. Area Sewer	\$ 236,800	2005	2025	0%	\$ 81,506
Enviornmental Facilities Corporation	\$ 730,000	2010	2029	0.286%-4.245%	375,000
General Public Improvements -					
Consolidated Public Improvement Bond	\$ 763,900	2015	2025	1.5%-2.5%	310,000
Consolidated Public Improvement Bond	\$ 872,460	2015	2030	2.25%-3.75%	445,000
Consolidated Public Improvement Bond	\$ 780,450	2016	2025	1.375%-1.750%	495,000
Consolidated Public Improvement Bond	\$ 803,000	2016	2026	0.50%-4.85%	565,000
Refunded Bond	\$ 2,065,000	2016	2023	1%-4%	1,400,000
Consolidated Public Improvement Bond	\$ 565,000	2017	2037	2.625%-3.500%	500,000
Consolidated Public Improvement Bond	\$ 677,000	2017	2027	2.000%-2.375%	510,000
Consolidated Public Improvement Bond	\$ 500,000	2018	2028	2.50%-3.00%	435,000
Consolidated Public Improvement Bond	\$ 995,000	2018	2038	2.00%-4.25%	950,000
Consolidated Public Improvement Bond	\$ 935,000	2019	2029	1.75%-200%	935,000
Total					\$ 7,001,506

Of the total outstanding indebtedness, \$81,506 was issued for water and sewer purposes exempt from the constitutional debt limit.

(V.) (Continued)

6. The following table summarizes the Town's future debt service requirements as of December 31, 2019:

Year	Principal	Interest
2020	\$ 1,047,961	\$ 171,085
2021	1,043,210	147,636
2022	1,008,460	126,589
2023	923,709	105,207
2024	513,958	89,097
2025-29	1,799,208	265,794
2030-34	380,000	100,565
2035-38	285,000	28,425
Total	<u>\$ 7,001,506</u>	<u>\$ 1,034,398</u>

In prior years, the Town defeased general obligation library bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. \$1,805,000 of bonds outstanding are considered defeased.

J. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	Deferred Outflows	Deferred Inflows
Pension	\$ 3,618,236	\$ 1,338,090
LOSAP	77,804	-
OPEB	4,611,241	2,956,808
Total	<u>\$ 8,307,281</u>	<u>\$ 4,294,898</u>

K. Fund Balances/Net Position

1. Fund Balances

a. Nonspendable

The Town has the following nonspendable funds:

Nonspendable Prepaid Items - The Town has prepaid various items and the cash is no longer available therefore those funds are nonspendable.

b. Restricted

Currently, New York State laws still use the terminology reserves. The Town currently utilizes the following reserves which are classified as restricted funds:

1. **Capital Reserves**

As provided in the General Municipal Law Section 6, the Town has established the following “Type Capital” Reserves:

a. **General Fund**

Quality of Life - to finance future capital projects that will improve the “Quality of Life” in the Town. The balance in this reserve at December 31, 2019 is \$26,544.

Assessment - to finance the cost of updating, on a Town basis, the assessed value of each parcel of real property. The balance in this reserve at December 31, 2019 is \$21,677.

Streetscape - to finance streetscape improvements as determined by the Town. The balance in this reserve at December 31, 2019 is \$101,692.

Town Sidewalk - to finance the cost of construction of new Town wide sidewalks as proposed for construction by the Town. The balance in this reserve at December 31, 2019 is \$202,914.

Parks - to finance the purchase and development of open space for park purposes. The balance in this reserve at December 31, 2019 is \$35.

b. **Consolidated Sewer Fund**

Sewer Equipment - to finance future planned replacement of high cost sewer equipment items. The Town Board appropriated \$11,547 from the reserve. The balance in this reserve at December 31, 2019 is \$210,002.

c. **Water Fund**

Consolidated Water District - to finance future capital improvements to be made in the consolidated water district. The balance in this reserve at December 31, 2019 is \$135,148.

d. **Highway Fund**

Highway Equipment - to finance all or part of the cost of future Town expenditures for capital assets which have a period of probable usefulness of at least five years. The balance of the reserve at December 31, 2019 is \$174,243.

2. Reserve For Debt

In accordance with General Municipal Law, Section 6-1, the Town has established a reserve to provide funding for the outstanding balance due on serial bonds and bond anticipation notes which were issued for various building and reconstruction projects. This reserve is recorded in the Debt Service Fund and may be reduced each year until the serial bonds and bond anticipation notes are paid in full. The balance at December 31, 2019 is \$237,542 and \$36,890 has been appropriated for the ensuing year's budget.

3. General Reserve

The Brighton Memorial Library Board of Trustees initially established a reserve fund in 1987 in accordance with New York State Education Law 259 and Opinion No. 80-260 of the State Comptroller. The purpose of the reserve is to provide for upgrades and improvements to library automation, capital and/or services which are not operating expenses. This reserve may be carried over from year to year for the above purpose stated. Moneys from this reserve may be expended only upon the direction and written demand of the Library Trustees. The Board transferred \$12,200 into the reserve. This reserve fund is recorded in the Library Fund and the balance is \$221,574 at December 31, 2019.

4. Insurance Reserve

The Town Board has established such a reserve in accordance with General Municipal Law, Section 6(n). The purpose of this reserve fund is to pay for property loss, claims against the Town, and other liabilities incurred for which the Town has no insurance coverage. This reserve is recorded in the General Fund. The Town Board appropriated \$0 from the reserve. The balance at December 31, 2019 is \$114,854.

5. Workers' Compensation Reserve

The Town Board established a workers' compensation reserve in accordance with General Municipal Law, Section 6(j). This reserve is recorded in the General Fund. The Town Board appropriated \$75,000 from the reserve. The balance at December 31, 2019 is \$104,298.

6. Reserve for Forfeiture of the Proceeds of Crime

To conform with financial reporting requirements as promulgated by the Office of the State Comptroller the Town has recorded the unspent balance of the forfeiture of the proceeds of crime in the General Fund as a general reserve. The Town Board appropriated \$34,044 from the reserve, of which \$14,712 was returned unspent. The balance of this reserve at December 31, 2019 is \$187,598.

7. Repair Reserve

To be used for repair or replacement of major mechanical systems and roofs in and on major Town facilities. The balance in this reserve at December 31, 2019 is \$108,706.

8. Reserve for LOSAP

In accordance with Article 11A of the General Municipal Law of the State of New York the Town sponsors a Length of Service Award Program (LOSAP). In accordance with these provisions, the grantor/rabbi trust accounts established to hold LOSAP plan assets are considered restricted. The balance totaled \$784,863.

9. Special Districts

Town special districts fund balance is considered restricted as the revenues are raised by a specific taxing jurisdiction and can only be expended for that purpose. The Town has the following special districts:

Public Library Fund	Consolidated Water District Fund
Neighborhood Improvement District Fund	Miscellaneous Special Revenue Fund
Lighting Districts Fund	Consolidated Sewer Fund
Drainage Districts Fund	Fire Protection District Fund
Business Improvement Districts Fund	Park Special District Fund
Refuse Disposal Districts Fund	Ambulance Service District Fund
Sidewalk Snow Removal District Fund	Consolidated Sidewalk District Fund

c. Assigned

The Town has the following assigned funds:

General Fund –	1. Appropriated for Taxes	2. Encumbrances
Highway Fund -	1. Year End Equity	2. Appropriated for Taxes
Capital Projects –	1. Year End Equity	

Encumbrances represent purchase commitments made by the Town's purchasing agent through their authorization of a purchase order prior to year end. The Town assignment is based on the functional level of expenditures.

Significant encumbrances management has determined that amounts in excess of \$27,000 for general fund, \$5,000 for sewer fund, \$6,000 for capital fund, and \$11,000 for highway fund are considered significant and are summarized below:

- General Fund - \$109,494 for Public Safety, \$56,031 for Home and Community Services, and \$55,2017 for Transportation
- Sewer Fund - \$5,491 for Home and Community Services
- Capital Fund - \$380,698 for Transportation and \$368,295 for Culture and Recreation
- Highway Fund - \$106,251 for Transportation

d. Unassigned

Unassigned funds include the residual classification for the Town's general fund and all spendable amounts not contained in other classifications.

The following table summarizes the Town's fund balance according to the descriptions above:

(V.) (Continued)

FUND BALANCE:	General Fund	Capital Projects Fund	Debt Service Fund	Highway Fund	Special District Funds	Total
<u>Nonspendable -</u>						
Prepaid items	\$ 414,638	\$ -	\$ -	\$ 75,182	\$ 59,532	\$ 549,352
Total Nonspendable	\$ 414,638	\$ -	\$ -	\$ 75,182	\$ 59,532	\$ 549,352
<u>Restricted -</u>						
Capital Reserves -						
Quality of life	\$ 26,544	\$ -	\$ -	\$ -	\$ -	\$ 26,544
Assessment	21,677	-	-	-	-	21,677
Streetscape	101,692	-	-	-	-	101,692
Town sidewalk	202,914	-	-	-	-	202,914
Parks	35	-	-	-	-	35
Sewer equipment	-	-	-	-	210,002	210,002
Consolidated water district	-	-	-	-	135,148	135,148
Highway equipment	-	-	-	174,243	-	174,243
Reserve for debt	-	-	237,542	-	-	237,542
Reserve for LOSAP	-	-	-	-	784,863	784,863
General reserve	-	-	-	-	221,574	221,574
Insurance reserve	114,854	-	-	-	-	114,854
Workers' comp reserve	104,298	-	-	-	-	104,298
Reserve for forfeiture of the proceeds of crime	187,598	-	-	-	-	187,598
Repair reserve	108,706	-	-	-	-	108,706
Capital improvements	-	957,226	-	-	-	957,226
Special Districts -						
Public library	-	-	-	-	218,130	218,130
consolidated water	-	-	-	-	338,104	338,104
Neighborhood improvement	-	-	-	-	10,167	10,167
Miscellaneous special revenue	-	-	-	-	333,757	333,757
Lighting	-	-	-	-	98,837	98,837
Consolidated sewer	-	-	-	-	522,495	522,495
Drainage	-	-	-	-	24,553	24,553
Fire protection	-	-	-	-	42,403	42,403
Business improvement	-	-	-	-	2,993	2,993
Refuse disposal	-	-	-	-	61,260	61,260
Ambulance service	-	-	-	-	52,526	52,526
Park special	-	-	-	-	7,392	7,392
Sidewalk snow removal	-	-	-	-	15,116	15,116
Consolidated sidewalk	-	-	-	-	85,442	85,442
Total Restricted	\$ 868,318	\$ 957,226	\$ 237,542	\$ 174,243	\$ 3,164,762	\$ 5,402,091
<u>Assigned -</u>						
Appropriated for taxes	\$ 865,000	\$ -	\$ -	\$ 430,000	\$ -	\$ 1,295,000
Retirement benefits	512,154	-	-	-	-	512,154
General government support	26,881	-	-	-	-	26,881
Public safety	109,494	-	-	-	-	109,494
Transportation	55,957	-	-	1,326,944	-	1,382,901
Culture and recreation	5,309	-	-	-	-	5,309
Economic Opportunity and Assistance	197	-	-	-	-	197
Home and community service	56,031	-	-	-	-	56,031
Total Assigned	\$ 1,631,023	\$ -	\$ -	\$ 1,756,944	\$ -	\$ 3,387,967
<u>Unassigned</u>						
TOTAL FUND BALANCE	\$ 3,197,782	\$ -	\$ -	\$ -	\$ -	\$ 3,197,782
	\$ 6,111,761	\$ 957,226	\$ 237,542	\$ 2,006,369	\$ 3,224,294	\$ 12,537,192

(V.) (Continued)

The following restricted fund balances have monies appropriated for 2020 taxes:

Public Library	\$ 65,000
Lighting	3,000
Consolidated sewer	45,000
Ambulance service	12,000
Business improvement	100
Fire protection	85,000
Park special	1,000
Neighborhood improvement	1,200
Sidewalk snow removal	300
Consolidated sidewalk	10,000
Total Special Revenue Restricted Appropriated for Taxes	\$ 222,600

2. Net Position – Capital Reserves

Represents those amounts which have been restricted for capital reserves.

General Fund -	
Quality of life	\$ 26,544
Assessment	21,677
Streetscape	101,692
Town sidewalk	202,914
Parks	35
Consolidated Sewer Fund -	
Sewer equipment	210,002
Water Fund -	
Consolidated water district	135,148
Highway Fund -	
Highway equipment	174,243
Total Capital Reserves	\$ 872,255

3. Net Position - Restricted for Other Purposes

Represents those amounts which have been restricted by enabling legislation or Board Resolutions.

(V.) (Continued)

Reserve for debt	\$ 237,542
Library general reserve	221,574
Insurance reserve	114,854
Workers' compensation	104,298
Forfeiture of the proceeds of crime	187,598
Repair reserve	108,706
Public library	218,130
Consolidated water	338,104
Neighborhood improvement	10,167
Miscellaneous special revenue	333,757
Lighting	98,837
Consolidated sewer	522,495
Drainage	24,553
Fire protection	42,403
Business improvement	2,993
Refuse disposal	61,260
Ambulance service	52,526
Park special	7,392
Sidewalk snow removal	15,116
Consolidated sidewalk	85,442
Total Net Position - Restricted for Other Purposes	\$ 2,787,747

VI. General Information and Pension Plans:

A. General Information About Pension Plan

1. Plan Description

The Town participates in the New York State Local Employees' Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement Systems (the System). These are cost sharing multiple employer defined benefit retirement systems. 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. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. 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. The System is included in the State's financial report as a pension trust fund. That report 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, New York 12244.

(VI.) (Continued)

2. Benefits Provided

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

Tier 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 five 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 five 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 three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of 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 two years.

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five 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 ten 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 ten 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 wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

(VI.) (Continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 and ERS members and 62 for PFRS 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 ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

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.

(VI.) (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five 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 member 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.

3. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Prepayment			
Due Date	ERS	PFRS	
12/15/2019	\$ 1,101,720	\$ 927,136	
12/15/2018	\$ 1,112,489	\$ 917,558	
12/15/2017	\$ 1,144,768	\$ 983,049	

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2019, the Town reported a liability of \$3,830,698 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2019, the Town's proportion was 0.03 percent for ERS and 0.11 percent for PFRS.

(VI.) (Continued)

For the year ended December 31, 2019 the Town recognized pension expense of \$2,512,236. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 838,445	\$ 329,607
Changes of assumptions	1,167,558	-
Net difference between projected and actual earnings on pension plan investments	-	880,107
Changes in proportion and differences between the District's contributions and proportionate share of contributions	90,591	128,376
Subtotal	\$ 2,096,594	\$ 1,338,090
Town's contributions subsequent to the measurement date	1,521,642	-
Grand Total	<u>\$ 3,618,236</u>	<u>\$ 1,338,090</u>

The Town reported \$1,521,642 as deferred outflows of resources related to pensions resulting from 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 expenses as follows:

Year
2020
2021
2022
2023
2024
Total

1. Actuarial Assumptions

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

	ERS	PFRS
Interest rate	7.00%	7.00%
Salary scale	4.20%	5.00%
Inflation rate	2.50%	2.50%
COLA's	1.30%	1.30%

(VI.) (Continued)

Annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2019.

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 target asset allocation are summarized as follows:

<u>Asset Type</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	4.55%
International equity	6.35%
Global equity	0.00%
Private equity	7.50%
Real estate	5.55%
Absolute return strategies *	3.75%
Opportunistic portfolios	5.68%
Real assets	5.29%
Bonds and mortgages	1.31%
Cash	-0.25%
Inflation-indexed bonds	1.25%
Private debt	0.00%
Real estate debt	0.00%
High-yield fixed income securities	0.00%
Domestic fixed income securities	0.00%
Global fixed income securities	0.00%
Short-term	0.00%

The real rate of return is net of the long-term inflation assumption of 2.5%

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

2. Discount Rate

The discount rate used to calculate the total pension liability was 7%. 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 Systems' 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.

(VI.) (Continued)

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6%) or 1-percentagepoint higher (8%) than the current rate:

	1% Decrease <u>(6%)</u>	Current Assumption <u>(7%)</u>	1% Increase <u>(8%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (15,362,228)	\$ (3,830,698)	\$ 5,832,932

4. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)	
	ERS	PFRS
Employers' total pension liability	\$ 189,803,429	\$ 34,128,100
Plan net position	<u>(182,718,124)</u>	<u>(32,451,037)</u>
Employers' net pension asset/(liability)	<u><u>\$ (372,521,553)</u></u>	<u><u>\$ (66,579,137)</u></u>
Ratio of plan net position to the employers' total pension asset/(liability)	96.27%	95.09%

VII. West Brighton Fire Protection District Service Award Program

The information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on December 31, 2019, which is the most recent plan year for which complete information is available.

A. General Information About the Pension Plan

1. Plan Description

The Town of Brighton established a defined benefit Service Award Program (referred to as a "LOSAP" – Length of Service Award Program – under Section 457(e)(11) of the Internal Revenue Code) effective in 1994 for the active volunteer firefighter members of the West Brighton Fire Protection District Service. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town of Brighton is the Sponsor for the Program and the Program administrator.

(VII.) (Continued)

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 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62. 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 5 years of firefighting service rendered prior to the establishment of the program.

2. Benefits Provided

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life 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 forty. 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.

3. Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing 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 governing board.

The governing board of the sponsor has retained and designated PENFLEX, Inc. to assist in the administration of the program. The designated program administrator's functions include preparing annual individual participant statements, preparing annual service award program reports such as annual program costs, asset changes, including fact sheets and special commentaries, reports relating to changes in defined benefits, historical data comparisons, cash flow projections, actuarial related documentation and related participant forms, and also prepares and files all related IRS documents and audit statements relating to GASB #25. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Town Supervisor and administered by Comerica Bank as of December 31, 2019. Administrative expenses for PENFLEX, Inc. are approved by the Town Board via a contractual agreement and approved by the Audit Committee and ultimately the Town Board.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated October 18, 2013, and the trustee is Comerica Bank.

Authority to invest program assets is vested in RBC Wealth Management. While there are no investment restrictions, RBC Wealth Management follows the investment objectives of the program which are to invest in balanced funds. This offers the potential for both capital appreciation and current income through a 40% to 60% allocation to fixed income securities with a corresponding allocation to equity investments.

(VII.) (Continued)

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 PENFLEX, Inc. Portions of the following information are derived from a report prepared by the actuary dated January 1, 2019.

4. Participants Covered By the Benefit Term

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

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	36
Total	50

5. 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. The Town of Brighton ceased contracting with the West Brighton Fire Department and subsequently froze the Service Award Program in 2013. The Town has not made contributions in 2016, 2017, 2018, and 2019. As a result the funded status of the program continues to decline.

6. Trust Assets

Although assets have been accumulated in an irrevocable trust 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.

B. Measurement of Total Pension Liability

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

1. Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

(VII.) (Continued)

2. **Discount Rate**

The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Services, AA by Fitch, or AA by Standards & Poor's Rating Services.

C. **Changes in the Total Pension Liability**

Balance at December 31, 2017 measurement date	\$	1,346,168
<u>Changes for the Year -</u>		
Interest	\$	41,707
Changes of assumptions or other inputs		(82,939)
Differences between expected and actual experience		20,876
Benefit payments		(52,681)
Net Changes	\$	(73,037)
Balance at December 31, 2018 measurement date	\$	1,273,131

1. **Sensitivity of the Total Pension Liability To Changes in the Discount Rate**

The following presents the total pension liability of the Town as of the December 31, 2018 measurement date, calculated using the discount rate of 3.64 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 (2.64 percent) or 1-percentage point higher (4.64 percent) than the current rate:

	West Brighton Fire Protection District		
	Current		
	1% Decrease	Discount Rate	1% Increase
	<u>(2.64%)</u>	<u>(3.64%)</u>	<u>(4.64%)</u>
Total Pension Liability	\$ 1,457,878	\$ 1,273,131	\$ 1,182,262

D. **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

For the year ended December 31, 2019, the Town recognized pension expense of \$(13,070) for the West Brighton Fire Protection District.

	West Brighton Fire Protection District
Interest on total pension liability	\$ 41,707
changes of assumptions or other inputs	(82,939)
Differences between expected and actual experiences	20,876
Pension plan administrative expenses	7,286
Total Pension Expense	\$ (13,070)

(VII.) (Continued)

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

West Brighton Fire Protection District	Deferred Outflows of Resources
Differences between expended and actual experience	\$ -
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	<u>77,804</u>
Grand Total	\$ 77,804

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

<u>Year</u>	
2020	\$ 77,804
Total	\$ 77,804

VIII. Deferred Compensation Plan

The Town maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which Town employees have the option to participate.

IX. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The Town’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the Town. The plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The Town provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Town offices and are available upon request.

(IX.) (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	170
Active Employees	<u>150</u>
Total	<u>320</u>

B. Total OPEB Liability

The Town's total OPEB liability of \$33,669,967 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary Increases	3.22 percent, average, including inflation
Discount Rate	2.75 percent
Healthcare Cost Trend Rates	5.20 percent for 2019, decreasing to an ultimate rate of 4.18 percent for 2070 and later years
Retirees' Share of Benefit-Related Costs	Various percent of projected health insurance premiums for retirees

The discount rate was based on Fidelity General Obligation AA-20 Year Municipal Bond rate.

Mortality rates were based on the Adjusted RPH-2014 combined mortality, fully generational using Scale MP-2019.

C. Changes in the Total OPEB Liability

Balance at December 31, 2018	<u>\$ 28,934,604</u>
<u>Changes for the Year -</u>	
Service cost	\$ 482,428
Interest	1,087,311
Changes of benefit terms	323,590
Differences between expected and actual experience	(2,903,619)
Changes in assumptions or other inputs	6,773,372
Benefit payments	(1,027,719)
Net Changes	\$ 4,735,363
Balance at December 31, 2019	<u>\$ 33,669,967</u>

(IX.) (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.83 percent to 2.75 percent effective December 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	Discount		
	1% Decrease <u>(1.75%)</u>	Rate <u>(2.75%)</u>	1% Increase <u>(3.75%)</u>
Total OPEB Liability	\$ 39,519,003	\$ 33,669,967	\$ 29,056,641

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease <u>(4.20%)</u> <u>Decreasing to 3.18%)</u>	Cost Trend Rates <u>(5.20%)</u> <u>Decreasing to 4.18%)</u>	1% Increase <u>(6.20%)</u> <u>Increasing to 5.18%)</u>
Total OPEB Liability	\$ 28,489,107	\$ 33,669,967	\$ 40,290,627

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

For the year ended December 31, 2019, the Town recognized OPEB expense of \$1,717,960. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ -	\$ 2,543,099
Changes of assumptions	4,354,311	413,709
Contributions subsequent to measurement date	256,930	-
Total	\$ 4,611,241	\$ 2,956,808

(IX.) (Continued)

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

<u>Year</u>	
2020	\$ 291,858
2021	1,105,645
Total	\$ 1,397,503

X. Risk Management

A. General Information

The Town is exposed to various risks of loss related to injuries to employees, theft, damages, 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 three years.

B. Insurance Reserve

The Town is exposed to various risks of loss related to torts; theft or damage to, or destruction of assets; and natural disasters. Under the Town's self insurance plan, self-insurance coverage is provided for deductibles and for uninsured claims. The Town purchases commercial insurance for claims in excess of the self-insurance coverage and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past four years.

There were no estimated accrued claims for the years ended December 31, 2019 and 2018 as defined by GASB Statement #10, which requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. However, as referred to in Note III, the Town has established and maintains an insurance reserve having a balance of \$114,854 at December 31, 2019.

C. Workers' Compensation

The Town currently purchase workers' compensation insurance from a third party. The Town also entered into a separate agreement with Wright Risk Management to administer the claims which had occurred prior to January 1, 2010. There is no longer an estimated liability for those claims, as the Town had reached their maximum exposure in 2015.

No claims were settled during 2019 by purchasing annuity contracts.

In addition, as referred to in Note V, the Town has established and maintains a Workers' Compensation reserve in the amount of \$104,298. In the Town's judgment, the Town believes the reserve fund is adequate.

(X.) (Continued)

In accordance with GASB Statement #10 the following statistical information is presented.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contribution Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,525	\$ -	\$ 5,000	\$ 54,434
Actual Claims Expense	\$ -	\$ -	\$ -	\$ -	\$ 32,908	\$ 43,879	\$ 52,267	\$ 50,261	\$ 58,965	\$ 52,928

D. Dental Plan

The Town self-insures for dental coverage for its employees. The Town contracts with a third party administrator who is responsible for processing claims and estimating liabilities. The Town does not carry excess insurance coverage relative to this Plan. The Town records expenditures as claims are presented for payment with a cap of \$1,000 a year per member. Based upon the requirements of GASB Statement #10, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

A reconciliation of the claims recorded for 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Beginning liabilities	\$ 16,391	\$ 15,655
Incurred claims	143,871	137,089
Claims payments	(129,251)	(136,353)
Ending Liabilities	<u>\$ 31,011</u>	<u>\$ 16,391</u>

In accordance with GASB Statement #10, the following statistical information is presented:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contribution Revenue	\$ 143,871	\$ 137,089	\$ 128,838	\$ 173,226	\$ 133,245	\$ 134,812	\$ 130,550	\$ 133,195	\$ 139,504	\$ 132,305
Actual Claims Expense	\$ 129,251	\$ 136,353	\$ 130,987	\$ 168,622	\$ 130,449	\$ 133,372	\$ 126,944	\$ 127,840	\$ 139,535	\$ 135,760

XI. Commitments and Contingencies

A. Litigation

The Town has several claims and notice of claims filed against it as of the date of this report which management believes will be covered under the Town's insurance policy. However, in order to assert a substantial and adequate defense against these claims, the Town of Brighton has retained outside counsel for these claims in order to minimize any possible adverse financial impact upon the Town. In addition, there are pending tax certiorari claims requesting reduction of assessments in which the financial impact cannot be determined at this time.

B. Grants

The Town participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

XII. Rental of Real Property

The Town has entered into agreements to lease Town property for cellular tower usage. The total rental income received for the year ended December 31, 2019 totaled \$123,607 which is reported in the General Fund and Water Special Revenue Fund.

XIII. Subsequent Event

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity, budgetary projections and future results of operation. Management is actively monitoring the global situation on its financial condition, liquidity, budgetary projections, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its budgetary projections, results of operations, financial condition, or liquidity for fiscal year 2020.

Required Supplemental Information
TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Schedule of Changes in Town's Total OPEB Liability and Related Ratio
(Unaudited)
For the Year Ended December 31, 2019

	TOTAL OPEB LIABILITY	
	<u>2019</u>	<u>2018</u>
Service cost	\$ 482,428	\$ 569,838
Interest	1,087,311	1,120,664
Changes in benefit terms	323,590	-
Differences between expected and actual experiences	(2,903,619)	(2,609,305)
Changes of assumptions or other inputs	6,773,372	(1,595,737)
Benefit payments	<u>(1,027,719)</u>	<u>(1,034,830)</u>
Net Change in Total OPEB Liability	\$ 4,735,363	\$ (3,549,370)
Total OPEB Liability - Beginning	<u>\$ 28,934,604</u>	<u>\$ 32,483,974</u>
Total OPEB Liability - Ending	<u>\$ 33,669,967</u>	<u>\$ 28,934,604</u>
Covered Employee Payroll	\$ 10,131,294	\$ 10,131,294
Total OPEB Liability as a Percentage of Covered Employee Payroll	332.34%	285.60%

Required Supplemental Information
TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability
(Unaudited)
For the Year Ended December 31, 2019

NYERS Pension Plan					
	2019	2018	2017	2016	2015
Proportion of the net pension liability (assets)	0.03%	0.03%	0.03%	0.03%	0.03%
Proportionate share of the net pension liability (assets)	\$ 2,002,694	\$ 927,978	\$ 2,675,202	\$ 4,531,165	\$ 1,287,919
Covered-employee payroll	\$ 7,676,042	\$ 7,674,311	\$ 7,665,569	\$ 7,280,476	\$ 6,831,602
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	26.090%	12.092%	34.899%	62.237%	18.852%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

NYSPFRS Pension Plan					
	2019	2018	2017	2016	2015
Proportion of the net pension liability (assets)	0.11%	0.12%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability (assets)	\$ 1,828,004	\$ 1,167,435	\$ 2,289,897	\$ 3,385,065	\$ 444,259
Covered-employee payroll	\$ 4,184,525	\$ 4,084,910	\$ 4,214,966	\$ 3,987,537	\$ 3,909,082
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	43.685%	28.579%	54.328%	84.891%	11.365%
Plan fiduciary net position as a percentage of the total pension liability	95.09%	96.93%	93.50%	90.20%	99.00%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Schedule of Town Contributions
(Unaudited)
For the Year Ended December 31, 2019

NYSERS Pension Plan					
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,112,489	\$ 1,144,768	\$ 1,103,289	\$ 1,226,468	\$ 1,425,590
Contributions in relation to the contractually required contribution	<u>(1,112,489)</u>	<u>(1,144,768)</u>	<u>(1,103,289)</u>	<u>(1,226,468)</u>	<u>(1,425,590)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
Covered-employee payroll	\$ 7,676,042	\$ 7,674,311	\$ 7,665,569	\$ 7,280,476	\$ 6,831,602
Contributions as a percentage of covered-employee payroll	14.49%	14.92%	14.39%	16.85%	20.87%
NYSPFRS Pension Plan					
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 917,558	\$ 983,049	\$ 926,552	\$ 994,156	\$ 906,625
Contributions in relation to the contractually required contribution	<u>(917,558)</u>	<u>(983,049)</u>	<u>(926,552)</u>	<u>(994,156)</u>	<u>(906,625)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
Covered-employee payroll	\$ 4,184,525	\$ 4,084,910	\$ 4,214,966	\$ 3,987,537	\$ 3,909,082
Contributions as a percentage of covered-employee payroll	21.93%	24.07%	21.98%	24.93%	23.19%

10 years of historical information is not available and will be reported each year going forward

(See Independent Auditors' Report)

Required Supplemental Information
TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
For the Year Ended December 31, 2019

GENERAL FUND						
	Original Budget	Budget		Actual	Encumbrances	Variance
	(Incl. Carryover Encumbrances)	(Amended)				
Revenues:						
Real property and tax items	\$ 9,521,055	\$ 9,521,055	\$ 9,552,717	\$ -	\$ 31,662	
Non-property taxes	4,712,000	4,712,000	4,802,034	- -	90,034	
Departmental income	677,945	677,945	699,994	- -	22,049	
Intergovernmental charges	45,000	47,689	42,057	- -	(5,632)	
Use of money and property	184,040	184,040	243,275	- -	59,235	
Licenses and permits	223,200	223,200	205,395	- -	(17,805)	
Fines and forfeitures	230,050	230,050	217,443	- -	(12,607)	
Sale of property and compensation for loss	16,300	16,300	110,206	- -	93,906	
Miscellaneous	66,050	68,375	307,905	- -	239,530	
Interfund revenues	302,600	302,600	292,817	- -	(9,783)	
State and county aid	1,140,585	1,140,585	1,042,329	- -	(98,256)	
Federal aid	1,500	5,500	39,221	- -	33,721	
Total Revenues	\$ 17,120,325	\$ 17,129,339	\$ 17,555,393	\$ -	\$ 426,054	
Expenditures:						
Current:						
General government support	\$ 3,263,515	\$ 3,111,785	\$ 2,938,519	\$ 26,881	\$ 146,385	
Public safety	5,917,370	5,990,577	5,674,694	109,494	206,389	
Transportation	548,923	523,334	431,265	55,207	36,862	
Economic assistance and development	142,630	143,120	122,842	197	20,081	
Culture and recreation	1,653,235	1,656,655	1,537,109	5,309	114,237	
Home and community services	1,239,956	1,376,798	1,281,501	56,031	39,266	
Employee benefits	4,790,490	4,790,398	4,677,230	- -	113,168	
Debt Service:						
Debt service - principal	515,085	525,085	525,085	- -	- -	
Debt service - interest and other charges	97,860	91,165	91,138	- -	27	
Total Expenditures	\$ 18,169,064	\$ 18,208,917	\$ 17,279,383	\$ 253,119	\$ 676,415	
Excess (deficiency) of revenue over expenditures	\$ (1,048,739)	\$ (1,079,578)	\$ 276,010	\$ (253,119)	\$ 1,102,469	
Other Financing Sources and Uses:						
Transfers - in	\$ 23,340	\$ 23,340	\$ 66,054	\$ -	\$ 42,714	
Transfers - out	(1,240)	(2,240)	(1,000)	- -	1,240	
Total Other Financing Sources and Uses	\$ 22,100	\$ 21,100	\$ 65,054	\$ -	\$ 43,954	
Net change in fund balances	\$ (1,026,639)	\$ (1,058,478)	\$ 341,064	\$ (253,119)	\$ 1,146,423	
Fund Balance - Beginning	5,770,697	5,770,697	5,770,697	- -	- -	
Fund Balance - Ending	\$ 4,744,058	\$ 4,712,219	\$ 6,111,761	\$ (253,119)	\$ 1,146,423	

Notes to Required Supplemental Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Required Supplemental Information
TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)

For the Year Ended December 31, 2019

HIGHWAY FUND						
	Original Budget					
	(Incl. Carryover Encumbrances)	Budget		Actual	Encumbrances	Variance
		(Amended)				
Revenues:						
Real property and tax items	\$ 4,126,875	\$ 4,126,875	\$ 4,126,875	\$ -	\$ -	\$ -
Departmental income	3,260	3,260	2,377	-	-	(883)
Intergovernmental charges	549,905	549,905	496,050	-	-	(53,855)
Use of money and property	36,000	36,000	65,910	-	-	29,910
Licenses and permits	16,380	16,380	17,312	-	-	932
Sale of property and compensation for loss	157,815	159,355	195,209	-	-	35,854
Interfund revenues	152,990	152,990	146,235	-	-	(6,755)
State and county aid	292,330	292,330	291,462	-	-	(868)
Total Revenues	\$ 5,335,555	\$ 5,337,095	\$ 5,341,430	\$ -	\$ -	\$ 4,335
Expenditures:						
Current:						
Transportation	\$ 4,115,100	\$ 4,165,951	\$ 3,918,555	\$ 106,251	\$ 141,145	
Employee benefits	1,242,405	1,242,405	1,164,689	-	-	77,716
Debt Service:						
Debt service - principal	308,875	308,875	308,875	-	-	-
Debt service - interest and other charges	41,100	41,100	41,081	-	-	19
Total Expenditures	\$ 5,707,480	\$ 5,758,331	\$ 5,433,200	\$ 106,251	\$ 218,880	
Excess (deficiency) of revenue over expenditures	\$ (371,925)	\$ (421,236)	\$ (91,770)	\$ (106,251)	\$ 223,215	
Other Financing Sources and Uses:						
Transfers - in	\$ 6,350	\$ 6,350	\$ 6,350	\$ -	\$ -	
Total Other Financing Sources and Uses	\$ 6,350	\$ 6,350	\$ 6,350	\$ -	\$ -	
Net change in fund balances	\$ (365,575)	\$ (414,886)	\$ (85,420)	\$ (106,251)	\$ 223,215	
Fund Balance - Beginning	2,091,789	2,091,789	2,091,789	-	-	
Fund Balance - Ending	\$ 1,726,214	\$ 1,676,903	\$ 2,006,369	\$ (106,251)	\$ 223,215	

Notes to Required Supplemental Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2019

	Consolidated							Fire Protection District
	Debt Service	Water District	Miscellaneous Special Revenue	Lighting Districts	Consolidated Sewer	Drainage Districts		
	Fund	Fund	Fund	Fund	Fund	Fund		
Assets								
Cash and cash equivalents	\$237,542	\$ 419,152	\$ 333,757	\$240,929	\$767,217	\$ 24,553	\$ 812	
Investments	-	-	-	-	-	-	-	784,863
Receivables, net	-	-	-	-	2,573	-	-	163,963
Due from other funds	-	54,100	-	-	-	-	-	-
Due from other governments, ne	-	-	-	-	7,082	-	-	-
Prepaid items	-	-	-	-	21,899	-	-	200
Total Assets	\$237,542	\$ 473,252	\$ 333,757	\$240,929	\$798,771	\$ 24,553	\$949,838	
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ 87,992	\$ 15,559	\$ -	\$ 9,526	
Accrued liabilities	-	-	-	-	24,034	-	-	-
Due to other funds	-	-	-	54,100	4,782	-	-	112,846
Total Liabilities	\$ -	\$ -	\$ -	\$142,092	\$ 44,375	\$ -	\$122,372	
Fund Balances:								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 21,899	\$ -	\$ 200	
Restricted	237,542	473,252	333,757	98,837	732,497	24,553	827,266	
Total Fund Balances	\$237,542	\$ 473,252	\$ 333,757	\$ 98,837	\$754,396	\$ 24,553	\$827,466	
Total Liabilities and Fund Balances	\$237,542	\$ 473,252	\$ 333,757	\$240,929	\$798,771	\$ 24,553	\$949,838	

(See Independent Auditors' Report)

Business Improvement Districts		Park District Fund		Refuse Disposal Fund		Ambulance Service District Fund		Neighborhood Improvement Fund		Snow Removal District Fund		Sidewalk District Fund		Consolidated District Fund		Total Nonmajor Governmental Funds	
Business Improvement District Fund	Special District Fund	Refuse Disposal Fund	Park District Fund	Service District Fund	Neighborhood Improvement Fund	Snow Removal District Fund	Sidewalk District Fund	Consolidated District Fund	Total Nonmajor Governmental Funds								
\$ 2,993	\$ 7,392	\$ 132,563	\$ 57,985	\$ 10,167	\$ 15,116	\$ 85,805	\$ 2,335,983										
-	-	-	-	-	-	-	-		784,863								
-	-	-	-	-	-	-	-		166,536								
-	-	-	-	-	-	-	-		54,100								
-	-	-	-	-	-	-	-		7,082								
-	-	-	-	-	-	-	-		22,099								
\$ 2,993	\$ 7,392	\$ 132,563	\$ 57,985	\$ 10,167	\$ 15,116	\$ 85,805	\$ 3,370,663										
\$ -	\$ -	\$ 71,303	\$ 5,459	\$ -	\$ -	\$ 363	\$ 190,202										
-	-	-	-	-	-	-	-		24,034								
-	-	-	-	-	-	-	-		171,728								
\$ -	\$ -	\$ 71,303	\$ 5,459	\$ -	\$ -	\$ 363	\$ 385,964										
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 22,099								
2,993	7,392	61,260	52,526	10,167	15,116	85,442	2,962,600										
\$ 2,993	\$ 7,392	\$ 61,260	\$ 52,526	\$ 10,167	\$ 15,116	\$ 85,442	\$ 2,984,699										
\$ 2,993	\$ 7,392	\$ 132,563	\$ 57,985	\$ 10,167	\$ 15,116	\$ 85,805	\$ 3,370,663										

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Consolidated						Fire
	Debt	Water	Miscellaneous	Lighting	Consolidated	Drainage	Protection
	Service	District	Special Revenue	Districts	Sewer	Districts	District
	Fund	Fund	Fund	Fund	Fund	Fund	Fund
Revenues:							
Real property and tax items	\$ -	\$ -	\$ -	\$ 334,286	\$ 1,869,640	\$ 5,935	\$ 1,312,162
Departmental income	- -	- -	101,031	- -	26,932	150	- -
Use of money and property	11,694	31,176	5,506	6,712	25,130	352	130,658
Sale of property and compensation for loss	- -	- -	- -	- -	78,969	- -	- -
Miscellaneous	- -	- -	- -	- -	- -	- -	972
State and county aid	- -	- -	- -	- -	- -	- -	27,467
Total Revenues	\$ 11,694	\$ 31,176	\$ 106,537	\$ 340,998	\$ 2,000,671	\$ 6,437	\$ 1,471,259
Expenditures:							
Current:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,605,180
Transportation	- -	- -	- -	379,670	- -	- -	- -
Culture and recreation	- -	- -	9,942	- -	- -	- -	- -
Home and community services	- -	25,410	- -	- -	1,401,127	2,093	- -
Employee benefits	- -	- -	- -	- -	352,502	- -	1,146
Debt Service:							
Debt service - principal	- -	- -	- -	- -	155,752	1,000	- -
Debt service - interest and other charges	- -	- -	- -	- -	33,712	682	445
Total Expenditures	\$ -	\$ 25,410	\$ 9,942	\$ 379,670	\$ 1,943,093	\$ 3,775	\$ 1,606,771
Excess (deficiency) of revenue over expenditures	\$ 11,694	\$ 5,766	\$ 96,595	\$ (38,672)	\$ 57,578	\$ 2,662	\$ (135,512)
Other Financing Sources and Uses:							
Transfers - in	\$ 54	\$ -	\$ -	\$ -	\$ 8,917	\$ 300	\$ -
Transfers - out	(34,079)	- -	(120,832)	- -	- -	- -	- -
Total Other Financing Sources and Uses	\$ (34,025)	\$ -	\$ (120,832)	\$ -	\$ 8,917	\$ 300	\$ -
Net change in fund balances	\$ (22,331)	\$ 5,766	\$ (24,237)	\$ (38,672)	\$ 66,495	\$ 2,962	\$ (135,512)
Fund Balance - Beginning (restated)	259,873	467,486	357,994	137,509	687,901	21,591	962,978
Fund Balance - Ending	\$ 237,542	\$ 473,252	\$ 333,757	\$ 98,837	\$ 754,396	\$ 24,553	\$ 827,466

Business Improvement Districts		Park District		Refuse Disposal Districts		Ambulance Service District		Neighborhood Improvement District		Snow Removal District		Sidewalk District		Consolidated District		Total Nonmajor Governmental Funds	
Business Fund	Improvement Districts	Park Fund	Special District	Refuse Fund	Disposal Districts	Ambulance Fund	Service District	Neighborhood Fund	Improvement District	Snow Fund	Removal District	Sidewalk Fund	District	Consolidated Fund	District	Total Funds	
\$ 1,655		\$ 4,445		\$ 890,800		\$ 384,597		\$ 4,225		\$ 58,105		\$ 164,225		\$ 5,030,075			
-		-		-		-		-		-		-		-		128,113	
50		110		9,545		2,909		147		755		2,904		227,648			
-		-		-		4,050		-		-		-		-		83,019	
-		-		-		-		-		-		-		-		972	
-		-		-		-		-		-		-		-		27,467	
\$ 1,705		\$ 4,555		\$ 900,345		\$ 391,556		\$ 4,372		\$ 58,860		\$ 167,129		\$ 5,497,294			
 																	
\$ -		\$ -		\$ -		\$ 504,417		\$ -		\$ -		\$ -		\$ -		\$ 2,109,597	
-		-		-		-		210		51,354		152,994		584,228			
-		1,720		-		-		-		-		-		-		11,662	
1,380		-		882,961		-		-		-		-		-		2,312,971	
-		-		-		-		-		-		-		-		353,648	
-		-		-		-		-		-		-		-		156,752	
-		-		-		-		-		-		-		-		34,839	
\$ 1,380		\$ 1,720		\$ 882,961		\$ 504,417		\$ 210		\$ 51,354		\$ 152,994		\$ 5,563,697			
 																	
\$ 325		\$ 2,835		\$ 17,384		\$ (112,861)		\$ 4,162		\$ 7,506		\$ 14,135		\$ (66,403)			
\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 9,271	
-		-		-		-		-		-		-		-		(154,911)	
\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ (145,640)	
\$ 325		\$ 2,835		\$ 17,384		\$ (112,861)		\$ 4,162		\$ 7,506		\$ 14,135		\$ (212,043)			
2,668		4,557		43,876		165,387		6,005		7,610		71,307		3,196,742			
\$ 2,993		\$ 7,392		\$ 61,260		\$ 52,526		\$ 10,167		\$ 15,116		\$ 85,442		\$ 2,984,699			

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<u>Grantor / Pass - Through Agency</u>	<u>CFDA</u>	<u>Grantor</u>	<u>Agency</u>	<u>Pass-Through Total</u>
<u>Federal Award Cluster / Program</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
<u>Direct Program:</u>				
Rail Safety Grants	20.301	N/A	N/A	\$ 4,000
<u>Indirect Program:</u>				
<u>Passed Through NYS Department of Transportation -</u>				
Highway Planning and Construction -				
Highland Park to Canal Trail	20.205	N/A	D031790	<u>1,164,222</u>
Total U.S. Department of Transportation				<u>\$ 1,168,222</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
<u>Indirect Program:</u>				
<u>Passed Through County of Monroe Department of Planning & Development -</u>				
Community Development Block Grant	14.218	N/A	N/A	\$ 33,000
Total U.S. Department of Housing and Urban Development				<u>\$ 33,000</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
<u>Direct Program:</u>				
Bullerproof Vest Partnership Program	16.607	N/A	N/A	\$ 2,221
Total U.S. Department of Justice				<u>\$ 2,221</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,203,443</u>

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

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*

Independent Auditors' Report

To the Honorable Town Council
The Town of Brighton
Monroe County, 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 Brighton, Monroe County, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Brighton, Monroe County, New York's basic financial statements, and have issued our report thereon dated May 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brighton, Monroe County, New York's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brighton, Monroe County, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brighton, Monroe County, New York'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 Town'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 Brighton, Monroe County, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York
May 21, 2020

Mengel, Metzger, Barr & Co. LLP