

PRELIMINARY OFFICIAL STATEMENT DATED JULY 20, 2022

RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

The Town will designate the Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

TOWN OF MONROE ORANGE COUNTY, NEW YORK (the "Town")

\$2,750,000 BOND ANTICIPATION NOTES – 2022 (the "Notes")

Dated Date: August 3, 2022

Maturity Date: August 3, 2023

Security and Sources of Payment: The Notes are general obligations of the Town of Monroe, Orange County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "Tax Levy Limit Law," herein).

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Form and Denomination: The Notes will be issued in registered form and, at the option of the purchaser, the Notes may be either registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. For those Notes registered to the purchaser, a single note certificate shall be delivered to the purchaser(s) for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Noteholders will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Description of Book-Entry System" herein).

Payment: Principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry notes shall be payable at the office of the Town Clerk. (See "Description of Book-Entry System" herein.)

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on July 26, 2022 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about August 3, 2022 in New York, New York, or as otherwise agreed to by the Town and the purchaser(s).

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

July , 2022



**TOWN OF MONROE
ORANGE COUNTY, NEW YORK**

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* * *

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* * *

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No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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OFFICIAL STATEMENT

Relating to

TOWN OF MONROE ORANGE COUNTY, NEW YORK

\$2,750,000 BOND ANTICIPATION NOTES – 2022 (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town and presents certain information relating to the Town's \$2,750,000 Bond Anticipation Notes – 2022 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this world-wide event. See “RISK FACTORS” and “IMPACT OF COVID-19” herein.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Town Clerk will act as Fiscal Agent for any Notes issued in book-entry form and the purchaser shall act as Fiscal Agent for any Notes registered in the name of the purchaser. Paying agent fees, if any, will be paid by the purchaser(s). The Town's contact information is as follows: Anthony Cardone, Supervisor, Town of Monroe, Town Hall, 1465 Orange Turnpike, Monroe, New York 10950, telephone number 845/783-1900, email: tcardone@monroeny.org.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Description of Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s assigns a rating of “AA+” to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Source: The Depository Trust Company, New York, New York.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

The information contained in the above section concerning DTC and DTC’s book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and the bond resolution duly adopted by the Town Board of the Town on the date set forth below for the following purpose:

| <u>Date</u> | <u>Purpose</u> | <u>Amount</u> | <u>Amount</u> | <u>Total</u> |
|-------------------|------------------|-------------------|--------------------|---------------------|
| <u>Authorized</u> | | <u>Authorized</u> | <u>Outstanding</u> | <u>Amount</u> |
| | | | | <u>to be Issued</u> |
| 05/20/2019 | Land Acquisition | \$2,800,000 | \$50,000 | \$2,750,000 |

Security and Source of Payment

Each Note when duly issued and paid for will constitute a contract between the Town and the holder thereof.

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*,” herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town’s power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*,” herein).

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Town’s credit rating could be affected by circumstances beyond the Town’s control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town’s credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of the holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the Town is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid; however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also "State Aid" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town, could impair the financial condition of such entities, including the Town, and the ability of such entities, including the Town, to pay debt service on the Notes.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The State had declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein) (See "*Impact of COVID-19*" herein).

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Town default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

No principal or interest payment on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

THE TOWN

There follows in this Official Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

The entire Town is 20.2 square miles, consisting of 16.1 square miles of unincorporated area and the Incorporated Village of Monroe (3.5 square miles), and part of the Village of Harriman (0.5 square miles). As of January 1, 2018 a 930 acre portion of the Town, including the Village of Kiryas Joel, became the Town of Palm Tree. (See also “*Fiscal Impacts upon the Town following the Creation of the Town of Palm*” herein.)

The Town of Monroe is located strategically within Orange County, New York, and is within one-half hour drive or train trip to the New York/ New Jersey border. New York City, northern New Jersey, and Westchester County, as well as major employment, commercial and entertainment centers are readily accessible from the Town. This proximity has in large part led to the residential growth patterns within both the Town and its villages. The Town is known locally as “the Lake Region,” due to its many lakes and ponds that are tucked into the terrain within its borders—its slogan is embodied in the Town’s logo.

Most of the unincorporated area of the Town is located south of the two villages. The villages are in close proximity to the New York State Route 17 (Quickway) transportation corridor. The unincorporated Town of Monroe is mostly a “bedroom” community, located in an attractive woodland and former farmland setting which grew primarily around the Village of Monroe, which is the Town’s historic “center.” The Village of Monroe has been the location for the shopping centers, community facilities, medical facilities, and other uses which meet the daily needs of Town residents.

Residents perceive a sense of “entering” into the Town, as it is separated from other developed areas in the region by what the Regional Plan Association has called the “greensward” around the New York metropolitan region, this includes Sterling Forest, Harriman State Park, the Appalachian Trail, Schunemunk Mountain, and Goosepond Mountain. Most roads leading into the Town pass through these publicly held park and conservation lands. Many local roads still meander and extend through a wooded and even rugged landscape. In many places, beyond the preserved open spaces, there are older neighborhoods which were designed to fit into, rather than dominate, the natural environment, and where residents and visitors can still appreciate the green hillsides and blue lakes that imbue the Town with its unique character.

Highway System Interchanges and Access Points

New York State Route 17 (United States Highway Route 6) runs throughout the Town for approximately 2.8 miles. Near the western boundary of the Town is an interchange between State Route 208 and State Route 17. State Route 208 travels north outside of the Town and south through the Village of Monroe where it becomes Route 17M. Route 17M travels east throughout the Villages of Monroe and Harriman until it converges with Route 17 near the eastern boundary of the Town allowing access to areas.

Utilities and Other Services

Orange & Rockland provides residents of the Town with electricity and gas service while telephone service is provided by various companies. In addition, water and sewer services are comprised of both municipal and private systems. Police protection is provided by the Monroe Police Department (Village of Monroe), State Police (Town of Monroe), and the Harriman Police Department (Village of Harriman). Fire protection is provided by the Monroe Joint Fire District.

Government

Although the Town itself was incorporated in 1799, settlement was well established by the time of the Revolutionary War with Dutch and English coming as early as the 1600’s. The Town is governed by four Board Members and the Supervisor, all of whom are elected to four-year terms on a staggered basis. The Town Clerk and Highway Superintendent are elected to a four-year term. The Town Board appoints the Assessor, the Attorney for the Town, and the Town Engineer.

Financial Organization

The Supervisor is the Chief Executive Officer, Chief Fiscal Officer and head of the administrative branch of Town government. He chairs meetings of the four members of the Town Board. In addition to presiding over, the Supervisor’s Office prepares all Town Board meeting agendas.

Employees

The Town provides services through approximately 39 full-time and 20 part-time employees, some of which are represented by organized labor. In addition, the Town employs several seasonal employees.

| <u>Name of Union</u> | <u>Approximate Membership^a</u> | <u>Date Contract Expires</u> |
|---|---|------------------------------|
| Teamsters Local 445 “Dial-A-Bus Contract” | 4 | 01/01/2023 |
| IBEW Local 363 | 10 | 01/01/2024 |

a. The Town reduced the number of full-time employees by 4 employees and reduced the Maintenance Department (3 employees) by 12% upon the creation of the Town of Palm Tree. (See also “*Fiscal Impacts upon the Town following the Creation of the Town of Palm*” herein).

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town has had a population trend, as compared to the County and the State as indicated below:

| <u>Year</u> | <u>Town of Monroe^a</u> | <u>Orange County</u> | <u>New York State</u> |
|-------------|-----------------------------------|----------------------|-----------------------|
| 1990 | 22,989 | 307,647 | 17,990,455 |
| 2000 | 31,407 | 341,367 | 18,976,457 |
| 2010 | 38,679 | 372,813 | 19,378,102 |
| 2020 | 19,777 | 380,085 | 19,572,319 |

Source: U.S. Bureau of the Census.

^a The population of the Town decreased with the creation of the Town of Palm Tree. (See also “*Fiscal Impacts upon the Town following the Creation of the Town of Palm*” herein).

Income Data^a

| | <u>Per Capita Money Income</u> | | | |
|-------------------|--------------------------------|-------------|-------------|-------------------------|
| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2020^a</u> |
| Town of Monroe | \$12,735 | \$16,569 | \$21,167 | \$39,792 |
| County of Orange | 15,198 | 21,597 | 28,944 | 34,959 |
| State of New York | 16,501 | 23,389 | 30,948 | 39,326 |

| | <u>Median Family Income</u> | | | |
|-------------------|-----------------------------|-------------|-------------|-------------------------|
| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2020^a</u> |
| Town of Monroe | \$42,878 | \$50,889 | \$62,826 | \$102,706 |
| County of Orange | 39,198 | 52,058 | 69,523 | 79,944 |
| State of New York | 32,965 | 43,393 | 55,603 | 68,486 |

Source: United States Bureau of the Census

^a Based on American Community Survey 5-Year Estimates (2016-2020).

The information set forth below with respect to the County is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the Town is necessarily representative of the County or vice versa.

Selected Listing of Larger Employers in the County

| <u>Name</u> | <u>Type</u> | <u>Estimated Number Of Employees</u> |
|--|--------------------------------------|--|
| United States Military Academy at West Point | Military | 4,000 |
| Orange Regional Medical Center | Hospital | 2,524 |
| Orange County Government | Government | 2,148 |
| Crystal Run Healthcare | Multi-Specialty Physicians' Practice | 1,800 |
| Access: Supports for Living | Non-Profit Organizations | 1,289 |
| St Luke's Cornwall Hospital | Hospital | 1,247 |
| Elant, Inc. | Senior Health and Housing | 1,200 |
| C & S Wholesale Grocers, Inc. | Food | 800 |
| Empire Blue Cross/Blue Shield | Health insurance | 795 |
| Spectrum Enterprise | Communications | 750 |
| The ARC of Orange County | Non-Profit Organizations | 750 |
| Amscan, Inc. | Distribution | 525 |
| Horizon Family Medical Group | Healthcare | 500 |
| Kolmar Laboratories Inc | Manufacturing | 500 |
| Bon Secours Community Hospital | Hospital | 490 |
| Staples, Inc. | Office Supplies | 460 |
| Verla International LTD | Cosmetic | 445 |
| YRC Worldwide | Trucking-Motor Freight | 435 |
| United Natural Foods, Inc (UNFI) | Organic Food Distributor | 400 |
| Adecco | Service/Staffing Service | 400 |
| Superior Pack Group Inc. | Packaging & labeling | 325 |
| SUNY Orange | Education | 300 |

Source: 2021 Directory of Major Employers, Orange County Partnership.

Unemployment Rate Statistics

Unemployment statistics are not available for the Town as such. The smallest area for which such statistics are available is the County of Orange. The information set forth below with respect to the County and the State is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Town is necessarily representative of the County or the State or vice versa

| <u>Annual Averages:</u> | <u>County of Orange (%)</u> | <u>New York State (%)</u> |
|-------------------------|---------------------------------|---------------------------|
| 2017 | 4.6 | 4.7 |
| 2018 | 3.9 | 4.1 |
| 2019 | 3.8 | 4.0 |
| 2020 | 8.4 | 10.0 |
| 2021 | 5.0 | 7.2 |
| 2022 (3 Month Average) | 3.7 | 5.0 |

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

The New York State Constitution limits the power of the Town (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the Town and the Notes.

Purpose and Pledge. The Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, except in the event that the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedure for the bond resolution authorizing the issuance of the Notes.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

In addition, under each bond resolution, the Town Board may delegate, and has delegated, power to issue and sell bonds and notes, to the Town Supervisor, the chief fiscal officer of the Town.

In general, the Local Finance Law contains similar provisions providing the Town with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

The following pages set forth certain details with respect to the indebtedness of the Town.

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of July 20, 2022)

| <u>Fiscal Year Ending December 31</u> | <u>Assessed Valuation^a</u> | <u>State Equal. Rate (%)</u> | <u>Full Valuation</u> |
|--|---|--------------------------------------|-----------------------------|
| 2017 | \$529,604,991 | 19.00 | \$2,787,394,689 |
| 2018 | 534,544,242 | 19.50 | 2,741,252,523 |
| 2019 | 388,635,692 | 18.55 | 2,095,071,116 |
| 2020 | 389,919,860 | 18.15 | 2,148,318,788 |
| 2021 | 399,102,465 | 17.59 | 2,268,916,799 |
| Total Five Year Full Valuation | | | \$12,040,953,916 |
| Average Five Year Full Valuation | | | 2,408,190,783 |
| Debt Limit - 7% of Average Full Valuation | | | 168,573,355 |
| Inclusions: | | | |
| General Purpose Bonds | | | 3,300,013 |
| Water Purpose Bonds ^b | | | 992,987 |
| Water BANs | | | |
| General Purpose BANs | | | <u>2,800,000</u> |
| Total Inclusions | | | <u>7,093,000</u> |
| Exclusions: | | | |
| Appropriations | | | 213,340 |
| Excluded Water Debt | | | <u>992,987</u> |
| Total Exclusions | | | <u>1,206,327</u> |
| Total Net Indebtedness Before Issuing the Notes | | | <u>5,886,673</u> |
| The Notes | | | 2,750,000 |
| Less: BANs Being Redeemed by the Notes | | | <u>2,750,000</u> |
| Net Effect of the Notes | | | <u>0</u> |
| Total Net Indebtedness After Issuing the Notes | | | <u>5,886,673</u> |
| Net Debt Contracting Margin | | | <u><u>\$162,686,682</u></u> |
| Percent of Debt Contracting Margin Exhausted (%) | | | 3.49 |

a. The assessed valuation of the Town decreased by approximately \$145,000,000 in 2019 due to the creation of the Town of Palm Tree, which would caused the debt limit to decrease by approximately \$6,000,000. (See “Fiscal Impacts upon the Town following the creation of the Town of Palm Tree” herein).

b. A portion of the outstanding bonds in the amount of \$213,000 are for the Town’s Water District #8 and are paid by the property owners of such Water District.

Debt Service Requirements - Outstanding Bonds

| Fiscal Year Ending <u>December 31:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|--------------------|------------------|--------------------|
| 2022 | \$ 210,000 | \$ 78,667 | \$ 288,667 |
| 2023 | 243,000 | 82,445 | 325,445 |
| 2024 | 245,000 | 76,188 | 321,188 |
| 2025 | 255,000 | 71,988 | 326,988 |
| 2026 | 260,000 | 67,330 | 327,330 |
| 2027 | 265,000 | 62,333 | 327,333 |
| 2028 | 270,000 | 56,918 | 326,918 |
| 2029 | 275,000 | 51,073 | 326,073 |
| 2030 | 250,000 | 45,624 | 295,624 |
| 2031 | 185,000 | 40,400 | 225,400 |
| 2032 | 190,000 | 36,700 | 226,700 |
| 2033 | 190,000 | 32,900 | 222,900 |
| 2034 | 195,000 | 29,100 | 224,100 |
| 2035 | 200,000 | 25,200 | 225,200 |
| 2036 | 205,000 | 21,200 | 226,200 |
| 2037 | 210,000 | 17,100 | 227,100 |
| 2038 | 210,000 | 12,900 | 222,900 |
| 2039 | 215,000 | 8,700 | 223,700 |
| 2040 | 220,000 | 4,400 | 224,400 |
| Totals | <u>\$4,293,000</u> | <u>\$821,163</u> | <u>\$5,114,163</u> |

Details of Short-Term Indebtedness Outstanding (As of July 20, 2022)

The Town has outstanding bond anticipation notes in the amount of \$2,800,000 which mature on August 4, 2022. The Notes along with \$50,000 of available funds will redeem the outstanding bond anticipation notes.

Capital Project Plans

The Town is generally responsible for providing services as required to the Town residents outside of the Villages of Monroe and Harriman. The Town maintains a Town road system necessitating road resurfacing and improvements and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Town is regularly acquiring and improving recreation facilities. Except as noted below, needs for capital funding for the above described projects for which the Town has responsibility are anticipated to continue and to be in approximately the same amounts as have generally prevailed in the past.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has the following authorized but unissued indebtedness:

| <u>Date of Authorization</u> | <u>Purpose</u> | <u>Amount</u> |
|------------------------------|------------------------------------|---------------------------|
| 04/15/2019 | Water District No. 12 Improvements | \$ 900,000 |
| 10/16/2019 | Water District No. 12 Improvements | 127,500 |
| 08/02/2020 | Acquisition of Heavy Equipment | 100,000 |
| 02/21/2021 | Water District No. 12 Improvements | 600,000 |
| 11/15/2021 | Water District No. 8 Improvements | 2,700,000 |
| 11/15/2021 | Water District No. 14 Improvements | 1,951,500 |
| | Total: | <u><u>\$6,379,000</u></u> |

Trend of Town Indebtedness

The following table represents the trend of outstanding indebtedness of the Town at the end of the last five preceding fiscal years.

| | <u>Fiscal Year Ending December 31:</u> | | | | |
|-------------------------|--|-------------------------|---------------------------|---------------------------|---------------------------|
| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| Bonds | \$ 0 | \$ 0 | \$ 0 | \$4,291,500 | \$4,080,000 |
| BAN's ^a | 536,000 | 343,000 | 7,616,000 | 3,128,000 | 3,045,500 |
| Other Debt | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Debt Outstanding: | <u><u>\$536,000</u></u> | <u><u>\$343,000</u></u> | <u><u>\$7,616,000</u></u> | <u><u>\$7,419,500</u></u> | <u><u>\$7,125,500</u></u> |

a. Includes \$245,500 issued for improvements to Water District #8. Such amount of debt is paid by the property owners in such Water District.

Source: Town's unaudited financial statements.

Calculation of Estimated Overlapping and Underlying Indebtedness
(As of July 20, 2022)

In addition to the Town, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Town. The estimated applicable outstanding indebtedness of such political subdivisions is as follows:

| <u>Overlapping Units</u> | <u>Date of Report</u> | <u>Percentage Applicable (%)</u> | <u>Applicable Total Indebtedness</u> | <u>Applicable Net Indebtedness</u> |
|----------------------------|-----------------------|----------------------------------|--------------------------------------|------------------------------------|
| County of Orange | 07/06/2021 | 6.54 | \$17,045,856 | \$15,888,930 |
| Village of Harriman | 11/01/2021 | 50.00 | 1,842,500 | 1,597,500 |
| Village of Monroe | 10/28/2020 | 100.00 | 5,994,000 | 1,754,000 |
| Monroe Woodbury CSD | 02/11/2022 | 57.26 | 12,239,325 | 8,567,527 |
| Monroe Joint Fire District | 06/15/2021 | 74.65 | 3,083,045 | 3,083,045 |
| Totals | | | <u><u>\$40,204,726</u></u> | <u><u>\$30,891,002</u></u> |

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Statements.

Debt Ratios
(As of July 20, 2022)

| | <u>Amount</u> | <u>Per Capita^a</u> | <u>Percentage of Full Value (%)^b</u> |
|--|---------------|-----------------------------------|---|
| Total Direct Debt | \$7,143,000 | \$361 | 0.332 |
| Net Direct Debt | 5,986,673 | 303 | 0.279 |
| Total Direct & Applicable Total Overlapping Debt | 47,347,726 | 2,394 | 2.204 |
| Net Direct & Applicable Net Overlapping Debt | 36,877,675 | 1,865 | 1.717 |

- a. The estimated population of the Town is 19,777, following the creation of Palm Tree.
b. The full valuation of taxable real property in the Town is \$2,148,318,788.

FINANCES OF THE TOWN

Fiscal Impacts upon the Town following the Creation of the Town of Palm Tree

On November 7, 2017, a majority of the qualified voters of the Town approved the creation of the Town of Palm Tree from land that was previously located within the Town. Legislation was enacted on July 1, 2018 to accelerate the effective date for the creation of the Town of Palm Tree from January 1, 2020 to January 1, 2019. The newly created Town of Palm Tree is a separate municipal corporation vested with independent taxing and debt authority and will consist of approximately 930 acres, including the Village of Kiryas Joel.

The creation of the Town of Palm Tree did not have a significant impact upon the Town. Despite a reduction in property taxes of approximately \$766,000, the Town's total revenues for the fiscal year ending December 31, 2019 increased by approximately \$480,000, due to grants, increases in sales tax revenues, and modified court fees. The Town has been able to mitigate the financial impact by enacting certain measures as part of its budget for the fiscal years ending December 31, 2019 and 2020. As a result of such measures, the tax increase set forth in the 2019 budget was approximately 7% to 9%. For an average home in the Town, with an assessed value of \$250,000, the tax increase was approximately \$195 per year.

The Town's assessed valuation decreased by approximately 27% in 2019 due to the creation of the Town of Palm Tree. For fiscal year 2020, the Town's assessed valuation increased by approximately 1%. The tax levy also declined by 12.0% or from \$4.6 million to \$4.0 million from 2019 to 2020. In addition, budgeted revenues for the fiscal year ended 2020 are approximately \$4.82 million, in comparison to \$3.57 million in 2019. For 2020 and 2021, the tax levy and assessed valuation have remained stable.

During the fiscal year ending December 31, 2019, Town made substantial reductions in expenditures. For example, the Town secured an operator for the Monroe Theater, which was previously operated by the Town. As a result, the Town expects to save approximately \$400,000 annually. The Town will continue to own the Theater and revenues to the Town from the agreement with the operator are estimated to be approximately \$30,000, which in the aggregate is a favorable budget variance to \$430,000.

Additional cost saving measures included the following:

- reduction in the Town's annual lighting costs by approximately 48% (from \$82,200 to \$47,200) due to the reduction in energy used;
- consolidation of the responsibility of the Finance and Human Resource Departments into the Supervisor's office, resulting in annual savings of approximately \$116,000;
- reduction in headcount, resulting in annual savings of approximately \$105,000;
- modification of employee benefits resulting in annual savings of approximately \$40,000;
- control of salaries;
- elimination of the contract with BJS to operate the Town's water system, which will now be operated by Town employees, resulting in annual savings of approximately \$80,000, and
- reductions in all departmental budgets.

Based upon the foregoing, the Town believes that it continues to be well positioned to address the financial impact to the Town resulting from the creation of the Town of Palm Tree. The adoption of a balanced budget for the fiscal year ending December 31, 2019 was a critical first step and the adopted budgets for the fiscal years ending December 31, 2020, 2021 and 2022 are balanced as well. Moving forward, the Town will continue to look for ways to streamline operations, enhance revenue generating opportunities and reduce expenditures, while not reducing the current level of services provided by the Town to its residents.

Sales Tax

Most counties in the State share some portion of the proceeds from their sales tax with cities, towns, villages or school districts. These sales tax distributions are done in accordance with sharing agreements based on population, real property valuation and/or other factors, some of which are required by statute under certain circumstances and others of which are left to the discretion of the county. All of the sharing agreements must be approved by the county legislature, and any agreement between cities and counties that does not allocate revenues solely in proportion to population must also be approved by the State Comptroller.

The County presently imposes a sale and use tax of 3 ¾%, in addition to the 4% tax imposed by the State and a 3/8% levied by the Metropolitan Transportation Authority, for a countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement, shares the proceeds of the County's 3 ¾% sales and use tax with the three cities, twenty towns and nineteen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis.

| <u>Fiscal Year Ending</u> <u>December 31:</u> | <u>Total Revenue</u> | <u>Sales Tax</u> | <u>Sales Tax To</u> <u>Revenues (%)</u> |
|--|----------------------|------------------|--|
| 2016 | \$6,136,893 | \$1,483,062 | 24.17 |
| 2017 | 6,549,935 | 1,559,202 | 23.80 |
| 2018 | 6,643,872 | 1,843,757 | 27.75 |
| 2019 | 6,301,479 | 1,289,967 | 20.47 |
| 2020 | 5,677,658 | 1,619,902 | 28.53 |

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are in the process of being audited. The last such audited report made available for public inspection covers the fiscal year ended December 31, 2020, such report is attached as Appendix B. The Town expects the audited financial statement for December 31, 2021 to be finalized in fourth quarter of 2022. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are two basic fund types: (1) governmental funds that are used to account for basic services and capital projects; and (2) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following governmental funds: General Fund, Highway Fund, Sanitation Fund, Sewer Funds, and the Water Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sanitary landfill post closure costs, installment purchases, judgments and claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Town maintains a list of financial institutions and dealers approved for investment purposes and establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Town conducts business must be credit worthy. Banks are required to provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town. Security dealers not affiliated with a bank are required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The chief fiscal officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

The Town Supervisor is authorized to contract for the purpose of investments: (1) directly, including through a repurchase agreement, from an authorized trading partner, (2) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (3) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

Repurchase agreements are authorized subject to the following restrictions: (1) all repurchase agreements must be entered into subject to a Master Repurchase Agreement; (2) trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (3) obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America; (4) no substitution of securities will be allowed; and (5) the custodian shall be a party other than the trading partner.

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before August 15th. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Town Comptroller. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

Budget Summaries for the 2021 and 2022 fiscal years may be found in Appendix A.

Financial Operations

The Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Town finances are operated primarily through the General and Special Revenue Funds. The General Fund receives most of its revenue from real property tax and State aid. Current operating expenditures are paid from these funds subject to available appropriations. The Special Revenue Funds are made up of the Town outside Village, Highway, Sewer, Sanitation, Lighting, Ambulance and Water Funds. The primary source of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 0.0%, Environmental Score: 10.0%).

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The Town has not been audited in the last five years.

See the State Comptroller's official website for more information regarding the foregoing. Reference to this website implies no warranty of accuracy of information therein. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Revenues

The Town receives most of its revenues from a real property tax on all non-exempt property situated within the Town and from State Aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A. See "*Real Property Tax Information*", herein.

State Aid

Based on the audited financial reports of the Town, the Town received approximately 15.62% of its total General Fund operating revenue (predominantly mortgage tax revenues) from State aid in 2021 and approximately 19.68% and 20.42% for 2021 and 2022. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. In 2020, due to the outbreak of COVID-19, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "*Impacts of COVID-19*" herein.)

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

On April 25, 2020 the New York State Division of the Budget (the "DOB") announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projected a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. On August 13, 2020, the DOB issued its first quarterly update to the Financial Plan (the "Updated Financial Plan") which noted that the DOB began withholding 20% of most local aid payments in June due to the absence of Federal action. Depending on the size and timing of any new Federal aid, all or a portion of such withheld funds may become permanent reductions. The Updated Financial Plan includes \$8.2 billion in recurring local aid reductions and that, in the absence of unrestricted Federal aid, the DOB will continue to withhold a range of payments through the second quarter of the State's 2021 fiscal year. On October 30, 2020, the DOB issued its midyear update to the Financial Plan (the "Midyear Update") which projects a \$14.9 billion General Fund revenue decline and a 15.3% All Funds tax receipts decline from the State 2020-21 Budget forecast released in February, creating a total loss of nearly \$63 billion through FY 2024 as a direct consequence of the COVID-19 pandemic. In the absence of Federal funding to offset this revenue loss, the Midyear Update shows the State reduced spending through September by \$4.3 billion compared to FY 2020 spending over the same period by freezing hiring, new contracts and pay raises, and temporarily holding back 20% of most payments, including payments to municipalities and school districts.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

The State's revenue picture improved in the final quarter of fiscal year 2021, with tax collections exceeding expectations. On March 1, 2021 the Executive and Legislature reached consensus that cumulative tax receipts over fiscal year 2021 and fiscal year 2022 would be at least \$2.5 billion higher than estimated in the Executive Budget Financial Plan. Collections through the end of fiscal year 2021 were even more favorable, providing the basis for the substantial upward revision to tax receipts. The State finished fiscal year 2021 in a stronger overall position in comparison to the Executive Budget Financial Plan. Results reflected both strong tax receipts and disbursements that fell substantially below budgeted levels.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

The availability of State aid and the timeliness of payment of State aid to municipalities and school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Town’s General Fund Town-Wide and General Fund Town-Outside Village revenue (including transfers) comprised of State aid for each of the fiscal years 2016 through 2020 and the budgeted amounts for 2021 and 2022.

| Fiscal Year Ending <u>December 31:</u> | <u>Total Revenue</u> | <u>State Aid</u> | <u>State Aid To Revenues (%)</u> |
|---|----------------------|------------------|--------------------------------------|
| 2016 | \$6,136,893 | \$408,576 | 6.66 |
| 2017 | 6,549,935 | 601,247 | 9.18 |
| 2018 | 6,643,872 | 371,589 | 5.59 |
| 2019 | 6,301,479 | 773,763 | 12.28 |
| 2020 | 5,677,658 | 886,832 | 15.62 |
| 2021 (Budgeted) | 4,591,829 | 903,500 | 19.68 |
| 2022 (Budgeted) | 5,176,951 | 1,057,360 | 20.42 |

Source: Unaudited Annual Financial Reports (2016), Audited Financials (2017-2020) and the Adopted Budget for 2021 and 2022. The Town’s AIM aid is expected to be cut by approximately \$50,000 but will now be paid by the County.

Expenditures

The major categories of expenditures for the Town are General Government Support, Public Safety, Transportation, Economic Assistance and Opportunity, Home and Community Services, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (the “Retirement System” or “ERS”) and the New York State and Local Police and Fire Retirement System (PFRS). The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for new ERS employees hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after five years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines in the past, in certain years the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State’s Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years. The Town has decided not to amortize any payments to the Retirement System.

Required Contributions to the Retirement Systems

| Fiscal Year Ending <u>December 31:</u> | <u>ERS</u> |
|---|------------|
| 2016 | \$ 360,534 |
| 2017 | 330,509 |
| 2018 | 339,210 |
| 2019 | 323,269 |
| 2020 | 370,373 |
| 2021 (Budgeted) | 423,142 |

Source: Town Officials and Adopted Budgets of the Town.

Other Post Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2021 is as follows:

| | |
|---|----------------------------|
| Total OPEB Liability at Dec 31, 2020 | <u>\$16,870,805</u> |
| Charges for the Year: | |
| Service Cost | 719,924 |
| Interest | 320,672 |
| Changes of Benefit Terms | 0 |
| Differences between expected and actual experience in measurement of OPEB liability | 143,591 |
| Changes in Assumptions or Other Inputs | (688,630) |
| Benefit Payments | <u>(511,319)</u> |
| Net Changes in total OPEB liability | <u>(15,761)</u> |
| Total OPEB Liability at Dec 31, 2021 | <u><u>\$16,855,044</u></u> |

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance*” in Appendix A, herein.) Property taxes account for approximately 43.43% of total general fund budgeted revenues, for the fiscal year ended 2020. On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. See “*Tax Levy Limit Law*,” herein.

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The following table presents the total tax levy, by purpose, with adjustments and collection performance for each of the last five fiscal years.

Tax Rates^a
(Per \$1,000 Assessed Valuation)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| County | \$20.73 | \$20.34 | \$19.67 | \$20.30 | \$20.57 |
| General: | | | | | |
| Town Wide | \$7.62 | \$7.47 | \$7.25 | \$7.98 | \$7.87 |
| Part Town | 2.02 | 2.56 | 3.32 | 3.27 | 1.73 |
| Highway | 1.03 | 0.75 | 1.06 | 1.21 | 3.03 |
| Special District: | | | | | |
| Monroe Fire | \$4.52 | \$5.44 | \$5.12 | \$5.14 | \$5.07 |
| Monroe Fire Outside | 4.35 | 3.29 | 1.53 | 62.40 | 101.40 |
| OC Swr Dist 1 Bond | 2.20 | 1.90 | 1.88 | 1.80 | 1.80 |
| OC Swr Dist 1 O&M | 0.12 | 0.05 | 0.07 | 0.10 | 0.08 |
| Moodna Swr Dist 7 O&M | 79.07 | 90.92 | 85.92 | 81.10 | 81.81 |
| Moodna Swr Dist 8 Bond | | | | | |
| Moodna Swr Dist 8 O&M | 60.32 | 76.34 | 78.16 | 80.12 | 86.01 |
| Moodna Swr Dist 9 Bond | 3.42 | 1.56 | | | |
| Moodna Swr Dist 9 O&M | 68.33 | 81.43 | 83.84 | 81.11 | 95.04 |
| Moodna Swr Dist 8 Acreage* | 40.00 | 40.00 | 40.00 | 39.96 | 39.96 |
| Moodna Swr Dist 9 Acreage* | 40.00 | 40.00 | 40.00 | 40.00 | 39.77 |

- a. Town-wide tax rates increased by 9.9% for Village residents and 6.8% for the Town residents in 2019 due to the secession and creation of the Town of Palm Tree. (See also “*Fiscal Impacts upon the Town following the Creation of the Town of Palm*” herein).
- b. Part of the Joint Regional Sewer District
- c. Dollar per acre.

The following table sets forth the percentage of the Town’s General Fund Town-Wide and General Fund Town-Outside Village revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2016 through 2020, inclusive, and budgeted for the fiscal years 2021 and 2022.

| <u>Fiscal Year Ending</u> <u>December 31:</u> | <u>Total</u> <u>Revenue</u> | <u>Property</u> <u>Taxes</u> | <u>Property Taxes</u> <u>To Revenues (%)</u> |
|--|--------------------------------|---------------------------------|---|
| 2016 | \$6,136,893 | \$4,805,522 | 78.31 |
| 2017 | 6,549,935 | 3,593,032 | 54.86 |
| 2018 | 6,643,872 | 3,402,069 | 51.21 |
| 2019 | 6,301,479 | 2,765,514 | 43.89 |
| 2020 | 5,677,658 | 2,465,702 | 43.43 |
| 2021 (Budgeted) | 4,591,829 | 2,356,491 | 51.32 |
| 2022 (Budgeted) | 5,176,951 | 2,262,930 | 43.71 |

- a. Real Property Tax revenues decreased by approximately \$766,000 with the creation of the Town of Palm Tree. (See also “*Fiscal Impacts upon the Town following the Creation of the Town of Palm*” herein).
- Source: Unaudited Annual Financial Reports (2016), audited financials (2017-2020), and the Adopted Budgets for 2021 and 2022.

Tax Collection Procedure

Real Property taxes for the Town of Monroe for all parcels located within the Town including the Village of Harriman and the Village of Monroe are collected by the Town of Monroe Tax Collector. As of January 1, 2019, taxes for the Village of Kiryas Joel are collected by the Town of Palm Tree.

The Town property tax bills contains levies for the Town, County, Monroe Free Library, Monroe Joint Fire District, and any special districts. In addition, if school, water or sewer bills are unpaid the previous year, they will be re-levied on the recent Property Tax Bill. Collection of taxes begin on January 1st such taxes may be paid without interest for that month. Thereafter, tax payments must include interest computed at February: 1% penalty March: 2% penalty (plus \$2 Second Notice Fee). The Town, Monroe Free Library and Monroe Joint Fire District tax levies are satisfied from the first tax moneys received by the Town. Accordingly, the Town, the Monroe Free Library and the Monroe Joint Fire District receives 100% of its tax levy each year. After March 31st a listing of unpaid taxes is transmitted by the Town to the County for collection and enforcement.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law"), all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after December 31, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

The 2014 through 2021 Budgets of the Town did not exceed the tax levy limitation.

**Large Taxable Properties
2020 Assessment Roll^a**

| <u>Name</u> | <u>Type</u> | <u>Assessed Valuation</u> |
|-------------------------------|--------------------|-------------------------------|
| Orange & Rockland | Utility | \$10,948,787 |
| Centro NP Monroe Plaza LLC | Commercial | 2,788,500 |
| FBG Harriman Upper Retail LLC | Commercial | 2,201,400 |
| BMG Monroe LLC | Commercial | 1,521,100 |
| ACP Monroe Assoc. LLC | Commercial | 1,980,000 |
| FBG BJHarri-Monroe LLC | Commercial | 1,750,000 |
| Frontier Communications | Special Franchise | 1,873,531 |
| FBG Wall LLC | Commercial | 1,657,500 |
| FBG Shop Ctr LLC | Commercial | 1,430,300 |
| Target Corp | Commercial | 1,470,600 |
| Concord Real Estate Mgmt LLC | Apartment | 1,541,000 |
| Hillside Plaza | Commercial | 1,044,000 |
| Harriman Commons | Commercial | <u>905,300</u> |
| | Total ^b | <u><u>\$31,112,018</u></u> |

a. Assessment Roll established in 2020 for levy and collection of taxes in 2021.

b. Represents 7.80% of the 2021 Taxable Assessed Valuation of the Town.

LITIGATION

In common with other municipalities, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town, after consultation with the Town Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial condition of the Town.

The Town has five (5) currently pending tax certiorari matters with a collective potential liability of \$14,753.63. The Town is currently defending the tax certiorari cases.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats. To mitigate the risk of business operations, the Town actively manages various forms of cybersecurity and operational controls, contracts yearly with outside independent auditors to evaluate, assess and constantly improve existing processes and procedures, and has invested in cyber insurance to mitigate liability and the cost of remedy should a cyber attack occur. To date, the Town has successfully prevented or quickly remediated any cyber threats or attacks.

IMPACT OF COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus was declared a pandemic by the World Health Organization on March 11, 2020. A national emergency was declared, with states issuing stay-at-home orders, mask mandates and capacity limits to restrict social and workplace gatherings. The disease affected travel, commerce and financial markets globally and may continue to affect economic growth worldwide.

However, various forms of legislation on the Federal and State levels, stimulus funding, stronger than anticipated tax collections, and favorable year end results improved the fiscal outlook and the economic recovery. In addition, in January of 2021, efforts were made to develop and administer vaccine distribution throughout the country. On June 15, 2020 COVID-19 restrictions were lifted as it is estimated that 70% of New Yorkers aged 18 or older have received the first dose of their vaccination series.

Although COVID-19 may still have a negative impact, the Town was able to finish fiscal year 2020 in a stronger overall financial position. The Town responded to the financial challenges of the COVID-19 pandemic in fiscal year 2020 with swift assessments of revenue loss and corresponding reductions in expenditures. The Town took several precautionary measures to reduce expenditure budgets for the operating funds for fiscal year 2020. A goal was established to reduce spending in line with identified potential revenue shortfalls to budget. As a result, the Town was able to generate balanced results across most of its main operating funds.

The Town will continue to monitor closely the economic environment and the global COVID-19 Pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town.

The American Rescue Plan Act (“ARPA”), a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The Town expects to receive a total of approximately \$1 million in direct aid through the ARPA which was signed into law on March 11, 2021. According to the ARPA, the Town must obligate the funds by December 31, 2024 and expend them by December 31, 2026. It is the intent of the Town, to the extent allowable under the ARPA, to use these funds for expenditures incurred as well as lost revenue related to COVID-19. The intended use of the remaining funds is still under discussion, but investment in the Town’s infrastructure is under consideration (pending further guidance under the ARPA).

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules. The Town will continue to monitor closely the 2021 economic environment and the global COVID-19 pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond and note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond and note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of bond and note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond and note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Town. Said opinion will be available at the time of delivery of the Notes, and will be substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the Town will provide an executed copy of its Undertaking to Provide Notice of Events substantially in the form set forth in Appendix D.

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

Compliance History

On July 6, 2021, the Town filed a material event notice for the failure to file its unaudited financial statement for the year ending December 31, 2020.

On July 6, 2022, the Town filed a material event notice for the failure to file its unaudited financial statement for the year ending December 31, 2021.

BOND RATING

The Notes are not rated. S&P has assigned a rating of “AA” to the Town’s outstanding long-term debt. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P Global Ratings (“S&P”) 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of S&P circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Town’s bonds or the availability of a secondary market for such bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Anthony Cardone, Supervisor, Town of Monroe, Town Hall, 1465 Orange Turnpike, Monroe, New York 10950, telephone number 845/783-1900, email: tcardone@monroeny.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or owners of any of the Notes.

The preparation and distribution of this Official Statement has been authorized by the resolutions of the Town which delegate to the Town Supervisor the power to sell and issue the Notes.

TOWN OF MONROE, NEW YORK

By: s/s ANTHONY CARDONE
Town Supervisor and Chief Fiscal Officer
Town of Monroe
Monroe, New York

July , 2022

APPENDIX A

FINANCIAL INFORMATION

.

Statement of Revenues, Expenditures and Fund Balances
General Fund - Town Wide

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues: | | | | | |
| Real Property Taxes | \$ 4,805,522 | \$ 3,593,032 | \$ 3,402,069 | \$ 2,765,514 | \$ 2,465,702 |
| Real Property Tax Items | 39,344 | 41,832 | 38,126 | 40,833 | 24,001 |
| Non-Property Tax Items | 521 | 361 | 354 | 229,562 | 160 |
| Departmental Income | 575,490 | 625,350 | 526,254 | 62,751 | 37,988 |
| Intergovernmental Charges | 5,583 | 25,406 | | 28,140 | |
| Use of Money and Property | 46,437 | 24,334 | 21,167 | 199,363 | 171,618 |
| Licenses & Permits | 4,574 | 3,598 | 4,053 | 4,927 | 6,853 |
| Fines & Forfeitures | 207,134 | 266,852 | 291,730 | 339,155 | 236,061 |
| Sale of Property & Compensation for Loss | 54,085 | 3,231 | 8,682 | 59,674 | 5,816 |
| Miscellaneous | 42,961 | 60,991 | 43,444 | 112,143 | 215,598 |
| State & Federal Aid | 556,510 | 733,747 | 899,030 | 1,124,328 | 1,212,477 |
| Total Revenues | <u>6,338,161</u> | <u>5,378,734</u> | <u>5,234,909</u> | <u>4,966,390</u> | <u>4,376,274</u> |
| Expenditures: | | | | | |
| General Government Support | 2,007,633 | 1,966,437 | 1,875,963 | 1,860,875 | 1,898,351 |
| Public Safety | 180,072 | 79,721 | 55,747 | 41,029 | 44,858 |
| Health | 269,588 | 294,370 | 264,560 | 247,500 | 297,540 |
| Transportation | 634,615 | 682,281 | 695,117 | 735,702 | 602,973 |
| Culture and Recreation | 2,091,565 | 924,409 | 743,406 | 212,632 | 159,795 |
| Home and Community Services | 33,581 | 15,283 | 28,350 | 14,327 | 19,179 |
| Employee Benefits | 942,612 | 1,072,488 | 1,114,440 | 1,060,745 | 953,015 |
| Debt Service | 189,092 | 5,537 | 2,936 | 89,917 | 102,364 |
| Total Expenditures | <u>6,348,758</u> | <u>5,040,526</u> | <u>4,780,519</u> | <u>4,262,727</u> | <u>4,078,075</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers In | | 9,269 | | | 11,544 |
| Operating Transfers Out | <u>(23,500)</u> | <u>(193,500)</u> | <u>(223,500)</u> | <u>(168,140)</u> | <u>(411,659)</u> |
| Total Other Financing Sources (Uses) | <u>(23,500)</u> | <u>(184,231)</u> | <u>(223,500)</u> | <u>(168,140)</u> | <u>(400,115)</u> |
| Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses | (34,097) | 153,977 | 230,890 | 535,523 | (101,916) |
| Fund Balance Adjustments | | 163,288 | | | |
| Fund Balance Beginning of Year | 1,928,082 | 1,893,985 | 2,211,250 | 2,442,140 | 2,977,663 |
| Fund Balance End of Year | <u>\$ 1,893,985</u> | <u>\$ 2,211,250</u> | <u>\$ 2,442,140</u> | <u>\$ 2,977,663</u> | <u>\$ 2,875,747</u> |

Sources: Unaudited Annual Financial Report Update Documents of the Town (2016), Audited Financial Statements (2017-2020)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
General Fund - Town-Outside Village

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues: | | | | | |
| Real Property Taxes | \$ 425,166 | \$ 530,689 | \$ 668,345 | \$ 652,364 | \$ 348,924 |
| Non-Property Tax Items | 455,048 | 463,340 | 474,008 | 324,592 | 628,570 |
| Departmental Income | 132,777 | 153,837 | 256,479 | 293,976 | 267,271 |
| Use of Money and Property | 565 | 769 | 5,782 | 10,201 | 3,191 |
| Sale of Property & Compensation for Loss | | 4,982 | | | |
| Miscellaneous | 20,757 | 17,584 | 4,349 | 53,956 | 53,428 |
| State & Federal Aid | | | | | |
| Total Revenues | <u>1,034,313</u> | <u>1,171,201</u> | <u>1,408,963</u> | <u>1,335,089</u> | <u>1,301,384</u> |
| Expenditures: | | | | | |
| General Government Support | 340,944 | 396,461 | 351,777 | 486,333 | 454,855 |
| Public Safety | 166,509 | 200,512 | 224,396 | 207,912 | 201,603 |
| Transportation | | | | | |
| Culture and Recreation | 326,140 | 332,994 | 336,904 | 314,000 | 312,207 |
| Home and Community Services | 127,972 | 158,967 | 99,332 | 113,153 | 133,424 |
| Employee Benefits | 126,238 | 144,583 | 153,501 | 135,904 | 141,449 |
| Debt Service | | | | | |
| Total Expenditures | <u>1,087,803</u> | <u>1,233,517</u> | <u>1,165,910</u> | <u>1,257,302</u> | <u>1,243,538</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers In | | | | | |
| Operating Transfers Out | | | | | |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses | (53,490) | (62,316) | 243,053 | 77,787 | 57,846 |
| Fund Balance Adjustments | | (48,874) | | | |
| Fund Balance Beginning of Year | 2,050,672 | 1,997,182 | 1,885,992 | 2,129,045 | 2,206,832 |
| Fund Balance End of Year | <u>\$ 1,997,182</u> | <u>\$ 1,885,992</u> | <u>\$ 2,129,045</u> | <u>\$ 2,206,832</u> | <u>\$ 2,264,678</u> |

Sources: Unaudited Annual Financial Report Update Documents of the Town (2016), Audited Financial Statements (2017-2020)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Fund - Town Wide

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| Revenues: | | | | | |
| Real Property Taxes | \$ 414,122 | \$ 362,968 | \$ 471,864 | \$ 330,677 | \$ 603,974 |
| Non-property Taxes | | | | | |
| Departmental Income | | | 274,855 | 171,774 | 49,696 |
| Intergovernmental Charges | 67,408 | 102,407 | 50,000 | | |
| Use of Money and Property | 42 | 220 | 3,147 | 5,349 | 3,295 |
| Miscellaneous | | 544 | 592 | 2,804 | 671 |
| State & Federal Aid | <u>413,516</u> | <u>573,573</u> | <u>884,664</u> | <u>268,795</u> | <u>87,022</u> |
| Total Revenues | <u>895,088</u> | <u>1,039,712</u> | <u>1,685,122</u> | <u>779,399</u> | <u>744,658</u> |
| Expenditures: | | | | | |
| General Governmental Support | 476 | 1,052 | 1,021 | 4,044 | 624 |
| Transportation | 510,960 | 496,540 | 620,848 | 448,448 | 445,346 |
| Employee Benefits | 190,692 | 198,068 | 217,784 | 217,145 | 228,021 |
| Debt Service | | | | | |
| Total Expenditures | <u>702,128</u> | <u>695,660</u> | <u>839,653</u> | <u>669,637</u> | <u>673,991</u> |
| Other Financing Sources (Uses): | | | | | |
| Proceeds From: | | | | | |
| Operating Transfers In | | | | | |
| Operating Transfers Out | | | | | |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses | 192,960 | 344,052 | 845,469 | 109,762 | 70,667 |
| Fund Balance Adjustments | | 71,136 | | | |
| Fund Balance Beginning of Year | <u>(244,821)</u> | <u>(51,861)</u> | <u>363,327</u> | <u>1,208,796</u> | <u>1,318,558</u> |
| Fund Balance End of Year | <u><u>\$ (51,861)</u></u> | <u><u>\$ 363,327</u></u> | <u><u>\$ 1,208,796</u></u> | <u><u>\$ 1,318,558</u></u> | <u><u>\$ 1,389,225</u></u> |

Sources: Unaudited Annual Financial Report Update Documents of the Town (2016), Audited Financial Statements (2017-2020)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Fund - Part Town

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|
| Revenues: | | | | | |
| Real Property Taxes | \$ 210,930 | \$ 155,200 | \$ 213,364 | \$ 240,891 | \$ 610,142 |
| Non Property Tax Items | 1,177,444 | 1,251,388 | 1,291,879 | 1,039,968 | 991,172 |
| Intergovernmental Charges | 42,000 | 80,000 | | | |
| Departmental Income | | | | 40 | |
| Use of Money and Property | 287 | 614 | 4,501 | 9,292 | 705 |
| Sale of Property & Comp. for Loss | 31,357 | 407 | | 486 | |
| Miscellaneous | 5,419 | 752 | 1,799 | 1,230 | 166,144 |
| State & Federal Aid | 106,010 | 121,953 | 121,997 | | 618,560 |
| Total Revenues | <u>1,573,447</u> | <u>1,610,314</u> | <u>1,633,540</u> | <u>1,291,907</u> | <u>2,386,723</u> |
| Expenditures: | | | | | |
| General Governmental Support | 1,482 | 1,825 | 1,718 | 1,966 | 1,416 |
| Transportation | 976,239 | 1,261,525 | 1,189,205 | 1,267,344 | 1,037,776 |
| Employee Benefits | 359,003 | 400,614 | 436,743 | 448,132 | 428,808 |
| Debt Service | | | | 6,917 | 4,472 |
| Total Expenditures | <u>1,336,724</u> | <u>1,663,964</u> | <u>1,627,666</u> | <u>1,724,359</u> | <u>1,472,472</u> |
| Other Financing Sources (Uses): | | | | | |
| Proceeds From: | | | | | |
| Operating Transfers In | | | | | |
| Operating Transfers Out | (148,000) | (250,500) | (100,000) | (285,704) | (139,000) |
| Total Other Financing Sources (Uses) | <u>(148,000)</u> | <u>(250,500)</u> | <u>(100,000)</u> | <u>(285,704)</u> | <u>(139,000)</u> |
| Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses | | | | | |
| | 88,723 | (304,150) | (94,126) | (718,156) | 775,251 |
| Fund Balance Adjustments | | | | | |
| | | (50,639) | | | |
| Fund Balance Beginning of Year | 821,586 | 910,309 | 555,520 | 461,394 | (256,762) |
| Fund Balance End of Year | <u>\$ 910,309</u> | <u>\$ 555,520</u> | <u>\$ 461,394</u> | <u>\$ (256,762)</u> | <u>\$ 518,489</u> |

Sources: Unaudited Annual Financial Report Update Documents of the Town (2016), Audited Financial Statements (2017-2020)

NOTE: This Schedule NOT audited.

**Statement of Revenues, Expenditures and Fund Balances
Special Districts**

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|
| Revenues: | | | | | |
| Real Property Taxes | \$ 2,620,095 | \$ 2,759,885 | \$ 2,760,529 | \$ 2,807,928 | \$ 3,029,522 |
| Non Property Tax Items | | | | | |
| Intergovernmental Charges | | | | | |
| Departmental Income | 251,209 | 255,608 | 229,431 | 260,114 | 304,372 |
| Use of Money and Property | 635 | 1,370 | 9,487 | 18,360 | 8,260 |
| Sale of Property & Comp. for Loss | | | | | |
| Miscellaneous | 4,713 | 2,123 | 100,804 | 355 | 1,015 |
| State & Federal Aid | | | | | |
| Total Revenues | <u>2,876,652</u> | <u>3,018,986</u> | <u>3,100,251</u> | <u>3,086,757</u> | <u>3,343,169</u> |
| Expenditures: | | | | | |
| General Governmental Support | 31,768 | 12,620 | 3,159 | 10,931 | 2,920 |
| Public Safety | 30,200 | 18,000 | 15,500 | 14,850 | 7,103 |
| Transportation | 78,218 | 74,402 | 67,219 | 47,822 | 37,829 |
| Home & Community Services | 2,728,909 | 2,726,775 | 2,682,443 | 2,927,975 | 2,955,432 |
| Employee Benefits | 5,416 | 5,775 | 7,118 | 7,102 | 5,639 |
| Debt Services | 63,425 | 5,045 | 5,767 | 6,123 | 13,709 |
| Total Expenditures | <u>2,937,936</u> | <u>2,842,617</u> | <u>2,781,206</u> | <u>3,014,803</u> | <u>3,022,632</u> |
| Other Financing Sources (Uses): | | | | | |
| Proceeds From: | | | | | |
| Operating Transfers In | 154,301 | 150,811 | 153,594 | 71,105 | 72,439 |
| Operating Transfers Out | (164,054) | (192,580) | (186,094) | (103,605) | (131,310) |
| Total Other Financing Sources (Uses) | <u>(9,753)</u> | <u>(41,769)</u> | <u>(32,500)</u> | <u>(32,500)</u> | <u>(58,871)</u> |
| Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses | (71,037) | 134,600 | 286,545 | 39,454 | 261,666 |
| Fund Balance Adjustments | | | | | |
| Fund Balance Beginning of Year | 517,547 | 296,456 | 431,056 | 717,601 | 757,055 |
| Fund Balance End of Year | <u>\$ 296,456</u> | <u>\$ 431,056</u> | <u>\$ 717,601</u> | <u>\$ 757,055</u> | <u>\$ 1,018,721</u> |

Sources: Unaudited Annual Financial Report Update Documents of the Town (2016), Audited Financial Statements (2017-2020)

* Special Districts Fund includes: Drainage, Special Miscellaneous, Water, Sewer, Refuse, Street Lighting, and Fire Protection Districts.

NOTE: This Schedule NOT audited.

BALANCE SHEET - GENERAL & MAJOR TOWN FUNDS
Fiscal Year Ending December 31, 2020

| <u>Assets</u> | <u>Town-Wide General Fund</u> | <u>Town Outside Village Fund</u> | <u>Highway Fund</u> | <u>Special Districts Fund*</u> |
|--|---------------------------------------|--|-------------------------|--|
| Cash | \$ 357,152 | \$ 996,125 | \$ 1,396,940 | \$ 1,571,474 |
| Investments | 2,348,214 | 501,181 | 501,181 | |
| Accounts Receivable | 37,112 | 79,656 | 2,018 | |
| Water Rents, Net | | | | 125,731 |
| Due from State & Federal Aid | 52,180 | | | |
| Due from other Governments | 83,801 | 120,168 | 281,477 | |
| Due from other Funds | 50,540 | 102,325 | 12,180 | 5,561 |
| Due from Fiduciary Fund | 1,645,012 | | 270,213 | |
| Advances to other Funds | | 536,674 | | |
| Prepaid Expenses | 81,434 | 11,833 | 58,279 | 834 |
| Total Assets | \$ 4,655,445 | \$ 2,347,962 | \$ 2,522,288 | \$ 1,703,600 |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 102,735 | \$ 80,825 | \$ 43,320 | \$ 36,876 |
| Accrued Liabilities | 17,455 | 2,459 | 10,989 | 49 |
| Employee Payroll Deductions | 19,960 | | | |
| Deposits Payable | 1,625,052 | | 270,213 | |
| Due to other Funds | | | 290,052 | 111,280 |
| Advances from other Funds | | | | 536,674 |
| Due to other Governments | 996 | | | |
| Bond Anticipation Notes Payable | | | | |
| Total Liabilities | \$ 1,766,198 | \$ 83,284 | \$ 614,574 | \$ 684,879 |
| Deferred Inflows of Resources | | | | |
| Deferred State & Federal Aid | 13,500 | | | |
| Total Liabilities & Deferred Inflows of Resources | 1,779,698 | 83,284 | 614,574 | 684,879 |
| <u>Fund Equity</u> | | | | |
| Fund Balance: | | | | |
| Nonspendable | \$ 81,434 | \$ 548,507 | \$ 58,279 | \$ 834 |
| Restricted | 331,419 | | | |
| Assigned | 205,000 | 1,716,171 | 1,849,435 | 1,017,887 |
| Unassigned | 2,257,894 | | | |
| Total Fund Equity | 2,875,747 | 2,264,678 | 1,907,714 | 1,018,721 |
| Total Liabilities and Fund Equity | \$ 4,655,445 | \$ 2,347,962 | \$ 2,522,288 | \$ 1,703,600 |

Sources: Audited Financial Reports of the Town (2020)

* Special District Fund includes: Drainage, Special Miscellaneous, Water, Sewer, Refuse, Street Lighting, and Fire Protection Districts

NOTE: This Schedule NOT audited

Budget Summaries

Fiscal Year Ending December 31, 2021

| | <u>Appropriations</u> | <u>Less Estimated Revenues</u> | <u>Less Unexpected Balance</u> | <u>Amount To Be Raised By Tax</u> |
|--------------------------------------|-----------------------|--|--|---|
| General Fund - Townwide | \$ 4,591,830 | \$ 2,030,338 | \$ 205,000 | \$ 2,356,492 |
| General Fund - Town- Outside Village | 1,277,742 | 811,190 | 15,000 | 451,552 |
| Highway Fund-Townwide | 829,659 | 183,898 | | 645,761 |
| Highway Fund-Town Outside Village | <u>1,556,234</u> | <u>1,029,852</u> | | <u>526,382</u> |
| Totals | <u>\$ 8,255,465</u> | <u>\$ 4,055,278</u> | <u>\$ 220,000</u> | <u>\$ 3,980,187</u> |

Source: 2021 Adopted Budget

Budget Summaries

Fiscal Year Ending December 31, 2022

| | <u>Appropriations</u> | <u>Less Estimated Revenues</u> | <u>Less Unexpected Balance</u> | <u>Amount To Be Raised By Tax</u> |
|--------------------------------------|-----------------------|--|--|---|
| General Fund - Townwide | \$ 5,176,952 | \$ 2,774,021 | \$ 140,000 | \$ 2,262,931 |
| General Fund - Town- Outside Village | 1,450,108 | 1,067,721 | 105,000 | 277,387 |
| Highway Fund-Townwide | 787,636 | 210,928 | 35,000 | 541,708 |
| Highway Fund-Town Outside Village | <u>1,881,578</u> | <u>1,258,025</u> | | <u>623,553</u> |
| Totals | <u>\$ 9,296,274</u> | <u>\$ 5,310,695</u> | <u>\$ 280,000</u> | <u>\$ 3,705,579</u> |

Source: 2022 Adopted Budget

TOWN OF MONROE
APPENDIX B
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

Town of Monroe, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2020



Town of Monroe, New York

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Independent Auditors' Report

**The Honorable Supervisor and Town Board
of the Town of Monroe, 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 Monroe, New York ("Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 2G to the financial statements, management has not recorded a liability for length of service awards program in governmental activities in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", and accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that length of service awards program obligations be recorded in the governmental activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities has not been determined since an actuarial liability has not been calculated.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General, Town Outside Village, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 2E in the notes to financial statements which disclose the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "Fiduciary Activities". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated July 23, 2020, which contained unmodified opinions on the respective financial statements, each major fund and the aggregate remaining fund information and a qualified opinion was issued for governmental activities. The combining and individual fund financial statements and schedules for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
September 6, 2021

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Town of Monroe, New York

Management's Discussion and Analysis
December 31, 2020

Introduction

The following discussion and analysis of the Town of Monroe, New York's ("Town") financial statement provides an overview of the financial activities of the Town of Monroe for the year ended December 31, 2020. Please read in conjunction with the basic financial statements and the accompanying "Notes to the Financial Statements" that follow this section.

Financial Highlights

Key financial highlights for fiscal year ended December 31, 2020 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,529,767. Of this amount, the unrestricted net position, which is available to meet the ongoing obligations of the Town, reflects a deficit of \$7,824,825 at December 31, 2020, an increase of \$506,490 from the prior year. In large part, this cumulative deficit is attributable to the accrual of certain operating liabilities pursuant to various Governmental Accounting Standards Board ("GASB") pronouncements discussed below. These obligations will be satisfied in future years, including borrowings for judgements and claims, compensated absences, net pension liabilities and other post-employment benefit ("OPEB") obligations.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,322,256, representing an overall increase in fund balance of \$5,098,826 from the prior year. A contributing factor to the change, was the Capital Projects Fund's obtaining permanent financing for its various ongoing projects.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,257,894 or 50.2% of the total General Fund expenditures and other financing uses.
- The deficit fund balance of the Capital Projects Fund was reduced from \$(5,778,471) to \$(1,738,015) mainly due to issuance of general obligations bonds for \$4,291,500 in 2020.

Overview of the Financial Statements

The Town's financial statements are composed of this Management's Discussion and Analysis ("MD&A") and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information as listed in the table of contents.

Government-wide Financial Statements

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

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

The *statement of activities* presents how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, earned but unused vacation leave and OPEB).

The *government-wide financial statements* distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues for governmental services. The governmental activities of the Town include: general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The *government-wide financial statements* can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the Town funds can be divided into two categories: Governmental Funds and Fiduciary Funds.

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

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

The Town maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the General Fund, Town Outside Village Fund, Highway Fund, Special Districts Fund and Capital Projects Fund since they are all classified as major funds.

The Town adopts an annual appropriations budget for its General Fund, Highway Fund, Special Districts Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of these funds are not available to support the Town's programs. The Town maintains only one type of fiduciary fund that is known as a Custodial Fund. The Town holds resources in this fund purely in a custodial capacity, primarily to account for real property taxes collected for other governments. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate government.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the Notes to the Financial Statements, including schedules of budgets to actual comparisons.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Monroe, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,529,767 for fiscal year ended December 31, 2020.

The following table reflects the condensed Statement of Net Position:

Statement of Net Position

| | December 31, 2020 | December 31, 2019 |
|----------------------------------|----------------------|----------------------|
| Current Assets | \$ 12,679,834 | \$ 11,470,070 |
| Capital Assets, net | 17,109,277 | 16,096,780 |
| Total Assets | 29,789,111 | 27,566,850 |
| Deferred Outflows of Resources | 4,058,162 | 1,216,485 |
| Current Liabilities | 5,399,115 | 9,272,474 |
| Long-term Liabilities | 21,604,420 | 14,145,977 |
| Total Liabilities | 27,003,535 | 23,418,451 |
| Deferred Inflows of Resources | 2,313,971 | 2,057,539 |
| NET POSITION | | |
| Net investment in capital assets | 11,029,762 | 10,318,309 |
| Restricted | 1,324,830 | 1,320,351 |
| Unrestricted | (7,824,825) | (8,331,315) |
| Total Net Position | \$ 4,529,767 | \$ 3,307,345 |

The largest component of the Town's net position is its Invested in Capital Assets (net of related debt) of \$11,029,762 which reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net assets of \$1,324,830 represent resources that are subject to external restrictions on their use. The restrictions are:

| | 2020 | 2019 |
|-----------------------|--------------|--------------|
| Debt Service | \$ - | \$ 5,164 |
| Special Purpose | 985,055 | 985,055 |
| Community Development | 8,356 | 8,336 |
| Pension Benefits | 331,419 | 321,796 |
| Restricted Net Assets | \$ 1,324,830 | \$ 1,320,351 |

The remaining balance is an unrestricted deficit of (\$7,824,825).

**Changes in Net Position
December 31, 2020 and 2019**

| | 2020 | 2019 |
|--|---------------------|---------------------|
| REVENUES | | |
| Program Revenues | | |
| Charges for Services | \$ 1,038,946 | \$ 1,321,423 |
| Operating Grants and Contributions | 1,493,931 | 548,102 |
| Capital Grants and Contributions | 341,504 | 12,567 |
| General Revenues | | |
| Real Property Taxes | 7,058,264 | 6,797,374 |
| Other Tax items | 24,001 | 40,833 |
| Non-Property Taxes | 1,619,902 | 1,594,122 |
| Unrestricted Use of Money and Property | 15,126 | 25,825 |
| Sale of Property and Compensation for Loss | 5,816 | 59,674 |
| Unrestricted State Aid | 627,516 | 571,190 |
| Miscellaneous | 268,726 | 158,004 |
| | <u>12,493,732</u> | <u>11,129,114</u> |
| PROGRAM EXPENSES | | |
| General Government Support | 3,098,865 | 3,203,659 |
| Public Safety | 424,450 | 418,633 |
| Health | 297,540 | 247,500 |
| Transportation | 3,312,141 | 3,767,795 |
| Culture and Recreation | 743,006 | 787,821 |
| Home and Community Services | 3,253,060 | 3,153,460 |
| Interest | 142,248 | 131,771 |
| | <u>11,271,310</u> | <u>11,710,639</u> |
| Change in Net Position | 1,222,422 | (581,525) |
| NET POSITION | | |
| Beginning | <u>3,307,345</u> | <u>3,888,870</u> |
| Ending | <u>\$ 4,529,767</u> | <u>\$ 3,307,345</u> |

Governmental activities increased the Town's net position by \$1,222,422.

For the fiscal year ended December 31, 2020, revenues for governmental activities totaled \$12,493,732. Tax revenues of \$8,702,167 comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue sources (69.65%).

Governmental activities expenses of the Town for the fiscal year ended December 31, 2020 totaled \$11,271,310. The major expenditure categories are: general government support (27.49%), public safety (3.77%), health (2.64%), transportation (29.39%), culture and recreation (6.59%) and home and community services (28.86%).

Financial Analysis of the Government's Funds

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

Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the Town's fiscal period ending December 31, 2011. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaced them with five new classifications: non-spendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Non-spendable – consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Town Board.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,322,256, an increase of \$5,098,826 compared to last years ending balance of \$2,223,430. The non-spendable fund balance component is \$689,054, consisting of amounts representing prepaid expenditures. Fund Balance of \$1,324,830 is restricted for Debt service, Special Purpose, Community Development, and Pension benefits. The assigned fund balance portion of \$4,788,493 is for encumbrances and amounts designated to balance the fiscal 2021 budget. The remaining fund balance of \$519,879 is unassigned.

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,257,894 representing 79% of the total General Fund balance of \$2,875,747. This is a decrease from the prior year, when the total fund balance was \$2,977,663.

General Fund Budgetary Highlights

Overall, General Fund expenditures and other financing uses are \$4.48 million, which is \$610,374 less than the final budget. Spending was less than the final budget across most of the categories. The major areas where spending was less than the final budget were general government support (\$231,413), employee benefits (\$108,782) and transportation (\$103,060).

Total Revenues and other financing sources were under the budgetary estimates by \$626,913. The revenue category that reflected the most significant negative variance compared to the final budget was State aid (\$561,511).

Capital Asset

The Town's investment in Capital Assets for its governmental activities as of December 31, 2020 amounted to \$17,109,277, net of accumulated depreciation. The investment in capital assets includes land, construction-in-progress, buildings, land improvements, machinery and equipment and infrastructure.

**Town of Monroe Capital Assets
(Net of Depreciation)**

| | 2020 | 2019 |
|--------------------------|-------------------|-------------------|
| Land | \$ 4,223,245 | \$ 3,808,245 |
| Construction-in-Progress | 567,884 | 413,653 |
| Buildings | 8,957,382 | 8,276,342 |
| Land Improvements | 31,759 | 35,549 |
| Machinery and Equipment | 2,009,969 | 2,178,754 |
| Infrastructure | 1,319,038 | 1,384,237 |
| Total | \$ 17,109,277 | \$ 16,096,780 |

The following highlights the amounts expended during the current fiscal year on major capital assets:

- Purchase of Land
- Renovations
- Security equipment

Long Term Debt

In 2020, the Town issued general obligation bonds of \$4,291,500 for capital improvements and for settlement of claims.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Monroe Finance Office, 1465 Orange Turnpike, Monroe, NY 10950. Inquiries can be made via email tcardone@monroeny.org or telephone (845) 783-1900.

Town of Monroe, New YorkStatement of Net Position
December 31, 2020

ASSETS

| | | |
|--------------------------------|----|-------------------|
| Cash and equivalents | \$ | 5,480,096 |
| Investments | | 4,349,990 |
| Receivables | | |
| Accounts | | 118,786 |
| Water rents, net | | 125,731 |
| Due from state and federal aid | | 52,180 |
| Due from other governments | | 485,446 |
| Due from fiduciary fund | | 1,915,225 |
| Prepaid expenses | | 152,380 |
| Capital assets | | |
| Not being depreciated | | 4,791,129 |
| Being depreciated, net | | 12,318,148 |
| Total Assets | | <u>29,789,111</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|--------------------------------------|--|------------------|
| Pension related | | 1,484,710 |
| OPEB related | | 2,573,452 |
| Total Deferred Outflows of Resources | | <u>4,058,162</u> |

LIABILITIES

| | | |
|---------------------------------|--|-------------------|
| Accounts payable | | 268,905 |
| Accrued liabilities | | 30,952 |
| Employee payroll deductions | | 19,960 |
| Deposits payable | | 1,895,265 |
| Due to other governments | | 996 |
| Bond anticipation notes payable | | 3,128,000 |
| Accrued interest payable | | 55,037 |
| Non-current liabilities | | |
| Due within one year | | 221,400 |
| Due in more than one year | | 21,383,020 |
| Total Liabilities | | <u>27,003,535</u> |

DEFERRED INFLOWS OF RESOURCES

| | | |
|--------------------------------------|--|------------------|
| Pension related | | 65,299 |
| OPEB related | | 2,248,672 |
| Total Deferred Outflows of Resources | | <u>2,313,971</u> |

NET POSITION

| | | |
|----------------------------------|----|--------------------|
| Net investment in capital assets | | 11,029,762 |
| Restricted for | | |
| Special purpose | | 985,055 |
| Community development | | 8,356 |
| Pension benefits | | 331,419 |
| Unrestricted | | <u>(7,824,825)</u> |
| Total Net Position | \$ | <u>4,529,767</u> |

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

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Town of Monroe, New York

Statement of Activities
Year Ended December 31, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities | | | | | |
| General government support | \$ 3,098,865 | \$ 154,424 | \$ 7,706 | \$ - | \$ (2,936,735) |
| Public safety | 424,450 | 491,681 | 24,003 | - | 91,234 |
| Health | 297,540 | 3,724 | - | - | (293,816) |
| Transportation | 3,312,141 | 68,559 | 1,327,966 | 250,000 | (1,665,616) |
| Culture and recreation | 743,006 | 3,520 | 126,056 | 88,095 | (525,335) |
| Home and community services | 3,253,060 | 317,038 | 8,200 | - | (2,927,822) |
| Interest | 142,248 | - | - | 3,409 | (138,839) |
| Total Governmental Activities | \$ 11,271,310 | \$ 1,038,946 | \$ 1,493,931 | \$ 341,504 | (8,396,929) |
| General revenues | | | | | |
| Real property taxes | | | | | 7,058,264 |
| Other tax items | | | | | |
| Interest and penalties on real property taxes | | | | | 24,001 |
| Non-property taxes | | | | | |
| Non-property tax distribution from County | | | | | 1,413,767 |
| Franchise fees | | | | | 205,975 |
| Utilities gross receipts | | | | | 160 |
| Unrestricted use of money and property | | | | | 15,126 |
| Sale of property and compensation for loss | | | | | 5,816 |
| Unrestricted State aid | | | | | 627,516 |
| Miscellaneous | | | | | 268,726 |
| Total General Revenues | | | | | 9,619,351 |
| Change in Net Position | | | | | 1,222,422 |
| NET POSITION | | | | | |
| Beginning | | | | | 3,307,345 |
| Ending | | | | | \$ 4,529,767 |

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

Town of Monroe, New York

Balance Sheet
Governmental Funds
December 31, 2020

| | General | Town Outside Village | Highway |
|--|---------------------|----------------------------|---------------------|
| ASSETS | | | |
| Cash and equivalents | \$ 357,152 | \$ 996,125 | \$ 1,396,940 |
| Investments | 2,348,214 | 501,181 | 501,181 |
| Receivables | | | |
| Accounts | 37,112 | 79,656 | 2,018 |
| Water rents, net | - | - | - |
| Due from state and federal aid | 52,180 | - | - |
| Due from other governments | 83,801 | 120,168 | 281,477 |
| Due from other funds | 50,540 | 102,325 | 12,180 |
| Due from fiduciary fund | 1,645,012 | - | 270,213 |
| Advances to other funds | - | 536,674 | - |
| | <u>1,868,645</u> | <u>838,823</u> | <u>565,888</u> |
| Prepaid expenditures | 81,434 | 11,833 | 58,279 |
| Total Assets | <u>\$ 4,655,445</u> | <u>\$ 2,347,962</u> | <u>\$ 2,522,288</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS) | | | |
| Liabilities | | | |
| Accounts payable | \$ 102,735 | \$ 80,825 | \$ 43,320 |
| Accrued liabilities | 17,455 | 2,459 | 10,989 |
| Employee payroll deductions | 19,960 | - | - |
| Deposits payable | 1,625,052 | - | 270,213 |
| Due to other funds | - | - | 290,052 |
| Advances from other funds | - | - | - |
| Due to other governments | 996 | - | - |
| Bond anticipation notes payable | - | - | - |
| Total Liabilities | 1,766,198 | 83,284 | 614,574 |
| Deferred inflows of resources | | | |
| Deferred State and Federal aid | 13,500 | - | - |
| Total Liabilities and Deferred Inflows of Resources | <u>1,779,698</u> | <u>83,284</u> | <u>614,574</u> |
| Fund balances (Deficits) | | | |
| Nonspendable | 81,434 | 548,507 | 58,279 |
| Restricted | 331,419 | - | - |
| Assigned | 205,000 | 1,716,171 | 1,849,435 |
| Unassigned | 2,257,894 | - | - |
| Total Fund Balances (Deficits) | <u>2,875,747</u> | <u>2,264,678</u> | <u>1,907,714</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits) | <u>\$ 4,655,445</u> | <u>\$ 2,347,962</u> | <u>\$ 2,522,288</u> |

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

| Special Districts | Capital Projects | Non-Major Governmental | Total Governmental Funds |
|---------------------|---------------------|------------------------|--------------------------|
| \$ 1,571,474 | \$ 1,044,125 | \$ 114,280 | \$ 5,480,096 |
| - | 120,283 | 879,131 | 4,349,990 |
| - | - | - | 118,786 |
| 125,731 | - | - | 125,731 |
| - | - | - | 52,180 |
| - | - | - | 485,446 |
| 5,561 | 278,462 | - | 449,068 |
| - | - | - | 1,915,225 |
| - | - | - | 536,674 |
| 131,292 | 278,462 | - | 3,683,110 |
| 834 | - | - | 152,380 |
| <u>\$ 1,703,600</u> | <u>\$ 1,442,870</u> | <u>\$ 993,411</u> | <u>\$ 13,665,576</u> |
| \$ 36,876 | \$ 5,149 | \$ - | \$ 268,905 |
| 49 | - | - | 30,952 |
| - | - | - | 19,960 |
| - | - | - | 1,895,265 |
| 111,280 | 47,736 | - | 449,068 |
| 536,674 | - | - | 536,674 |
| - | - | - | 996 |
| - | 3,128,000 | - | 3,128,000 |
| 684,879 | 3,180,885 | - | 6,329,820 |
| - | - | - | 13,500 |
| 684,879 | 3,180,885 | - | 6,343,320 |
| 834 | - | - | 689,054 |
| - | - | 993,411 | 1,324,830 |
| 1,017,887 | - | - | 4,788,493 |
| - | (1,738,015) | - | 519,879 |
| 1,018,721 | (1,738,015) | 993,411 | 7,322,256 |
| <u>\$ 1,703,600</u> | <u>\$ 1,442,870</u> | <u>\$ 993,411</u> | <u>\$ 13,665,576</u> |

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Town of Monroe, New York

Reconciliation of the Governmental Funds
Balance Sheet to the Government-Wide Statement of Net Position
December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Net Position
are Different Because

| | |
|--|----------------------------|
| Total Fund Balances - Governmental Funds | <u>\$ 7,322,256</u> |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Capital assets - non-depreciable | 4,791,129 |
| Capital assets - depreciable | 21,938,740 |
| Accumulated depreciation | <u>(9,620,592)</u> |
| | <u>17,109,277</u> |
| Governmental funds do not report the effect of assets or liabilities related to net pension liabilities and other post employment benefits whereas these amounts are deferred and amortized in the statement of activities. | |
| Deferred outflows - pension related | 1,484,710 |
| Deferred outflows - OPEB related | 2,573,452 |
| Deferred inflows - pension related | (65,299) |
| Deferred inflows - OPEB related | <u>(2,248,672)</u> |
| | <u>1,744,191</u> |
| Revenues in the statement of activities that do not provide current financial resources are not reported as a revenues in the funds. | |
| Federal aid | <u>13,500</u> |
| Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Accrued interest payable | (55,037) |
| General obligation bonds payable | (4,291,500) |
| Net pension liability | (1,946,126) |
| Landfill closure costs | (317,349) |
| Total OPEB liability | <u>(15,049,445)</u> |
| | <u>(21,659,457)</u> |
| Net Position of Governmental Activities | <u><u>\$ 4,529,767</u></u> |

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

Town of Monroe, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2020

| | General | Town Outside Village | Highway |
|--|---------------------|----------------------------|---------------------|
| REVENUES | | | |
| Real property taxes | \$ 2,465,702 | \$ 348,924 | \$ 1,214,116 |
| Other tax items | 24,001 | - | - |
| Non-property taxes | 160 | 628,570 | 991,172 |
| Departmental income | 37,988 | 267,271 | 49,696 |
| Use of money and property | 171,618 | 3,191 | 4,000 |
| Sale of property and compensation for loss | 5,816 | - | - |
| Licenses and permits | 6,853 | - | - |
| Fines and forfeitures | 236,061 | - | - |
| State aid | 886,832 | - | 705,582 |
| Federal aid | 325,645 | - | - |
| Miscellaneous | 215,598 | 53,428 | 166,815 |
| Total Revenues | 4,376,274 | 1,301,384 | 3,131,381 |
| EXPENDITURES | | | |
| Current | | | |
| General government support | 1,898,351 | 454,855 | 2,040 |
| Public safety | 44,858 | 201,603 | - |
| Health | 297,540 | - | - |
| Transportation | 602,973 | - | 1,483,122 |
| Culture and recreation | 159,795 | 312,207 | - |
| Home and community services | 19,179 | 133,424 | - |
| Employee benefits | 953,015 | 141,449 | 656,829 |
| Debt service | | | |
| Interest | 102,364 | - | 4,472 |
| Capital outlay | - | - | - |
| Total Expenditures | 4,078,075 | 1,243,538 | 2,146,463 |
| Excess (Deficiency) of Revenues Over Expenditures | 298,199 | 57,846 | 984,918 |
| OTHER FINANCING SOURCES (USES) | | | |
| Bonds issued | - | - | - |
| Transfers in | 11,544 | - | - |
| Transfers out | (411,659) | - | (139,000) |
| Total Other Financing Sources (Uses) | (400,115) | - | (139,000) |
| Net Change in Fund Balances | (101,916) | 57,846 | 845,918 |
| FUND BALANCES (DEFICITS) | | | |
| Beginning of Year | 2,977,663 | 2,206,832 | 1,061,796 |
| End of Year | <u>\$ 2,875,747</u> | <u>\$ 2,264,678</u> | <u>\$ 1,907,714</u> |

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

| Special Districts | Capital Projects | Non-Major Governmental | Total Governmental Funds |
|----------------------|-----------------------|---------------------------|--------------------------------|
| \$ 3,029,522 | \$ - | \$ - | \$ 7,058,264 |
| - | - | - | 24,001 |
| - | - | - | 1,619,902 |
| 304,372 | - | - | 659,327 |
| 8,260 | 3,400 | 29 | 190,498 |
| - | - | - | 5,816 |
| - | - | - | 6,853 |
| - | - | - | 236,061 |
| - | 250,000 | - | 1,842,414 |
| - | - | - | 325,645 |
| 1,015 | 82,095 | - | 518,951 |
| <u>3,343,169</u> | <u>335,495</u> | <u>29</u> | <u>12,487,732</u> |
| 2,920 | - | - | 2,358,166 |
| 7,103 | - | - | 253,564 |
| - | - | - | 297,540 |
| 37,829 | - | - | 2,123,924 |
| - | - | - | 472,002 |
| 2,955,432 | - | - | 3,108,035 |
| 5,639 | - | - | 1,756,932 |
| 13,709 | - | - | 120,545 |
| - | 1,189,698 | - | 1,189,698 |
| <u>3,022,632</u> | <u>1,189,698</u> | <u>-</u> | <u>11,680,406</u> |
| <u>320,537</u> | <u>(854,203)</u> | <u>29</u> | <u>807,326</u> |
| - | 4,291,500 | - | 4,291,500 |
| 72,439 | 603,159 | - | 687,142 |
| (131,310) | - | (5,173) | (687,142) |
| <u>(58,871)</u> | <u>4,894,659</u> | <u>(5,173)</u> | <u>4,291,500</u> |
| 261,666 | 4,040,456 | (5,144) | 5,098,826 |
| <u>757,055</u> | <u>(5,778,471)</u> | <u>998,555</u> | <u>2,223,430</u> |
| <u>\$ 1,018,721</u> | <u>\$ (1,738,015)</u> | <u>\$ 993,411</u> | <u>\$ 7,322,256</u> |

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Town of Monroe, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

| | |
|--|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 5,098,826</u> |
| Governmental funds report capital outlays 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. | |
| Capital outlay expenditures | 1,724,707 |
| Depreciation expense | <u>(710,045)</u> |
| | <u>1,014,662</u> |
| The net effect of various miscellaneous transactions involving capital assets. | |
| Loss on disposal of equipment | <u>(2,165)</u> |
| Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| State and Federal aid | <u>6,000</u> |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | |
| General obligation bonds issued | <u>(4,291,500)</u> |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Accrued interest | (21,703) |
| Landfill closure costs | 9,875 |
| Changes in pension liabilities and related deferred outflows and inflows of resources | (392,023) |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | <u>(614,550)</u> |
| | <u>(603,401)</u> |
| Change in Net Position of Governmental Activities | <u>\$ 1,222,422</u> |

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

Town of Monroe, New York

Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 General, Town Outside Village, Highway and Special Districts Funds
 Year Ended December 31, 2020

| | General Fund | | | |
|---|------------------|------------------|---------------------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| REVENUES | | | | |
| Real property taxes | \$ 2,465,702 | \$ 2,465,702 | \$ 2,465,702 | \$ - |
| Other tax items | 40,000 | 40,000 | 24,001 | (15,999) |
| Non-property taxes | 400 | 400 | 160 | (240) |
| Departmental income | 60,000 | 60,000 | 37,988 | (22,012) |
| Use of money and property | 131,590 | 131,590 | 171,618 | 40,028 |
| Intergovernmental charges | - | - | - | - |
| Sale of property and compensation for loss | 227,000 | 227,000 | 5,816 | (221,184) |
| Licenses and permits | 3,900 | 3,900 | 6,853 | 2,953 |
| Fines and forfeitures | 365,000 | 365,000 | 236,061 | (128,939) |
| State aid | 1,448,343 | 1,448,343 | 886,832 | (561,511) |
| Federal aid | 190,000 | 190,000 | 325,645 | 135,645 |
| Miscellaneous | 58,803 | 58,803 | 215,598 | 156,795 |
| Total Revenues | <u>4,990,738</u> | <u>4,990,738</u> | <u>4,376,274</u> | <u>(614,464)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 2,129,764 | 2,129,764 | 1,898,351 | 231,413 |
| Public safety | 30,645 | 30,645 | 44,858 | (14,213) |
| Health | 312,720 | 312,720 | 297,540 | 15,180 |
| Transportation | 706,033 | 706,033 | 602,973 | 103,060 |
| Culture and recreation | 251,159 | 251,159 | 159,795 | 91,364 |
| Home and community services | 28,600 | 28,600 | 19,179 | 9,421 |
| Employee benefits | 1,061,797 | 1,061,797 | 953,015 | 108,782 |
| Debt service | | | | |
| Interest | 161,490 | 161,490 | 102,364 | 59,126 |
| Total Expenditures | <u>4,682,208</u> | <u>4,682,208</u> | <u>4,078,075</u> | <u>604,133</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>308,530</u> | <u>308,530</u> | <u>298,199</u> | <u>(10,331)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 11,544 | 11,544 |
| Transfers out | (403,530) | (403,530) | (411,659) | (8,129) |
| Total Other Financing Uses | <u>(403,530)</u> | <u>(403,530)</u> | <u>(400,115)</u> | <u>3,415</u> |
| Net Change in Fund Balances | <u>(95,000)</u> | <u>(95,000)</u> | <u>(101,916)</u> | <u>(6,916)</u> |
| FUND BALANCES | | | | |
| Beginning of Year | <u>95,000</u> | <u>95,000</u> | <u>2,977,663</u> | <u>2,882,663</u> |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,875,747</u> | <u>\$ 2,875,747</u> |

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

| Town Outside Village | | | | Highway Fund | | | |
|----------------------|------------------|---------------------|----------------------------|------------------|------------------|---------------------|----------------------------|
| Original Budget | Final Budget | Actual | Variance with Final Budget | Original Budget | Final Budget | Actual | Variance with Final Budget |
| \$ 348,924 | \$ 348,924 | \$ 348,924 | \$ - | \$ 1,214,116 | \$ 1,214,116 | \$ 1,214,116 | \$ - |
| - | - | - | - | - | - | - | - |
| 582,500 | 582,500 | 628,570 | 46,070 | 1,021,250 | 1,021,250 | 991,172 | (30,078) |
| 219,000 | 219,000 | 267,271 | 48,271 | 49,696 | 49,696 | 49,696 | - |
| 5,000 | 5,000 | 3,191 | (1,809) | 11,000 | 11,000 | 4,000 | (7,000) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 398,454 | 398,454 | 705,582 | 307,128 |
| - | - | - | - | - | - | - | - |
| 2,538 | 2,538 | 53,428 | 50,890 | 2,834 | 2,834 | 166,815 | 163,981 |
| <u>1,157,962</u> | <u>1,157,962</u> | <u>1,301,384</u> | <u>143,422</u> | <u>2,697,350</u> | <u>2,697,350</u> | <u>3,131,381</u> | <u>434,031</u> |
| 470,967 | 470,967 | 454,855 | 16,112 | 62,475 | 62,475 | 2,040 | 60,435 |
| 212,231 | 212,231 | 201,603 | 10,628 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 1,810,528 | 1,810,528 | 1,483,122 | 327,406 |
| 312,384 | 312,384 | 312,207 | 177 | - | - | - | - |
| 147,468 | 147,468 | 133,424 | 14,044 | - | - | - | - |
| 154,912 | 154,912 | 141,449 | 13,463 | 696,347 | 696,347 | 656,829 | 39,518 |
| - | - | - | - | 14,000 | 14,000 | 4,472 | 9,528 |
| <u>1,297,962</u> | <u>1,297,962</u> | <u>1,243,538</u> | <u>54,424</u> | <u>2,583,350</u> | <u>2,583,350</u> | <u>2,146,463</u> | <u>436,887</u> |
| (140,000) | (140,000) | 57,846 | 197,846 | 114,000 | 114,000 | 984,918 | 870,918 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | (114,000) | (114,000) | (139,000) | (25,000) |
| - | - | - | - | (114,000) | (114,000) | (139,000) | (25,000) |
| (140,000) | (140,000) | 57,846 | 197,846 | - | - | 845,918 | 845,918 |
| 140,000 | 140,000 | 2,206,832 | 2,066,832 | - | - | 1,061,796 | 1,061,796 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,264,678</u> | <u>\$ 2,264,678</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,907,714</u> | <u>\$ 1,907,714</u> |

(Continued)

Town of Monroe, New York

Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 General, Town Outside Village, Highway and Special Districts Funds
 Year Ended December 31, 2020

| | Special Districts Fund | | | Variance with Final Budget |
|--|------------------------|------------------|------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 3,003,495 | \$ 3,003,495 | \$ 3,029,522 | \$ 26,027 |
| Other tax items | - | - | - | - |
| Non-property taxes | - | - | - | - |
| Departmental income | 223,335 | 223,335 | 304,372 | 81,037 |
| Use of money and property | 2,475 | 2,475 | 8,260 | 5,785 |
| Intergovernmental charges | - | - | - | - |
| Sale of property and compensation for loss | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| State aid | - | - | - | - |
| Federal aid | - | - | - | - |
| Miscellaneous | - | - | 1,015 | 1,015 |
| Total Revenues | 3,229,305 | 3,229,305 | 3,343,169 | 113,864 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 80,158 | 80,158 | 2,920 | 77,238 |
| Public safety | 6,500 | 6,500 | 7,103 | (603) |
| Health | - | - | - | - |
| Transportation | 43,541 | 43,541 | 37,829 | 5,712 |
| Culture and recreation | - | - | - | - |
| Home and community services | 3,037,596 | 3,037,596 | 2,955,432 | 82,164 |
| Employee benefits | 7,409 | 7,409 | 5,639 | 1,770 |
| Debt service | | | | |
| Interest | 26,600 | 26,600 | 13,709 | 12,891 |
| Total Expenditures | 3,201,804 | 3,201,804 | 3,022,632 | 179,172 |
| Excess (Deficiency) of Revenues Over Expenditures | 27,501 | 27,501 | 320,537 | 293,036 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 67,265 | 67,265 | 72,439 | 5,174 |
| Transfers out | (119,766) | (119,766) | (131,310) | (11,544) |
| Total Other Financing Uses | (52,501) | (52,501) | (58,871) | (6,370) |
| Net Change in Fund Balances | (25,000) | (25,000) | 261,666 | 286,666 |
| FUND BALANCES | | | | |
| Beginning of Year | 25,000 | 25,000 | 757,055 | 732,055 |
| End of Year | \$ - | \$ - | \$ 1,018,721 | \$ 1,018,721 |

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

Town of Monroe, New York

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2020

| | <u>Custodial Fund</u> |
|----------------------------|---------------------------|
| ASSETS | |
| Cash and equivalents | \$ 1,340,695 |
| Investments | 574,258 |
| Accounts receivable | 1,120 |
| Due from other governments | <u>11,101</u> |
| Total Assets | <u>\$ 1,927,174</u> |
| LIABILITIES | |
| Accounts payable | \$ 11,949 |
| Due to other funds | <u>1,915,225</u> |
| Total Liabilities | <u>\$ 1,927,174</u> |

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

Town of Monroe, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2020

| | <u>Custodial Fund</u> |
|--|---------------------------|
| ADDITIONS | |
| Real property taxes collected for other governments | \$ 1,399,325 |
| DEDUCTIONS | |
| Payments of real property taxes to other governments | <u>1,399,325</u> |
| Net Increase in Fiduciary Net Position | - |
| Net Position | |
| Beginning of Year | <u>-</u> |
| End of Year | <u><u>\$ -</u></u> |

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

Town of Monroe, New York

Notes to Financial Statements
December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The Town of Monroe, New York ("Town") was established in 1808 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, culture and recreation, home and community services and general and administrative support.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The Town participates in a joint venture for the operation of the Moodna Basin Joint Operation & Maintenance Commission ("Commission"). The Commission was created on December 1, 1982 and includes the Towns of Chester and Monroe and the Village of Chester. The purpose of the Commission is to own and operate a sewerage facility. The Governing Board of the Commission is comprised of the members of the participating municipalities governing boards. Complete separate financial reports can be obtained from the Board.

The Town also participates in a joint venture for the operation of Smith Clove Park, known as the Monroe Joint Parks & Recreation Commission. The Monroe Joint Parks & Recreation Commission was created on June 21, 1966 and includes the Town and Village of Monroe. The purpose is to develop and maintain Smith Clove Park. The Governing Board consists of ten (10) members, five (5) appointed by each of the participating municipalities. Complete separate financial reports can be obtained from the Board.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for certain defined purposes. The major special revenue funds of the Town are as follows:

Town Outside Village Fund - The Town Outside Village Fund is used to account for transactions, which by statute affect only those areas outside the boundaries of the villages located within the Town. The major revenues of this fund are real property taxes, non-property taxes and departmental income.

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenues of this fund are real property taxes and non-property taxes.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's drainage, special miscellaneous, water, sewer, refuse, street lighting and fire protection districts. The major revenues of this fund are real property taxes and departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Town also reports the following non-major governmental funds:

Special Revenue Funds:

Community Development Fund - The Community Development Fund is used to account for grants and entitlements received by the Town from the U.S. Department of Housing and Urban Development.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with the terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Fund is used to account for assets held by the Town in an agency capacity on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, net pension liability, landfill closure costs and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Town's deposits and investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has

Note 1 - Summary of Significant Accounting Policies (Continued)

entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Town follows the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Town participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30th.

The Town's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAM by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and Town's in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

Fire Service Award Program - The program policy allows investments in the following: (1) fixed income mutual funds, (2) international equities, (3) United States government obligations, (4) mixed assets, and (5) group annuities. These investments are measured using level 1 inputs.

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2020.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special districts taxes which are due January 1st and payable without penalty to February 28th. The Town retains the total amount of town, highway and special districts levies from the total collections and returns the balance plus the uncollected items to the County of Orange ("County"), which assumes collection responsibility.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds and Due From/To Fiduciary Fund - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances To/From Other Funds - Advances to/from other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives.

| <u>Class</u> | <u>Life in Years</u> |
|-------------------------|--------------------------|
| Buildings | 20 - 40 |
| Land Improvements | 10 - 20 |
| Machinery and equipment | 5 - 20 |
| Infrastructure | 15 - 30 |

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reported deferred inflows of resources of \$13,500 in the General Fund for amounts due from other governments reimbursed to the Town from both the Village of Monroe, New York and Village of Chester, New York. This amount is deferred and recognized as an inflow of resources in the period that the amounts became available.

The Town has also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the government-wide financial statement for governmental activities. These amounts are detailed in the discussion of the Town's pension and other postemployment benefit liabilities in Note 3F and 3G.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements do not provide for any payment of accumulated vacation leave upon separation from service. Therefore, no liability has been reflected in the government-wide Statement of Net Position.

Net Pension Liability - The net pension liability represents the Town's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An amendment of GASB Statement No. 68".

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Town Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Town includes restricted for Special Purpose, Community Development and Pension Benefit.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Town Outside Village, Highway and Special Districts funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 6, 2021.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) Prior to September 1st, the Budget Officer (usually the Town Supervisor) furnishes heads of administrative units with prescribed forms.
- b) Submission of the estimates is made to the Budget Officer, on or before September 20th. The Budget Officer is then responsible for preparing estimates for each administrative unit that fails to submit an estimate.
- c) On or before September 30th, the Budget Officer is responsible for filing the tentative budget with the Town Clerk.
- d) On or before October 5th, the Town Clerk submits the tentative budget to the Town Board. Revisions by the Town Board and preparation of the preliminary budget are completed prior to the public hearing.
- e) At the public hearing, taxpayers may comment on the preliminary budget. The hearing may be adjourned from day to day, but not beyond November 15th.
- f) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- g) Formal budgetary integration is employed during the year as a management control device for General, Town Outside Village, Highway and the Special Districts funds.
- h) Budgets for General, Town Outside Village, Highway and Special Districts funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Community Development Fund and the Special Purpose Fund since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- i) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- j) Appropriations in General, Town Outside Village, Highway and Special Districts funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Property Tax Limitation

Under New York State Town Law, the Town is not limited as to the maximum amount of real property taxes that may be raised. However, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board of Trustees first enacts, by a vote of at least sixty percent of the total voting power of the Town Board of Trustees, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

The following funds had an assigned fund deficit at December 31, 2020:

| | |
|--------------------------|----------|
| Special Districts Fund | |
| Fire Protection District | \$12,124 |

The Town will address this deficit in the ensuing year.

D. Capital Projects Fund Project Deficit

The deficit in the Capital projects Fund arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes are appreciated for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. This deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Note 2 - Stewardship, Compliance and Accountability (Continued)

E. Adoption of Accounting Standard

For the year ended December 31, 2020, the Town implemented the provisions of GASB Statement No. 84, "Fiduciary Activities". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

F. Expenditures in Excess of Budget

The following functional expenditures exceeded their budgetary authorizations by the amounts indicated:

| | | |
|---------------------------------------|----|--------|
| General Fund | | |
| General Government Support | | |
| Town Council | \$ | 35,813 |
| Transfers out - Capital Projects Fund | | 8,129 |
| Highway Fund - Part-Town | | |
| Other Financing Uses | | |
| Transfers out | | 25,000 |

G. Departure from Generally Accepted Accounting Principles

The Town has not implemented GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The effect on the liabilities, net position and expenses of governmental activities is not known since an actuarial liability has not been calculated.

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at December 31, 2020 were as follows:

| Fund | Due From | Due To |
|----------------------|-------------------|-------------------|
| General | \$ 50,540 | \$ - |
| Town Outside Village | 102,325 | - |
| Highway | 12,180 | 290,052 |
| Special Districts | 5,561 | 111,280 |
| Capital Projects | 278,462 | 47,736 |
| | <u>\$ 449,068</u> | <u>\$ 449,068</u> |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

The composition of due from/to fiduciary fund at December 31, 2020 were as follows:

| Fund | Due From | Due To |
|-----------|---------------------|---------------------|
| General | \$ 1,645,012 | \$ - |
| Highway | 270,213 | - |
| Fiduciary | - | 1,915,225 |
| | <u>\$ 1,915,225</u> | <u>\$ 1,915,225</u> |

The composition of advances to/from other funds at December 31, 2020 were as follows:

| Fund | Advances To | Advances From |
|----------------------|-------------------|-------------------|
| Town Outside Village | \$ 536,674 | \$ - |
| Special Districts | - | 536,674 |
| | <u>\$ 536,674</u> | <u>\$ 536,674</u> |

The amounts payable to the Town Outside Village relate to a loan made to the Special Districts Fund for the new Water District established in 2013. This is an estimate of the balance not expected to be collected in the subsequent year.

B. Capital Assets

Changes in the Town's capital assets are as follows:

| | Balance January 1, 2020 | Additions | Deletions | Balance December 31, 2020 |
|--|-------------------------------|-------------------|-------------|---------------------------------|
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 3,808,245 | \$ 415,000 | \$ - | \$ 4,223,245 |
| Construction-in-progress | 413,653 | 154,231 | - | 567,884 |
| Total Capital Assets, not being depreciated | <u>\$ 4,221,898</u> | <u>\$ 569,231</u> | <u>\$ -</u> | <u>\$ 4,791,129</u> |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

| | Balance January 1, 2020 | Additions | Deletions | Balance December 31, 2020 |
|---|-------------------------------|---------------------|-----------------|---------------------------------|
| Capital Assets, being depreciated: | | | | |
| Buildings | \$ 12,314,295 | \$ 985,506 | \$ - | \$ 13,299,801 |
| Land improvements | 411,959 | - | - | 411,959 |
| Machinery and equipment | 6,360,519 | 165,970 | 21,652 | 6,504,837 |
| Infrastructure | 1,718,143 | 4,000 | - | 1,722,143 |
| Total Capital Assets, being depreciated | 20,804,916 | 1,155,476 | 21,652 | 21,938,740 |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 4,037,953 | 304,466 | - | 4,342,419 |
| Land improvements | 376,410 | 3,790 | - | 380,200 |
| Machinery and equipment | 4,181,765 | 332,590 | 19,487 | 4,494,868 |
| Infrastructure | 333,906 | 69,199 | - | 403,105 |
| Total Accumulated Depreciation | 8,930,034 | 710,045 | 19,487 | 9,620,592 |
| Total Capital Assets, being depreciated, net | \$ 11,874,882 | \$ 445,431 | \$ 2,165 | \$ 12,318,148 |
| Capital Assets, net | \$ 16,096,780 | \$ 1,014,662 | \$ 2,165 | \$ 17,109,277 |

Depreciation expense was charged to the Town's functions and programs as follows:

| | |
|-----------------------------------|-------------------|
| General Government Support | \$ 108,537 |
| Public Safety | 1,894 |
| Transportation | 318,682 |
| Culture and Recreation | 213,348 |
| Home and Community Services | 67,584 |
| Total Depreciation Expense | \$ 710,045 |

C. Accrued Liabilities

Accrued liabilities at December 31, 2020 were as follows:

| | Fund | | | | Total |
|-------------------------------|-----------|----------------------------|-----------|----------------------|-----------|
| | General | Town Outside Village | Highway | Special Districts | |
| Payroll and Employee Benefits | \$ 17,455 | \$ 2,459 | \$ 10,989 | \$ 49 | \$ 30,952 |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

D. Short-Term Capital Borrowings

The schedule below detailed the changes in short-term capital borrowings:

| Purpose | Year of Original Issue | Maturity Date | Interest Rate | Balance January 1, 2020 | Issued | Redemptions | Balance December 31, 2020 |
|---|------------------------|---------------|---------------|-------------------------|-------------|---------------------|---------------------------|
| Capital Projects Fund: | | | | | | | |
| Water District No. 8 | 2008 | 04/03/21 | 3.45 % | \$ 310,500 | \$ - | \$ 32,500 | \$ 278,000 |
| Town Hall Purchase | 2019 | 08/06/20 | - | 2,505,000 | - | 2,505,000 | - |
| Town Hall Improvement | 2019 | 08/06/20 | - | 620,000 | - | 620,000 | - |
| Truck - Highway | 2019 | 08/06/20 | - | 198,000 | - | 198,000 | - |
| Water District No. 12 | 2019 | 08/06/20 | - | 600,000 | - | 600,000 | - |
| Acquisition of Land | 2019 | 08/06/21 | 1.25 | 3,000,000 | - | 150,000 | 2,850,000 |
| Associated Expenditures of Land Acquisition | 2019 | 08/06/20 | - | 415,000 | - | 415,000 | - |
| | | | | <u>\$ 7,648,500</u> | <u>\$ -</u> | <u>\$ 4,520,500</u> | <u>\$ 3,128,000</u> |

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures were recorded in the General Fund in the amount of \$102,364 in the Highway Fund in the amount of \$4,472 and in the Special Districts Fund in the amount of \$13,709. Interest expense of \$108,826 was recorded in the government-wide financial statements.

F. Fire Service Awards Program

On November 10, 2009, a Special Meeting of the Town Board of the Town of Monroe was held to consider a resolution in relation to approving the dissolution of the presently-existing Town of Monroe Fire Protection District ("Old District") and the establishment of a new fire protection district in the Town of Monroe, Orange County, New York, and the establishment of a joint fire district in the towns of Monroe, Woodbury, and the Villages of Monroe and Harriman, Orange County, New York, pursuant to Article 11-A of the Town Law and Article 22-1 of the Village Law.

Effective January 1, 2011, the Old District was dissolved and the new Monroe Joint Fire District ("New District") was established. Fire protection services are no longer the responsibility of the Town of Monroe. All services are now being provided by the New District. When the New District was established, the Volunteer Firefighter Service Award Program ("Program"), which existed under the Old District, was terminated as of December 31, 2010.

The Town Board of the Town of Monroe continues to act as the Trustee and Plan Administrator for the Program. The Town Board retains an independent third party pension plan administration firm, Hometown/RSA Consultants, and through, Harbridge Consulting Group, LLC as actuaries, to assist them in administering the Fire Service Award Program. In addition, plan investments are made through an independent broker who advises the Town Board with regard to the investment of the Program assets.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

This Program is a single employer defined benefit plan established as a grantor/rabbi trust and, as such, the assets are subject to the claims of the Town's general creditors. The Program is accounted for in the Town's financial statements within the General Fund.

Current membership in the Program is comprised of the following:

| <u>Group</u> | <u>December 31, 2020</u> |
|--|------------------------------|
| Inactive - Vested | 27 |
| Retirees and beneficiaries currently receiving benefits | 15 |

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

The Town is required to retain an actuary to determine the amount of the Town's contributions to the Program. The actuarial firm retained for this purpose is Harbridge Consulting Group. Portions of the following information are derived from a report prepared by the actuary dated March, 2013, which is the most current report available.

| | <u>% of total</u> | |
|-------------------------------------|-------------------|-------------------|
| Cash | 0.03 % | <u>\$ 87</u> |
| Annuities | 99.97 | <u>331,332</u> |
| Less: Liabilities | | <u>-</u> |
| Total Assets Available for Benefits | | <u>\$ 331,419</u> |
| Total Unfunded Benefits | | <u>\$ (1,119)</u> |

The Town is required to contribute the amounts necessary to finance the Program as actuarially determined using the unit credit cost method. The assumed investment rate of return is 6.0% and there are no cost of living adjustments. In addition, projected salary increases are not applicable since members are volunteers and there are no assumptions regarding post-retirement benefit increases since post-retirement aged members are not projected to earn service credits.

As the Town no longer has any active members there have been no contributions to the plan for the last three years. As of December 31, 2020, no liability has been reported on the government-wide financial statements. See Note 2G.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-Term Liabilities

The following table summarizes changes in the Town's long-term liabilities for the year ended December 31, 2020:

| | Balance January 1, 2020 | New Issues/ Additions | Maturities and/or Payments | Balance December 31, 2020 | Due Within One Year |
|--|-------------------------------|--------------------------|----------------------------------|---------------------------------|------------------------|
| General Obligation Bonds Payable | | | | | |
| Capital Construction | \$ - | \$ 3,926,500 | \$ - | \$ 3,926,500 | \$ 177,235 |
| Judgement and Claims | - | 365,000 | - | 365,000 | 34,265 |
| | - | 4,291,500 | - | 4,291,500 | 211,500 |
| Other Non-current Liabilities: | | | | | |
| Claims and judgments payable | 415,000 | - | 415,000 | - | - |
| Net Pension Liability | 553,039 | 1,393,087 | - | 1,946,126 | - |
| Landfill Closure Costs | 327,224 | - | 9,875 | 317,349 | 9,900 |
| Other Post Employment Benefit Obligations Payable | 12,850,714 | 2,813,281 | 614,550 | 15,049,445 | - |
| | <u>\$ 14,145,977</u> | <u>\$ 8,497,868</u> | <u>\$ 1,039,425</u> | <u>\$ 21,604,420</u> | <u>\$ 221,400</u> |

Each governmental fund's liability for claims payable, net pension liabilities, landfill closure costs and other post employment benefit obligations payable are primarily liquidated by the General, Highway and Special Districts funds.

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2020 are comprised of the following individual issues:

| Purpose | Year of Issue | Original Issue Amount | Final Maturity | Interest Rate | Amount Outstanding at December 31, 2020 |
|-----------------------|------------------|-----------------------------|-------------------|------------------|--|
| Public Improvements | 2020 | \$ 3,679,000 | August 2040 | 2.00 % | \$ 3,679,000 |
| Judgements and Claims | 2020 | 365,000 | August 2030 | 0.50 - 2.32 | 365,000 |
| Water District 12 | 2020 | 247,500 | August 2030 | 0.50 - 2.32 | 247,500 |
| | | | | | <u>\$ 4,291,500</u> |

Interest expense of \$33,422 was recorded in the government-wide financial statements.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2020 including interest payments of \$877,296 are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|---------------------|-------------------|---------------------|
| 2021 | \$ 211,500 | \$ 81,122 | \$ 292,622 |
| 2022 | 210,000 | 78,667 | 288,667 |
| 2023 | 215,000 | 75,209 | 290,209 |
| 2024 | 215,000 | 71,514 | 286,514 |
| 2025 | 225,000 | 67,764 | 292,764 |
| 2026-2030 | 1,195,000 | 274,420 | 1,469,420 |
| 2031-2035 | 960,000 | 164,300 | 1,124,300 |
| 2036-2040 | 1,060,000 | 64,300 | 1,124,300 |
| | <u>\$ 4,291,500</u> | <u>\$ 877,296</u> | <u>\$ 5,168,796</u> |

The above general obligation bonds are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Claims and Judgments Payable

The Town was involved in litigation claiming that their improper handling of salt stockpiles had contaminated the groundwater making development of the claimant's property of at least 40 lots impossible. The litigation was settled in August 2019 and was paid during the year ended December 31, 2020.

Pension Plans

New York State and Local Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in fiduciary net position. 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2020 are as follows:

| | <u>Tier/Plan</u> | <u>Rate</u> |
|-----|------------------|-------------|
| ERS | 3 A14 | 15.7 % |
| | 4 A15 | 15.7 |
| | 5 A15 | 13.1 |
| | 6 A15 | 9.2 |

At December 31, 2020, the Town reported the following for its proportionate share of the net pension liability for the System:

| Measurement date | March 31, 2020 |
|---|----------------|
| Net pension liability | \$ 1,946,126 |
| Town's proportion of the net pension liability | 0.0088866 % |
| Change in proportion since the prior measurement date | (0.0007377) % |

The net pension liability was measured as of March 31, 2020 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 computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2020, the Town recognized its proportionate share of pension expense in the government-wide financial statements of \$703,094. Pension expenditures of \$311,069 were recorded in the fund financial statements and were charged to the following funds:

| | |
|----------------------|-------------------|
| General | \$ 167,843 |
| Town Outside Village | 30,747 |
| Highway | 109,419 |
| Refuse | 276 |
| Water | 2,784 |
| | <hr/> |
| Total | <u>\$ 311,069</u> |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2020, the Town reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 114,537 | \$ - |
| Changes of assumptions | 39,186 | 33,836 |
| Net difference between projected and actual earnings on pension plan investments | 997,679 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 103,590 | 31,463 |
| Town contributions subsequent to the measurement date | <u>229,718</u> | <u>-</u> |
| | <u>\$ 1,484,710</u> | <u>\$ 65,299</u> |

\$229,718 reported as deferred outflows of resources, resulting from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

| <u>Year Ended March 31,</u> | |
|---------------------------------|---------------------|
| 2021 | \$ 220,297 |
| 2022 | 305,208 |
| 2023 | 372,890 |
| 2024 | <u>291,298</u> |
| | <u>\$ 1,189,693</u> |

The total pension liability for the System measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

| | <u>ERS</u> |
|----------------------------|----------------|
| Measurement date | March 31, 2020 |
| Actuarial valuation date | April 1, 2019 |
| Investment rate of return | 6.8% * |
| Salary scale | 4.2% |
| Inflation rate | 2.5% |
| Cost of living adjustments | 1.3% |

*Compounded annually, net of pension plan investment expenses, including inflation

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

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

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

| | 1% Decrease (5.8%) | Current Discount Rate (6.8%) | 1% Increase (7.8%) |
|---|--------------------------|------------------------------------|--------------------------|
| Town's proportionate share of the net pension liability (asset) | <u>\$ 3,571,691</u> | <u>\$ 1,946,126</u> | <u>\$ 448,974</u> |

The components of the collective net pension liability as of the March 31, 2020 measurement date were as follows:

| | |
|---|--------------------------|
| Total pension liability | \$ 194,596,261,000 |
| Fiduciary net position | <u>168,115,682,000</u> |
| Employers' net pension liability | <u>\$ 26,480,579,000</u> |
| Fiduciary net position as a percentage of total pension liability | <u>86.39%</u> |

Employer contributions are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2020 represent the employer contribution for the period of April 1, 2020 through December 31, 2020 based on prior year wages multiplied by the employers' contribution rate, by tier. Retirement contributions for the nine months ended December 31, 2020 were \$229,718.

Voluntary Defined Contribution Plan

The Town can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Landfill Closure Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the site for thirty years after closure. The amount of \$317,349 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2020, represents an estimated amount based on the use of 100 percent of the landfill capacity. Current year expenditures of \$9,875 have been charged to the General Fund. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Liability ("OPEB")

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post employment health care benefits is shared between the Town and the retired employee as noted below. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At December 31, 2020, the following employees were covered by the benefit terms:

| | |
|---|------------|
| Inactive employees currently receiving benefit payments | 36 |
| Active employees | <u>68</u> |
| | <u>104</u> |

The Towns' total OPEB liability of \$15,049,445 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 3.00% |
| Salary increases | 3.00% |
| Discount rate | 1.93% |
| Healthcare cost trend rates | 8.0% for 2021, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2026 |
| Retirees' share of benefit-related costs | Varies from 3% to 100%, depending on applicable retirement year and bargaining unit |

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index.

Mortality rates were based on the SOA RP-2014 tables. Mortality improvements are projected using SOA Scape MP-2016.

The actuarial assumptions used in the January 1, 2020 valuation were based on published municipal bond indices.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The Town's change in the total OPEB liability for the year ended December 31, 2020 is as follows:

| | |
|--|--------------------------|
| Total OPEB Liability - Beginning of Year | \$ 12,850,714 |
| Service cost | 546,219 |
| Interest | 415,539 |
| Differences between expected and actual experience | (626,293) |
| Changes in assumptions or other inputs | 2,390,694 |
| Benefit payments | <u>(527,428)</u> |
| Total OPEB Liability - End of Year | <u>\$ 15,049,445</u> |

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 (0.93%) or 1 percentage point higher (2.93%) than the current discount rate:

| | 1% Decrease (0.93%) | Current Discount Rate (1.93%) | 1% Increase (2.93%) |
|----------------------|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability | <u>\$ 16,846,126</u> | <u>\$ 15,049,445</u> | <u>\$ 13,251,389</u> |

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 (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

| | 1% Decrease (7.0% decreasing to 4.0%) | Healthcare Cost Trend Rates (8.0% decreasing to 5.0%) | 1% Increase (9.0% decreasing to 6.0%) |
|----------------------|--|---|--|
| Total OPEB Liability | <u>\$ 12,580,299</u> | <u>\$ 15,049,445</u> | <u>\$ 17,965,032</u> |

For the year ended December 31, 2020, the Town recognized OPEB expense of \$840,758 in the government-wide financial statements. At December 31, 2020, 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 |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions or other inputs | \$ 2,573,452 | \$ - |
| Differences between expected and actual experience | <u>-</u> | <u>2,248,672</u> |
| | <u>\$ 2,573,452</u> | <u>\$ 2,248,672</u> |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

| Year Ended December 31, | | |
|----------------------------|-----------|----------------|
| 2021 | \$ | (23,695) |
| 2022 | | (23,695) |
| 2023 | | (23,695) |
| 2024 | | (23,695) |
| 2025 | | 191,137 |
| Thereafter | | 228,423 |
| | <u>\$</u> | <u>324,780</u> |

H. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers.

| Transfers Out | Transfers In | | | Total |
|------------------------|------------------|------------------------------|-----------------------------|-------------------|
| | General Fund | Special Districts Fund | Capital Projects Fund | |
| General Fund | \$ - | \$ - | \$ 411,659 | \$ 411,659 |
| Highway Fund | - | - | 139,000 | 139,000 |
| Special Districts Fund | 11,544 | 67,266 | 52,500 | 131,310 |
| Non-Major Governmental | - | 5,173 | - | 5,173 |
| | <u>\$ 11,544</u> | <u>\$ 72,439</u> | <u>\$ 603,159</u> | <u>\$ 687,142</u> |

Transfers are used to (a) move amounts from the fund with collection authorization to the Capital Projects Fund for bond anticipation note principal payments and/or funding of various projects, (b) move amounts between Special Districts Funds for debt service payments.

I. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Debt Service - the component of net position that reports the difference between certain assets and liabilities with constraints placed on their use by the Local Finance Law of the State of New York.

Restricted for Special Purpose - the component of net position that has been established to set aside funds in accordance with the terms of the trust.

Restricted for Community Development - the component of net position that reports the difference between assets and liabilities of the Community Development Fund with constraints placed on their use by the United States Department of Housing and Urban Development.

Restricted for Pension Benefits - The component of net position that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A and Article 11-AAA of the General Municipal Law of the State of New York.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

| | 2020 | | | | | | |
|----------------------------|---------------------|---------------------------------|---------------------|------------------------------|-----------------------------|------------------------------------|---------------------|
| | General Fund | Town Outside Village Fund | Highway Fund | Special Districts Fund | Capital Projects Fund | Non-Major Governmental Funds | Total |
| Nonspendable: | | | | | | | |
| Prepaid expenditures | \$ 81,434 | \$ 11,833 | \$ 58,279 | \$ 834 | \$ - | \$ - | \$ 152,380 |
| Advances | - | 536,674 | - | - | - | - | 536,674 |
| Total Nonspendable | 81,434 | 548,507 | 58,279 | 834 | - | - | 689,054 |
| Restricted: | | | | | | | |
| Capital projects | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Special purpose | | | | | | | |
| Town parklands trust fund | - | - | - | - | - | 985,055 | 985,055 |
| Community development | - | - | - | - | - | 8,356 | 8,356 |
| Pension benefits | 331,419 | - | - | - | - | - | 331,419 |
| Total Restricted | 331,419 | - | - | - | - | 993,411 | 1,324,830 |
| Assigned: | | | | | | | |
| Subsequent | | | | | | | |
| years' expenditures | 205,000 | 15,000 | - | 25,000 | - | - | 245,000 |
| Governmental funds | - | 1,701,171 | 1,849,435 | 992,887 | - | - | 4,543,493 |
| Total Assigned | 205,000 | 1,716,171 | 1,849,435 | 1,017,887 | - | - | 4,788,493 |
| Unassigned | 2,257,894 | - | - | - | (1,738,015) | - | 519,879 |
| Total Fund Balances | \$ 2,875,747 | \$ 2,264,678 | \$ 1,907,714 | \$ 1,018,721 | \$ (1,738,015) | \$ 993,411 | \$ 7,322,256 |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

| | 2019 | | | | | | Total |
|--------------------------------|---------------------|---------------------------|---------------------|------------------------|-----------------------|------------------------------|---------------------|
| | General Fund | Town Outside Village Fund | Highway Fund | Special Districts Fund | Capital Projects Fund | Non-Major Governmental Funds | |
| Nonspendable: | | | | | | | |
| Prepaid expenditures | \$ 92,839 | \$ 13,852 | \$ 61,802 | \$ 528 | \$ - | \$ - | \$ 169,021 |
| Advances | - | 550,386 | - | - | - | - | 550,386 |
| Total Nonspendable | 92,839 | 564,238 | 61,802 | 528 | - | - | 719,407 |
| Restricted: | | | | | | | |
| Capital projects | - | - | - | - | (5,778,471) | - | (5,778,471) |
| Debt service | - | - | - | - | - | 5,164 | 5,164 |
| Special purpose | | | | | | | |
| Town parklands trust fund | - | - | - | - | - | 985,055 | 985,055 |
| Community development | - | - | - | - | - | 8,336 | 8,336 |
| Pension benefits | 321,796 | - | - | - | - | - | 321,796 |
| Total Restricted | 321,796 | - | - | - | (5,778,471) | 998,555 | (4,458,120) |
| Assigned: | | | | | | | |
| Subsequent years' expenditures | 95,000 | 140,000 | - | 25,000 | - | - | 260,000 |
| Governmental funds | - | 1,502,594 | 999,994 | 731,527 | - | - | 3,234,115 |
| Total Assigned | 95,000 | 1,642,594 | 999,994 | 756,527 | - | - | 3,494,115 |
| Unassigned | 2,468,028 | - | - | - | - | - | 2,468,028 |
| Total Fund Balances | \$ 2,977,663 | \$ 2,206,832 | \$ 1,061,796 | \$ 757,055 | \$ (5,778,471) | \$ 998,555 | \$ 2,223,430 |

Town of Monroe, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid expenditures have been established to account for retirement payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of net position.

Advances have been established to indicate the long-term nature of funds advanced to the Highway, Special Districts and Capital projects funds. The amounts are classified as nonspendable to indicate that these funds do not represent "available" spendable resources.

Subsequent year's expenditures represent that at December 31, 2020, the Town has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents deficits balances in the project.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, malicious prosecution, false imprisonment or personal injury. Of the claims pending, none are expected to have a material effect on the financial position of the Town if adversely settled.

The Town is also defendant in numerous tax certiorari proceedings, the results of which generally require tax refunds on the part of the Town. The amount of possible refunds cannot be determined at the present time and any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Risk Management

The Town purchases various conventional insurance coverages to reduce its exposure to loss. The public officials, law enforcement liability and general liability policies each provide coverage up to \$2 million in the aggregate. In addition, the Town maintains an umbrella policy with an aggregate limit of \$20 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town also purchases conventional medical and workers' compensation coverage.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the Town's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

* * * * *

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Town of Monroe, New York

Required Supplementary Information - Schedule of Changes in the
Town's Total OPEB Liability and Related Ratios
December 31, 2020 (1)(2)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|-----------------------|
| Total OPEB Liability: | | | |
| Service cost | \$ 546,219 | \$ 409,839 | \$ 407,429 |
| Interest | 415,539 | 397,007 | 498,581 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (626,293) | (935,633) | (1,638,470) |
| Changes of assumptions or other inputs | 2,390,694 (5) | 719,517 (4) | - |
| Benefit payments | <u>(527,428)</u> | <u>(479,823)</u> | <u>(461,205)</u> |
| Net Change in Total OPEB Liability | 2,198,731 | 110,907 | (1,193,665) |
| Total OPEB Liability – Beginning of Year | <u>12,850,714</u> | <u>12,739,807</u> | <u>13,933,472 (3)</u> |
| Total OPEB Liability – End of Year | <u>\$ 15,049,445</u> | <u>\$ 12,850,714</u> | <u>\$ 12,739,807</u> |
| Town's covered-employee payroll | <u>\$ 3,201,425</u> | <u>\$ 3,072,687</u> | <u>\$ 3,509,035</u> |
| Total OPEB liability as a percentage of covered-employee payroll | <u>470.09%</u> | <u>418.22%</u> | <u>363.06%</u> |

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

(4) The discount rate used to calculate the total OPEB liability was decreased from 3.65% to 3.26% effective with the December 31, 2019 measurement date.

(5) The discount rate used to calculate the total OPEB liability was decreased from 3.26% to 1.93% effective with the December 31, 2020 measurement date.

Town of Monroe, New York

Required Supplementary Information - Schedule of the
 Town's Proportionate Share of the Net Pension Liability
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the Town's Proportionate Share of the Net Pension Liability (2)

| | 2020 (4)(5) | 2019 | 2018 | 2017 | 2016 (3) | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Town's proportion of the net pension liability | 0.0088866% | 0.0096243% | 0.0091744% | 0.0090569% | 0.0092335% | 0.0090004% |
| Town's proportionate share of the net pension liability | \$ 1,897,885 | \$ 553,039 | \$ 240,142 | \$ 659,101 | \$ 1,259,699 | \$ 258,448 |
| Town's covered payroll | \$ 2,290,466 | \$ 2,420,106 | \$ 2,580,061 | \$ 2,387,287 | \$ 2,529,079 | \$ 2,409,475 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 82.86% | 22.85% | 9.31% | 27.61% | 49.81% | 10.73% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.90% |

Schedule of Contributions

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 306,291 | \$ 317,200 | \$ 341,475 | \$ 332,413 | \$ 333,094 | \$ 407,791 |
| Contributions in relation to the contractually required contribution | (306,291) | (317,200) | (341,475) | (332,413) | (333,094) | (407,791) |
| Contribution excess | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered payroll | \$ 2,319,016 | \$ 2,287,280 | \$ 2,504,147 | \$ 2,427,592 | \$ 2,550,964 | \$ 2,567,661 |
| Contributions as a percentage of covered payroll | 13.21% | 13.87% | 13.64% | 13.69% | 13.06% | 15.88% |

- (1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and
 (2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
 (3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.
 (4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.
 (5) Increase in the Town's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.
 See independent auditors' report.

Town of Monroe, New York

General Fund
 Combining Balance Sheet - Sub-Funds
 December 31, 2020
 (With Comparative Totals for 2019)

| | General | Fire Service Award Program | Totals | |
|---|---------------------|----------------------------------|---------------------|---------------------|
| | | | 2020 | 2019 |
| ASSETS | | | | |
| Cash and equivalents | \$ 357,065 | \$ 87 | \$ 357,152 | \$ 2,629,878 |
| Investments | 2,016,882 | 331,332 | 2,348,214 | 318,585 |
| Receivables | | | | |
| Accounts | 37,112 | - | 37,112 | 10,804 |
| Due from State and Federal aid | 52,180 | - | 52,180 | - |
| Due from other governments | 83,801 | - | 83,801 | 114,946 |
| Due from other funds | 50,540 | - | 50,540 | 48,900 |
| Due from fiduciary fund | 1,645,012 | - | 1,645,012 | 1,890,562 |
| Prepaid expenditures | 81,434 | - | 81,434 | 92,839 |
| Total Assets | <u>\$ 4,324,026</u> | <u>\$ 331,419</u> | <u>\$ 4,655,445</u> | <u>\$ 5,106,514</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 102,735 | \$ - | \$ 102,735 | \$ 166,533 |
| Accrued liabilities | 17,455 | - | 17,455 | 56,288 |
| Employee payroll deductions | 19,960 | - | 19,960 | 21,088 |
| Deposits payable | 1,625,052 | - | 1,625,052 | 1,869,474 |
| Due to other governments | 996 | - | 996 | 7,968 |
| Total Liabilities | <u>1,766,198</u> | <u>-</u> | <u>1,766,198</u> | <u>2,121,351</u> |
| Deferred inflows of resources | | | | |
| Deferred State and Federal aid | <u>13,500</u> | <u>-</u> | <u>13,500</u> | <u>7,500</u> |
| Total Liabilities and Deferred inflows of Resources | <u>1,779,698</u> | <u>-</u> | <u>1,779,698</u> | <u>2,128,851</u> |
| Fund balances | | | | |
| Nonspendable | 81,434 | - | 81,434 | 92,839 |
| Restricted | - | 331,419 | 331,419 | 321,796 |
| Assigned | 205,000 | - | 205,000 | 95,000 |
| Unassigned | <u>2,257,894</u> | <u>-</u> | <u>2,257,894</u> | <u>2,468,028</u> |
| Total Fund Balances | <u>2,544,328</u> | <u>331,419</u> | <u>2,875,747</u> | <u>2,977,663</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 4,324,026</u> | <u>\$ 331,419</u> | <u>\$ 4,655,445</u> | <u>\$ 5,106,514</u> |

See independent auditors' report.

Town of Monroe, New York

General Fund
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Sub-Funds
 Year Ended December 31, 2020
 (With Comparative Totals for 2019)

| | General | Fire Service Award Program | Totals | |
|---|------------------|----------------------------------|------------------|------------------|
| | | | 2020 | 2019 |
| REVENUES | | | | |
| Real property taxes | \$ 2,465,702 | \$ - | \$ 2,465,702 | \$ 2,765,514 |
| Other tax items | 24,001 | - | 24,001 | 40,833 |
| Non-property taxes | 160 | - | 160 | 229,562 |
| Departmental income | 37,988 | - | 37,988 | 62,751 |
| Use of money and property | 147,625 | 23,993 | 171,618 | 199,363 |
| Intergovernmental charges | - | - | - | 28,140 |
| Sale of property and compensation for loss | 5,816 | - | 5,816 | 59,674 |
| Licenses and permits | 6,853 | - | 6,853 | 4,927 |
| Fines and forfeitures | 236,061 | - | 236,061 | 339,155 |
| State aid | 886,832 | - | 886,832 | 773,763 |
| Federal aid | 325,645 | - | 325,645 | 350,565 |
| Miscellaneous | 215,598 | - | 215,598 | 112,143 |
| Total Revenues | 4,352,281 | 23,993 | 4,376,274 | 4,966,390 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 1,898,351 | - | 1,898,351 | 1,860,875 |
| Public safety | 30,488 | 14,370 | 44,858 | 41,029 |
| Health | 297,540 | - | 297,540 | 247,500 |
| Transportation | 602,973 | - | 602,973 | 735,702 |
| Culture and recreation | 159,795 | - | 159,795 | 212,632 |
| Home and community services | 19,179 | - | 19,179 | 14,327 |
| Employee benefits | 953,015 | - | 953,015 | 1,060,745 |
| Debt service | | | | |
| Interest | 102,364 | - | 102,364 | 89,917 |
| Total Expenditures | 4,063,705 | 14,370 | 4,078,075 | 4,262,727 |
| Excess of Revenues Over Expenditures | 288,576 | 9,623 | 298,199 | 703,663 |
| OTHER FINANCING USES | | | | |
| Transfers in | 11,544 | - | 11,544 | - |
| Transfers out | (411,659) | - | (411,659) | (168,140) |
| Net Change in Fund Balances | (111,539) | 9,623 | (101,916) | 535,523 |
| FUND BALANCES | | | | |
| Beginning of Year | 2,655,867 | 321,796 | 2,977,663 | 2,442,140 |
| End of Year | \$ 2,544,328 | \$ 331,419 | \$ 2,875,747 | \$ 2,977,663 |

See independent auditors' report.

Town of Monroe, New York

General Fund
Comparative Balance Sheet - Sub-Fund
December 31,

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and equivalents | \$ 357,065 | \$ 2,626,667 |
| Investments | <u>2,016,882</u> | <u>-</u> |
| Receivables | | |
| Accounts | 37,112 | 10,804 |
| Due from State and Federal aid | 52,180 | - |
| Due from other governments | 83,801 | 114,946 |
| Due from other funds | 50,540 | 48,900 |
| Due from fiduciary fund | <u>1,645,012</u> | <u>1,890,562</u> |
| | <u>1,868,645</u> | <u>2,065,212</u> |
| Prepaid expenditures | <u>81,434</u> | <u>92,839</u> |
| Total Assets | <u>\$ 4,324,026</u> | <u>\$ 4,784,718</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts payable | \$ 102,735 | \$ 166,533 |
| Accrued liabilities | 17,455 | 56,288 |
| Employee payroll deductions | 19,960 | 21,088 |
| Deposits payable | 1,625,052 | 1,869,474 |
| Due to other governments | <u>996</u> | <u>7,968</u> |
| Total Liabilities | 1,766,198 | 2,121,351 |
| Deferred inflows of resources | | |
| Deferred State and Federal aid | <u>13,500</u> | <u>7,500</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>1,779,698</u> | <u>2,128,851</u> |
| Fund balance | | |
| Nonspendable | 81,434 | 92,839 |
| Assigned | 205,000 | 95,000 |
| Unassigned | <u>2,257,894</u> | <u>2,468,028</u> |
| Total Fund Balance | <u>2,544,328</u> | <u>2,655,867</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 4,324,026</u> | <u>\$ 4,784,718</u> |

See independent auditors' report.

Town of Monroe, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual - Sub-Fund
 Years Ended December 31,

| | 2020 | | | Variance with Final Budget |
|---|--------------------|------------------|---------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 2,465,702 | \$ 2,465,702 | \$ 2,465,702 | \$ - |
| Other tax items | 40,000 | 40,000 | 24,001 | (15,999) |
| Non-property taxes | 400 | 400 | 160 | (240) |
| Departmental income | 60,000 | 60,000 | 37,988 | (22,012) |
| Intergovernmental charges | - | - | - | - |
| Use of money and property | 131,590 | 131,590 | 147,625 | 16,035 |
| Sale of property and compensation for loss | 227,000 | 227,000 | 5,816 | (221,184) |
| Licenses and permits | 3,900 | 3,900 | 6,853 | 2,953 |
| Fines and forfeitures | 365,000 | 365,000 | 236,061 | (128,939) |
| State aid | 1,448,343 | 1,448,343 | 886,832 | (561,511) |
| Federal aid | 190,000 | 190,000 | 325,645 | 135,645 |
| Miscellaneous | 58,803 | 58,803 | 215,598 | 156,795 |
| Total Revenues | <u>4,990,738</u> | <u>4,990,738</u> | <u>4,352,281</u> | <u>(638,457)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 2,129,764 | 2,129,764 | 1,898,351 | 231,413 |
| Public safety | 30,645 | 30,645 | 30,488 | 157 |
| Health | 312,720 | 312,720 | 297,540 | 15,180 |
| Transportation | 706,033 | 706,033 | 602,973 | 103,060 |
| Culture and recreation | 251,159 | 251,159 | 159,795 | 91,364 |
| Home and community services | 28,600 | 28,600 | 19,179 | 9,421 |
| Employee benefits | 1,061,797 | 1,061,797 | 953,015 | 108,782 |
| Debt service | | | | |
| Interest | 161,490 | 161,490 | 102,364 | 59,126 |
| Total Expenditures | <u>4,682,208</u> | <u>4,682,208</u> | <u>4,063,705</u> | <u>618,503</u> |
| Excess of Revenues Over Expenditures | <u>308,530</u> | <u>308,530</u> | <u>288,576</u> | <u>(19,954)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 11,544 | 11,544 |
| Transfers out | (403,530) | (403,530) | (411,659) | (8,129) |
| Total Other Financing Uses | <u>(403,530)</u> | <u>(403,530)</u> | <u>(400,115)</u> | <u>3,415</u> |
| Net Change in Fund Balance | (95,000) | (95,000) | (111,539) | (16,539) |
| FUND BALANCE | | | | |
| Beginning of Year | 95,000 | 95,000 | 2,655,867 | 2,560,867 |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,544,328</u> | <u>\$ 2,544,328</u> |

See independent auditors' report.

| 2019 | | | |
|------------------|------------------|---------------------|----------------------------|
| Original Budget | Final Budget | Actual | Variance with Final Budget |
| \$ 2,765,514 | \$ 2,765,514 | \$ 2,765,514 | \$ - |
| 38,000 | 38,000 | 40,833 | 2,833 |
| 225,400 | 225,400 | 229,562 | 4,162 |
| 70,750 | 70,750 | 62,751 | (7,999) |
| - | - | 28,140 | 28,140 |
| 69,600 | 69,600 | 175,329 | 105,729 |
| 5,000 | 5,000 | 59,674 | 54,674 |
| 3,800 | 3,800 | 4,927 | 1,127 |
| 315,000 | 315,000 | 339,155 | 24,155 |
| 997,415 | 997,415 | 773,763 | (223,652) |
| 190,000 | 190,000 | 350,565 | 160,565 |
| 56,143 | 56,143 | 112,143 | 56,000 |
| <u>4,736,622</u> | <u>4,736,622</u> | <u>4,942,356</u> | <u>205,734</u> |
| 2,082,301 | 2,082,301 | 1,860,875 | 221,426 |
| 15,500 | 15,500 | 26,203 | (10,703) |
| 287,900 | 287,900 | 247,500 | 40,400 |
| 749,798 | 749,798 | 735,702 | 14,096 |
| 232,599 | 232,599 | 212,632 | 19,967 |
| 31,000 | 31,000 | 14,327 | 16,673 |
| 1,097,524 | 1,097,524 | 1,060,745 | 36,779 |
| <u>105,000</u> | <u>105,000</u> | <u>89,917</u> | <u>15,083</u> |
| <u>4,601,622</u> | <u>4,601,622</u> | <u>4,247,901</u> | <u>353,721</u> |
| 135,000 | 135,000 | 694,455 | 559,455 |
| - | - | - | - |
| <u>(135,000)</u> | <u>(135,000)</u> | <u>(168,140)</u> | <u>(33,140)</u> |
| <u>(135,000)</u> | <u>(135,000)</u> | <u>(168,140)</u> | <u>(33,140)</u> |
| - | - | 526,315 | 526,315 |
| - | - | 2,129,552 | 2,129,552 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,655,867</u> | <u>\$ 2,655,867</u> |

Town of Monroe, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget - Sub-Fund
 Year Ended December 31, 2020
 (With Comparative Actuals for 2019)

| | Original Budget | Final Budget | Actual | Variance with Final Budget | 2019 Actual |
|---|--------------------|-----------------|--------------|-------------------------------|----------------|
| REAL PROPERTY TAXES | \$ 2,465,702 | \$ 2,465,702 | \$ 2,465,702 | \$ - | \$ 2,765,514 |
| OTHER TAX ITEMS | | | | | |
| Interest and penalties on real property taxes | 40,000 | 40,000 | 24,001 | (15,999) | 40,833 |
| NON-PROPERTY TAXES | | | | | |
| Non-property tax distribution from County | - | - | - | - | 228,907 |
| Utilities gross receipts | 400 | 400 | 160 | (240) | 655 |
| | 400 | 400 | 160 | (240) | 229,562 |
| DEPARTMENTAL INCOME | | | | | |
| Clerk fees | 2,400 | 2,400 | 11,881 | 9,481 | 2,243 |
| Animal control fines | 3,950 | 3,950 | 2,555 | (1,395) | 4,685 |
| Public works services | 1,000 | 1,000 | 1,750 | 750 | 1,375 |
| Vital statistics fees | 6,000 | 6,000 | 3,724 | (2,276) | 7,443 |
| Recreation pedal boats | 15,500 | 15,500 | 965 | (14,535) | 15,655 |
| Alex Smith concessions | 150 | 150 | - | (150) | 194 |
| TMACC fees | - | - | - | - | - |
| Joint activity bus | 10,000 | 10,000 | 7,145 | (2,855) | 9,078 |
| Bus operations | 21,000 | 21,000 | 9,968 | (11,032) | 22,078 |
| | 60,000 | 60,000 | 37,988 | (22,012) | 62,751 |
| INTERGOVERNMENTAL CHARGES | - | - | - | - | 28,140 |
| USE OF MONEY AND PROPERTY | | | | | |
| Earnings on investments | 11,000 | 11,000 | 11,935 | 935 | 15,624 |
| Rental of cell tower | 120,590 | 120,590 | 135,690 | 15,100 | 159,705 |
| | 131,590 | 131,590 | 147,625 | 16,035 | 175,329 |

**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

| | | | | | |
|-----------------------|----------------|----------------|--------------|------------------|---------------|
| Sale of equipment | 10,000 | 10,000 | 3,760 | (6,240) | 54,505 |
| Sale of real property | 215,000 | 215,000 | - | (215,000) | - |
| Insurance recoveries | 2,000 | 2,000 | 2,056 | 56 | 5,169 |
| | <u>227,000</u> | <u>227,000</u> | <u>5,816</u> | <u>(221,184)</u> | <u>59,674</u> |

LICENSES AND PERMITS

| | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Games of chance | - | - | 20 | 20 | 25 |
| Dog licenses | 3,400 | 3,400 | 4,703 | 1,303 | 4,052 |
| Other licenses and permits | 500 | 500 | 2,130 | 1,630 | 850 |
| | <u>3,900</u> | <u>3,900</u> | <u>6,853</u> | <u>2,953</u> | <u>4,927</u> |

FINES AND FORFEITURES

| | | | | | |
|--------------------------|---------|---------|---------|-----------|---------|
| Fines and forfeited bail | 365,000 | 365,000 | 236,061 | (128,939) | 339,155 |
|--------------------------|---------|---------|---------|-----------|---------|

STATE AID

| | | | | | |
|---------------|------------------|------------------|----------------|------------------|----------------|
| Per capita | 52,000 | 52,000 | - | (52,000) | - |
| Mortgage tax | 748,000 | 748,000 | 627,516 | (120,484) | 571,190 |
| Bus | 150,000 | 150,000 | 125,854 | (24,146) | 198,883 |
| Senior center | 129,300 | 129,300 | 125,756 | (3,544) | 3,690 |
| Other | 369,043 | 369,043 | 7,706 | (361,337) | - |
| | <u>1,448,343</u> | <u>1,448,343</u> | <u>886,832</u> | <u>(561,511)</u> | <u>773,763</u> |

FEDERAL AID

| | | | | | |
|------------|---------|---------|---------|---------|---------|
| Dial-A-Bus | 190,000 | 190,000 | 325,645 | 135,645 | 350,565 |
|------------|---------|---------|---------|---------|---------|

MISCELLANEOUS

| | | | | | |
|-------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Employee contributions | 21,603 | 21,603 | 36,138 | 14,535 | 28,903 |
| Refund of prior year's expenditures | 4,500 | 4,500 | 29,983 | 25,483 | 265 |
| Gifts and donations | 2,200 | 2,200 | 300 | (1,900) | 8,095 |
| Unclassified | 30,500 | 30,500 | 149,177 | 118,677 | 74,880 |
| | <u>58,803</u> | <u>58,803</u> | <u>215,598</u> | <u>156,795</u> | <u>112,143</u> |

TOTAL REVENUES

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | <u>4,990,738</u> | <u>4,990,738</u> | <u>4,352,281</u> | <u>(638,457)</u> | <u>4,942,356</u> |
|--|------------------|------------------|------------------|------------------|------------------|

(Continued)

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Town of Monroe, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget - Sub-Fund (Continued)
Year Ended December 31, 2020
(With Comparative Actuals for 2019)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> | <u>2019 Actual</u> |
|---|----------------------------|-------------------------|---------------------|---------------------------------------|------------------------|
| OTHER FINANCING SOURCES | | | | | |
| Transfers in Highway Fund | \$ - | \$ - | \$ 11,544 | \$ 11,544 | \$ - |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 4,990,738</u> | <u>\$ 4,990,738</u> | <u>\$ 4,363,825</u> | <u>\$ (626,913)</u> | <u>\$ 4,942,356</u> |

See independent auditors' report.

Town of Monroe, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

| | Original Budget | Final Budget | Actual | Variance with Final Budget | 2019 Actual |
|---|--------------------|------------------|------------------|-------------------------------|------------------|
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Town Council | \$ 86,314 | \$ 86,314 | \$ 122,127 | \$ (35,813) | \$ 86,664 |
| Town Justice | 315,517 | 315,517 | 296,955 | 18,562 | 316,854 |
| Supervisor | 249,065 | 249,065 | 245,447 | 3,618 | 180,984 |
| Comptroller | - | - | - | - | 205 |
| Auditor | 124,900 | 124,900 | 121,205 | 3,695 | 187,835 |
| Tax collection | 12,632 | 12,632 | 12,198 | 434 | 14,429 |
| Budget | 10,000 | 10,000 | 10,000 | - | 7,500 |
| Assessor | 211,465 | 211,465 | 176,312 | 35,153 | 193,799 |
| Town Clerk | 157,953 | 157,953 | 152,386 | 5,567 | 157,720 |
| Attorney | 64,800 | 64,800 | 31,555 | 33,245 | 25,848 |
| Personnel | 6,500 | 6,500 | 5,000 | 1,500 | 5,000 |
| Elections | 12,000 | 12,000 | - | 12,000 | - |
| Ethics | 1,750 | 1,750 | 29 | 1,721 | 1,000 |
| Public information | 19,000 | 19,000 | 18,000 | 1,000 | 36,047 |
| Buildings | 538,314 | 538,314 | 433,897 | 104,417 | 316,797 |
| TMACC | 17,900 | 17,900 | 15,642 | 2,258 | 12,009 |
| Central Communications | 33,129 | 33,129 | 32,309 | 820 | 34,475 |
| Central printing | 41,471 | 41,471 | 33,661 | 7,810 | 36,680 |
| Data processing | 53,900 | 53,900 | 43,910 | 9,990 | 108,052 |
| Unallocated insurance | 78,500 | 78,500 | 78,500 | - | 73,660 |
| Judgments and claims | - | - | - | - | 26,762 |
| Taxes and assessments on property | 21,297 | 21,297 | 20,615 | 682 | 12,032 |
| Metropolitan commuter transportation mobility tax | 5,549 | 5,549 | 3,969 | 1,580 | 5,523 |
| Unclassified | 44,634 | 44,634 | 44,634 | - | 21,000 |
| Contingency | 23,174 | 23,174 | - | 23,174 | - |
| | <u>2,129,764</u> | <u>2,129,764</u> | <u>1,898,351</u> | <u>231,413</u> | <u>1,860,875</u> |

PUBLIC SAFETY

| | | | | | |
|-----------------|---------------|---------------|---------------|------------|---------------|
| Traffic control | 4,959 | 4,959 | 4,802 | 157 | 4,601 |
| Dog control | <u>25,686</u> | <u>25,686</u> | <u>25,686</u> | <u>-</u> | <u>21,602</u> |
| | <u>30,645</u> | <u>30,645</u> | <u>30,488</u> | <u>157</u> | <u>26,203</u> |

HEALTH

| | | | | | |
|-----------|----------------|----------------|----------------|---------------|----------------|
| Ambulance | <u>312,720</u> | <u>312,720</u> | <u>297,540</u> | <u>15,180</u> | <u>247,500</u> |
|-----------|----------------|----------------|----------------|---------------|----------------|

TRANSPORTATION

| | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Highway Superintendent | 157,311 | 157,311 | 146,710 | 10,601 | 152,717 |
| Highway garage | 70,213 | 70,213 | 66,028 | 4,185 | 49,831 |
| Bus operations | <u>478,509</u> | <u>478,509</u> | <u>390,235</u> | <u>88,274</u> | <u>533,154</u> |
| | <u>706,033</u> | <u>706,033</u> | <u>602,973</u> | <u>103,060</u> | <u>735,702</u> |

CULTURE AND RECREATION

| | | | | | |
|---------------------|----------------|----------------|----------------|---------------|----------------|
| TMACC operations | 14,797 | 14,797 | 5,957 | 8,840 | - |
| Parks | 8,500 | 8,500 | 6,498 | 2,002 | 6,508 |
| Alex Smith pavilion | 46,953 | 46,953 | 25,694 | 21,259 | 41,302 |
| Mombasha park | 21,000 | 21,000 | 6,835 | 14,165 | 19,669 |
| Checkerboard inn | 420 | 420 | 420 | - | 457 |
| Historian | 3,750 | 3,750 | 2,683 | 1,067 | 4,202 |
| Celebrations | 11,000 | 11,000 | - | 11,000 | 11,120 |
| Senior center | 139,449 | 139,449 | 109,059 | 30,390 | 125,154 |
| Other recreation | <u>5,290</u> | <u>5,290</u> | <u>2,649</u> | <u>2,641</u> | <u>4,220</u> |
| | <u>251,159</u> | <u>251,159</u> | <u>159,795</u> | <u>91,364</u> | <u>212,632</u> |

HOME AND COMMUNITY SERVICES

| | | | | | |
|----------|---------------|---------------|---------------|--------------|---------------|
| Landfill | <u>28,600</u> | <u>28,600</u> | <u>19,179</u> | <u>9,421</u> | <u>14,327</u> |
|----------|---------------|---------------|---------------|--------------|---------------|

(Continued)

Town of Monroe, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund (Continued)

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

| | Original Budget | Final Budget | Actual | Variance with Final Budget | 2019 Actual |
|--|---------------------|---------------------|---------------------|-------------------------------|---------------------|
| EMPLOYEE BENEFITS | | | | | |
| State retirement | \$ 167,843 | \$ 167,843 | \$ 167,843 | \$ - | \$ 183,295 |
| Social security | 124,854 | 124,854 | 116,282 | 8,572 | 119,600 |
| Workers' compensation benefits | 40,470 | 40,470 | 26,703 | 13,767 | 72,703 |
| Unemployment benefits | 2,600 | 2,600 | 785 | 1,815 | 34,043 |
| Disability insurance | 8,262 | 8,262 | 8,262 | - | 8,807 |
| Hospital, medical, dental and life insurance | 717,768 | 717,768 | 633,140 | 84,628 | 642,297 |
| | <u>1,061,797</u> | <u>1,061,797</u> | <u>953,015</u> | <u>108,782</u> | <u>1,060,745</u> |
| DEBT SERVICE | | | | | |
| Interest | | | | | |
| Bond anticipation notes | 161,490 | 161,490 | 102,364 | 59,126 | 89,917 |
| | <u>161,490</u> | <u>161,490</u> | <u>102,364</u> | <u>59,126</u> | <u>89,917</u> |
| TOTAL EXPENDITURES | 4,682,208 | 4,682,208 | 4,063,705 | 618,503 | 4,247,901 |
| OTHER FINANCING USES | | | | | |
| Transfers out | | | | | |
| Capital Projects Fund | 403,530 | 403,530 | 411,659 | (8,129) | 168,140 |
| | <u>403,530</u> | <u>403,530</u> | <u>411,659</u> | <u>(8,129)</u> | <u>168,140</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 5,085,738 | \$ 5,085,738 | \$ 4,475,364 | \$ 610,374 | \$ 4,416,041 |

See independent auditors' report.

Town of Monroe, New York

Town Outside Village Fund
Comparative Balance Sheet
December 31,

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and equivalents | \$ 996,125 | \$ 1,297,128 |
| Investments | 501,181 | - |
| Receivables | | |
| Accounts | 79,656 | 49,249 |
| Due from other governments | 120,168 | 66,155 |
| Due from other funds | 102,325 | 336,113 |
| Advances to other funds | 536,674 | 550,386 |
| | <u>838,823</u> | <u>1,001,903</u> |
| Prepaid expenditures | 11,833 | 13,852 |
| Total Assets | <u>\$ 2,347,962</u> | <u>\$ 2,312,883</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 80,825 | \$ 90,573 |
| Accrued liabilities | 2,459 | 15,478 |
| Total Liabilities | <u>83,284</u> | <u>106,051</u> |
| Fund balance | | |
| Nonspendable | 548,507 | 564,238 |
| Assigned | 1,716,171 | 1,642,594 |
| Total Fund Balance | <u>2,264,678</u> | <u>2,206,832</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,347,962</u> | <u>\$ 2,312,883</u> |

See independent auditors' report.

Town of Monroe, New York

Town Outside Village Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended December 31,

| | 2020 | | | Variance with Final Budget |
|---|--------------------|------------------|------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 348,924 | \$ 348,924 | \$ 348,924 | \$ - |
| Non-property taxes | 582,500 | 582,500 | 628,570 | 46,070 |
| Departmental income | 219,000 | 219,000 | 267,271 | 48,271 |
| Use of money and property | 5,000 | 5,000 | 3,191 | (1,809) |
| Miscellaneous | 2,538 | 2,538 | 53,428 | 50,890 |
| Total Revenues | 1,157,962 | 1,157,962 | 1,301,384 | 143,422 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 470,967 | 470,967 | 454,855 | 16,112 |
| Public safety | 212,231 | 212,231 | 201,603 | 10,628 |
| Culture and recreation | 312,384 | 312,384 | 312,207 | 177 |
| Home and community services | 147,468 | 147,468 | 133,424 | 14,044 |
| Employee benefits | 154,912 | 154,912 | 141,449 | 13,463 |
| Total Expenditures | 1,297,962 | 1,297,962 | 1,243,538 | 54,424 |
| Excess of Revenues Over Expenditures | (140,000) | (140,000) | 57,846 | 197,846 |
| FUND BALANCE | | | | |
| Beginning of Year | 140,000 | 140,000 | 2,206,832 | 2,066,832 |
| End of Year | \$ - | \$ - | \$ 2,264,678 | \$ 2,264,678 |

See independent auditors' report.

| 2019 | | | |
|------------------|------------------|---------------------|----------------------------|
| Original Budget | Final Budget | Actual | Variance with Final Budget |
| \$ 652,364 | \$ 652,364 | \$ 652,364 | \$ - |
| 404,000 | 404,000 | 324,592 | (79,408) |
| 167,000 | 167,000 | 293,976 | 126,976 |
| 500 | 500 | 10,201 | 9,701 |
| 1,100 | 1,100 | 53,956 | 52,856 |
| <u>1,224,964</u> | <u>1,224,964</u> | <u>1,335,089</u> | <u>110,125</u> |
| 398,019 | 469,462 | 486,333 | (16,871) |
| 213,380 | 207,912 | 207,912 | - |
| 317,500 | 314,000 | 314,000 | - |
| 131,745 | 97,686 | 113,153 | (15,467) |
| 164,320 | 135,904 | 135,904 | - |
| <u>1,224,964</u> | <u>1,224,964</u> | <u>1,257,302</u> | <u>(32,338)</u> |
| - | - | 77,787 | 77,787 |
| - | - | 2,129,045 | 2,129,045 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,206,832</u> | <u>\$ 2,206,832</u> |

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Town of Monroe, New York

Town Outside Village Fund
 Schedule of Revenues Compared to Budget
 Year Ended December 31, 2020
 (With Comparative Actuals for 2019)

| | Original Budget | Final Budget | Actual | Variance with Final Budget | 2019 Actual |
|---|---------------------|---------------------|---------------------|-------------------------------|---------------------|
| REAL PROPERTY TAXES | \$ 348,924 | \$ 348,924 | \$ 348,924 | \$ - | \$ 652,364 |
| NON-PROPERTY TAXES | | | | | |
| Non-property tax distribution from County | 428,500 | 428,500 | 422,595 | (5,905) | 250,000 |
| Franchise fees | 154,000 | 154,000 | 205,975 | 51,975 | 74,592 |
| | 582,500 | 582,500 | 628,570 | 46,070 | 324,592 |
| DEPARTMENTAL INCOME | | | | | |
| Inspection fees | 182,000 | 182,000 | 255,620 | 73,620 | 230,111 |
| Subdivision fees | 2,000 | 2,000 | 3,600 | 1,600 | 2,250 |
| Site plans | 35,000 | 35,000 | 8,051 | (26,949) | 61,615 |
| | 219,000 | 219,000 | 267,271 | 48,271 | 293,976 |
| USE OF MONEY AND PROPERTY | | | | | |
| Earnings on investments | 5,000 | 5,000 | 3,191 | (1,809) | 10,201 |
| MISCELLANEOUS | | | | | |
| Refund of prior year's expenditures | - | - | - | - | 475 |
| AIM - Related payments | - | - | 52,029 | 52,029 | 52,029 |
| Employee contributions | 2,538 | 2,538 | 1,399 | (1,139) | 1,452 |
| | 2,538 | 2,538 | 53,428 | 50,890 | 53,956 |
| TOTAL REVENUES | \$ 1,157,962 | \$ 1,157,962 | \$ 1,301,384 | \$ 143,422 | \$ 1,335,089 |

See independent auditors' report.

Town of Monroe, New York

Town Outside Village Fund
 Schedule of Expenditures Compared to Budget
 Year Ended December 31, 2020
 (With Comparative Actuals for 2019)

| | Original Budget | Final Budget | Actual | Variance with Final Budget | 2019 Actual |
|---|--------------------|-----------------|----------------|-------------------------------|----------------|
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Attorney | \$ 355,001 | \$ 355,001 | \$ 354,956 | \$ 45 | \$ 375,488 |
| Engineer | 51,600 | 51,600 | 51,599 | 1 | 60,596 |
| Public information | 48,850 | 48,850 | 46,669 | 2,181 | 42,080 |
| Central storeroom | 6,000 | 6,000 | 5 | 5,995 | 1,328 |
| Data processing | 1,100 | 1,100 | 975 | 125 | 945 |
| Judgements and claims | - | - | - | - | 4,983 |
| Metropolitan commuter transportation mobility tax | 916 | 916 | 651 | 265 | 913 |
| Undistributed expenditures | 7,500 | 7,500 | - | 7,500 | - |
| | <u>470,967</u> | <u>470,967</u> | <u>454,855</u> | <u>16,112</u> | <u>486,333</u> |
| PUBLIC SAFETY | | | | | |
| Emergency operations | 2,000 | 2,000 | - | 2,000 | 3,045 |
| Safety inspection | 210,231 | 210,231 | 201,603 | 8,628 | 204,867 |
| | <u>212,231</u> | <u>212,231</u> | <u>201,603</u> | <u>10,628</u> | <u>207,912</u> |
| CULTURE AND RECREATION | | | | | |
| Joint recreation | 310,634 | 310,634 | 310,634 | - | 302,000 |
| Celebrations | 1,750 | 1,750 | 1,573 | 177 | 12,000 |
| | <u>312,384</u> | <u>312,384</u> | <u>312,207</u> | <u>177</u> | <u>314,000</u> |
| HOME AND COMMUNITY SERVICES | | | | | |
| Zoning | 31,490 | 31,490 | 21,956 | 9,534 | 24,297 |
| Planning | 104,347 | 104,347 | 100,968 | 3,379 | 88,356 |
| Annexation proceedings | 10,000 | 10,000 | 10,000 | - | - |
| Codification | 81 | 81 | - | 81 | - |
| Conservation | 1,550 | 1,550 | 500 | 1,050 | 500 |
| | <u>147,468</u> | <u>147,468</u> | <u>133,424</u> | <u>14,044</u> | <u>113,153</u> |

| EMPLOYEE BENEFITS | | | | | |
|--|---------------------|---------------------|---------------------|------------------|---------------------|
| State retirement | 32,027 | 32,027 | 30,747 | 1,280 | 30,479 |
| Social security | 20,666 | 20,666 | 20,081 | 585 | 19,546 |
| Workers' compensation benefits | 12,673 | 12,673 | 12,673 | - | 11,870 |
| Disability insurance | 2,144 | 2,144 | 2,143 | 1 | 1,929 |
| Hospital, medical, dental and life insurance | 87,402 | 87,402 | 75,805 | 11,597 | 72,080 |
| | <u>154,912</u> | <u>154,912</u> | <u>141,449</u> | <u>13,463</u> | <u>135,904</u> |
| TOTAL EXPENDITURES | <u>\$ 1,297,962</u> | <u>\$ 1,297,962</u> | <u>\$ 1,243,538</u> | <u>\$ 54,424</u> | <u>\$ 1,257,302</u> |

See independent auditors' report.

Town of Monroe, New York

Highway Fund
 Combining Balance Sheet - Sub-Funds
 December 31, 2020
 (With Comparative Totals for 2019)

| | Town-Wide | Part-Town | Totals | |
|--------------------------------------|---------------------|-------------------|---------------------|---------------------|
| | | | 2020 | 2019 |
| ASSETS | | | | |
| Cash and equivalents | \$ 861,441 | \$ 535,499 | \$ 1,396,940 | \$ 1,812,238 |
| Investments | 501,181 | - | 501,181 | - |
| Receivables | | | | |
| Accounts | 967 | 1,051 | 2,018 | - |
| Due from other governments | 1,084 | 280,393 | 281,477 | 321,670 |
| Due from other funds | 12,180 | - | 12,180 | 12,180 |
| Due from fiduciary fund | 270,213 | - | 270,213 | - |
| | 284,444 | 281,444 | 565,888 | 333,850 |
| Prepaid expenditures | 33,852 | 24,427 | 58,279 | 61,802 |
| Total Assets | <u>\$ 1,680,918</u> | <u>\$ 841,370</u> | <u>\$ 2,522,288</u> | <u>\$ 2,207,890</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 13,301 | \$ 30,019 | \$ 43,320 | \$ 628,972 |
| Accrued liabilities | 8,179 | 2,810 | 10,989 | 41,819 |
| Deposits | 270,213 | - | 270,213 | - |
| Due to other funds | - | 290,052 | 290,052 | 290,052 |
| Unearned revenue | - | - | - | 185,251 |
| Total Liabilities | 291,693 | 322,881 | 614,574 | 1,146,094 |
| Fund balances | | | | |
| Nonspendable | 33,852 | 24,427 | 58,279 | 61,802 |
| Assigned | 1,355,373 | 494,062 | 1,849,435 | 999,994 |
| Total Fund Balance | 1,389,225 | 518,489 | 1,907,714 | 1,061,796 |
| Total Liabilities and Fund Balance | <u>\$ 1,680,918</u> | <u>\$ 841,370</u> | <u>\$ 2,522,288</u> | <u>\$ 2,207,890</u> |

See independent auditors' report.

Town of Monroe, New York

Highway Fund
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Sub-Funds
 Year Ended December 31, 2020
 (With Comparative Totals for 2019)

| | Town-Wide | Part-Town | Totals | |
|--|----------------|------------------|------------------|------------------|
| | | | 2020 | 2019 |
| REVENUES | | | | |
| Real property taxes | \$ 603,974 | \$ 610,142 | \$ 1,214,116 | \$ 571,568 |
| Non-property taxes | - | 991,172 | 991,172 | 1,039,968 |
| Departmental income | 49,696 | - | 49,696 | 171,814 |
| Use of money and property | 3,295 | 705 | 4,000 | 14,641 |
| Sale of property and compensation for loss | - | - | - | 486 |
| State aid | 87,022 | 618,560 | 705,582 | 268,795 |
| Miscellaneous | 671 | 166,144 | 166,815 | 4,034 |
| Total Revenues | 744,658 | 2,386,723 | 3,131,381 | 2,071,306 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 624 | 1,416 | 2,040 | 6,010 |
| Transportation | 445,346 | 1,037,776 | 1,483,122 | 1,715,792 |
| Employee benefits | 228,021 | 428,808 | 656,829 | 665,277 |
| Debt service | - | 4,472 | 4,472 | 6,917 |
| Total Expenditures | 673,991 | 1,472,472 | 2,146,463 | 2,393,996 |
| Excess (Deficiency) of Revenues Over Expenditures | 70,667 | 914,251 | 984,918 | (322,690) |
| OTHER FINANCING USES | | | | |
| Transfers out | - | (139,000) | (139,000) | (285,704) |
| Net Change in Fund Balances | 70,667 | 775,251 | 845,918 | (608,394) |
| FUND BALANCES (DEFICITS) | | | | |
| Beginning of Year | 1,318,558 | (256,762) | 1,061,796 | 1,670,190 |
| End of Year | \$ 1,389,225 | \$ 518,489 | \$ 1,907,714 | \$ 1,061,796 |

See independent auditors' report.

Town of Monroe, New York

Highway Fund - Town-Wide
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual - Sub-Fund
 Years Ended December 31,

| | 2020 | | | Variance with Final Budget |
|--|--------------------|-----------------|----------------|-------------------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 603,974 | \$ 603,974 | \$ 603,974 | \$ - |
| Departmental income | 49,696 | 49,696 | 49,696 | - |
| Use of money and property | 3,000 | 3,000 | 3,295 | 295 |
| State aid | 105,000 | 105,000 | 87,022 | (17,978) |
| Miscellaneous | 1,358 | 1,358 | 671 | (687) |
| Total Revenues | 763,028 | 763,028 | 744,658 | (18,370) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | | | | |
| Metropolitan commuter transportation mobility tax | 727 | 727 | 624 | 103 |
| Judgements and claims | - | - | - | - |
| Contingency | 35,000 | 35,000 | - | 35,000 |
| | 35,727 | 35,727 | 624 | 35,103 |
| Transportation | | | | |
| Brush and weeds | 276,871 | 276,871 | 276,844 | 27 |
| Snow removal | 195,775 | 195,775 | 168,502 | 27,273 |
| | 472,646 | 472,646 | 445,346 | 27,300 |
| Employee benefits | | | | |
| State retirement | 35,938 | 35,938 | 35,938 | - |
| Social security | 23,291 | 23,291 | 23,083 | 208 |
| Disability insurance | 2,566 | 2,566 | 2,566 | - |
| Unemployment | 2,050 | 2,050 | 1,719 | 331 |
| Hospitalization and dental insurance | 176,349 | 176,349 | 150,254 | 26,095 |
| Workers' compensation benefits | 14,461 | 14,461 | 14,461 | - |
| | 254,655 | 254,655 | 228,021 | 26,634 |
| Total Expenditures | 763,028 | 763,028 | 673,991 | 89,037 |
| Excess of Revenues Over Expenditures | - | - | 70,667 | 70,667 |
| FUND BALANCE | | | | |
| Beginning of Year | - | - | 1,318,558 | 1,318,558 |
| End of Year | \$ - | \$ - | \$ 1,389,225 | \$ 1,389,225 |

See independent auditors' report.

| 2019 | | | |
|-----------------|----------------|---------------------|----------------------------|
| Original Budget | Final Budget | Actual | Variance with Final Budget |
| \$ 330,677 | \$ 330,677 | \$ 330,677 | \$ - |
| 267,696 | 267,696 | 171,774 | (95,922) |
| 100 | 100 | 5,349 | 5,249 |
| 240,000 | 240,000 | 268,795 | 28,795 |
| 3,239 | 3,239 | 2,804 | (435) |
| <u>841,712</u> | <u>841,712</u> | <u>779,399</u> | <u>(62,313)</u> |
| 1,079 | 1,081 | 1,081 | - |
| - | 2,963 | 2,963 | - |
| 32,000 | 29,037 | - | 29,037 |
| <u>33,079</u> | <u>33,081</u> | <u>4,044</u> | <u>29,037</u> |
| 259,500 | 295,835 | 243,670 | 52,165 |
| 363,544 | 289,927 | 204,778 | 85,149 |
| <u>623,044</u> | <u>585,762</u> | <u>448,448</u> | <u>137,314</u> |
| 41,694 | 41,694 | 39,047 | 2,647 |
| 24,285 | 24,285 | 23,606 | 679 |
| 1,883 | 1,883 | 1,654 | 229 |
| - | - | - | - |
| 105,945 | 143,094 | 140,925 | 2,169 |
| 11,782 | 11,913 | 11,913 | - |
| <u>185,589</u> | <u>222,869</u> | <u>217,145</u> | <u>5,724</u> |
| <u>841,712</u> | <u>841,712</u> | <u>669,637</u> | <u>172,075</u> |
| - | - | 109,762 | 109,762 |
| - | - | 1,208,796 | 1,208,796 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,318,558</u> | <u>\$ 1,318,558</u> |

Town of Monroe, New York

Highway Fund - Part-Town
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual - Sub-Fund
 Years Ended December 31,

| | 2020 | | | |
|---|------------------|------------------|-------------------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| REVENUES | | | | |
| Real property taxes | \$ 610,142 | \$ 610,142 | \$ 610,142 | \$ - |
| Non-property taxes | 1,021,250 | 1,021,250 | 991,172 | (30,078) |
| Departmental income | - | - | - | - |
| Use of money and property | 8,000 | 8,000 | 705 | (7,295) |
| Sale of property and compensation for loss | - | - | - | - |
| State aid | 293,454 | 293,454 | 618,560 | 325,106 |
| Miscellaneous | 1,476 | 1,476 | 166,144 | 164,668 |
| Total Revenues | <u>1,934,322</u> | <u>1,934,322</u> | <u>2,386,723</u> | <u>452,401</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | | | | |
| Metropolitan commuter transportation mobility tax | 1,748 | 1,748 | 1,416 | 332 |
| Contingency | 25,000 | 25,000 | - | 25,000 |
| | <u>26,748</u> | <u>26,748</u> | <u>1,416</u> | <u>25,332</u> |
| Transportation | | | | |
| General repairs | 467,286 | 467,286 | 377,396 | 89,890 |
| Highway improvements | 300,000 | 300,000 | 299,769 | 231 |
| Machinery | 566,096 | 566,096 | 356,611 | 209,485 |
| Sidewalks | 4,500 | 4,500 | 4,000 | 500 |
| | <u>1,337,882</u> | <u>1,337,882</u> | <u>1,037,776</u> | <u>300,106</u> |
| Employee benefits | | | | |
| State retirement | 73,481 | 73,481 | 73,481 | - |
| Social security | 39,321 | 39,321 | 38,344 | 977 |
| Disability insurance | 4,027 | 4,027 | 3,984 | 43 |
| Unemployment insurance | 915 | 915 | 457 | 458 |
| Hospitalization and dental insurance | 266,106 | 266,106 | 254,700 | 11,406 |
| Workers' compensation benefits | 57,842 | 57,842 | 57,842 | - |
| | <u>441,692</u> | <u>441,692</u> | <u>428,808</u> | <u>12,884</u> |
| Debt service | | | | |
| Interest | | | | |
| Bond anticipation notes | 14,000 | 14,000 | 4,472 | 9,528 |
| Total Expenditures | <u>1,820,322</u> | <u>1,820,322</u> | <u>1,472,472</u> | <u>347,850</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 114,000 | 114,000 | 914,251 | 800,251 |
| OTHER FINANCING USES | | | | |
| Transfers out | (114,000) | (114,000) | (139,000) | (25,000) |
| Net Change in Fund Balance | - | - | 775,251 | 775,251 |
| FUND BALANCE (DEFICIT) | | | | |
| Beginning of Year | - | - | (256,762) | (256,762) |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 518,489</u> | <u>\$ 518,489</u> |

See independent auditors' report.

| 2019 | | | |
|------------------|------------------|---------------------|----------------------------|
| Original Budget | Final Budget | Actual | Variance with Final Budget |
| \$ 240,891 | \$ 240,891 | \$ 240,891 | \$ - |
| 1,050,000 | 1,050,000 | 1,039,968 | (10,032) |
| - | - | 40 | 40 |
| 100 | 100 | 9,292 | 9,192 |
| - | - | 486 | 486 |
| 506,000 | 506,000 | - | (506,000) |
| 2,000 | 2,000 | 1,230 | (770) |
| <u>1,798,991</u> | <u>1,798,991</u> | <u>1,291,907</u> | <u>(507,084)</u> |
| 1,801 | 1,966 | 1,966 | - |
| 30,000 | 3,500 | - | 3,500 |
| <u>31,801</u> | <u>5,466</u> | <u>1,966</u> | <u>3,500</u> |
| 831,363 | 814,131 | 809,576 | 4,555 |
| 106,000 | - | - | - |
| 423,634 | 459,714 | 457,768 | 1,946 |
| 9,000 | - | - | - |
| <u>1,369,997</u> | <u>1,273,845</u> | <u>1,267,344</u> | <u>6,501</u> |
| 72,668 | 66,931 | 66,931 | - |
| 40,525 | 42,570 | 42,570 | - |
| 4,122 | 4,377 | 4,377 | - |
| - | - | - | - |
| 197,180 | 286,104 | 285,953 | 151 |
| 50,198 | 50,198 | 48,301 | 1,897 |
| <u>364,693</u> | <u>450,180</u> | <u>448,132</u> | <u>2,048</u> |
| 7,500 | 7,500 | 6,917 | 583 |
| <u>1,773,991</u> | <u>1,736,991</u> | <u>1,724,359</u> | <u>12,632</u> |
| 25,000 | 62,000 | (432,452) | (494,452) |
| <u>(65,000)</u> | <u>(102,000)</u> | <u>(285,704)</u> | <u>(183,704)</u> |
| (40,000) | (40,000) | (718,156) | (678,156) |
| 40,000 | 40,000 | 461,394 | 421,394 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ (256,762)</u> | <u>\$ (256,762)</u> |

Town of Monroe, New York

Special Districts Fund
 Combining Balance Sheet
 December 31, 2020
 (With Comparative Totals for 2019)

| | Drainage Districts | Special Miscellaneous Districts | Water Districts |
|--|-----------------------|---------------------------------------|--------------------|
| ASSETS | | | |
| Cash and equivalents | \$ 49,740 | \$ 134,167 | \$ 754,135 |
| Receivables | | | |
| Water rents, net of an allowance for uncollectible amounts of \$45,561 in 2020 and 2019 | - | - | 125,731 |
| Due from other funds | - | - | 5,561 |
| | - | - | 131,292 |
| Prepaid expenditures | - | - | 742 |
| Total Assets | <u>\$ 49,740</u> | <u>\$ 134,167</u> | <u>\$ 886,169</u> |
| LIABILITIES AND FUND BALANCES (DEFICITS) | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ 6,362 |
| Accrued liabilities | - | - | 49 |
| Due to other funds | - | - | 111,280 |
| Advances from other funds | - | - | 536,674 |
| Total Liabilities | - | - | 654,365 |
| Fund balances (deficits) | | | |
| Nonspendable | - | - | 742 |
| Assigned | 49,740 | 134,167 | 231,062 |
| Total Fund Balances (Deficits) | 49,740 | 134,167 | 231,804 |
| Total Liabilities and Fund Balances (Deficits) | <u>\$ 49,740</u> | <u>\$ 134,167</u> | <u>\$ 886,169</u> |

See independent auditors' report.

| Sewer Districts | Refuse District | Street Lighting District | Fire Protection District | Totals | |
|--------------------|--------------------|--------------------------------|--------------------------------|---------------------|---------------------|
| | | | | 2020 | 2019 |
| \$ 376,062 | \$ 248,329 | \$ 9,041 | \$ - | \$ 1,571,474 | \$ 1,869,399 |
| - | - | - | - | 125,731 | 132,388 |
| - | - | - | - | 5,561 | 5,561 |
| - | - | - | - | 131,292 | 137,949 |
| - | 92 | - | - | 834 | 528 |
| <u>\$ 376,062</u> | <u>\$ 248,421</u> | <u>\$ 9,041</u> | <u>\$ -</u> | <u>\$ 1,703,600</u> | <u>\$ 2,007,876</u> |
| \$ - | \$ 15,356 | \$ 3,034 | \$ 12,124 | \$ 36,876 | \$ 11,531 |
| - | - | - | - | 49 | 11,336 |
| - | - | - | - | 111,280 | 677,568 |
| - | - | - | - | 536,674 | 550,386 |
| - | 15,356 | 3,034 | 12,124 | 684,879 | 1,250,821 |
| - | 92 | - | - | 834 | 528 |
| <u>376,062</u> | <u>232,973</u> | <u>6,007</u> | <u>(12,124)</u> | <u>1,017,887</u> | <u>756,527</u> |
| <u>376,062</u> | <u>233,065</u> | <u>6,007</u> | <u>(12,124)</u> | <u>1,018,721</u> | <u>757,055</u> |
| <u>\$ 376,062</u> | <u>\$ 248,421</u> | <u>\$ 9,041</u> | <u>\$ -</u> | <u>\$ 1,703,600</u> | <u>\$ 2,007,876</u> |

Town of Monroe, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended December 31, 2020
 (With Comparative Totals for 2019)

| | Drainage Districts | Special Miscellaneous Districts | Water Districts |
|---------------------------------------|-----------------------|---------------------------------------|--------------------|
| REVENUES | | | |
| Real property taxes | \$ 6,020 | \$ 2,000 | \$ 374,746 |
| Departmental income | - | - | 304,372 |
| Use of money and property | 137 | 298 | 3,095 |
| Miscellaneous | - | - | 1,015 |
| | <u>6,157</u> | <u>2,298</u> | <u>683,228</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government support | 446 | - | 2,468 |
| Public safety | - | - | - |
| Transportation | - | - | - |
| Home and community services | 450 | - | 391,907 |
| Employee benefits | - | - | 5,170 |
| Debt service | - | - | 13,709 |
| Interest | - | - | - |
| | <u>896</u> | <u>-</u> | <u>413,254</u> |
| | <u>5,261</u> | <u>2,298</u> | <u>269,974</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 5,173 | 67,266 |
| Transfers out | (11,544) | - | (119,766) |
| | <u>(11,544)</u> | <u>5,173</u> | <u>(52,500)</u> |
| | <u>(6,283)</u> | <u>7,471</u> | <u>217,474</u> |
| FUND BALANCES (DEFICITS) | | | |
| Beginning of Year | <u>56,023</u> | <u>126,696</u> | <u>14,330</u> |
| End of Year | <u>\$ 49,740</u> | <u>\$ 134,167</u> | <u>\$ 231,804</u> |

See independent auditors' report.

| Sewer Districts | Refuse District | Street Lighting District | Fire Protection District | Totals | |
|--------------------|--------------------|--------------------------------|--------------------------------|---------------------|-------------------|
| | | | | 2020 | 2019 |
| \$ 578,943 | \$ 2,017,772 | \$ 43,541 | \$ 6,500 | \$ 3,029,522 | \$ 2,807,928 |
| - | - | - | - | 304,372 | 260,114 |
| 1,029 | 3,621 | 70 | 10 | 8,260 | 18,360 |
| - | - | - | - | 1,015 | 355 |
| <u>579,972</u> | <u>2,021,393</u> | <u>43,611</u> | <u>6,510</u> | <u>3,343,169</u> | <u>3,086,757</u> |
| - | 6 | - | - | 2,920 | 10,931 |
| - | - | - | 7,103 | 7,103 | 14,850 |
| - | - | 37,829 | - | 37,829 | 47,822 |
| 530,839 | 2,032,236 | - | - | 2,955,432 | 2,927,975 |
| - | 469 | - | - | 5,639 | 7,102 |
| - | - | - | - | 13,709 | 6,123 |
| <u>530,839</u> | <u>2,032,711</u> | <u>37,829</u> | <u>7,103</u> | <u>3,022,632</u> | <u>3,014,803</u> |
| <u>49,133</u> | <u>(11,318)</u> | <u>5,782</u> | <u>(593)</u> | <u>320,537</u> | <u>71,954</u> |
| - | - | - | - | 72,439 | 71,105 |
| - | - | - | - | (131,310) | (103,605) |
| - | - | - | - | (58,871) | (32,500) |
| 49,133 | (11,318) | 5,782 | (593) | 261,666 | 39,454 |
| <u>326,929</u> | <u>244,383</u> | <u>225</u> | <u>(11,531)</u> | <u>757,055</u> | <u>717,601</u> |
| <u>\$ 376,062</u> | <u>\$ 233,065</u> | <u>\$ 6,007</u> | <u>\$ (12,124)</u> | <u>\$ 1,018,721</u> | <u>\$ 757,055</u> |

Town of Monroe, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and equivalents | \$ 1,044,125 | \$ 1,680,054 |
| Investments | 120,283 | - |
| Due from other funds | <u>278,462</u> | <u>853,071</u> |
| Total Assets | <u>\$ 1,442,870</u> | <u>\$ 2,533,125</u> |
| LIABILITIES AND FUND DEFICIT | | |
| Liabilities | | |
| Accounts payable | \$ 5,149 | \$ 374,891 |
| Due to other funds | 47,736 | 288,205 |
| Bond anticipation notes payable | <u>3,128,000</u> | <u>7,648,500</u> |
| Total Liabilities | <u>3,180,885</u> | <u>8,311,596</u> |
| Fund deficit | | |
| Unassigned | <u>(1,738,015)</u> | <u>(5,778,471)</u> |
| Total Liabilities and Fund Deficit | <u>\$ 1,442,870</u> | <u>\$ 2,533,125</u> |

See independent auditors' report.

Town of Monroe, New York

Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| REVENUES | | |
| Use of money and property | \$ 3,400 | \$ 12,524 |
| State aid | 250,000 | - |
| Miscellaneous | 82,095 | - |
| | <hr/> | <hr/> |
| Total Revenues | 335,495 | 12,524 |
| EXPENDITURES | | |
| Capital outlay | <u>1,189,698</u> | <u>6,613,462</u> |
| | <hr/> | <hr/> |
| Deficiency of Revenues Over Expenditures | <u>(854,203)</u> | <u>(6,600,938)</u> |
| OTHER FINANCING SOURCES | | |
| Bonds issued | 4,291,500 | - |
| Transfers in | 603,159 | 486,344 |
| | <hr/> | <hr/> |
| Total Other Financing Sources | <u>4,894,659</u> | <u>486,344</u> |
| | <hr/> | <hr/> |
| Net Change in Fund Balance | 4,040,456 | (6,114,594) |
| FUND BALANCE (DEFICIT) | | |
| Beginning of Year | <u>(5,778,471)</u> | <u>336,123</u> |
| | <hr/> | <hr/> |
| End of Year | <u>\$ (1,738,015)</u> | <u>\$ (5,778,471)</u> |

See independent auditors' report.

Town of Monroe, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2020
 (With Comparative Totals for 2019)

| | Community Development | Special Purpose | Debt Service | Total Non-Major Governmental Funds | |
|----------------------|--------------------------|--------------------|-----------------|---------------------------------------|-------------------|
| | | | | 2020 | 2019 |
| ASSETS | | | | | |
| Cash and equivalents | \$ 8,356 | \$ 105,924 | \$ - | \$ 114,280 | \$ 998,555 |
| Investments | - | 879,131 | - | 879,131 | - |
| Total Assets | <u>\$ 8,356</u> | <u>\$ 985,055</u> | <u>\$ -</u> | <u>\$ 993,411</u> | <u>\$ 998,555</u> |
| FUND BALANCES | | | | | |
| Restricted | <u>\$ 8,356</u> | <u>\$ 985,055</u> | <u>\$ -</u> | <u>\$ 993,411</u> | <u>\$ 998,555</u> |

See independent auditors' report.

Town of Monroe, New York

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended December 31, 2020
 (With Comparative Totals for 2019)

| | Community Development | Special Purpose | Debt Service | Total Non-Major Governmental Funds | |
|---|--------------------------|--------------------|-----------------|---------------------------------------|-------------------|
| | | | | 2020 | 2019 |
| REVENUES | | | | | |
| Use of money and property | \$ 20 | \$ - | \$ 9 | \$ 29 | \$ 113 |
| EXPENDITURES | | | | | |
| | - | - | - | - | - |
| Excess of Revenues Over Expenditures | 20 | - | 9 | 29 | 113 |
| OTHER FINANCING USES | | | | | |
| Transfers out | - | - | (5,173) | (5,173) | - |
| Net Change in Fund Balance | 20 | - | (5,164) | (5,144) | 113 |
| FUND BALANCES | | | | | |
| Beginning of Year | 8,336 | 985,055 | 5,164 | 998,555 | 998,442 |
| End of Year | <u>\$ 8,356</u> | <u>\$ 985,055</u> | <u>\$ -</u> | <u>\$ 993,411</u> | <u>\$ 998,555</u> |

See independent auditors' report.

Town of Monroe, New York

Community Development Fund
Comparative Balance Sheet
December 31,

| | <u>2020</u> | <u>2019</u> |
|----------------------|-----------------|-----------------|
| ASSETS | | |
| Cash and equivalents | <u>\$ 8,356</u> | <u>\$ 8,336</u> |
| FUND BALANCE | | |
| Restricted | <u>\$ 8,356</u> | <u>\$ 8,336</u> |

See independent auditors' report.

Town of Monroe, New York

Community Development Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|------------------------|------------------------|
| REVENUES | | |
| Use of money and property | \$ 20 | \$ 70 |
| EXPENDITURES | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | 20 | 70 |
| FUND BALANCE | | |
| Beginning of Year | <u>8,336</u> | <u>8,266</u> |
| End of Year | <u><u>\$ 8,356</u></u> | <u><u>\$ 8,336</u></u> |

See independent auditors' report.

Town of Monroe, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

| | <u>2020</u> | <u>2019</u> |
|----------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and equivalents | \$ 105,924 | \$ 985,055 |
| Investments | <u>879,131</u> | <u>-</u> |
| Total Assets | <u>\$ 985,055</u> | <u>\$ 985,055</u> |
| FUND BALANCE | | |
| Restricted | <u>\$ 985,055</u> | <u>\$ 985,055</u> |

See independent auditors' report.

Town of Monroe, New York

Special Purpose Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|--------------------------|--------------------------|
| REVENUES | \$ - | \$ - |
| EXPENDITURES | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | - | - |
| FUND BALANCE | | |
| Beginning of Year | <u>985,055</u> | <u>985,055</u> |
| End of Year | <u><u>\$ 985,055</u></u> | <u><u>\$ 985,055</u></u> |

See independent auditors' report.

Town of Monroe, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

| | <u>2020</u> | <u>2019</u> |
|----------------------|-------------|-------------|
| ASSETS | | |
| Cash and equivalents | \$ - | \$ 5,164 |
| FUND BALANCE | | |
| Restricted | \$ - | \$ 5,164 |

See independent auditors' report.

Town of Monroe, New York

Debt Service Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|----------------|-----------------|
| REVENUES | | |
| Use of money and property | \$ 9 | \$ 43 |
| EXPENDITURES | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | 9 | 43 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(5,173)</u> | <u>-</u> |
| Net Change in Fund Balance | (5,164) | 43 |
| FUND BALANCE | | |
| Beginning of Year | <u>5,164</u> | <u>5,121</u> |
| End of Year | <u>\$ -</u> | <u>\$ 5,164</u> |

See independent auditors' report.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

, 2022

The Board of Trustees of the
Town of Monroe, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Monroe (the “Town”), in the County of Orange, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$2,750,000 Bond Anticipation Notes – 2022 (the “Notes”) of the Town dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the Town will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's certifications, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the Town with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in Rule 15c2-12.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Town of Monroe, in the County of Orange, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Town Supervisor as of August 2, 2022.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$2,750,000 Bond Anticipation Notes – 2022**, dated August 3, 2022, maturing August 3, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **August 3, 2022**.

TOWN OF MONROE, NEW YORK

By: _____
Town of Supervisor