

**TOWN OF CORNWALL
CORNWALL, NEW YORK
AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2021**

TOWN OF CORNWALL
CORNWALL, NEW YORK
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members
Of the Town Board
Town of Cornwall
Cornwall, New York

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Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
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Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Town of Cornwall, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Town of Cornwall's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the Town of Cornwall, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Cornwall, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Cornwall's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes are opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Cornwall's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Cornwall's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Cornwall's basic financial statements. The combining and individual non major fund financial statements 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements' are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Town of Cornwall's internal control over financial reporting.



Montgomery, New York
April 20, 2022

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

The following is a discussion and analysis of the Town of Cornwall's financial performance for the year ended December 31, 2021. The Town of Cornwall discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

HIGHLIGHTS

Financial Highlights:

- The Town of Cornwall's net position at the close of the calendar years 2021 and 2020 were \$(3,322,196) and \$(3,869,829) respectively.
- As of the close of the current calendar year, the Town of Cornwall's governmental funds reported a combined ending fund balance of \$3,125,382, an increase of \$466,954 in comparison with the prior year.
- At the end of the current calendar year, the unassigned fund balance for the General Fund was \$741,599 at 21.99% of the total General Fund A expenditures.
- The Town of Cornwall's total debt decreased by \$215,000 (3.22%) during the current calendar year.

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD & A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Town's most significant funds.
- The *government fund statements* tell how basic services such as water and sewer were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of MD & A highlights the structure and contents of each of the statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Figure A-1 Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as highway water and sewer	Instances in which the Town administrators resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits.
Required financial statements	- Statement of net position - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

GOVERNMENT-WIDE STATEMENTS

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

The two government-wide statements report the Town's *net position* and how it changed. Net position, the difference between the Town's assets and liabilities, are one way to measure the Town's financial health or position.

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

In the government-wide financial statements, the Town's activities are shown as *governmental activities*: Most of the Town's basic services are included here, such as water and sewer services (home and community services), road maintenance (transportation), and administration (general governmental support). Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Town establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

The Town has two kinds of funds:

- **Governmental Funds:** Most of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (Schedule 4 and Schedule 6) have been added to explain the relationship (or differences) between them.
- **Fiduciary Funds-Custodial Funds:** The Town acts in a custodial capacity for assets that are ultimately transferred to others, such as funds held for escrow. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at the calendar year end is \$(3,322,196). This is a \$547,633 increase over last year's net position of \$(3,869,829). The following table provides a summary of the Town's net position:

FIGURE A-2

<i>Condensed Statement of Net Position</i>			Total Dollar
	2021	2020	Change
			2021 -2020
Current Assets	\$ 6,527,012	\$ 5,190,625	\$ 1,336,387
Capital Assets	12,446,179	11,686,817	759,362
Deferred Outflows	7,485,950	6,269,340	1,216,610
Total Assets and Deferred Outflows	26,459,141	23,146,782	3,312,359
Long-Term Debt Outstanding	21,755,552	22,894,317	(1,138,765)
Other Liabilities	3,426,574	2,567,670	858,904
Deferred Inflows	4,599,211	1,554,624	3,044,587
Total Liabilities and Deferred Inflows	29,781,337	27,016,611	2,764,726
Investment in Capital Assets, Net of Debt	5,991,179	5,026,817	964,362
Restricted	1,687,399	1,854,855	(167,456)
Unrestricted Net Assets	(11,000,774)	(10,751,501)	(249,273)
Total Net Position	\$ (3,322,196)	\$ (3,869,829)	\$ 547,633

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

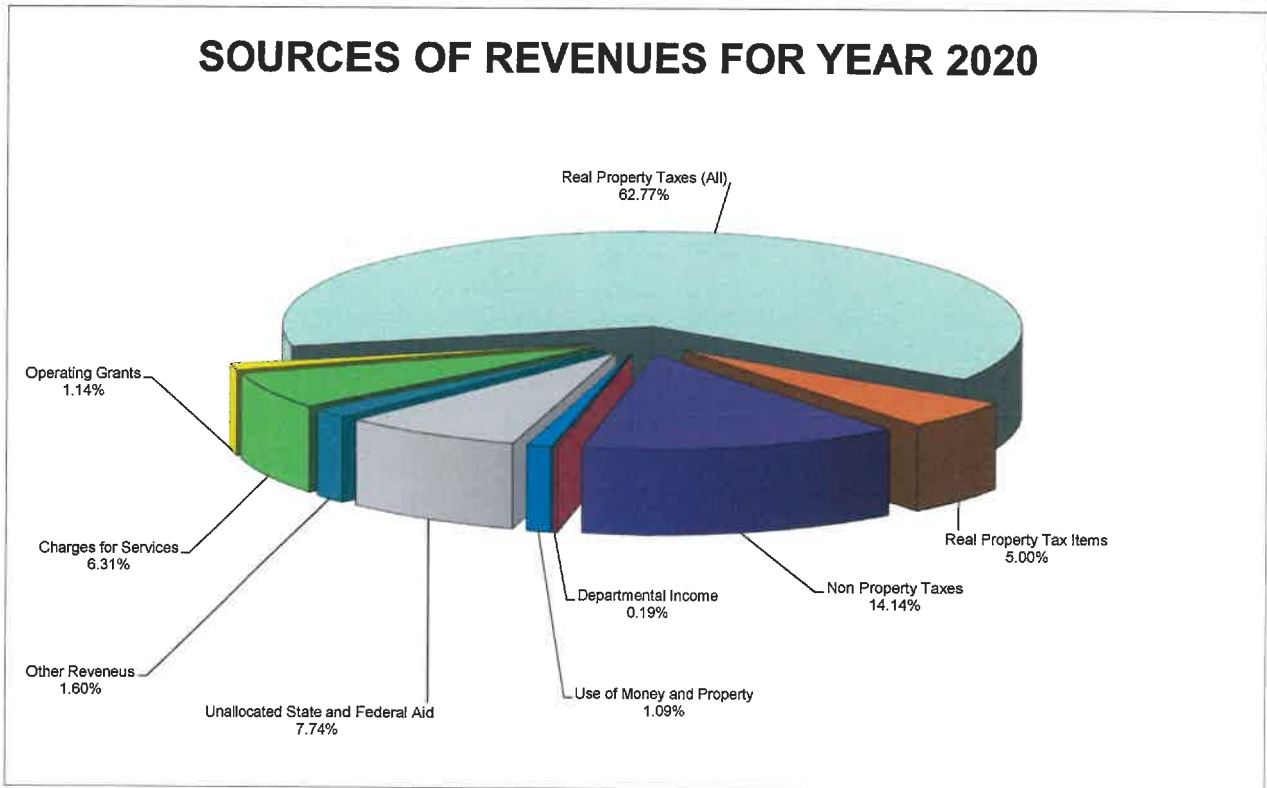
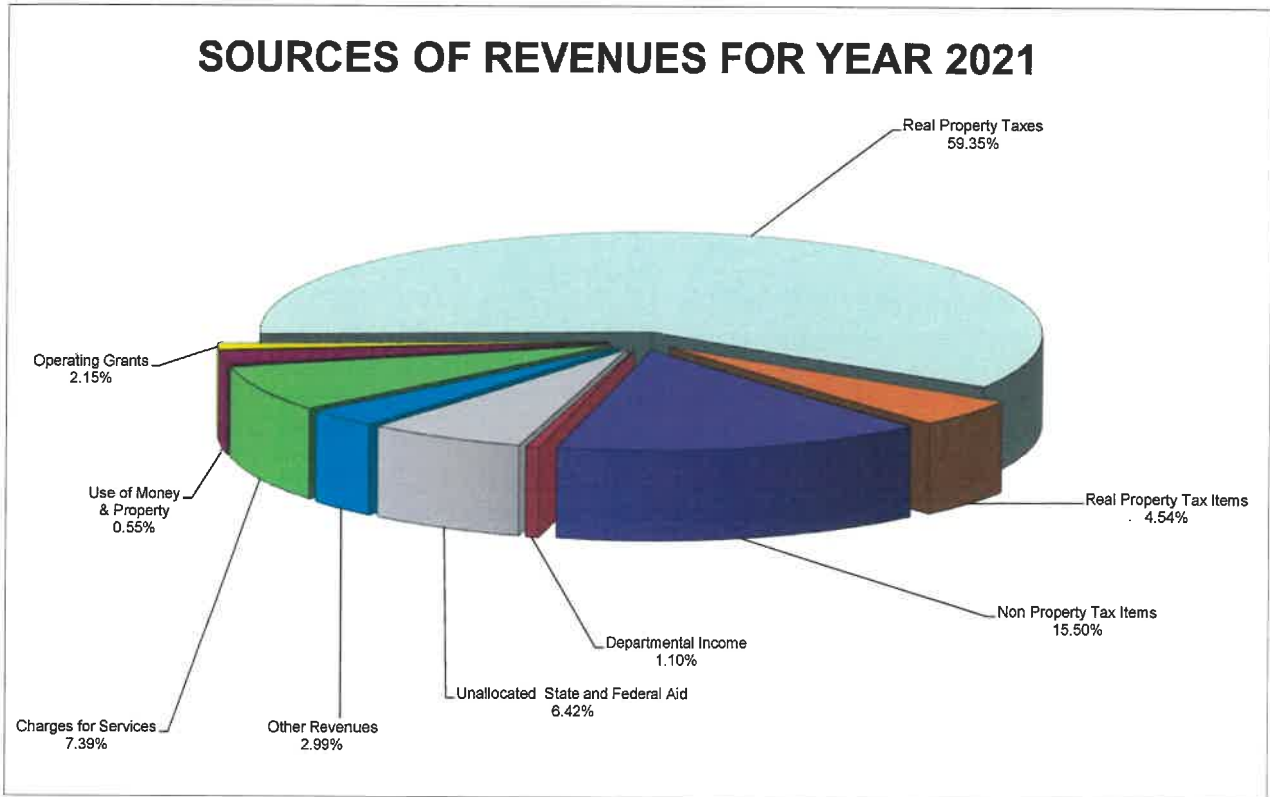
The schedule on the following pages and supporting graphs provides a summary of revenues, expenses and changes in net position for the calendar years ended December 31, 2021 and 2020:

FIGURE A-3

<u>REVENUES</u>	<u>2021</u> <u>AMOUNT</u>	<u>%</u>	<u>2020</u> <u>AMOUNT</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
PROGRAM REVENUES						
Charges for Services	\$ 945,296	7.39%	\$ 744,054	6.31%	\$ 201,242	27.05%
Operating Grants	275,533	2.15%	134,171	1.14%	141,362	105.36%
GENERAL REVENUES						
Real Property Taxes	7,592,198	59.35%	7,398,012	62.77%	194,186	2.62%
Real Property Tax Items	580,696	4.54%	589,824	5.00%	(9,128)	-1.55%
Non Property Taxes	1,982,883	15.50%	1,666,929	14.14%	315,954	18.95%
Departmental Income	140,521	1.10%	22,240	0.19%	118,281	531.84%
Use of Money and Property	70,458	0.55%	128,723	1.09%	(58,265)	-45.26%
Unallocated State and Federal Aid	821,374	6.42%	912,013	7.74%	(90,639)	-9.94%
Other Revenues	382,214	2.99%	189,030	1.60%	193,184	102.20%
	<u>12,791,173</u>	<u>100.00%</u>	<u>11,784,996</u>	<u>100.00%</u>	<u>1,006,177</u>	<u>8.54%</u>
 <u>EXPENDITURES</u>						
General Government	1,824,486	14.90%	1,945,610	16.22%	(121,124)	-6.23%
Public Safety	1,583,114	12.93%	1,562,644	13.03%	20,470	1.31%
Health	152,732	1.25%	22,079	0.18%	130,653	591.75%
Transportation	1,686,330	13.77%	1,218,938	10.16%	467,392	38.34%
Economic Assistance and Opportunity	25,536	0.21%	39,354	0.33%	(13,818)	-35.11%
Culture and Recreation	172,893	1.41%	105,658	0.88%	67,235	63.63%
Home and Community Services	2,155,788	17.61%	2,217,889	18.50%	(62,101)	-2.80%
Interest on Debt	109,286	0.89%	142,025	1.18%	(32,739)	-23.05%
Employee Benefits	3,701,539	30.23%	3,979,924	33.19%	(278,385)	-6.99%
Depreciation	831,835	6.79%	757,662	6.32%	74,173	9.79%
	<u>12,243,540</u>	<u>100.00%</u>	<u>11,991,783</u>	<u>100.00%</u>	<u>251,757</u>	<u>2.10%</u>
 CHANGE IN NET POSITION	<u>\$ 547,633</u>		<u>\$ (206,787)</u>		<u>\$ 754,420</u>	

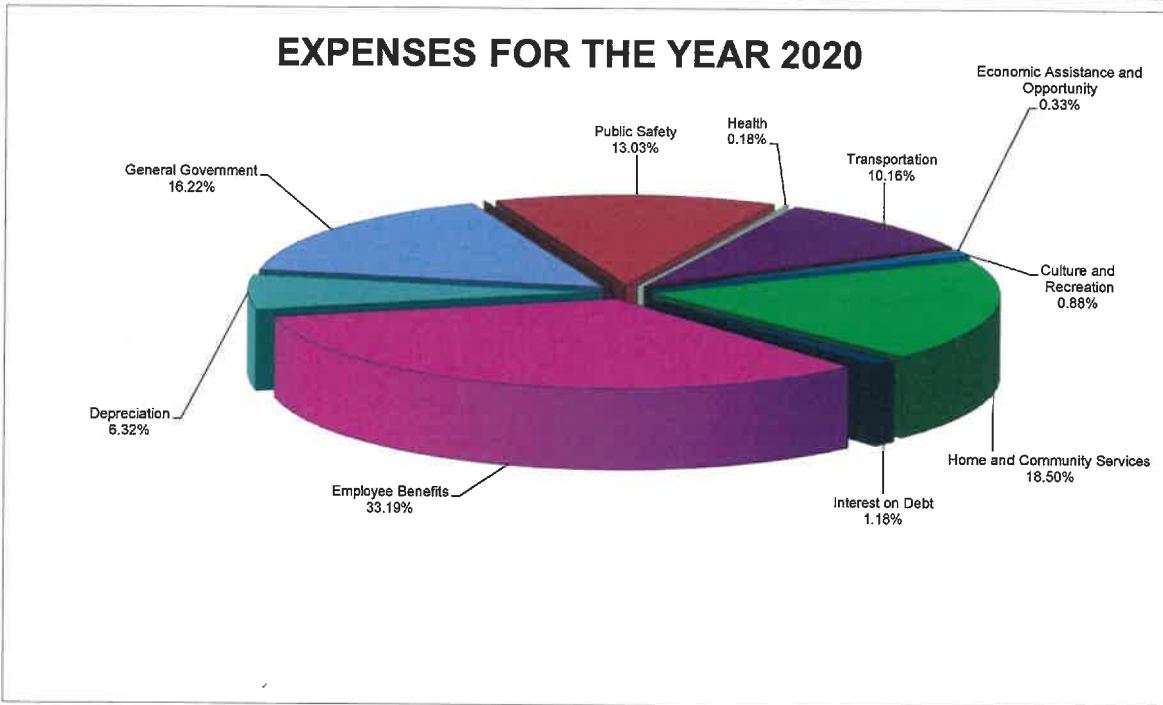
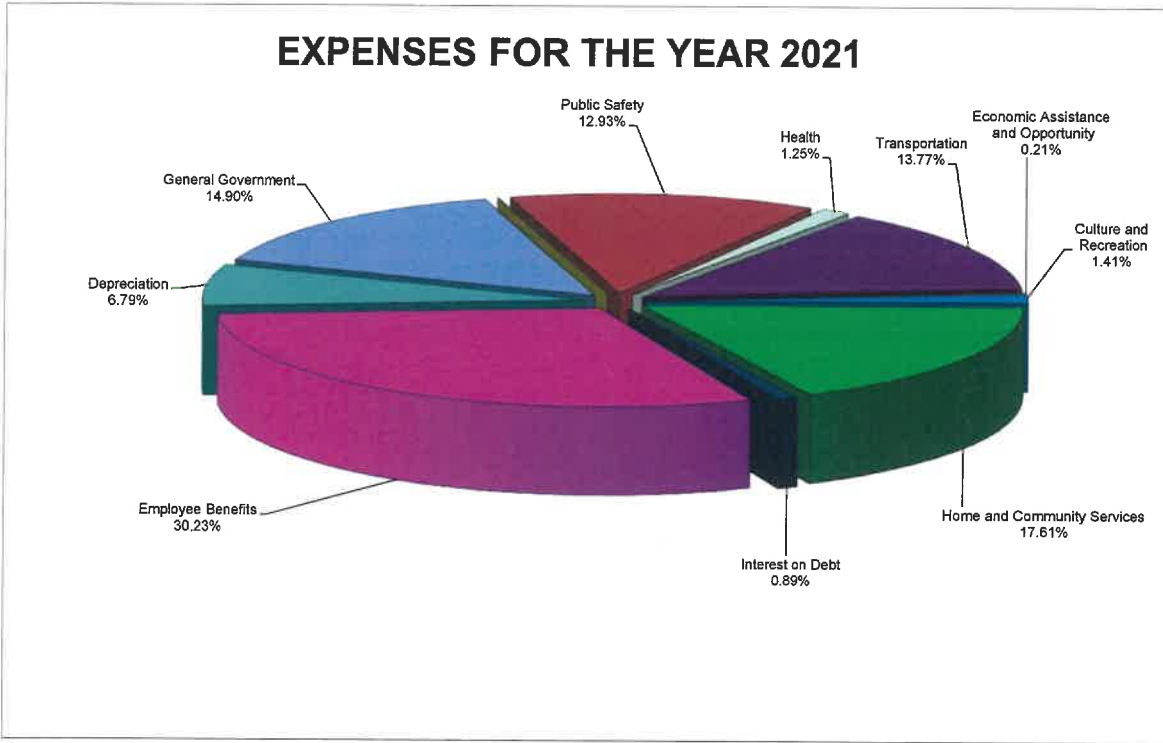
TOWN OF CORNWALL
CORNWALL, NEW YORK
December 31, 2021

FIGURE A-4



TOWN OF CORNWALL
CORNWALL, NEW YORK
December 31, 2021

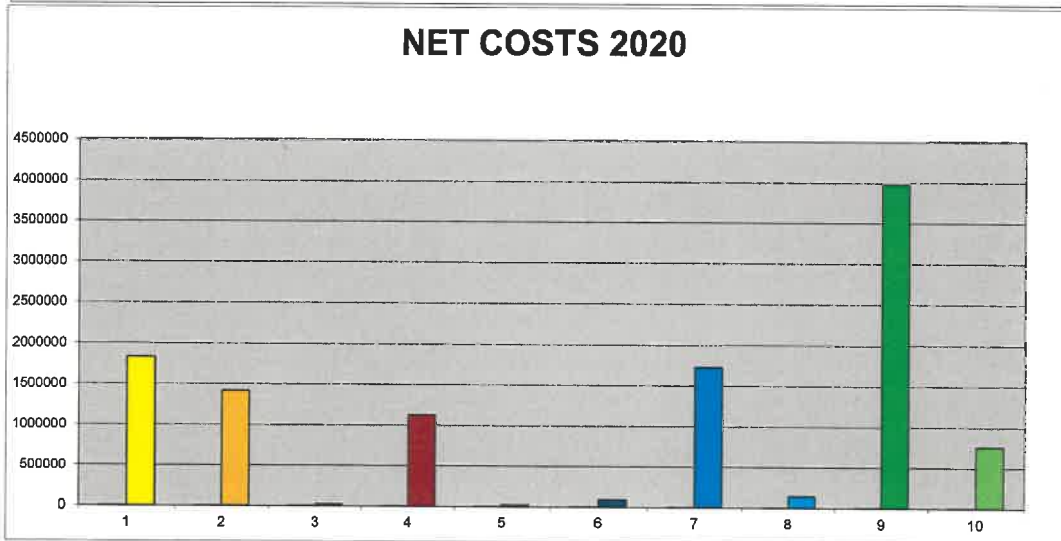
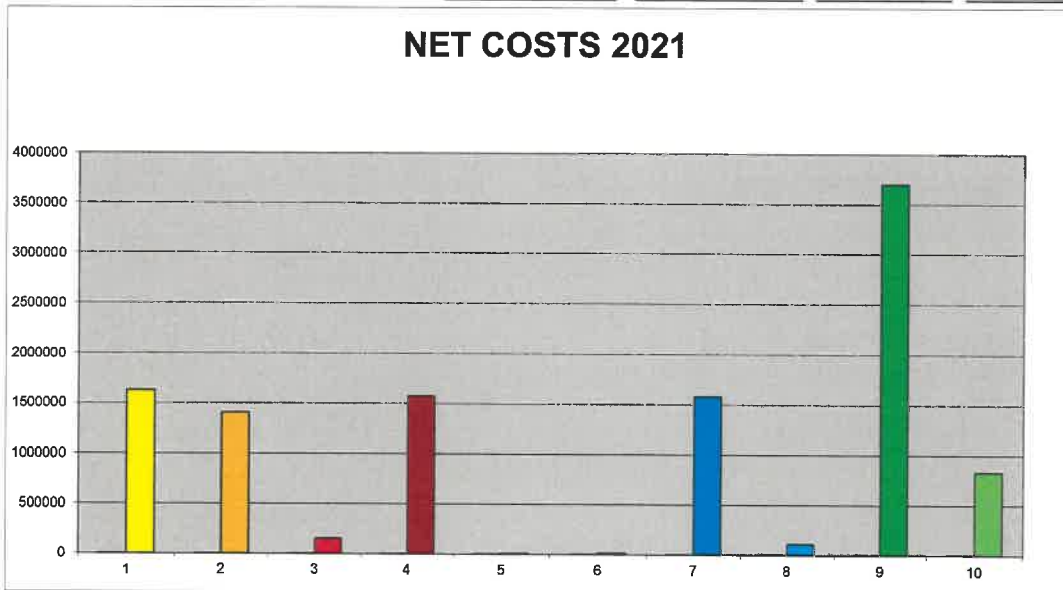
FIGURE A-5



**TOWN OF CORNWALL
CORNWALL, NEW YORK
December 31, 2021**

FIGURE A-6

	TOTAL COST OF SERVICES 2021	NET COST OF SERVICES 2021	TOTAL COST OF SERVICES 2020	NET COST OF SERVICES 2020
GENERAL GOVERNMENT	1 \$ 1,824,487	\$ 1,631,884	\$ 1,945,610	\$ 1,831,501
PUBLIC SAFETY	2 1,583,114	1,410,261	1,562,644	1,419,676
HEALTH	3 152,732	152,732	22,079	22,079
TRANSPORTATION	4 1,686,330	1,576,958	1,218,938	1,122,949
ECONOMIC ASSISTANCE & OPPORTUNITY	5 25,536	9,902	39,354	20,974
CULTURE AND RECREATION	6 172,893	14,769	105,658	88,907
HOME AND COMMUNITY SERVICES	7 2,155,788	1,583,545	2,217,889	1,727,861
INTEREST ON DEBT	8 109,286	109,286	142,025	142,025
EMPLOYEE BENEFITS	9 3,701,539	3,701,539	3,979,924	3,979,924
DEPRECIATION	10 831,835	831,835	757,662	757,662
	\$ 12,243,540	\$ 11,022,711	\$ 11,991,783	\$ 11,113,558



TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Total costs of services provided by the Town for the calendar years ended December 31, 2021 and 2020 were \$12,243,540 and \$11,991,783, respectively. In 2021, these charges were offset by grants and contributions of \$275,533 and charges for services of \$945,296, resulting in net cost of services of \$11,022,711. This is a \$90,847 decrease under last year's net costs of \$11,113,558.

The Town's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Town consist of the General Fund, Highway Fund, Capital Fund, Water Fund, Sewer Fund, and Sanitation Fund. The total fund balances allocated between restricted, assigned and unassigned fund balance for each of these funds is as follows:

Figure A-7

	December 31, 2021		
	Restricted	Assigned	Unassigned
General Fund	\$ 0	\$ 2,346,761	\$ 741,599
Highway Fund	764,705	1,005,000	0
Water Fund	170,693	3,024	0
Sewer Fund	585,825	0	0
Capital Fund	0	0	(2,701,984)
Sanitation Fund	148,863	40,000	0
Non-Major Funds	17,313	5,000	(1,417)
Total	\$ 1,687,399	\$ 3,399,785	\$ (1,961,802)
	December 31, 2020		
	Restricted	Assigned	Unassigned
General Fund	\$ 0	\$ 1,302,520	\$ 1,017,279
Highway Fund	1,125,735	395,000	0
Water Fund	137,569	0	0
Sewer Fund	495,427	10,000	0
Capital Fund	0	0	(1,965,791)
Sanitation Fund	69,437	40,000	0
Non-Major Funds	26,687	5,000	(435)
Total	\$ 1,854,855	\$ 1,752,520	\$ (948,947)

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town revised the General Fund budgets to reflect additional changes in budgeted revenues and expenditures. Actual revenues exceeded revised budget estimates by \$1,174,164 and actual expenditures were lower than budgeted expenditures by \$216,897. Figure A-8 summarizes the General Funds original and revised budgets, actual expenditures and the variances for the year ended December 31, 2021.

Figure A-8

Condensed Budgetary Comparison General Funds	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 3,875,128	\$ 3,875,128	\$ 3,875,128	\$ 0
Non Property Taxes	765,000	765,000	1,041,979	276,979
State and Federal Aid	376,000	385,938	842,535	456,597
All Other	457,072	505,546	946,134	440,588
Total Revenues	5,473,200	5,531,612	6,705,776	1,174,164
OTHER SOURCES	622,500	622,500		
Total Revenues and Other Sources	\$ 6,095,700	\$ 6,154,112	\$ 6,705,776	
EXPENDITURES				
General Government Support	\$ 1,862,785	\$ 1,840,382	\$ 1,710,535	\$ 129,847
Public Safety	1,809,750	1,809,750	1,594,242	215,508
Health	7,000	7,000	152,769	(145,769)
Economic Assistance and Opportunity	53,500	53,500	25,671	27,829
Culture & Recreation	368,750	401,091	320,698	80,393
Home & Community Service	86,150	134,624	162,851	(28,227)
Employee Benefits	1,690,075	1,690,075	1,602,762	87,313
Debt Service	217,690	217,690	367,687	(149,997)
Total Expenditures	\$ 6,095,700	\$ 6,154,112	\$ 5,937,215	\$ 216,897

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

CAPITAL ASSETS

The Town records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Town's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in Notes 1 and 6 in the current year's Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Town is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Town has maintained detailed, separate records of infrastructure additions since 2003. The Town has elected to include infrastructure additions since 2003 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Town's investment in capital resources.

In 2021, the Town expended \$1,591,865 on capital additions. Figure A-9 reflects the changes in net capital assets.

Figure A-9

<i>Changes in Net Capital Assets</i>	Governmental Activities		Total Dollar Change
	2021	2020	2021 - 2020
Land	\$ 324,775	\$ 324,775	\$ 0
Buildings	1,888,479	1,923,594	(35,115)
Machinery and Equipment	834,370	565,450	268,920
Infrastructure	8,709,832	7,953,183	756,649
Vehicles	688,723	919,815	(231,092)
Totals	\$ 12,446,179	\$ 11,686,817	\$ 759,362

Major additions in 2021 included:

Buildings	\$ 56,606
Machinery and Equipment	396,719
Infrastructure	1,097,445
Vehicles	41,095
Total	<u>\$ 1,591,865</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

DEBT ADMINISTRATION

Debt, short-term and long-term, decreased by \$215,000 during 2021.

Detailed information regarding the Town's short and long-term liabilities is presented in more detail in Note 6 in the current year's notes to the financial statements. Figure A-10 reflects the changes in the Town's long-term liabilities for 2021.

Figure A-10

	Governmental Activities		Total Dollar Change
	2021	2020	2021 - 2020
Serial Bonds and Notes	\$ 4,110,000	\$ 4,575,000	\$ (465,000)
Bond Anticipation Notes	2,350,000	2,100,000	250,000
Totals	\$ 6,460,000	\$ 6,675,000	\$ (215,000)

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact Joshua Wojehowski, Town Supervisor, Town of Cornwall, 183 Main Street, Cornwall, New York, 12518.

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

Cash and Cash Equivalents	\$ 5,684,145
Accounts Receivable	723,362
Due from Fiduciary Funds	119,505
Non Depreciable Capital Assets	324,775
Capital Assets (Net of Accumulated Depreciation)	12,121,404
TOTAL ASSETS	18,973,191

DEFERRED OUTFLOWS OF RESOURCES

Pensions	2,747,769
Other Postemployment Benefits	4,727,263
Deferred Amount of Refunding	10,918
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,485,950

LIABILITIES**Current Liabilities:**

Accounts Payable	557,920
Accrued Liabilities	56,847
Unearned Revenues	436,863
Accrued Interest Payable	24,944
Bond Anticipation Notes Payable	2,350,000

Long-Term Liabilities:**Due and Payable Within One Year:**

Bonds and Notes Payable	455,918
(including an unamortized bond premium of \$5,918)	

Due and Payable More Than One Year:

Bonds and Notes Payable	3,660,000
Other Post Retirement Benefits Payable	17,141,221
Net Pension Liability - Proportionate Share	420,412
Compensated Absences	78,001

TOTAL LIABILITIES	25,182,126
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DEFERRED INFLOWS OF RESOURCES

Pensions	3,559,041
Other Postemployment Benefits	1,040,170
TOTAL DEFERRED INFLOWS OF RESOURCES	4,599,211

NET POSITION

Net Investment in Capital Assets	5,991,179
Restricted	1,687,399
Unrestricted	(11,000,774)
TOTAL NET POSITION	\$ (3,322,196)

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	GOVERNMENTAL ACTIVITIES
		OPERATING GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT:</u>			
Governmental Activities:			
General Government	\$ (2,889,156)	\$ 192,603	\$ (2,696,553)
Public Safety	(3,226,038)	156,368	(3,053,185)
Health	(163,106)	0	(163,106)
Transportation	(2,478,795)	0	(2,369,423)
Economic Assistance and Opportunity	(62,995)	0	(47,361)
Culture and Recreation	(379,419)	24,082	(221,295)
Home and Community Services	(2,934,744)	572,243	(2,362,501)
Interest on Debt	(109,286)	0	(109,286)
TOTAL PRIMARY GOVERNMENT	\$ (12,243,540)	\$ 945,296	\$ (11,022,711)
<u>GENERAL REVENUES</u>			
Real Property Taxes			7,592,198
Real Property Tax Items			580,696
Non Property Taxes			1,982,883
Departmental Income			140,521
Use of Money and Property			70,458
Intergovernmental Charges			64,092
Licenses and Permits			21,156
Unallocated State and Federal Aid			821,374
Sale of Property and Compensation for Loss			71,477
Miscellaneous			225,489
TOTAL GENERAL REVENUES			11,570,344
Change in Net Position			547,633
Net Position - Beginning			(3,869,829)
Net Position - Ending			\$ (3,322,196)

See notes to financial statements.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	GENERAL	HIGHWAY	WATER	SEWER	CAPITAL PROJECTS	SANITATION	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and Cash Equivalents	\$ 2,836,143	\$ 1,441,744	\$ 152,556	\$ 659,686	\$ 299,473	\$ 250,250	\$ 44,293	\$ 5,684,145
Accounts Receivable, Net	331,953	370,103	21,306	0	0	0	0	723,362
Due from Other Funds	493,505	0	0	18,625	7,820	0	0	519,950
TOTAL ASSETS	\$ 3,661,601	\$ 1,811,847	\$ 173,862	\$ 678,311	\$ 307,293	\$ 250,250	\$ 44,293	\$ 6,927,457
LIABILITIES								
Accounts Payable	\$ 102,725	\$ 27,224	\$ 145	\$ 73,861	\$ 281,457	\$ 53,111	\$ 19,397	\$ 557,920
Accrued Liabilities	33,653	14,918	0	0	0	8,276	0	56,847
Due to Other Funds	0	0	0	18,625	377,820	0	4,000	400,445
Unearned Revenues	436,863	0	0	0	0	0	0	436,863
Bond Anticipation Notes Payable	0	0	0	0	2,350,000	0	0	2,350,000
TOTAL LIABILITIES	573,241	42,142	145	92,486	3,009,277	61,387	23,397	3,802,075
FUND BALANCES								
Restricted	0	764,705	170,693	585,825	0	148,863	17,313	1,687,399
Assigned	2,346,761	1,005,000	3,024	0	0	40,000	5,000	3,399,785
Unassigned	741,599	0	0	0	(2,701,984)	0	(1,417)	(1,961,802)
TOTAL FUND BALANCES	3,088,360	1,769,705	173,717	585,825	(2,701,984)	188,863	20,896	3,125,382
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,661,601	\$ 1,811,847	\$ 173,862	\$ 678,311	\$ 307,293	\$ 250,250	\$ 44,293	\$ 6,927,457

See notes to financial statements.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS LIABILITIES	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 5,684,145	\$ 0	\$ 0	\$ 5,684,145
Due from Other Funds	519,950	0	(519,950)	0
Due from Fiduciary Funds	0	0	119,505	119,505
Accounts Receivable, Net	723,362	0	0	723,362
Capital Assets, Net	0	12,446,179	0	12,446,179
TOTAL ASSETS	6,927,457	12,446,179	(400,445)	18,973,191
DEFERRED OUTFLOWS OF RESOURCES				
Pension	0	2,747,769	0	2,747,769
Other Postemployment Benefits	0	4,727,263	0	4,727,263
Deferred Amount of Refunding	0	10,918	0	10,918
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	7,485,950	0	7,485,950
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,927,457	\$ 19,932,129	\$ (400,445)	\$ 26,459,141
LIABILITIES				
Accounts Payable	\$ 557,920	\$ 0	\$ 0	\$ 557,920
Accrued Liabilities	56,847	24,944	0	81,791
Bond Anticipation Notes Payable	2,350,000	0	0	2,350,000
Bonds And Notes Payable	0	4,115,918	0	4,115,918
Due to Other Funds	400,445	0	(400,445)	0
Unearned Revenues	436,863	0	0	436,863
Post Retirement Benefits Payable	0	17,141,221	0	17,141,221
Net Pension Liability - Proportionate Share	0	420,412	0	420,412
Compensated Absences Payable	0	78,001	0	78,001
TOTAL LIABILITIES	3,802,075	21,780,496	(400,445)	25,182,126
DEFERRED INFLOWS OF RESOURCES				
Pension	0	3,559,041	0	3,559,041
Other Postemployment Benefits	0	1,040,170	0	1,040,170
TOTAL DEFERRED INFLOWS OF RESOURCES	0	4,599,211	0	4,599,211
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,802,075	26,379,707	(400,445)	29,781,337
TOTALS FUND BALANCES/NET POSITION	3,125,382	(6,447,578)	0	(3,322,196)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/NET POSITION	\$ 6,927,457	\$ 19,932,129	\$ (400,445)	\$ 26,459,141

**TOWN OF CORNWALL
CORNWALL, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
FOR THE YEAR ENDED DECEMBER 31, 2021

	GENERAL	HIGHWAY	WATER	SEWER	CAPITAL PROJECTS	SANITATION	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Real Property Taxes	\$ 3,875,128	\$ 1,359,998	\$ 26,517	\$ 385,678	\$ 0	\$ 1,743,877	\$ 201,000	\$ 7,592,198
Real Property Tax Items	15,904	0	0	564,792	0	0	0	580,696
Non Property Tax Items	1,041,979	940,904	0	0	0	0	0	1,982,883
Departmental Income	495,313	0	144,882	263,843	0	0	0	904,038
Intergovernmental Charges	0	64,092	0	0	0	0	0	64,092
Use of Money and Property	69,393	470	38	197	97	225	38	70,458
Licenses and Permits	9,599	0	0	15,550	0	0	0	25,149
Fines and Forfeitures	177,786	0	0	0	0	0	0	177,786
Sale of Property and Compensation for Loss	2,650	35,800	0	32,265	0	762	0	71,477
Miscellaneous	175,489	0	0	50,000	0	0	0	225,489
State and Federal Aid	842,535	109,372	0	0	140,000	5,000	0	1,096,907
TOTAL REVENUES	6,705,776	2,510,636	171,437	1,312,325	140,097	1,749,864	201,038	12,791,173
EXPENDITURES								
General Government Support	1,710,535	0	0	0	215,486	0	0	1,926,021
Public Safety	1,594,242	0	0	0	0	0	0	1,594,242
Health	152,769	0	0	0	0	0	0	152,769
Transportation	0	1,341,784	0	0	911,858	0	113,394	2,367,036
Economic Assistance and Opportunity	25,671	0	0	0	0	0	0	25,671
Culture and Recreation	320,698	0	0	0	0	0	0	320,698
Home and Community Service	162,851	0	129,640	1,025,159	233,946	1,172,369	98,000	2,821,965
Employee Benefits	1,602,762	541,486	568	5,144	0	391,042	0	2,541,002
Debt Service	367,687	378,396	5,081	201,624	0	107,027	0	1,059,815
TOTAL EXPENDITURES	5,937,215	2,261,666	135,289	1,231,927	1,361,290	1,670,438	211,394	12,809,219
OTHER FINANCING SOURCES (USES)								
BANS Redeemed from Appropriations	0	0	0	0	485,000	0	0	485,000
TOTAL FINANCING SOURCES (USES)	0	0	0	0	485,000	0	0	485,000
Net Change in Fund Balances	768,561	248,970	36,148	80,398	(736,193)	79,426	(10,356)	466,954
Fund Balances-Beginning	2,319,799	1,520,735	137,569	505,427	(1,965,791)	109,437	31,252	2,658,428
Fund Balances-Ending	\$ 3,088,360	\$ 1,769,705	\$ 173,717	\$ 585,825	\$ (2,701,984)	\$ 188,863	\$ 20,896	\$ 3,125,382

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE, EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real Property Taxes	\$ 7,592,198	\$ 0	\$ 0	\$ 0	\$ 0	7,592,198
Real Property Tax Items	580,696	0	0	0	0	580,696
Non Property Tax Items	1,982,883	0	0	0	0	1,982,883
Departmental Income	904,038	0	0	0	0	904,038
Intergovernmental Charges	64,092	0	0	0	0	64,092
Use of Money and Property	70,458	0	0	0	0	70,458
Licenses and Permits	25,149	0	0	0	0	25,149
Fines and Forfeitures	177,786	0	0	0	0	177,786
Sale of Property and Compensation for Loss	71,477	0	0	0	0	71,477
Miscellaneous	225,489	0	0	0	0	225,489
State and Federal Aid	1,096,907	0	0	0	0	1,096,907
TOTAL REVENUES	12,791,173	0	0	0	0	12,791,173
EXPENDITURES						
General Government Support	1,926,021	(3,834)	195,358	0	771,611	2,889,156
Public Safety	1,594,242	(5,916)	302,129	0	1,335,582	3,226,038
Health	152,769	(37)	1,904	0	8,471	163,106
Transportation	2,367,036	(2,854)	145,411	0	(30,797)	2,478,795
Economic Assistance and Opportunity	25,671	(135)	6,873	0	30,585	62,995
Culture and Recreation	320,698	(744)	37,896	0	21,569	379,419
Home and Community Service	2,821,965	(2,805)	142,932	0	(27,347)	2,934,744
Employee Benefits	2,541,002	1,160,537	0	0	(3,701,539)	0
Capital Outlay	0	0	(1,591,865)	0	1,591,865	0
Debt Service	1,059,815	(10,529)	0	(940,000)	0	109,286
TOTAL EXPENDITURES	12,809,219	1,133,683	(759,362)	(940,000)	0	12,243,540
Excess (Deficiency) of Revenues Over Expenditures	(18,046)	(1,133,683)	759,362	940,000	0	547,633
OTHER SOURCES (USES):						
BANS Redeemed from Appropriations	485,000	0	0	(485,000)	0	0
TOTAL OTHER SOURCES (USES)	485,000	0	0	(485,000)	0	0
NET CHANGE FOR THE YEAR	\$ 466,954	\$ (1,133,683)	\$ 759,362	\$ 455,000	\$ 0	\$ 547,633

TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	<u>CUSTODIAL FUNDS</u>
ASSETS	
Cash	\$ 699,274
TOTAL ASSETS	<u>\$ 699,274</u>
 LIABILITIES	
Due to Other Funds	\$ 119,505
TOTAL LIABILITIES	<u>119,505</u>
 NET POSITION	
Restricted for:	
Individuals, Organizations and Other Governments	<u>579,769</u>
TOTAL NET POSITION	<u>579,769</u>
TOTAL LIABILITIES NET POSITION	<u>\$ 699,274</u>

See notes to financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The accompanying financial statements of the Town of Cornwall have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements follow the guidance of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and contain the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities.
- Fund financial statements that focus on the major funds.

A. Financial Reporting Entity

The Town of Cornwall was established in 1788, is governed by the Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for the overall operation, the Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following principal services: police protection, transportation (streets and highways), recreation, planning and zoning, general administration, public improvements, water and sewer and other home and community services.

All governmental activities and functions performed for the Town of Cornwall are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Town of Cornwall.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entities general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

B. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Government activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

The Town of Cornwall reports the following major Governmental Funds:

- **General Fund:** This is the Town's primary operating fund. It accounts for all financial transactions that are not required by law or other provision to be accounted for in other funds.
- **Highway Fund:** Used to account for revenues and expenditures for highway purposes.
- **Water Fund:** Established by law to account for revenues derived from charges for water consumption and benefited assessments and the application of such revenues toward related operating expenses and debt retirement.
- **Sewer Fund:** Established by law to account for revenues derived from sewer rents and benefited assessments and used for related operating expenses and debt retirement.
- **Capital Projects Fund:** Used to account for capital improvement finances from current monies transferred from other funds, federal and state grants and proceeds of obligations.
- **Sanitation Fund:** Used to account for revenues and expenditures of the sanitation districts.

The Town of Cornwall reports the following non major Governmental Funds:

- **Drainage Fund:** Used to account for the operation of the Town's drainage district.
- **Lighting Fund:** Used to account for the operation of the Town's light district.
- **Hydrant Fund:** Used to account for the operation of the Town's hydrant's district.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Basis of Presentation (Continued)

- Main Street Parking Fund: Used to account for the operation of the Town's parking district.

The Town reports the following fiduciary funds:

- Custodial Fund: Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

C. Measurement Focus and Basis of Accounting

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

The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Property Taxes

Town real property taxes are levied annually on January 1, and become a lien on that date. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for Town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the towns. Unpaid town taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year-end are relieved as county taxes in the subsequent year.

E. Budgetary Data

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

- a. No later than October 5, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis Accounting

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

F. Cash and Investments

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

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

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

I. Inventories and Prepaid Items

Purchases of inventorable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

J. Capital Assets

Capital assets are reported at historical costs. The Town depreciates capital assets using the straight-line method over the estimated useful life of the assets. The range of estimated useful lives by type of asset is as follows.

	<u>Capitalization Threshold</u>	<u>Useful Life</u>
Building	5,000	20-50 years
Machinery and Equipment	5,000	5-50 years
Vehicles	5,000	3-10 years

K. Infrastructure

The Town includes long-lived improvements to roads, water and sewer systems as capital assets in the Government-wide statements. Infrastructures are reported at historical costs and are depreciated using the straight-line method over their estimated useful lives.

Estimated useful lives for infrastructure are as follows:

	<u>Capitalization Threshold</u>	<u>Useful Life</u>
Infrastructure	5,000	15-40 years

L. Compensatory Absences

Town employees accrue vacation time under CSEA and the Town of Cornwall Policeman's Benevolent Association, Inc. collective bargaining agreements. For employees not covered by collective bargaining agreements, the Town has provided the same vacation benefits as the collective bargaining agreements. Employees may be entitled to compensation for accumulated time upon retirement or termination. In addition, employees covered under the Policeman's contract retiring after 15 years of service are entitled to payment for one-half of their accumulated sick time. The Town has reported the accrual for earned but unused vacation and certain sick time.

M. Insurance

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is a result of bond refunding. The second is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date. The third deferred outflow is related to postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 6.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the town – wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (ERS and PFRS System) and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second deferred inflow is related to postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 6.

O. Post Employment Benefits

See Note 6 for details about the Town's postemployment health insurance benefits.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Long-Term Obligations

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, other post retirement benefits payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures.

Q. Equity Classification

1. Government-wide Statements

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

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

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

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

2. Funds Statements

In the fund basis statements there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Equity Classification (Continued)

2. Funds Statements (Continued)

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

Assigned: Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. Assigned fund balance in the General, Highway, Sanitation, Water, and Drainage Funds also includes \$1,700,000, \$1,075,000, \$40,000, \$3,024, and \$5,000 respectively assigned to be used to reduce the tax levy for the year ending December 31, 2022. This assignment is made when the tax levy is set by the Board of Trustees pursuant to the Town's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

R. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Future Accounting Standards

GASB has issued Statement 87, Leases, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town is currently studying the Statement and plans to adopt it when required, which will be for the December 31, 2022 financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Interfund Transfers

The operations of the Town gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives or long-lived assets.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Government Funds.

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

Total fund balances of the Town's Governmental Funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
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NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:
(Continued)

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position. These differences are as follows:

(1) The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 23,557,786
Accumulated Depreciation	(11,111,606)
Capital Assets, Net	<u>\$ 12,446,179</u>

(2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2021	<u>\$ 24,944</u>
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(3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds and Notes Payable	\$ 4,110,000
Premium on Obligations	5,918
Deferred Outflows of Resources – OPEB	(4,727,263)
Other Postemployment Benefits	17,141,221
Deferred Inflows of Resources – OPEB	1,040,170
Compensated Absences	78,001
	<u>\$ 17,648,047</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:
(Continued)

(4) In the Statement of Net Position, a liability is recognized for the Town’s proportionate share of the net pension liability attributable to each defined benefit pension plan in which the Town participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan’s fiduciary net position. If a pension plan’s fiduciary net position exceeds its total pension liability, the Town’s proportionate share of the pension plan’s net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at December 31, 2021 were as follows:

Deferred Outflows of Resources – Pensions	\$ (2,747,769)
Net Pension Liability, Proportionate Share (ERS & PFRS)	420,412
Deferred Inflows of Resources – Pensions	<u>3,559,041</u>
	<u>\$ 1,231,684</u>

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent these differences as follows:

- Long-term revenue differences arise because Governmental Funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

- Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- Pension plan transaction differences occur as a result of changes in the Town's proportion of the collective net pension asset/liability and differences between the Town's contributions and its proportionate share of the total contributions to the pension systems.
- OPEB differences occur as a result of changes in the Town's total OPEB liability and differences between the Town's contributions and OPEB expense.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Government Fund Statements and the change in net position reported in the Statement of Activities.

Explanation of Differences between Governmental Funds Operating Statement
And the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources:	
Total Revenues of Governmental Funds	\$ 12,791,173
Differences	<u>0</u>
Total Revenues of Governmental Activities	<u>\$ 12,791,173</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

Total Expenditures/Expenses:

Total Expenditures reported in Governmental Funds \$ 12,809,219

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The liability for compensated absences decreased by \$16,325 during the year. (16,325)

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year. (Schedule 6) 1,343,505

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$1,591,865 was more than depreciation of \$831,835 in the current year and remaining basis of retired assets of \$667. (759,362)

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year. (10,529)

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

Total Expenditures/Expenses: (Continued)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (PFRS of (\$48,123) and ERS of (\$134,845)) (182,968)

Premiums and discounts on long-term debt issuance costs and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities and Change in Net Position. This is the amount that was amortized during the current year. 10,000

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not affect the Statement of Activities. (950,000)

Total Expenses of Governmental Activities \$ 12,243,540

NOTE 3. CASH

The Town's investment policies are governed by State statutes, as previously described in these Notes. Deposits are valued at cost or cost plus interest and are categorized as either:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized.

Total financial institution (bank) balances at December 31, 2021, per the bank, are categorized as follows:

	1	2	3
Governmental & Custodial Funds	\$ 6,362,991	\$ 0	\$ 0

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4. INTERFUND ACTIVITY.

The interfund receivables and payables at December 31, 2021 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 493,505	\$ 0
Sewer Fund	18,625	18,625
Capital Projects Fund	7,820	377,820
Custodial Fund	0	119,505
Non-Major Funds	0	4,000
	<u>\$ 519,950</u>	<u>\$ 519,950</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended December 31, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets that are not Depreciated:				
Land	\$ 324,775	\$ 0	\$ 0	\$ 324,775
Total Not Depreciated	<u>324,775</u>	<u>0</u>	<u>0</u>	<u>324,775</u>
Capital Assets that are Depreciated:				
Buildings	3,288,116	56,606	0	3,344,722
Machinery and Equipment	2,132,918	396,719	0	2,529,637
Infrastructure	11,167,825	1,097,445	0	12,265,270
Vehicles	5,155,916	41,095	(103,629)	5,093,382
Total Depreciated	<u>21,744,775</u>	<u>1,591,865</u>	<u>(103,629)</u>	<u>23,233,011</u>
Less Accumulated Depreciation:				
Buildings	1,364,522	91,721	0	1,456,243
Machinery and Equipment	1,567,468	127,799	0	1,695,267
Infrastructure	3,214,642	340,796	0	3,555,438
Vehicles	4,236,101	271,520	(102,962)	4,404,659
Total Accumulated Depreciation	<u>10,382,733</u>	<u>831,835</u>	<u>(102,962)</u>	<u>11,111,606</u>
Total Historical Cost, Net	<u>\$ 11,686,817</u>	<u>\$ 760,029</u>	<u>\$ (667)</u>	<u>\$ 12,446,179</u>
Depreciation was charged to governmental functions as follows:				
General government support			\$	195,358
Public safety				301,462
Transportation				145,411
Economic Assistance and Opportunity				6,873
Culture and Recreation				37,896
Health				1,904
Home and Community Services				142,932
				<u>831,835</u>
Total Depreciation Expense			<u>\$</u>	<u>831,835</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES.

A. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12 month period thereafter. For short-term financing, the Town of Cornwall redeems (pays down) one-fifth (1/5) of the original BAN borrowing each year.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's 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. As of December 31, 2021, there were two Bond Anticipation Notes (BAN) outstanding for \$2,350,000.

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

Interest paid	\$ 26,251
Less: Interest accrued - prior year	(10,788)
Plus: Interest accrued - current year	<u>3,277</u>
Total Short-Term Interest	<u>\$ 18,740</u>

B. Long-Term Debt

Bonds and notes payable - Represents money borrowed by the Town to acquire land, equipment or construct buildings and improvements.

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

Interest paid	\$ 83,565
Less: Interest accrued - prior year	(24,686)
Plus: Interest accrued - current year	<u>21,667</u>
Total Long-Term Interest	<u>\$ 80,546</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

B. Long-Term Debt (Continued)

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Balance</u> <u>01/01/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/21</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds and Notes Payable:					
General Obligation					
Debt	\$ 4,575,000	\$ 0	\$ 465,000	\$ 4,110,000	\$ 450,000
Premium on Obligations	17,752	0	11,834	5,918	5,918
Other Liabilities					
Other Postemployment					
Benefits	14,748,897	2,707,642	315,318	17,141,221	0
Net Pension Liability –					
Proportionate Share	3,458,342	0	3,037,930	420,412	0
Vested Compensated					
Absences	94,326	0	16,325	78,001	0
Total	<u>\$ 22,894,317</u>	<u>\$ 2,707,642</u>	<u>\$ 3,846,407</u>	<u>\$ 21,755,552</u>	<u>\$ 455,918</u>

At December 31, 2021, the deferred amount on refunding includes unamortized premiums of \$5,918. This amount is being amortized over the life of the debt issuance to which it relates.

Vested compensation absences – Represents the value earned and unused portion of the liability for compensated absences. Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 450,000	\$ 67,969	\$ 517,969
2023	330,000	57,777	387,777
2024	275,000	50,784	325,784
2025	155,000	46,915	201,915
2026	155,000	45,204	200,204
2027-2031	755,000	199,610	954,610
2032-2036	555,000	154,096	709,096
2037-2041	555,000	112,227	667,227
2042-2046	620,000	59,999	679,999
2047-2048	260,000	7,408	267,408
	<u>\$ 4,110,000</u>	<u>\$ 801,989</u>	<u>\$ 4,911,989</u>

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits

General Information about the OPEB Plan

Plan Description – The Town’s defined benefit OPEB plan (“the Town’s OPEB plan”), provides OPEB for all permanent full-time general and public safety employees of the Town. The Town’s OPEB plan is a single-employer defined benefit OPEB plan administered by the Town.

Benefits Provided – The Town’s OPEB plan provides healthcare benefits for retirees and their dependents.

Medical Benefits: The Plan is a fully insured plan. Current retiree premium rates are as follows:

a)Individual Pre-age 65:	Generally \$1,032 per month.
b)Family Pre-age 65:	Generally \$2,388 per month.
c)Individual Post-age 65:	Generally \$389 per month.
d)Family Post-age 65:	Generally \$1,101 per month.

The Town provides full Medicare Part B reimbursement to eligible retirees, spouses, and surviving spouses.

Minimum eligibility requirements for postemployment benefits are as follows:

- The retiree has attained age 55 years while in the employment of the Town and has a minimum of ten years of service.

Funding Policy: The contribution requirements of Plan members and the Town are established by the Town. The required contribution is based on projected pay-as-you-go financing requirements. For the 2021 year, the Town contributed \$315,318 to the plan, the total amount for current premiums. For the Police Department, the Town will generally contribute 100% of the NYSHIP/State Empire medical premium amounts for both individual coverage and family (dependent) coverage. For other eligibles, the Town will continue to contribute at the pre-retirement level.

TOWN OF CORNWALL
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (continued)

Employees Covered by Benefit Terms – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Active employees	<u>46</u>
Total Employees Covered by Benefit Terms	<u><u>73</u></u>

Total OPEB Liability

The Town’s total OPEB liability of \$17,141,221 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	1/1/2020
Measurement Date	1/1/2021
Projected Salary Increases	3.50%
Discount Rate	2.12% (1.12% and 3.12% are illustrated for sensitivity)
Rate of Inflation	2.20%
Mortality	RP-2014 mortality table, MP-2019 projection
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Plan
	It is assumed that 70% of retirees will be married at the time of their retirement, with male spouses assumed to be approximately 3 years older than female
Marriage Rate	
Participation Rate	100% of Retirees, 85% of Spouses, 50% of Surviving Spouses
Medicare Part B Trend	5.00%

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (continued)

The discount rate was an input tied to a 20-year tax-exempt general obligation municipal bond rated AA/Aa (or equivalent) or higher as of the Measurement Date. The discount rate and the corresponding liability must be updated annually even if in an interim year.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2021 - December 31, 2021.

Changes in the Total OPEB Liability

Balance at December 31, 2020	<u>\$ 14,748,897</u>
<u>Changes for the Year:</u>	
Service cost	538,483
Interest	414,554
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	1,754,605
Benefit payments	<u>(315,318)</u>
Net Changes	<u>2,392,324</u>
Balance at December 31, 2021	<u><u>\$ 17,141,221</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12 percent) or 1 percentage point higher (3.12 percent) than the current discount rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	<u>\$ 20,625,901</u>	<u>\$ 17,141,221</u>	<u>\$ 14,436,474</u>

CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (continued)

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

	Trend Rate Less 1%	Current Health Care Cost Trend Rates	Trend Rate Plus 1%
Total OPEB Liability	\$ 14,014,022	\$ 17,141,221	\$ 21,299,980

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

For the year ended December 31, 2021, the Town recognized OPEB expense of \$1,684,703. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,022,643	\$ 0
Changes of assumptions or other inputs	3,363,422	1,040,170
Town's contributions subsequent to the measurement date	341,198	0
Total	\$ 4,727,263	\$ 1,040,170

Town contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Amount
2022	\$ 731,666
2023	731,666
2024	856,485
2025	807,903
2026	218,175
2027	0

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS), ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS and PFRS Benefits

The ERS and PFRS Systems provide retirement benefits as well as death and disability benefits.

Tiers 1 and 2

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

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

ERS and PFRS Benefits Provided (Continued)

Tiers 1 and 2 (Continued)

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

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

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

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

ERS and PFRS Benefits Provided (Continued)

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

Special Plans

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

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

Funding Policy

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. The Town's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2021	\$ 345,217	\$ 246,581
2020	342,390	244,562
2019	349,718	228,975

Town contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on December 15, 2005) over a 10 year period, with an 8.00% interest factor added. Local governments were given the option to prepay this liability. The Town elected to prepay this liability.

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

At December 31, 2021, the Town reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Town.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	3/31/2021	3/31/2021
Net Pension Asset/(Liability)	\$ (7,781)	\$ (412,631)
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0078144%	0.0237653%

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

For the year ended December 31, 2021, the Town's recognized pension expense of \$210,370 for ERS and the actuarial value \$198,457 for PFRS. At December 31, 2021 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 95,028	\$ 91,561	\$ 186,589
Changes of Assumptions	1,430,695	1,013,789	2,444,484
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	95,816	20,880	116,696
Town's contributions subsequent to the measurement date	0	0	0
Total	\$ 1,621,539	\$ 1,126,230	\$ 2,747,769

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

	<u>Deferred Inflows or Resources</u>		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of Assumptions	26,983	0	26,983
Net difference between projected and actual earnings on pension plan investments	2,235,193	1,213,317	3,448,510
Changes in proportion and difference between the District's contributions and proportionate share of contributions	9,977	73,571	83,548
District's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,272,153</u>	<u>\$ 1,286,888</u>	<u>\$ 3,559,041</u>

Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2022	\$ 101,612	\$ 66,756
2023	21,426	15,523
2024	104,600	50,887
2025	422,976	222,184
2026	0	(194,693)

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation Rate	2.7%	2.7%
Projected Salary Increases	4.40%	6.20%
Projected Cost of Living Adjustments	1.4%	1.4%
Investment Rate of Return	5.9% compounded annually, net of investment expenses	5.9% compounded annually, net of investment expenses
Decrements	Actuarial experience study for the period April 1, 2015 to March 31, 2020	Actuarial experience study for the period April 1, 2015 to March 31, 2020
Mortality Improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2020

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2020.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS & PFRS	
	March 31, 2021	
	Target Allocation	Long-term expected real rate of return
<u>Asset Class:</u>		
Domestic Equity	32%	4.05%
International Equity	15%	6.30%
Private Equity	10%	6.75%
Real Estate	9%	4.95%
Opportunistic/ARS Portfol	3%	4.50%
Credit	4%	3.63%
Real Assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
Total	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and PFRS, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and PFRS) or 1-percentage-point higher 6.9% for ERS and PFRS) than the current rate:

<u>ERS</u>	<u>1% Decrease 4.90%</u>	<u>Current Assumption 5.90%</u>	<u>1% Increase 6.90%</u>
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (2,159,735)	\$ (7,781)	\$ 1,976,824
<u>PFRS</u>	<u>1% Decrease 4.90%</u>	<u>Current Assumption 5.90%</u>	<u>1% Increase 6.90%</u>
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(1,754,739)	(412,631)	698,288

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2021	March 31, 2021
Employers' total pension asset/(liability)	\$ (220,680,157)	\$ (41,236,775)
Plan net position	220,580,583	39,500,500
Employer's net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (1,736,275)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	95.79%

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. PENSION PLANS. (Continued)

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2021 represent the projected employer contributions for the period of April 1, 2021 through December 31, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier.

NOTE 8. DEFICIT FUND BALANCES.

The Hydrant Fund had a deficit fund balance of \$1,417 at December 31, 2021. This deficit will be eliminated by increasing the tax levy for the fund and controlling expenditures. The Capital fund also had a deficit fund balance of \$2,701,984 at December 31, 2021. This deficit will be eliminated through long term financing.

NOTE 9. CONTINGENCIES.

A. Compliance with Grant Programs

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

B. Litigation

The Town is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provision for loss contingencies that may result from these proceedings. While the outcome cannot be predicted, the Town believes that any settlement not covered by insurance would not have a material adverse effect on the financial condition of the Town.

NOTE 10. RISK MANAGEMENT.

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; Workers' Compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that in prior years.

TOWN OF CORNWALL
CORNWALL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 20, 2022, the date these financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND A
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 2,175,058	\$ 2,175,058	\$ 2,175,058	\$ 0
Real Property Tax Items	13,000	13,000	15,904	2,904
Non-Property Tax Items	100,000	100,000	101,075	1,075
Departmental Income	32,500	32,500	121,420	88,920
Use of Money and Property	75,072	75,072	68,992	(6,080)
Licenses and Permits	8,000	8,000	9,599	1,599
Fines and Forfeitures	150,000	150,000	177,786	27,786
Miscellaneous	47,000	47,000	175,349	128,349
State Aid	300,000	300,000	754,604	454,604
Federal Aid	76,000	85,938	68,359	(17,579)
TOTAL REVENUES	<u>2,976,630</u>	<u>2,986,568</u>	<u>\$ 3,668,146</u>	<u>\$ 681,578</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>337,500</u>	<u>337,500</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 3,314,130</u>	<u>\$ 3,324,068</u>		
EXPENDITURES				
General Government Support	\$ 1,862,785	\$ 1,840,382	\$ 1,710,535	\$ 129,847
Public Safety	136,500	136,500	118,197	18,303
Health	7,000	7,000	152,769	(145,769)
Economic Assistance and Opportunity	53,500	53,500	25,671	27,829
Culture and Recreation	294,550	326,891	281,241	45,650
Home and Community Services	1,000	1,000	32,110	(31,110)
Employee Benefits	741,105	741,105	682,746	58,359
Debt Service	217,690	217,690	367,687	(149,997)
TOTAL EXPENDITURES	<u>\$ 3,314,130</u>	<u>\$ 3,324,068</u>	<u>\$ 3,370,956</u>	<u>\$ (46,888)</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
GENERAL FUND B
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 1,700,070	\$ 1,700,070	\$ 1,700,070	\$ 0
Non-Property Tax Items	665,000	665,000	940,904	275,904
Departmental Income	127,500	175,974	373,893	197,919
Use of Money and Property	4,000	4,000	401	(3,599)
Sale of Property and Compensation for Loss	0	0	2,650	2,650
Miscellaneous	0	0	140	140
State Aid	0	0	19,572	19,572
TOTAL REVENUES	<u>2,496,570</u>	<u>2,545,044</u>	<u>\$ 3,037,630</u>	<u>\$ 492,586</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>285,000</u>	<u>285,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 2,781,570</u>	<u>\$ 2,830,044</u>		
EXPENDITURES				
Public Safety	\$ 1,673,250	\$ 1,673,250	\$ 1,476,044	\$ 197,206
Culture and Recreation	74,200	74,200	39,457	34,743
Home and Community Services	85,150	133,624	130,741	2,883
Employee Benefits	948,970	948,970	920,016	28,954
TOTAL EXPENDITURES	<u>\$ 2,781,570</u>	<u>\$ 2,830,044</u>	<u>\$ 2,566,258</u>	<u>\$ 263,786</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
HIGHWAY FUND-TOWN WIDE
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 336,659	\$ 336,659	\$ 336,659	\$ 0
Sale of Property and Compensation for Loss	0	0	35,800	35,800
TOTAL REVENUES	<u>336,659</u>	<u>336,659</u>	<u>\$ 372,459</u>	<u>\$ 35,800</u>
OTHER SOURCES				
Appropriated Fund Balance	45,000	45,000		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 381,659</u>	<u>\$ 381,659</u>		
EXPENDITURES				
Transportation	\$ 150,000	\$ 150,000	\$ 109,085	\$ 40,915
Debt Service	231,658	231,658	231,658	0
TOTAL EXPENDITURES	<u>\$ 381,658</u>	<u>\$ 381,658</u>	<u>\$ 340,743</u>	<u>\$ 40,915</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
HIGHWAY FUND-PART TOWN
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 1,023,339	\$ 1,023,339	\$ 1,023,339	\$ 0
Non Property Tax Items	665,000	665,000	940,904	275,904
Intergovernmental	60,000	60,000	64,092	4,092
Use of Money and Property	6,000	6,000	470	(5,530)
State and Federal Aid	84,665	84,665	109,372	24,707
TOTAL REVENUES	<u>1,839,004</u>	<u>1,839,004</u>	<u>\$ 2,138,177</u>	<u>\$ 299,173</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>350,000</u>	<u>350,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 2,189,004</u>	<u>\$ 2,189,004</u>		
EXPENDITURES				
Transportation	\$ 1,383,766	\$ 1,383,766	\$ 1,232,698	\$ 151,068
Employee Benefits	658,500	658,500	541,486	117,014
Debt Service	146,738	146,738	146,738	0
TOTAL EXPENDITURES	<u>\$ 2,189,004</u>	<u>\$ 2,189,004</u>	<u>\$ 1,920,922</u>	<u>\$ 268,082</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 26,517	\$ 26,517	\$ 26,517	\$ 0
Departmental Income	120,400	120,400	144,882	24,482
Use of Money and Property	0	0	38	38
TOTAL REVENUES	<u>\$ 146,917</u>	<u>\$ 146,917</u>	<u>\$ 171,437</u>	<u>\$ 24,520</u>
EXPENDITURES				
Home and Community Services	\$ 141,310	\$ 141,277	\$ 129,640	\$ 11,637
Employee Benefits	526	559	568	(9)
Debt Service	5,081	5,081	5,081	0
TOTAL EXPENDITURES	<u>\$ 146,917</u>	<u>\$ 146,917</u>	<u>\$ 135,289</u>	<u>\$ 11,628</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
SEWER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 385,678	\$ 385,678	385,678	\$ 0
Real Property Tax Items	564,792	564,792	564,792	0
Departmental Income	250,000	250,000	263,843	13,843
Use of Money and Property	2,900	2,900	197	(2,703)
Sale of Property and Compensation for Loss	0	0	32,265	32,265
Licenses and Permits	0	0	15,550	15,550
Miscellaneous	0	0	50,000	50,000
TOTAL REVENUES	<u>1,203,370</u>	<u>1,203,370</u>	<u>\$ 1,312,325</u>	<u>\$ 108,955</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>10,000</u>	<u>10,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 1,213,370</u>	<u>\$ 1,213,370</u>		
EXPENDITURES				
Home and Community Services	\$ 996,318	\$ 996,318	\$ 1,025,159	\$ (28,841)
Employee Benefits	9,780	9,780	5,144	4,636
Debt Service	<u>207,272</u>	<u>207,272</u>	<u>201,624</u>	<u>5,648</u>
TOTAL EXPENDITURES	<u>\$ 1,213,370</u>	<u>\$ 1,213,370</u>	<u>\$ 1,231,927</u>	<u>\$ (18,557)</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
SANITATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 1,743,877	\$ 1,743,877	1,743,877	\$ 0
Use of Money and Property	4,000	4,000	225	(3,775)
Sale of Property and Compensation for Loss	0	0	762	762
State Aid	0	0	5,000	5,000
TOTAL REVENUES	<u>1,747,877</u>	<u>1,747,877</u>	<u>\$ 1,749,864</u>	<u>\$ 1,987</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>15,000</u>	<u>15,000</u>		
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 1,762,877</u>	<u>\$ 1,762,877</u>		
EXPENDITURES				
Home and Community Services	\$ 1,204,400	\$ 1,204,400	\$ 1,172,369	32,031
Employee Benefits	451,450	451,450	391,042	60,408
Debt Service	107,027	107,027	107,027	0
TOTAL EXPENDITURES	<u>\$ 1,762,877</u>	<u>\$ 1,762,877</u>	<u>\$ 1,670,438</u>	<u>\$ 92,439</u>

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

**TOWN OF CORNWALL
CORNWALL, NEW YORK**
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2021

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
<u>Total OPEB Liability</u>					
Service cost	\$ 538,483	\$ 311,687	\$ 377,822	\$ 435,540	\$ 0
Interest	414,554	414,991	370,198	427,996	0
Changes of benefit terms	0	0	0	(165,694)	0
Differences between expected and actual experience	0	1,386,436	0	341,323	0
Changes in assumptions or other inputs	1,754,605	2,949,043	(1,087,728)	(1,336,658)	10,982,322
Benefit payments	(315,318)	(246,660)	(221,285)	(190,436)	0
Net change in total OPEB liability	2,392,324	4,815,497	(560,993)	(487,929)	10,982,322
Total OPEB liability-beginning	14,748,897	9,933,400	10,494,393	10,982,322	0
Total OPEB liability-ending	\$ 17,141,221	\$ 14,748,897	\$ 9,933,400	\$ 10,494,393	\$ 10,982,322
Covered-employee payroll	\$ 3,644,502	\$ 3,856,650	\$ 3,680,786	\$ 3,637,067	\$ 3,637,067
Total OPEB liability as a percentage of covered-employee payroll	470.33%	382.43%	269.87%	288.54%	301.96%

Notes to Schedule:

No Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended December 31, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021**

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Town's proportion of the net pension asset/(liability)	0.0078144%	0.0076882%	0.0074259%	0.0077192%	0.0080446%	0.0089016%	0.0088611%	0.0088611%		
Town's proportionate share of the net pension asset/(liability)	\$ (7,781)	\$ (2,035,873)	\$ (526,147)	\$ (249,133)	\$ (755,888)	\$ (1,428,724)	\$ (299,348)	(400,419)		
Town's covered-employee payroll	\$ 2,292,205	\$ 2,248,167	\$ 2,293,130	\$ 2,248,167	\$ 2,253,470	\$ 2,392,800	\$ 2,345,882	2,261,428		
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-0.34%	-90.56%	-22.94%	-11.08%	-33.54%	-59.71%	-12.76%	-17.71%		
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.15%		

	NYSPFRS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Town's proportion of the net pension asset/(liability)	0.0237653%	0.0266134%	0.0262138%	0.0265488%	0.0251471%	0.0294757%	0.0294855%	0.0294855%		
Town's proportionate share of the net pension asset/(liability)	\$ (412,631)	\$ (1,422,469)	\$ (439,621)	\$ (268,344)	\$ (521,211)	\$ (872,713)	\$ (81,162)	(122,751)		
Town's covered-employee payroll	\$ 992,525	\$ 907,315	\$ 969,717	\$ 907,315	\$ 939,764	\$ 1,195,574	\$ 1,172,131	1,208,558		
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-41.57%	-156.78%	-45.33%	-29.58%	-55.46%	-73.00%	-6.92%	-10.16%		
Plan fiduciary net position as a percentage of the total pension liability	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	98.50%		

* GASB 68 requires that the past 10 years of information be presented. The data will be accumulated over time and presented according to GASB 68.

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

**TOWN OF CORNWALL,
CORNWALL, NEW YORK
SCHEDULE OF TOWN CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Contractually required contribution	\$ 345,217	\$ 334,400	\$ 349,718	\$ 346,773	\$ 341,440	\$ 367,979	\$ 409,341	\$ 421,428		
Contributions in relation to the contractually required contribution	345,217	334,400	349,718	346,773	341,440	367,979	409,341	421,428		
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Covered Employee Payroll	\$ 2,292,205	\$ 2,248,167	\$ 2,293,130	\$ 2,248,167	\$ 2,253,470	\$ 2,392,800	\$ 2,345,882	\$ 2,261,428		
Contributions as a percentage of its covered-employee payroll	15.06%	14.87%	15.25%	15.42%	15.15%	15.38%	17.45%	18.64%		

	NYSPERS Pension Plan Last 10 Fiscal Years*									
	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014		
Contractually required contribution	\$ 246,581	\$ 228,975	\$ 228,975	\$ 209,794	\$ 189,518	\$ 182,962	\$ 217,047	\$ 218,592		
Contributions in relation to the contractually required contribution	246,581	228,975	228,975	209,794	189,518	182,962	217,047	218,592		
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Covered Employee Payroll	\$ 992,525	\$ 907,315	\$ 969,717	\$ 907,315	\$ 939,764	\$ 1,195,574	\$ 1,172,131	\$ 1,208,558		
Contributions as a percentage of its covered-employee payroll	24.84%	25.24%	23.61%	23.12%	20.17%	15.30%	18.52%	18.09%		

* GASB 68 requires that the past 10 years of information be presented. The data will be accumulated over time and presented according to GASB 68.

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

**TOWN OF CORNWALL
 CORNWALL, NEW YORK
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2021**

	DRAINAGE	LIGHTING	HYDRANT	MAIN STREET PARKING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 13,717	\$ 23,874	\$ 583	\$ 6,119	\$ 44,293
TOTAL ASSETS	\$ 13,717	\$ 23,874	\$ 583	\$ 6,119	\$ 44,293
LIABILITIES					
Accounts Payable	\$ 0	\$ 19,397	\$ 0	\$ 0	\$ 19,397
Due to Other Funds	0	2,000	2,000	0	4,000
TOTAL LIABILITIES	0	21,397	2,000	0	23,397
FUND BALANCES					
Restricted	8,717	2,477	0	6,119	17,313
Assigned	5,000	0	0	0	5,000
Unassigned	0	0	(1,417)	0	(1,417)
TOTAL FUND BALANCES	13,717	2,477	(1,417)	6,119	20,896
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,717	\$ 23,874	\$ 583	\$ 6,119	\$ 44,293

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

**TOWN OF CORNWALL
 CORNWALL, NEW YORK
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	DRAINAGE	LIGHTING	HYDRANT	MAIN STREET PARKING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES					
Real Property Taxes	\$ 0	\$ 104,000	\$ 97,000	\$ 0	\$ 201,000
Use of Money and Property	3	15	18	2	38
TOTAL REVENUES	3	104,015	97,018	2	201,038
EXPENDITURES					
Transportation	0	113,394	0	0	113,394
Home and Community Service	0	0	98,000	0	98,000
TOTAL EXPENDITURES	0	113,394	98,000	0	211,394
Net Change in Fund Balances	3	(9,379)	(982)	2	(10,356)
Fund Balances-Beginning	13,714	11,856	(435)	6,117	31,252
Fund Balances-Ending	\$ 13,717	\$ 2,477	\$ (1,417)	\$ 6,119	\$ 20,896

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
COMBINED GENERAL FUNDS
BALANCE SHEET
DECEMBER 31, 2021

	<u>GENERAL FUND (A)</u>	<u>GENERAL FUND (B)</u>	<u>TOTAL OF GENERAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,690,337	\$ 1,145,806	\$ 2,836,143
Accounts Receivable	72,093	259,860	331,953
Due from Other Funds	493,505	0	493,505
TOTAL ASSETS	<u>\$ 2,255,935</u>	<u>\$ 1,405,666</u>	<u>\$ 3,661,601</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 83,550	\$ 19,175	\$ 102,725
Accrued Liabilities	6,343	27,310	33,653
Unearned Revenue	436,863	0	436,863
TOTAL LIABILITIES	<u>526,756</u>	<u>46,485</u>	<u>573,241</u>
FUND BALANCE			
Assigned	987,580	1,359,181	2,346,761
Unassigned	741,599	0	741,599
TOTAL FUND BALANCE	<u>1,729,179</u>	<u>1,359,181</u>	<u>3,088,360</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,255,935</u>	<u>\$ 1,405,666</u>	<u>\$ 3,661,601</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
COMBINED GENERAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	GENERAL FUND (A)	GENERAL FUND (B)	TOTAL OF GENERAL FUNDS
REVENUES			
Real Property Taxes	\$ 2,175,058	\$ 1,700,070	\$ 3,875,128
Real Property Tax Items	15,904	0	15,904
Non Property Tax Items	101,075	940,904	1,041,979
Departmental Income	121,420	373,893	495,313
Use of Money and Property	68,992	401	69,393
Licenses and Permits	9,599	0	9,599
Fines and Forfeitures	177,786	0	177,786
Miscellaneous	175,349	140	175,489
State and Federal Aid	822,963	19,572	842,535
	<u>3,668,146</u>	<u>3,037,630</u>	<u>6,705,776</u>
EXPENDITURES			
General Government Support	1,710,535	0	1,710,535
Public Safety	118,198	1,476,044	1,594,242
Health	152,769	0	152,769
Economic Assistance and Opportunity	25,671	0	25,671
Culture and Recreation	281,241	39,457	320,698
Home and Community Service	32,110	130,741	162,851
Employee Benefits	682,746	920,016	1,602,762
Debt Service	367,687	0	367,687
	<u>3,370,957</u>	<u>2,566,258</u>	<u>5,937,215</u>
Net Change in Fund Balances	297,189	471,372	768,561
Fund Balances-Beginning	<u>1,431,990</u>	<u>887,809</u>	<u>2,319,799</u>
Fund Balances-Ending	<u>\$ 1,729,179</u>	<u>\$ 1,359,181</u>	<u>\$ 3,088,360</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
COMBINED GENERAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real Property Taxes	\$ 3,875,128	\$ 3,875,128	\$ 3,875,128	\$ 0
Real Property Tax Items	13,000	13,000	15,904	2,904
Non Property Tax Items	765,000	765,000	1,041,979	276,979
Departmental Income	160,000	208,474	495,313	286,839
Use of Money and Property	79,072	79,072	69,393	(9,679)
Licences and Permits	8,000	8,000	9,599	1,599
Fines and Forfeitures	150,000	150,000	177,786	27,786
Miscellaneous	47,000	47,000	175,489	128,489
State and Federal Aid	376,000	385,938	842,535	456,597
TOTAL REVENUES	<u>5,473,200</u>	<u>5,531,612</u>	<u>\$ 6,705,776</u>	<u>\$ 1,174,164</u>
OTHER SOURCES				
Appropriated Fund Balance	<u>622,500</u>	<u>622,500</u>		
TOTAL	<u>\$ 6,095,700</u>	<u>\$ 6,154,112</u>		
EXPENDITURES				
General Government Support	\$ 1,862,785	\$ 1,840,382	\$ 1,710,535	\$ 129,847
Public Safety	1,809,750	1,809,750	1,594,242	215,508
Health	7,000	7,000	152,769	(145,769)
Economic Assistance and Opportunity	53,500	53,500	25,671	27,829
Culture and Recreation	368,750	401,091	320,698	80,393
Home and Community Service	86,150	134,624	162,851	(28,227)
Employee Benefits	1,690,075	1,690,075	1,602,762	87,313
Debt Service	217,690	217,690	367,687	(149,997)
TOTAL EXPENDITURES	<u>\$ 6,095,700</u>	<u>\$ 6,154,112</u>	<u>\$ 5,937,215</u>	<u>\$ 216,897</u>

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

TOWN OF CORNWALL
CORNWALL, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Capital Assets, Net		\$ 12,446,179
ADDITIONS:		
Deferred Amount of Refunding		10,918
		12,457,097
DEDUCTIONS:		
Bond Anticipation Notes	\$ 2,350,000	
Short-Term Portion of Bonds Payable (including an unamortized bond premium of \$5,918)	455,918	
Long-Term Portion of Bonds Payable	3,660,000	
TOTAL DEDUCTIONS		6,465,918
NET INVESTMENT IN CAPITAL ASSETS		\$ 5,991,179

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

**TOWN OF CORNWALL
CORNWALL, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	DATE OF ORIGINAL ISSUE	MATURITY	INTEREST RATE	OUTSTANDING BEGINNING OF YEAR	ISSUED DURING YEAR	PAID DURING YEAR	OUTSTANDING END OF YEAR	AMOUNT OF INTEREST PAID DURING YEAR	AMOUNT OF INTEREST ACCRUED AT DECEMBER 31, 2021
BOND ANTICIPATION NOTES									
Various Purpose	7/30/2015	7/22/2022	0.29%	\$ 2,100,000	\$ 0	\$ 485,000	\$ 1,615,000	\$ 26,251	\$ 2,053
Various Purpose	9/9/2021	7/22/2022	0.38%	0	735,000	0	735,000	0	1,224
TOTAL BOND ANTICIPATION NOTES				2,100,000	735,000	485,000	2,350,000	26,251	3,277
SERIAL BONDS & NOTES									
2009 Serial Bond	10/1/2009	3/1/2024	3.00%	490,000	0	110,000	380,000	13,875	3,748
2017 Refunding	6/1/2017	6/1/2022	1.25%	250,000	0	125,000	125,000	4,375	899
2013 Public Improvements	10/29/2013	5/15/2023	2.50%	175,000	0	85,000	90,000	5,906	277
EFC Loan	6/4/2019	8/1/2048	1.31%	2,940,000	0	85,000	2,855,000	47,792	4,475
2020 Various Purpose	7/15/2020	7/15/2028	1.50%	720,000	0	60,000	660,000	11,617	12,268
TOTAL SERIAL BONDS AND NOTES				4,575,000	0	465,000	4,110,000	83,565	21,667
TOTAL INDEBTEDNESS				\$ 6,675,000	\$ 735,000	\$ 950,000	\$ 6,460,000	\$ 109,816	\$ 24,944

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



Nugent & Haeussler, P.C.

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ESTABLISHED 1925

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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To the Supervisor and Members
of the Town Board
Town of Cornwall
Cornwall, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of Town of Cornwall, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise Town of Cornwall’s basic financial statements and have issued our report thereon dated April 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Cornwall’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Cornwall’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Cornwall’s internal control.

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

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

To the Supervisor and Members
of the Town Board
Town of Cornwall

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deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, identified as findings 2021-001 and 2021-002.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Montgomery, New York
April 28, 2022

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses Yes No

Noncompliance material to financial statements noted? Yes No

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES:

Finding 2021-001 Limited Segregation of Duties

Condition: The auditor found instances where segregation of duties was limited. Limitations in control activities may be addressed through additional management oversight. Through interviews with management and staff we were able to satisfy ourselves that direct involvement and knowledge of these activities reduced the potential for errors or irregularities.

Criteria: Segregation of duties relates to how various duties are assigned to different people within the organization. Generally, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people so that no single person is in a position to both commit and conceal errors, irregularities or fraud.

Cause: Limited resources and personnel available contribute directly to the level of segregation achieved. Another factor is the organizational structure and the assignment of responsibilities within that structure.

Effect: The financial statements could have been significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities.

Recommendation: We recommend that the management review the responsibilities of business staff, as well as the duties actually being performed currently. This review should focus on segregating the functions for authorizing transactions, recording transactions, and maintaining custody of assets. As part of this review, management should consider whether the current staffing level is sufficient to achieve the desired internal control. It may be necessary to hire additional staff.

Finding 2021-002 Management Oversight and Monitoring

Condition: The Auditor found instances where oversight and monitoring by management were not documented. Through interviews with management and related personnel we were able to satisfy ourselves that the necessary oversight and monitoring was performed.

Criteria: Effective internal control over financial reporting requires management oversight and monitoring to establish reasonable assurance that financial reporting is being reliably and accurately completed. Documentation of this oversight and monitoring is necessary to insure that this criteria is met.

TOWN OF CORNWALL
CORNWALL, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued).

- Cause: These activities are often informal and performed as a part of the overall management of the entity's operations. Management's close involvement in operations will typically identify inaccuracies in financial data.
- Effect: The financial statements could have been significantly misstated without adequate documentation and performance of oversight functions.
- Recommendation: We recommend that management formally document its review of all elements of the financial data reflected in the financial reporting. This would include but not be limited to ledger account reconciliations, journal entries, trial balances, revenue status and budget status reports

Management has not completed a response to the above findings as of the date of this report. Government Auditing Standards requires management's responses and planned corrective action to be included in this report.