



**Village of Fairport, New York**

Financial Report

May 31, 2022

# Village of Fairport, New York

## Financial Report

May 31, 2022

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## Independent Auditor's Report

Mayor and Board of Trustees  
Village of Fairport, New York  
Fairport, New York

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fairport, New York (Village), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Village of Fairport Industrial Development Agency, the Village of Fairport Local Development Corporation, and the Village of Fairport Urban Renewal Agency, the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Village 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.

#### ***Emphasis of Matter***

As discussed in Note 1r to the financial statements, the financial statements of the business-type activities and enterprise fund as of and for the year ended May 31, 2021 have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

### ***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 the Village'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 our 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 GAAS and *Government 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 GAAS and *Government 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 the Village'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 the Village'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 management's discussion and analysis on pages 4 to 12, and the required supplementary information listed in the accompanying table of contents on pages 57 to 60, 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 the Village's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

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

**BST+Co.CPAs, LLP**

Albany, New York  
October 20, 2022



# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2022

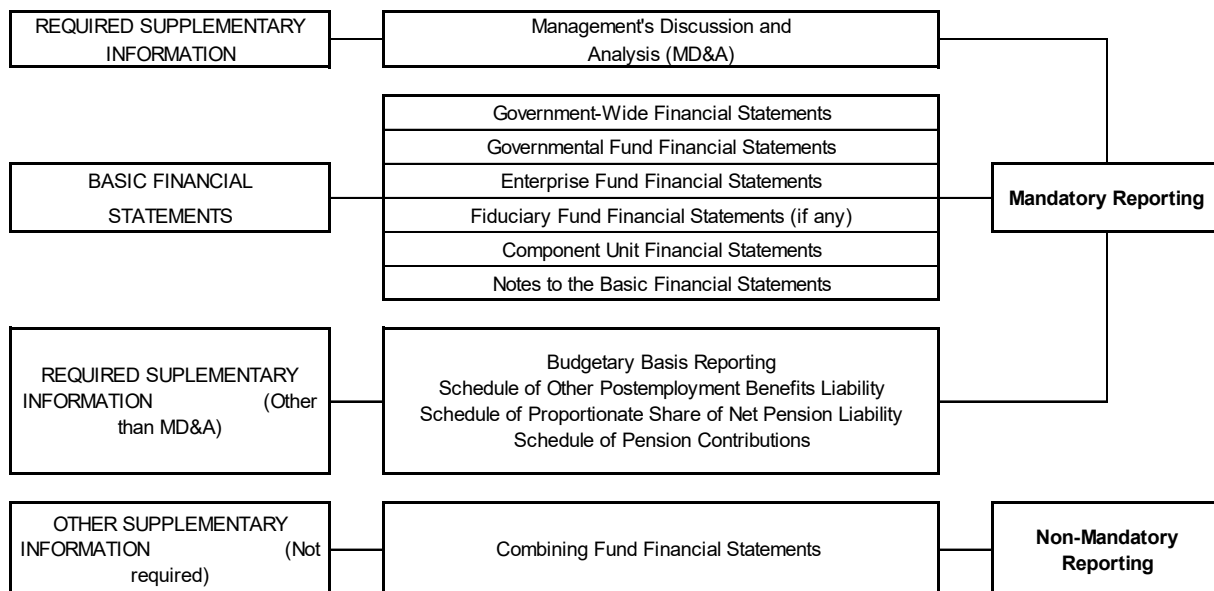
As management of the Village of Fairport, New York (the Village), we offer the readers of the Village's financial statements this narrative overview and analysis as of and for the year ended May 31, 2022. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 13 through 56 and our supplementary information which can be found on pages 57 and 62 of this report.

### Financial Highlights

- The assets of the Governmental Activities of the Village exceeded liabilities on May 31, 2022, by \$21,421,461, representing net position. Of this amount, \$18,356,269 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and \$3,797,425 is restricted for capital projects, insurance, workers compensation claims, cemetery operations and the asset forfeiture program. The remaining amount represents unrestricted net deficit, is \$732,233. The Village's unrestricted net position is significantly impacted by noncurrent liabilities such as the other postemployment benefit obligations.
- The assets of the Business Type Activities of the Village exceeded liabilities on May 31, 2022, by \$27,045,245, representing net position. Of this amount, \$22,402,950 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and \$990,155 is restricted for future capital improvements. The remaining amount, which represents an unrestricted surplus of net position, is \$3,652,140.
- On May 31, 2022, the Village's governmental funds reported a combined ending fund balance of \$7,043,342, of which \$121,018 of the fund balance was nonspendable and was related to a prepayment of workers' compensation premiums, \$3,797,425 was restricted for various purposes and \$691,953 was assigned for future appropriations, encumbered balances, sewer related activity capital related activity, and cemetery related activity. The remaining amount, which represents unassigned fund balance, is \$2,432,946.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's financial statements. The Village's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The following diagram illustrates the minimum financial reporting requirements of the Village under accounting principles generally accepted in the United States of America (U.S. GAAP):



# Village of Fairport, New York

## Management's Discussion and Analysis

May 31, 2022

### Overview of the Financial Statements - Continued

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

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government support, public safety transportation, economic opportunity and development, culture and recreation, and home and community services. The business-type activities of the Village include electric services.

The Village includes three (3) separate legal entities in its report consisting of the Village of Fairport Industrial Development Agency, Village of Fairport Local Development Corporation and Village of Fairport Urban Renewal Agency. Although legally separate, these "component units" are important because the Village is financially accountable for them and may be affected by their financial well-being.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2022

### Overview of the Financial Statements - Continued

#### Fund Financial Statements - Continued

##### Governmental Funds - Continued

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Sewer Fund, and Capital Projects Fund; and in the aggregate, the non-major funds consisting of the Debt Service Fund, and two permanent funds, (Greenvale Cemetery Fund and Mount Pleasant Cemetery Fund). The Village adopts an annual appropriated budget for its General Fund, Capital Projects Fund, and Sewer Fund. A budgetary comparison statement has been provided for the General Fund that demonstrates compliance with this budget.

The governmental fund financial statements can be found on pages 14 through 17 of this report.

Proprietary Funds. The Village maintains proprietary funds to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric operations, which is considered to be a major fund of the Village. The Village adopts an annual appropriated budget for the Electric Fund.

The proprietary fund financial statements can be found on pages 18 through 20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Village did not have any fiduciary funds as of or for the year ended May 31, 2022.

Aggregate Discretely Presented Component Units. The Village has created three public benefit corporations. The financial position and activities of the public benefit corporations that provide services directly to citizens have been presented in the Statement of Net Position and the Statement of Activities under the component units column and also in more detail in the Combining Statement of Net Position and the Combining Statement of Activities for the component units. These components units have been discretely presented in the Village's financial statements because their nature and significance to the Village cause them to have an effect on the fiscal condition of the Village and the Village is accountable for them. Combining statements of the discretely presented component units can be found on pages 21 and 22.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 55 of this report.



# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2022

### Overview of the Financial Statements - Continued

**Table 1 -Condensed Statement Net Position as of May 31, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	(Restated) <u>2021</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>						
Current assets	\$ 7,339,567	\$ 7,041,376	\$ 8,360,595	\$ 7,807,439	\$ 15,700,162	\$ 14,848,815
Noncurrent assets	20,321,269	20,032,617	30,635,207	29,847,827	50,956,476	49,880,444
Total assets	<u>27,660,836</u>	<u>27,073,993</u>	<u>38,995,802</u>	<u>37,655,266</u>	<u>66,656,638</u>	<u>64,729,259</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,286,458</u>	<u>2,315,818</u>	<u>2,876,289</u>	<u>2,376,753</u>	<u>5,162,747</u>	<u>4,692,571</u>
<b>LIABILITIES</b>						
Current liabilities	554,917	772,997	2,837,117	2,567,191	3,392,034	3,340,188
Noncurrent liabilities	4,478,547	5,028,979	8,151,544	8,720,079	12,630,091	13,749,058
Total liabilities	<u>5,033,464</u>	<u>5,801,976</u>	<u>10,988,661</u>	<u>11,287,270</u>	<u>16,022,125</u>	<u>17,089,246</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,492,369</u>	<u>3,522,532</u>	<u>3,838,185</u>	<u>3,035,825</u>	<u>7,330,554</u>	<u>6,558,357</u>
<b>NET POSITION</b>						
Net investment in capital assets	18,356,269	17,752,617	22,402,950	22,041,212	40,759,219	39,793,829
Restricted	3,797,425	3,016,435	990,155	989,193	4,787,580	4,005,628
Unrestricted (deficit)	<u>(732,233)</u>	<u>(703,749)</u>	<u>3,652,140</u>	<u>2,678,519</u>	<u>2,919,907</u>	<u>1,974,770</u>
<b>Total net position</b>	<u>\$ 21,421,461</u>	<u>\$ 20,065,303</u>	<u>\$ 27,045,245</u>	<u>\$ 25,708,924</u>	<u>\$ 48,466,706</u>	<u>\$ 45,774,227</u>

In total, the Village experienced an increase in net position during 2022 totaling \$2.7 million. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48.5 million at May 31, 2022. The increase in net position is due to surpluses in the governmental funds and electric fund, a significant decrease in the ERS net pension liability causing a net pension asset of approximately \$1.3 million and continued investment in capital assets.

By far, the largest portion, \$40,759,219, of the Village's net position (84%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2022

### Overview of the Financial Statements - Continued

**Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 1,565,422	\$ 1,361,011	\$ 24,866,563	\$ 24,421,579	\$ 26,431,985	\$ 25,782,590
Operating grants and contributions	288,579	324,356	-	-	288,579	324,356
Capital grants and contributions	202,573	877,250	-	-	202,573	877,250
General Revenues						
Real property taxes and items	3,284,690	3,282,486	-	-	3,284,690	3,282,486
Nonproperty taxes	2,063,536	1,815,975	-	-	2,063,536	1,815,975
Other revenues	818,857	558,727	474,872	129,516	1,293,729	688,243
Total revenues	<u>8,223,657</u>	<u>8,219,805</u>	<u>25,341,435</u>	<u>24,551,095</u>	<u>33,565,092</u>	<u>32,770,900</u>
<b>EXPENSES</b>						
General government support	1,108,096	1,182,935	-	-	1,108,096	1,182,935
Public safety	2,023,210	2,113,215	-	-	2,023,210	2,113,215
Transportation	1,961,625	1,976,919	-	-	1,961,625	1,976,919
Economic opportunity and assistance	17,872	30,502	-	-	17,872	30,502
Culture and recreation	375,171	152,911	-	-	375,171	152,911
Home and community services	1,338,944	1,299,124	23,835,796	23,400,832	25,174,740	24,699,956
Interest on long-term debt	42,582	52,910	221,532	245,580	264,114	298,490
Other expenses	-	-	286,678	-	286,678	-
Total expenses	<u>6,867,500</u>	<u>6,808,516</u>	<u>24,344,006</u>	<u>23,646,412</u>	<u>31,211,506</u>	<u>30,454,928</u>
<b>CAPITAL CONTRIBUTIONS</b>	-	-	338,892	-	338,892	-
<b>CHANGES IN NET POSITION</b>	1,356,157	1,411,289	1,336,321	904,683	2,692,478	2,315,972
<b>NET POSITION, beginning of year</b>	20,065,303	18,654,014	25,708,924	23,830,660	45,774,227	42,484,674
Correction of prior period	-	-	-	973,581	-	973,581
<b>NET POSITION, end of year, as restated</b>	<u>\$ 21,421,460</u>	<u>\$ 20,065,303</u>	<u>\$ 27,045,245</u>	<u>\$ 25,708,924</u>	<u>\$ 48,466,705</u>	<u>\$ 45,774,227</u>

**Governmental Activities.** Governmental activities increased the Village's net position by \$1,356,157.

Total revenues were consistent year over year, only increasing by \$3 thousand. The largest source of revenue, real property taxes, remained flat. While there was a significant decrease in grants due to timing of projects, this was offset by an increase in sales tax as the market rebounded from the pandemic. Total expenses were fairly consistent, only increasing slightly by \$59 thousand.

**Business-Type Activities.** Business-type activities consisting of the Electric Fund, increased the Village's net position by \$1.3 million.

### Financial Analysis of the Village's Funds

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

Governmental Funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$7,043,342 an increase of \$456,765 from the prior year, primarily caused by surpluses in the General, Sewer and Capital Projects Fund, offset by a small deficit in the Other Governmental Funds.

# Village of Fairport, New York

## Management's Discussion and Analysis

May 31, 2022

### Financial Analysis of the Village's Funds - Continued

#### Governmental Funds - Continued

Out of the total fund balance, \$121,018 is in non-spendable form and, therefore, is not available for new spending, \$2,242,730 is restricted under the Capital Plan for General Capital Improvements, \$943,346 is restricted under the Capital Plan for Fire Department Vehicles, \$215,207 is restricted under the Capital Plan for Fire Department equipment purchases, \$20,061 is restricted under the Asset Forfeiture program, \$134,560 is restricted for permanent cemetery improvements, \$29,957 is reserved for insurance claims, and \$211,564 is reserved for workers' compensation claims. \$691,953 of the Village's total fund balance is assigned, \$74,846 was appropriated to balance the 2022-2023 General fund budget, \$53,269 is encumbered for ongoing 2021-2022 General fund contracts and the remaining \$563,838 is assigned for sewer related activities, and capital related activities. The remaining amount, which represents unassigned fund balances, is \$2,432,946.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,432,946, while total fund balance was \$6,344,944. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the subsequent year budget of \$7,032,740 in the General Fund. Unassigned fund balance represents approximately 35% of the General Fund's subsequent year's budget, while total fund balance represents approximately 90% of that same amount. The overall fund balance of the Village's General Fund increased by \$237,291 during the current fiscal year, primarily due to budgetary savings, and revenue streams exceeding projections.

General Fund revenues were higher than the modified budget by \$904,769. This favorable budget variance is due to (1) higher than anticipated Sales Tax as the market recovered from the pandemic as well as the impacts of inflation, (2) higher than anticipated miscellaneous sources noting the Village received a large premium refund from the workers compensation program noting projected COVID claims did not actualize, (3) continued higher than anticipated Mortgage Tax (state aid) due to a significant number of refinancings noting record low interest rates and (4) unbudgeted Federal Aid from the American Rescue Plan Act (ARPA). General Fund expenditures were lower than the modified budget by \$477,468 of which \$53,269 was encumbered for the next year. This favorable budget variance is due to (1) a surplus in the Police department noting the Union Contract is expired and budgeted personnel costs increases have not been paid, (2) a delay with certain Slurry Seal project due to scheduling issues (4) a milder winter than expected causing lower than anticipated snow removal costs, (5) lower than expected retirement costs noting NYS significantly decreased the rates on April 1, 2022, and (6) employee benefits ended the year under budget due to decreased workers compensation rates and health care rates beginning January 1, 2022.

### Capital Asset and Debt Administration

**Table 3 - Capital Assets as of May 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Buildings	\$ 3,025,687	\$ 3,025,687	\$ 5,625,173	\$ 5,625,173	\$ 8,650,860	\$ 8,650,860
Machinery and equipment	6,460,594	6,381,174	4,729,887	4,568,154	11,190,481	10,949,328
Infrastructure	50,951,083	47,859,272	46,683,225	45,637,696	97,634,308	93,496,968
Accumulated depreciation	(41,428,650)	(39,817,378)	(27,988,312)	(26,833,359)	(69,416,962)	(66,650,737)
Total depreciable assets	<u>19,008,714</u>	<u>17,448,755</u>	<u>29,049,973</u>	<u>28,997,664</u>	<u>48,058,687</u>	<u>46,446,419</u>
Land	702,357	702,357	600,069	600,069	1,302,426	1,302,426
Construction-in-progress	147,995	1,881,505	141,710	250,094	289,705	2,131,599
Total non-depreciable assets	<u>850,352</u>	<u>2,583,862</u>	<u>741,779</u>	<u>850,163</u>	<u>1,592,131</u>	<u>3,434,025</u>
Total capital assets, net	<u>\$ 19,859,066</u>	<u>\$ 20,032,617</u>	<u>\$ 29,791,752</u>	<u>\$ 29,847,827</u>	<u>\$ 49,650,818</u>	<u>\$ 49,880,444</u>

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2022

### Capital Asset and Debt Administration - Continued

The Village's investment in capital assets for its governmental and business-type activities as of May 31, 2022, amounts to \$49,650,818 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure assets, such as roads, streets, and electrical, and sewer systems. Additional information on the Village's capital assets can be found in Note 1k on page 31 and Note 3 on page 34 of this report.

**Table 4 - Long-Term Debt as of May 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds						
Principal	\$ 1,965,000	\$ 2,280,000	\$ 6,814,000	\$ 7,392,250	\$ 8,779,000	\$ 9,672,250
Unamortized premiums	-	-	117,345	126,847	117,345	126,847
Total	<u>1,965,000</u>	<u>2,280,000</u>	<u>6,931,345</u>	<u>7,519,097</u>	<u>8,896,345</u>	<u>9,799,097</u>
Notes Payable						
New York Power Authority	-	-	457,457	287,518	457,457	287,518
Total long-term debt	<u>\$ 1,965,000</u>	<u>\$ 2,280,000</u>	<u>\$ 7,388,802</u>	<u>\$ 7,806,615</u>	<u>\$ 9,353,802</u>	<u>\$ 10,086,615</u>

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$8,896,345. This entire amount comprises debt backed by the full faith and credit of the Village. Additionally, the Village is obligated under loans payable with the New York Power Authority, totaling \$457,457 as of May 31, 2022.

### Future Economic Factors

The Village of Fairport community is one that is proud and desires to have a high quality of life associated with its Village. The Village strives to meet the expectations and standards set forth by its residents to ensure Fairport is represented proudly by our residents and visitors. Fairport is one of the few upstate Villages that provide a full array of services which include, police, fire, public works, refuse collections, leaf pickup, canal services and an electric utility. This is no small feat. As we continue to progress forward and enhance the services and vibrancy of our community, continuous maintenance and investment must be at the forefront of our fiscal strategy to ensure a long-term and desirable presence where people smile when they call Fairport home. The 2022-2023 budget provides the insight utilized to determine this direction as well as opportunities the Village can capitalize on to continue progressing Fairport forward.

The Village of Fairport adopted the General Fund 2022-2023 budget of \$7,032,740. The Village of Fairport continued its efforts to be fiscally conservative in adopting a total budget increase of only 1.45% or \$100,748 over the prior year budget. Sales Tax continues to rebound from the financial impacts of the COVID-19 Pandemic as well as the reinstatement of AIM funding that was previously withheld from Sales Tax in the past two years. This upward trend allows the Village to keep the Tax Levy consistent while reducing the contribution from fund balance. Staff makes every effort each year to reduce volatility and operate within the confines of the budget. Structured expenses are greatly minimized with this proposed budget; however, personnel related costs will continue to dominate the budget process on an annual basis. This is not an unusual reality within local governments. Personnel related costs contribute to approximately 65-70% of the overall budget. Departmental budgets, outside of personnel related expenses, were held relatively flat from the previous year.##The Village anticipates reductions in retirement costs as the average ERS rates decreased 28% and the average PFRS rates decreased 2%. Additionally, the Village Court is planned to dissolve on 12/31/2022, therefore reducing expenditures.

# Village of Fairport, New York

## Management's Discussion and Analysis

May 31, 2022

### Future Economic Factors - Continued

The Village of Fairport is committed to long term planning through the adoption of a 10-year capital plan. Capital projects and infrastructure improvements are the cornerstone of why government exists and the most basic demand we have from our constituency. Capital planning should be comprehensive and sustain itself, both financially and politically. Infrastructure does not care who is in office or what the political structure is. It requires consistent attention and foresight at all times. The Village authorized a total of \$655,881 to be invested into the local financing of future capital costs. Such costs have been restricted and placed into reserve funds to support the future funding of capital projects. The Village is proposed to spend \$1,790,053 on general projects, \$187,790 on fire equipment, and \$428,000 on fire department rolling stock in 2022-2023. A major effort each year is the resurfacing of numerous streets and parking lots in the Village. We anticipate spending approximately \$654k in street work and another \$84k in sidewalk replacement to keep Fairport walkable. The street work allocation includes approximately \$300k for Liftbridge Lane E. improvements. Other projects of significance proposed in the 2022-2023 capital plan include new Village of Fairport signs at all of the entrances to the Village, new carpet in Village Hall, a new Public Restroom in the entertainment district, and numerous vehicles and equipment. Our capital plan specifically states our needs based on current operations and existing infrastructure maintenance and replacement. Over the next ten years, our capital plan is projecting to invest almost \$11 million dollars into our community. This is a commitment to our residents that states we have their future and the vitality of this community as a first priority.

The Village established a Sanitary Sewer Fund in 2018-2019 and continues to raise funds to adequately maintain and strategically replace the sanitary sewer system. In fiscal year 2022-2023, staff will be focusing on increasing its investigatory efforts and televising approximately 25% of the sanitary sewer system as well as evaluating all siphons and mains that cross the Erie Canal. Priority will be on the older parts of the community with aging infrastructure. The Village kept the per parcel fee flat at \$175 per parcel for the 2022-2023 fiscal year. Staff reviewed a modified rate structure based on a number of factors including flow usage. The Village is fairly equitable with respect to usage when comparing residential and commercial properties. There are only a handful of industrial uses that significantly contribute to the flow in our system. The ability to review that usage and determine a different rate structure, if any, is ongoing. Regardless of those few properties, rates amongst residential and commercial properties will not change drastically in the future.

The Electric fund of the Village, commonly known as Fairport Municipal Commission, continues to provide quality electric service to its customers at some of the best rates in the country. The adopted 2022-23 budget is \$28,204,620 which is an increase of \$1,607,598 or 6.0% from the 21-22 budget. The budget is somewhat planned due to a scheduled rate change with corresponding expenses that were approved by the Public Service Commission last year. Our purchased power costs have increased by almost 2% from last year and our inventory costs associated with the distribution system have increased collectively over 7% and that is being conservative since we minimized the purchase of these inventory costs until such time as prices are reduced or we run out of stock. A notable revenue loss we are projecting for next year includes mutual aid reimbursement from other municipal and investor-owned utilities as well as make ready work for outside contractors and companies doing business in our right-of-way. These revenues consist of hundreds of thousands of dollars each year that we have become reliant on. In addition, the warmer winters over the last three years have started to normalize our anticipated electric sales downward. Fairport Electric will be reviewing its operational capacity over the next year and determining what review of our rate design may need further consideration. So much of our revenues are unpredictable and out of the control of our organization. FMC needs to have a little more flexibility and cushion to weather the fluctuations that are becoming normal in our industry. Fairport Electric continues to invest in its distribution system regardless of fiscal capacity. We consistently replace old poles at a robust rate, and we are replacing transformers and other related systems in an effort to keep our system as reliable as possible.

# **Village of Fairport, New York**

## **Management's Discussion and Analysis May 31, 2022**

### **Requests for Information**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village of Fairport  
Attention: Village Clerk-Treasurer  
31 S. Main Street  
Fairport, NY 14450

# Village of Fairport, New York

## Statement of Net Position

	May 31, 2022			
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,789,341	\$ 3,644,544	\$ 6,433,885	\$ 2,127,200
Cash and cash equivalents, restricted	3,854,048	1,308,097	5,162,145	-
Investments	-	-	-	1,040,326
Receivables				
Accounts, net	3,585	1,599,522	1,603,107	66,246
Current portion of notes, loans and leases receivable	-	-	-	17,428
Due from other governments	376,002	-	376,002	-
State and federal receivables	300,000	-	300,000	-
Inventory	-	1,199,486	1,199,486	-
Prepaid expenses	121,018	504,519	625,537	168,943
Internal balances	(104,427)	104,427	-	-
Total current assets	<u>7,339,567</u>	<u>8,360,595</u>	<u>15,700,162</u>	<u>3,420,143</u>
<b>NONCURRENT ASSETS</b>				
Notes, loans and leases receivable, net of current portion	-	-	-	1,003,717
Net pension asset	462,203	843,455	1,305,658	-
Capital assets				
Land and construction in progress	850,352	741,779	1,592,131	-
Buildings, machinery, equipment, and infrastructure, net	19,008,714	29,049,973	48,058,687	571,659
Total noncurrent assets	<u>20,321,269</u>	<u>30,635,207</u>	<u>50,956,476</u>	<u>1,575,376</u>
Total assets	<u>27,660,836</u>	<u>38,995,802</u>	<u>66,656,638</u>	<u>4,995,519</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,286,458</u>	<u>2,876,289</u>	<u>5,162,747</u>	<u>217,763</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	225,389	1,216,831	1,442,220	50,450
Interest payable	-	1,556	1,556	-
Unearned revenues	-	417,835	417,835	98,522
Due to other governments	69,528	99,745	169,273	23,915
Customer deposits	-	316,386	316,386	-
Current maturities of bonds payable	260,000	589,000	849,000	-
Current maturities of notes payable	-	195,764	195,764	-
Total current liabilities	<u>554,917</u>	<u>2,837,117</u>	<u>3,392,034</u>	<u>172,887</u>
<b>NONCURRENT LIABILITIES</b>				
Bonds payable	1,705,000	6,342,345	8,047,345	-
Notes payable	-	261,693	261,693	-
Compensated absences	21,565	37,702	59,267	37,987
Net pension liability	140,693	-	140,693	716
Other postemployment benefits	2,611,289	1,509,804	4,121,093	55,357
Total noncurrent liabilities	<u>4,478,547</u>	<u>8,151,544</u>	<u>12,630,091</u>	<u>94,060</u>
Total liabilities	<u>5,033,464</u>	<u>10,988,661</u>	<u>16,022,125</u>	<u>266,947</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,492,369</u>	<u>3,838,185</u>	<u>7,330,554</u>	<u>353,364</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,356,269	22,402,950	40,759,219	571,659
Restricted for				
Capital improvements	3,401,283	990,155	4,391,438	-
Section 8	-	-	-	22,990
Insurance and workers compensation	241,521	-	241,521	-
Other	154,621	-	154,621	-
Unrestricted	<u>(732,233)</u>	<u>3,652,140</u>	<u>2,919,907</u>	<u>3,998,322</u>
Total net position	<u>\$ 21,421,461</u>	<u>\$ 27,045,245</u>	<u>\$ 48,466,706</u>	<u>\$ 4,592,971</u>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Statement of Activities

Year Ended May 31, 2022

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>GOVERNMENTAL ACTIVITIES</b>								
General government support	\$ 1,108,096	\$ 282,426	\$ 287,050		\$ (538,620)	\$ -	\$ (538,620)	\$ -
Public safety	2,023,210	734,375	1,529		(1,287,306)	-	(1,287,306)	-
Transportation	1,961,625	-	-	47,111	(1,914,514)	-	(1,914,514)	-
Economic opportunity and assistance	17,872	-	-	85,389	67,517	-	67,517	-
Culture and recreation	375,171	53,191	-	70,073	(251,907)	-	(251,907)	-
Home and community services	1,338,944	495,430	-		(843,514)	-	(843,514)	-
Interest on long-term debt	42,582	-	-		(42,582)	-	(42,582)	-
Total governmental activities	6,867,500	1,565,422	288,579	202,573	(4,810,926)	-	(4,810,926)	-
<b>BUSINESS-TYPE ACTIVITIES</b>								
Electric	24,344,006	24,866,563	-	-	-	522,557	522,557	-
<b>Total primary government</b>	<b>\$ 31,211,506</b>	<b>\$ 26,431,985</b>	<b>\$ 288,579</b>	<b>\$ 202,573</b>	<b>(4,810,926)</b>	<b>522,557</b>	<b>(4,288,369)</b>	<b>-</b>
<b>Total component units - September 30, 2020</b>	<b>\$ 3,652,855</b>	<b>\$ 557,405</b>	<b>\$ 2,734,709</b>	<b>\$ -</b>				<b>(360,741)</b>
<b>GENERAL REVENUES</b>								
Real property tax and related tax items					3,284,690	-	3,284,690	220,679
Non-property taxes					2,063,536	-	2,063,536	-
Other general revenue items					12,229	470,118	482,347	-
Miscellaneous local sources					408,625	-	408,625	6,891
Sale of property and compensation for loss					97,449	-	97,449	-
Use of money and property					205,261	4,754	210,015	-
Unrestricted state aid					95,293	-	95,293	-
Total general revenues					6,167,083	474,872	6,641,955	227,570
<b>CAPITAL CONTRIBUTIONS</b>					-	338,892	338,892	-
<b>CHANGES IN NET POSITION</b>					<b>1,356,157</b>	<b>1,336,321</b>	<b>2,692,478</b>	<b>(133,171)</b>
<b>NET POSITION, beginning of year, as restated</b>					<b>20,065,303</b>	<b>25,708,924</b>	<b>45,774,227</b>	<b>4,726,142</b>
<b>NET POSITION, end of year</b>					<b>\$ 21,421,460</b>	<b>\$ 27,045,245</b>	<b>\$ 48,466,705</b>	<b>\$ 4,592,971</b>

See accompanying Notes to Financial Statements.



# Village of Fairport, New York

## Balance Sheet - Governmental Funds

	May 31, 2022					
	Major Funds			Other		
	General	Sewer District	Capital Projects	Governmental	Elimination	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,112,074	\$ 677,267	\$ -	\$ -	\$ -	\$ 2,789,341
Cash and cash equivalents, restricted	3,713,482	-	-	140,566	-	3,854,048
Accounts receivable	3,585	-	-	-	-	3,585
Due from other governments	341,796	34,206	-	-	-	376,002
Due from other funds	508,510	-	61,340	-	(569,850)	-
Due from state and federal governments	-	-	300,000	-	-	300,000
Prepaid expenses	121,018	-	-	-	-	121,018
<b>Total assets</b>	<b>\$ 6,800,465</b>	<b>\$ 711,473</b>	<b>\$ 361,340</b>	<b>\$ 140,566</b>	<b>\$ (569,850)</b>	<b>\$ 7,443,994</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 192,473	\$ 218	\$ 26,692	\$ 6,006	\$ -	\$ 225,389
Due to other governments	69,528	-	-	-	-	69,528
Due to other funds	192,212	158,140	323,925	-	(569,850)	104,427
	454,213	158,358	350,617	6,006	(569,850)	399,344
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,308	-	-	-	-	1,308
<b>FUND BALANCES</b>						
Nonspendable	121,018	-	-	-	-	121,018
Restricted	3,662,865	-	-	134,560	-	3,797,425
Assigned	128,115	553,115	10,723	-	-	691,953
Unassigned	2,432,946	-	-	-	-	2,432,946
Total fund balances	6,344,944	553,115	10,723	134,560	-	7,043,342
<b>Total liabilities and fund balances</b>	<b>\$ 6,800,465</b>	<b>\$ 711,473</b>	<b>\$ 361,340</b>	<b>\$ 140,566</b>	<b>\$ (569,850)</b>	<b>\$ 7,443,994</b>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

	<u>May 31, 2022</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 7,043,342
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	19,859,066
Deferred outflows and inflows of resources related to pensions and other post employment benefits are not current financial resources or obligations and are not reported in the funds	
Deferred outflows - Pensions	2,209,101
Deferred outflows - OPEB	77,357
Deferred inflows - Pension	(3,387,699)
Deferred inflows - OPEB	(104,670)
Some (liabilities) assets (listed below) are not due and payable or available, respectively, in the current period and therefore, are not reported in the funds:	
Bonds payable	(1,965,000)
Compensated absences	(21,565)
Net pension asset	462,203
Net pension liability	(140,693)
OPEB	<u>(2,611,289)</u>
	(4,276,344)
Receivable balances not collected within the Village's availability period are reported as deferred inflows of resources in the fund financial statements.	<u>1,308</u>
<b>Total net position, end of year</b>	<b><u><u>\$ 21,421,461</u></u></b>

# Village of Fairport, New York

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2022				
	Major Funds				
	General	Sewer District	Capital Projects	Other Governmental	Total
<b>REVENUES</b>					
Real property taxes	\$ 3,053,188	\$ -	\$ -	\$ -	\$ 3,053,188
Real property tax items	231,502	-	-	-	231,502
Non-property tax items	2,063,536	-	-	-	2,063,536
Departmental revenues	122,314	378,525	-	-	500,839
Intergovernmental charges	735,729	34,206	-	-	769,935
Use of money and property	205,223	-	-	38	205,261
Fines and forfeitures	12,229	-	-	-	12,229
Licenses and permits	18,443	-	-	-	18,443
Sale of property and compensation for loss	92,699	-	-	4,750	97,449
Miscellaneous local sources	407,345	-	-	4,400	411,745
Interfund revenues	272,286	-	-	-	272,286
State aid	111,822	-	117,184	-	229,006
Federal aid	272,050	-	85,389	-	357,439
Total revenues	7,598,366	412,731	202,573	9,188	8,222,858
<b>EXPENDITURES</b>					
General government support	977,264	-	13,128	7,825	998,217
Public safety	1,593,335	-	20,055	-	1,613,390
Transportation	1,180,835	-	589,069	-	1,769,904
Economic opportunity and assistance	14,176	-	-	-	14,176
Culture and recreation	44,080	-	967,579	-	1,011,659
Home and community services	372,414	198,378	5,709	13,980	590,481
Employee benefits	1,406,978	-	-	-	1,406,978
Debt service					
Principal	-	-	-	315,000	315,000
Interest	-	-	-	46,288	46,288
Total expenditures	5,589,082	198,378	1,595,540	383,093	7,766,093
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,009,284</b>	<b>214,353</b>	<b>(1,392,967)</b>	<b>(373,905)</b>	<b>456,765</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	12,388	-	1,417,892	367,741	1,798,021
Operating transfers out	(1,784,381)	-	(13,640)	-	(1,798,021)
	(1,771,993)	-	1,404,252	367,741	-
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>237,291</b>	<b>214,353</b>	<b>11,285</b>	<b>(6,164)</b>	<b>456,765</b>
<b>FUND BALANCES, beginning of year</b>	6,107,653	338,762	(562)	140,724	6,586,577
<b>FUND BALANCES, end of year</b>	<b>\$ 6,344,944</b>	<b>\$ 553,115</b>	<b>\$ 10,723</b>	<b>\$ 134,560</b>	<b>\$ 7,043,342</b>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		<u>Year Ended</u> <u>May 31, 2022</u>
Net change in fund balances shown for total governmental funds	\$	456,765
<p>This amount differs from the change in net position shown in the statement of activities because of the following:</p>		
<p>Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.</p>		
Capital asset additions	1,559,771	
Depreciation expense	<u>(1,733,322)</u>	(173,551)
<p>Other postemployment obligations and the net pension liability are not reported in the governmental funds. This liability is shown in the statement of net position as a noncurrent liability and in the statement of activities as an expense.</p>		
		724,516
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net effect of proceeds and repayments:</p>		
Repayment of principal		315,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.</p>		
		3,706
<p>Deferred inflows of resources related to Village revenues collected after year-end, but not soon enough to pay for current period expenditures are deferred in the funds.</p>		
		800
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; this includes compensated absences (vacation and sick leave).</p>		
		<u>28,922</u>
<b>Change in net position of governmental activities shown in the statement of activities</b>		<u><b>\$ 1,356,158</b></u>

# Village of Fairport, New York

## Statement of Net Position - Enterprise Fund

	<b>May 31, 2022</b>
	<b>Electric Fund</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 3,644,544
Cash and cash equivalents, restricted	1,308,097
Accounts receivable, net	1,599,522
Due from other funds	154,797
Inventory	1,199,486
Prepaid expenses	504,519
Total current assets	8,410,965
<b>NONCURRENT ASSETS</b>	
Net pension asset	843,455
Capital assets, net	29,791,752
Total assets	39,046,172
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension resources	2,324,549
Other postemployment benefits	94,283
Other	457,457
Total deferred outflows of resources	2,876,289
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	1,216,831
Interest payable	1,556
Customer deposits	316,386
Due to other funds	50,370
Due to other governments	99,745
Advanced billings and payments	417,835
Current maturities of bonds payable	589,000
Current maturities of notes payable	195,764
Total current liabilities	2,887,487
<b>NONCURRENT LIABILITIES</b>	
Bonds payable	6,342,345
Notes payable	261,693
Compensated absences	37,702
Other postemployment benefits	1,509,804
Total noncurrent liabilities	8,151,544
Total liabilities	11,039,031
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension resources	3,759,809
OPEB resources	78,376
Total deferred inflows of resources	3,838,185
<b>NET POSITION</b>	
Net investment in capital assets	22,402,950
Restricted	990,155
Unrestricted	3,652,140
Total net position	\$ 27,045,245

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Fund

	<b>Year Ended May 31, 2022</b>
	<b>Electric Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 24,866,563
<b>OPERATING EXPENSES</b>	
Purchased power	15,662,661
Transmission	525,312
Maintenance, poles, towers, fixtures and conduits	350,284
Distribution	3,956,018
Customer accounting and collection expense	467,973
Administrative and general	1,328,844
Contractual appropriations of income	614,647
Taxes	812,912
Other expense	117,145
Total operating expenses	23,835,796
<b>Operating income</b>	<b>1,030,767</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	4,754
Other revenue	470,118
Other expense	(286,678)
Interest expense	(221,532)
Total nonoperating expenses	(33,338)
<b>CONTRIBUTED CAPITAL</b>	338,892
<b>Change in net position</b>	<b>1,336,321</b>
<b>NET POSITION, <i>beginning of year</i>, as restated</b>	25,708,924
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 27,045,245</b>

# Village of Fairport, New York

## Statement of Cash Flows - Enterprise Fund

	<b>Year Ended May 31, 2022</b>
	<b>Electric Fund</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Cash received from providing services	\$ 25,608,458
Cash payments for contractual expenses	(18,062,829)
Cash payments for personal services	(3,214,497)
Cash payments for employee benefits	(1,277,995)
	<b>3,053,137</b>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Other revenue	470,118
Other expense	(286,678)
	<b>183,440</b>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds and notes	(408,311)
Interest paid	(231,259)
Acquisition of capital assets	(1,595,661)
	<b>(2,235,231)</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	
Interest income	4,754
	<b>4,754</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,006,100</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>3,946,541</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 4,952,641</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 1,030,767
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	1,970,275
Loss on asset disposal	20,353
Change in assets and liabilities	
Prepaid expenses	70,149
Accounts receivable	514,055
Inventory	(23,896)
Deferred outflows of resources	(499,536)
Accounts payable and accrued expenses	(147,558)
Accrued other postemployment benefits	(94,909)
Advances to/from other Village funds	(60,017)
Customer deposits	94,390
Advanced billings and payments	227,840
Due to other governments	2,101
Net pension liability/asset	(853,237)
Compensated absences	-
Deferred inflows of resources	802,360
	<b>802,360</b>
	<b>\$ 3,053,137</b>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Combining Statement of Net Position - Discretely Presented Component Units

	September 30, 2021			
	Industrial Development Agency	Local Development Corporation	Urban Renewal Renewal Agency	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 525,891	\$ 696,464	\$ 904,845	\$ 2,127,200
Investments	1,040,326		-	1,040,326
Receivables				
Accounts	27,020	2,318	12,575	41,913
Due from related party	-	-	24,333	24,333
Current portion of notes, loans and leases receivable	-	1,806	15,622	17,428
Prepaid expenses	10,618	119,497	38,828	168,943
	1,603,855	820,085	996,203	3,420,143
<b>NONCURRENT ASSETS</b>				
Notes, loans and leases receivable, net of current portion	181,412	261,760	560,545	1,003,717
Capital assets	565,495	-	6,164	571,659
Total noncurrent assets	746,907	261,760	566,709	1,575,376
<b>Total assets</b>	2,350,762	1,081,845	1,562,912	4,995,519
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	-	-	187,950	187,950
Deferred outflows of resources - OPEB	-	-	29,813	29,813
Total deferred outflows of resources	-	-	217,763	217,763
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and other current liabilities	380	12,534	9,880	22,794
FSS - escrow	-	-	3,323	3,323
Unearned revenue	4,583	93,939	-	98,522
Due to other governments	-	-	23,915	23,915
Due to related party	24,333	-	-	24,333
Total current liabilities	29,296	106,473	37,118	172,887
<b>NONCURRENT LIABILITIES</b>				
Compensated absences	-	-	37,987	37,987
Net pension liability	-	-	716	716
Other postemployment benefit obligation	-	-	55,357	55,357
Total noncurrent liabilities	-	-	94,060	94,060
Total liabilities	29,296	106,473	131,178	266,947
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	-	-	227,103	227,103
Deferred inflows of resources - OPEB	-	-	126,261	126,261
Total deferred inflows of resources	-	-	353,364	353,364
<b>NET POSITION</b>				
Net investment in capital assets	565,495	-	6,164	571,659
Restricted	-	-	22,990	22,990
Unrestricted	1,755,971	975,372	1,266,979	3,998,322
<b>Total net position</b>	\$ 2,321,466	\$ 975,372	\$ 1,296,133	\$ 4,592,971

See accompanying Notes to Financial Statements.



# Village of Fairport, New York

## Combining Statement of Activities - Discretely Presented Component Units

	Year Ended September 30, 2021			
	Industrial Development Agency	Local Development Corporation	Urban Renewal Agency	Total
<b>REVENUES</b>				
HUD grant revenue	\$ -	\$ -	\$ 2,734,709	\$ 2,734,709
Management services agreement		-	320,000	320,000
PILOT Payments	210,896	-	-	210,896
Rental of real property	103,996	9,525	-	113,521
Contract income	-	63,799	-	63,799
PILOT fee incomes	9,783	-	-	9,783
Program income (notes, loans)	4,837	33,437	21,811	60,085
Miscellaneous revenue	-	-	6,891	6,891
Total revenues	329,512	106,761	3,083,411	3,519,684
<b>OPERATING EXPENSES</b>				
Housing assistance payments	-	-	2,297,274	2,297,274
Personal services	-	-	343,411	343,411
Management services agreement	295,000	25,000	-	320,000
Liftbridge initiative	-	8,022	-	8,022
Pandemic initiative	-	44,276	-	44,276
Employee benefits	-	-	73,753	73,753
Professional fees	19,995	12,932	23,352	56,279
Depreciation	23,603	-	2,791	26,394
Community support	350,000	10,300	-	360,300
Insurance	9,843	-	-	9,843
Miscellaneous expenses	4,062	-	-	4,062
Office supplies and postage			63,692	63,692
Grant payments	-	-	15,955	15,955
Other	12,452	15,924	21,656	50,032
Allowance for loan loss		(40,000)	-	(40,000)
Total operating expenses	714,955	76,454	2,841,884	3,633,293
<b>Operating income (loss)</b>	<b>(385,443)</b>	<b>30,307</b>	<b>241,527</b>	<b>(113,609)</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Net investment income (loss)	(21,034)	1,140	332	(19,562)
<b>CHANGE IN NET POSITION</b>	<b>(406,477)</b>	<b>31,447</b>	<b>241,859</b>	<b>(133,171)</b>
<b>NET POSITION, beginning of year, as restated</b>	<b>2,727,943</b>	<b>943,925</b>	<b>1,054,274</b>	<b>4,726,142</b>
<b>NET POSITION, end of year</b>	<b>\$ 2,321,466</b>	<b>\$ 975,372</b>	<b>\$ 1,296,133</b>	<b>\$ 4,592,971</b>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### **Note 1 - Organization and Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Village of Fairport, New York (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing government accounting and financial reporting principles in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the Village Treasurer. Additional data has been derived from reports prescribed by the Village Treasurer and other Village departments.

#### *a. Financial Reporting Entity*

The Village was incorporated in 1867 and is governed by Village Law, other general laws of the State of New York, and various local laws. The Board of Trustees is the legislative body responsible for overall operations. The Mayor serves as Chief Executive Officer, and the Village Treasurer serves as the Chief Fiscal Officer.

The following basic services are provided: police, fire, sanitary and storm sewers, street maintenance, snow removal, sidewalks, garbage and refuse collection, and electric.

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

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

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency, and financial accountability. Based upon the application of these criteria, the following component units are included in the Village's reporting entity because of its operational or financial relationship with the Village.

The Village of Fairport Industrial Development Agency (the IDA) was created under the provision of the laws of New York State for the purpose of encouraging economic growth in the Village of Fairport, New York. The sole member of the IDA is the Village acting by and through its Mayor, ex officio. The IDA is managed by a Board of Directors consisting of five Directors that serve at the pleasure of the sole member. For these reasons, the Village is considered able to impose its will on the IDA. Since the IDA does not have a governing body that is substantively the same as the Village and does not provide services entirely or almost entirely to the Village, the IDA has been reflected as a discretely presented component unit.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *a. Financial Reporting Entity - Continued*

The Village of Fairport Local Development Corporation (the LDC) is a local development corporation of the State of New York authorized under Section 1411 of the Not-for-Profit Corporation Law. The LDC was created through a Local Law enacted in 2012 by the Village of Fairport Board of Trustees. The LDC commits its resources, expertise, and energies to create a local economy that is healthy and vibrant while actively promoting the Village of Fairport as a great place to live, work, and invest. The sole member of the LDC is the Village acting by and through its Mayor, ex officio. The LDC is managed by a Board of Directors consisting of five Directors that serve at the pleasure of the sole member. For these reasons, the Village is considered able to impose its will on the LDC. Since the LDC does not have a governing body that is substantively the same as the Village and does not provide services entirely or almost entirely to the Village, the LDC has been reflected as a discretely presented component unit.

The Village of Fairport Urban Renewal Agency (the URA) was created to develop and oversee the Village's urban renewal efforts. As part of that effort, the URA administers the Rehabilitation Loan Fund to benefit entities within the Village. The URA also operates the Section 8 Housing Assistance Payments Program which covers the eastern part of Monroe County. The sole member of the URA is the Village acting by and through its Mayor, ex officio. The URA is managed by a Board of Directors consisting of five Directors that serve at the pleasure of the sole member. For these reasons, the Village is considered able to impose its will on the URA. Since the URA does not have a governing body that is substantively the same as the Village and does not provide services entirely or almost entirely to the Village, the URA has been reflected as a discretely presented component unit.

Complete financial statements of the IDA, URA, and LDC can be obtained from its Administrative Office at the address indicated below:

Village of Fairport  
Office of Community and Economic Development  
31 S. Main Street  
Fairport, NY 14450

#### *b. Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental and business-type activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *b. Government-Wide Financial Statements - Continued*

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate statements are provided for governmental funds, the enterprise fund, the component units, and fiduciary funds (if any), even though the latter is excluded from the government-wide financial statements.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation costs, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

#### *c. Fund Financial Statements*

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, expenditures/expenses, other financing sources (uses) and capital contributions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. At times, the Village may maintain fiduciary funds, which are used to account for assets held in an agency capacity.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *c. Fund Financial Statements - Continued*

The Village's resources are reflected in the fund financial statements in three broad fund categories in accordance with U.S. GAAP, as follows:

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

- General Fund - constitutes the principal operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- Sewer District - accounts for the Village's sanitary sewer operations. Customers are charged a flat per parcel fee, which is used to fund necessary sanitary sewer system improvements.
- Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities, machinery, equipment, and infrastructure.

The Village's non-major funds include the Permanent, Debt Service, and Permanent - Cemetery.

Proprietary Funds - Proprietary funds reported by the Village are enterprise fund types. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The following is the Village's proprietary fund:

- Electric Fund - is self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by the State of New York Public Service Commission (PSC) with respect to wholesale power purchased, rate structure, accounting, and other matters.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the Village in an agency capacity on behalf of others. The Village did not have any fiduciary funds as of or for the year ended May 31, 2022.

#### *d. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

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

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *d. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued*

The government-wide and component unit financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund (if any) financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year in which they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collected within 120 days of the end of the current fiscal period. Receivables not expected to be collected within the next 120 days are offset by a deferred inflow of resources. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, with the exception of items covered by GASB Interpretation No. 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 requires that expenditures and liabilities, such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies are recognized as revenues when all requirements of the grant and/or subsidy have been satisfied.

In addition, PSC regulations require that the records for the Electric Fund be maintained in accordance with the *Uniform System of Accounts for Municipal Electric Utilities*. The financial statements of the Electric Fund are presented in a form prescribed by the Federal Energy Regulatory Commission (FERC) and the PSC. Operating revenues of the Electric Fund are determined based on customer usage and demand charged at base rates for each consumer class approved by the PSC. Purchased power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss to the Electric Fund by means of a "Purchased Power Adjustment" (PPA) factor applied to the consumers' monthly billing.

#### *e. Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures/expenses, and other financing sources (uses) during the reporting period. Actual results could differ from those estimates.

#### *f. Budgets*

Budgets are adopted on the modified accrual basis for governmental funds as required by the State of New York. Annual appropriated budgets are adopted for the General Fund, which employs a budgetary process based on the constraints of grant budgets.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *f. Budgets - Continued*

The Village employs the following budgetary procedures:

- (i.) No later than March 15, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all operating funds for the Village.
- (ii.) After a public hearing is conducted to obtain taxpayer comments, but no later than May 15, the Village adopts the budget.
- (iii.) All revisions that alter appropriations of any department or fund must be approved by the Village Board. Unencumbered budgetary appropriations lapse at the close of each fiscal year, with the exception of capital projects.
- (iv.) Budgetary appropriations are established for individual capital projects through resolutions authorizing the corresponding Capital Projects Fund to be established which remain in effect for the life of the project.

#### *g. Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased.

The Village's investment policies are governed by State statutes and various resolutions of the Board of Trustees. Village monies must be maintained in demand accounts or certificates of deposit in a Federal Deposit Insurance Corporation (FDIC) insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and New York State or its localities.

The Village is required to collateralize its cash deposits in excess of the FDIC limit. This collateral is in the form of government and government agencies' securities pledged by the bank, under a third-party trust agreement. As of May 31, 2022, the collateral was sufficient to secure the Village's deposits.

Restricted cash and cash equivalents are reserved for purposes stipulated by external parties and purposes established by the Board in accordance with General Municipal Law.

Restricted cash and cash equivalents are held by the Electric Fund for the following purposes:

- Depreciation Fund - Transfers to this fund may be made up to, but not in excess of, the prior year's depreciation expense and are used for replacements of the utility plant. The balance in the Depreciation Fund was \$990,155 at May 31, 2022.
- Customer Deposits Fund - The Electric Fund requires deposits from certain customers prior to providing service. Unused deposits are returned to customers when service is terminated. The balance of the Customer Deposits Fund was \$317,942, at May 31, 2022.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *g. Cash and Cash Equivalents - Continued*

Restricted cash and cash equivalents are held by the General Fund for the following purposes:

- Capital Reserve - The Village has established three capital reserves consisting of the General Capital Reserve, Fire Equipment Reserve and Fire Rolling Stock Reserve. The respective balances of these capital reserves at May 31, 2022 are \$2,242,730, \$215,207, and \$943,346.
- Insurance Reserve - This reserve was established to cover the deductibles of the Village's various insurance plans in the case of an emergency. The balance of the Insurance Reserve was \$29,957 at May 31, 2022.
- Asset Forfeiture - Consists of assets seized by law enforcement during regular and special operations, until such time that it is determined the Village may retain the property. The balance of the Asset Forfeiture was \$20,061 at May 31, 2022.
- Workers' Compensation Reserve - Reserve to pay out workers' compensation claims. The balance at May 31, 2022 was \$211,564.

#### *h. Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

#### *i. Accounts Receivable*

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts in the Electric Fund at May 31, 2022 was \$18,097.

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable of the Electric Fund is considered to be past due if any portion of the receivable balance is outstanding for more than twenty days. Interest is charged on accounts receivable that are outstanding for more than one month at .125% per month and is recognized as it is charged. Interest continues to accrue while an account remains active. Once service is terminated and a final bill is issued, interest charges are suspended.

#### *j. Inventory*

Inventory of the Electric Fund is valued at the lower of cost or market with cost determined using a rolling average unit cost method. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Each year, the inventory is reviewed for obsolescence, and an adjustment is made, if necessary, to record the affected inventory item at its fair value. There were no obsolete inventory items identified in the Electric Fund as of May 31, 2022.

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.



# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### k. Capital Assets

##### Governmental Activities

Capital assets in governmental activities consist of land, buildings, machinery and equipment, and infrastructure and are used to carry out day-to-day government services. Capital assets are valued at historical cost or at an estimated historical cost where no historical records exist. Depreciation of capital assets for governmental funds is computed using the straight-line method over useful lives of the asset, as the following schedule indicates:

Buildings	40 years
Machinery and equipment	5-40 years
Infrastructure	20-100 years

##### Electric Fund

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Operating property constructed with capital fees received from customers or other parties is included in utility plant. When operating property is retired, the book cost, together with the cost of removal, is charged to accumulated depreciation.

The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates approved by the Electric Fund. These rates range from 1.7% to 12.5% per annum and are within the ranges recommended by the Federal Energy Regulatory Commission (FERC) and the PSC.

##### Repairs and Maintenance Costs and Impairment of Long-lived Assets

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the operating property using the applicable depreciation methods.

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified during the year ended May 31, 2022.

#### l. Deferred Outflows and Inflows of Resources

The Village reports certain financial transactions that do not meet the definition of an asset or liability as a deferred outflow or deferred inflow of resources. Deferred outflows and deferred inflows of resources are reported in separate sections following assets and liabilities, respectively.

The Electric Fund has reported other deferred outflows of resources in the amount of \$457,457 that represent specific costs for vehicles that the PSC permits the Electric Fund to defer. These costs will be recovered by the Electric Fund through charges to its customers via the PPA process in future billing periods.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *l. Deferred Outflows and Inflows of Resources - Continued*

Pension and other postemployment benefit related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type activities, and the respective enterprise funds.

#### *m. Advanced Billings and Payments*

Advanced billings and payment represent the cumulative over collection of the Purchase Power Adjustment (PPA) that will be applied to customers future invoices. The total amount applied to future customer invoices at May 31, 2022 was \$417,835.

#### *n. Compensated Absences*

Pursuant to a resolution of the Village Board and contractual agreements, Village employees are entitled to accrue a maximum of 200 days of sick leave and 5 days of vacation leave. Employees with at least 60 days of sick leave may be paid for a maximum of 8 days, and employees with at least 180 days of sick leave may be paid for a maximum of 14 days of sick leave at the rate of \$200 per day paid in the first pay period of June; but accumulated sick leave for purposes of these payments may not fall below 60 days. An individual who leaves the employment of the Village is entitled to be paid only for unused vacation leave. No payments are made for unused personal or sick leave. Members of the Village Police Department may accrue a maximum of 175 days of sick leave and 5 days of vacation leave. Police may be paid for a maximum of 8 days of personal, sick, and/or vacation leave at straight time in the paycheck of the pay period containing the employee's anniversary date. The Village records the value of governmental fund type compensated absences in the governmental activities. The payment of compensated absences is dependent on many factors, and therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of the operating funds provide for such amounts as they become payable.

The liability for compensated absences was as follows:

Governmental funds	\$	21,565
Proprietary funds		<u>37,702</u>
	\$	<u><u>59,267</u></u>

#### *o. Net Position*

Net position is reported as restricted when constraints placed on net position use are either:

- (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*o. Net Position - Continued*

The following terms are used in reporting net position:

- Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted consists of monies restricted for various purposes including capital improvements and insurance.
- Unrestricted is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of net investment in capital assets or restricted components of net position described above.

*p. Fund Balance*

Fund balance for governmental funds is reported in the following classifications which describe the relative strength of the constraints that control how specific amounts in the funds can be spent:

- Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.
- Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.
- Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 7 provides further details regarding the Village's fund balance classifications.

*q. Property Taxes*

Real property taxes are levied no later than May 15 and become a lien on June 1. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax sales.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*r. Restatements*

Effective June 1, 2021, the Village's Electric Fund adjusted its opening net position to account for customer charges earned as of May 31, 2021, that were billed in June of 2021. The following table presents net position as originally stated and the effects of the correction of a misstatement.

	As Originally Stated	Adjustment for Billing Cutoff	As Restated
Electric Fund			
Net position, May 31, 2021	\$ 24,735,343	\$ 973,581	\$ 25,708,924

Effective October 1, 2021, the Village of Fairport Urban Renewal Agency restated its opening net position by \$211,116 to recognize a prior period understatement of revenue and overstatement of unearned revenue. This correction is reflected in the Village's combined discretely presented component units opinion unit.

*s. Subsequent Events*

The Village has evaluated subsequent events for potential recognition or disclosure through October 20, 2022 the date the financial statements were available to be issued.

### Note 2 - Stewardship, Compliance, and Accountability

Village administration prepares a proposed budget for approval by the Board of Trustees for the General Fund, Sewer Fund, Capital Projects Fund and Electric Fund. The budget is adopted annually on a basis consistent with U.S. GAAP. Appropriations are adopted at the program line item level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

### Note 3 - Capital Assets

The following is a summary of changes in the governmental activities' capital assets during the year:

	Balance at June 1, 2021	Additions	Disposals/ Placed In Service	Balance at May 31, 2022
<i>Depreciable assets</i>				
Buildings	\$ 3,025,687			\$ 3,025,687
Machinery and equipment	6,381,174	201,470	(122,050)	6,460,594
Infrastructure	47,859,272	3,091,811		50,951,083
Total capital assets	57,266,133	3,293,281	(122,050)	60,437,364
Accumulated depreciation	(39,817,378)	(1,733,322)	122,050	(41,428,650)
Total depreciable assets	17,448,755	1,559,959	-	19,008,714
<i>Non-depreciable assets</i>				
Land	702,357	-	-	702,357
Construction-in-progress	1,881,505	1,002,586	(2,736,096)	147,995
Total non-depreciable assets	2,583,862	1,002,586	(2,736,096)	850,352
Total capital assets, net	<u>\$ 20,032,617</u>	<u>\$ 2,562,545</u>	<u>\$ (2,736,096)</u>	<u>\$ 19,859,066</u>

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 3 - Capital Assets - Continued

The following is a summary of changes in the proprietary funds' capital assets during the year:

	Balance at June 1, 2021	Additions	Retirements/ Adjustments	Balance at May 31, 2022
<i>Depreciable assets</i>				
Buildings	\$ 5,625,173	\$ -	\$ -	\$ 5,625,173
Machinery and equipment	4,568,154	380,931	(219,198)	4,729,887
Distribution, transmission, and other operational equipment	<u>45,637,696</u>	<u>1,662,006</u>	<u>(616,477)</u>	<u>46,683,225</u>
	55,831,023	2,042,937	(835,675)	57,038,285
Accumulated depreciation	<u>(26,833,359)</u>	<u>(1,970,275)</u>	<u>815,322</u>	<u>(27,988,312)</u>
Total depreciable assets, net	<u>28,997,664</u>	<u>72,662</u>	<u>(20,353)</u>	<u>29,049,973</u>
<i>Non-depreciable assets</i>				
Land	600,069	-	-	600,069
Construction in progress	<u>250,094</u>	<u>141,710</u>	<u>(250,094)</u>	<u>141,710</u>
Total non-depreciable assets	<u>850,163</u>	<u>141,710</u>	<u>(250,094)</u>	<u>741,779</u>
Total capital assets, net	<u>\$ 29,847,827</u>	<u>\$ 214,372</u>	<u>\$ (270,447)</u>	<u>\$ 29,791,752</u>

Depreciation expense on capital assets of the proprietary fund, other than transportation and shop equipment, was \$1,891,878 for the year ended May 31, 2022, and is reported in the statement of revenues, expenses, and changes in net position. Depreciation charges on transportation and shop equipment have been allocated to the various expense or capital asset accounts via the Electric Fund's work order system. These depreciation charges totaled \$78,397 for the year ended May 31, 2021. Net costs associated with the retirement, removal, salvage, and proceeds upon the disposition of capital assets have been charged against accumulated depreciation. These costs totaled \$32,785 for the year ended May 31, 2022.

### Note 4 - Noncurrent Liabilities and Net Pension Asset

The following tables summarize changes in the Village's non-current liabilities and net pension asset:

Change in long-term liabilities and net pension asset - governmental activities:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 50,487	\$ -	\$ (28,922)	\$ 21,565	\$ -
Net pension (asset) liability					-
ERS	5,360	19,210	(486,773)	(462,203)	
PFRS	446,262	88,586	(394,155)	140,693	
Other postemployment benefits	2,561,870	213,618	(164,199)	2,611,289	-
Bonds payable	<u>2,280,000</u>		<u>(315,000)</u>	<u>1,965,000</u>	<u>260,000</u>
Total	<u>\$ 5,427,595</u>	<u>\$ 321,414</u>	<u>\$ (1,389,049)</u>	<u>\$ 4,276,344</u>	<u>\$ 260,000</u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 4 - Noncurrent Liabilities and Net Pension Asset - Continued

Change in long-term liabilities and net pension asset - business type activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds payable					
Principal	\$ 7,392,250	\$ -	\$ (578,250)	\$ 6,814,000	\$ 589,000
Unamortized premiums	126,847		(9,502)	117,345	-
Total bonds payable	7,519,097	-	(587,752)	6,931,345	589,000
Compensated absences	26,446	11,256		37,702	-
Net pension (asset) liability	9,782	35,057	(888,294)	(843,455)	-
Other postemployment benefits	1,604,713	43,648	(138,557)	1,509,804	-
Notes payable	287,518	338,892	(168,953)	457,457	195,764
<b>Total</b>	<b>\$ 9,447,556</b>	<b>\$ 428,853</b>	<b>\$ (1,783,556)</b>	<b>\$ 8,092,853</b>	<b>\$ 784,764</b>

Refer to Notes 5 and 6 for more information about the Village's net pension asset/liability and other postemployment benefits, respectively.

#### a. Bond Indebtedness

A summary of the Village's bond issues at May 31, 2022 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
<b>General Fund</b>				
2016 Public Improvement Serial Bond	5/2017	5/2027	2.000%	\$ 555,000
2019 Public Improvement Serial Bond	6/2019	5/2034	2.650%	630,000
2021 Public Improvement Refunding Serial Bonds	2/2021	5/2030	0.771%	270,000
2021 Public Improvement Serial Bonds	5/2021	5/2031	1.221%	510,000
				<u>1,965,000</u>
<b>Electric Fund</b>				
2018 Public Improvement Serial Bond	5/2018	5/2046	3.000% - 3.500%	5,195,000
2011 Public Improvement Refunding Serial Bond	12/2011	11/2022	2.000% - 3.000%	204,000
2021 Public Improvement Refunding Serial Bonds	2/2021	5/2030	0.771%	1,415,000
				<u>6,814,000</u>
<b>Total bonds payable</b>				<b>\$ 8,779,000</b>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 4 - Noncurrent Liabilities - Continued

#### a. Bond Indebtedness - Continued

The following is a summary of the future debt service requirements:

	Governmental Activities		
	Principal	Interest	Total
For the year ending May 31,			
2023	260,000	41,213	301,213
2024	260,000	36,738	296,738
2025	265,000	32,213	297,213
2026	280,000	27,575	307,575
2027	280,000	21,537	301,537
2028 through 2032	555,000	41,719	596,719
2033 through 2034	65,000	3,250	68,250
	\$ 1,965,000	\$ 204,245	\$ 2,169,245

	Business-Type Activities		
	Principal	Interest	Total
For the year ending May 31,			
2023	589,000	218,569	807,569
2024	375,000	208,238	583,238
2025	365,000	200,663	565,663
2026	375,000	192,975	567,975
2027	375,000	179,512	554,512
2028 through 2032	1,620,000	699,250	2,319,250
2033 through 2037	1,305,000	453,425	1,758,425
2038 through 2042	935,000	253,575	1,188,575
2043 through 2046	875,000	77,000	952,000
	\$ 6,814,000	\$ 2,483,207	\$ 9,297,207

#### b. Notes Payable

A summary of the Village's outstanding notes payable at May 31, 2022 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
Electric Fund				
NYPA Loan 2019-20	6/2019	5/2023	0.000%	\$ 118,565
NYPA Loan 2022-23	5/2022	5/2026	0.000%	338,892
				\$ 457,457

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 4 - Noncurrent Liabilities - Continued

#### *b. Notes Payable - Continued*

The following is a summary of the future debt service requirements for notes payable:

For the year ending May 31,	
2023	\$ 195,764
2024	129,902
2025	131,791
	<u>\$ 457,457</u>

### Note 5 - New York State Retirement System

#### *a. Plan Description and Benefits Provided*

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as the New York State and Local Retirement System (the System). These are cost-sharing, multiple employer retirement systems. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street Albany, New York 12244.

#### *b. Plan Benefits*

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the NYSRSSL and are dependent upon the point in time at which the employees last joined the System. The NYSRSSL has established distinct classes of membership. The System uses a tier concept within ERS and PFRS to distinguish these groups, as follows:



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 5 - New York State Retirement System - Continued

#### *b. Plan Benefits - Continued*

##### ERS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

##### PFRS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 1, 2009.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5 - Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of ERS and PFRS may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least ten years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need 10 years of service credit to be 100 percent vested.

Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all Members are vested when they reach five years of service credit.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 5 - New York State Retirement System - Continued

#### *b. Plan Benefits - Continued*

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 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 Tier 3, 4, or 5 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. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

An automatic post-employment benefit is provided annually to pensioners who have attained age 62 and have been retired for five years; to pensioners who have attained age 55 and have been retired for ten years; to all disability pensioners, regardless of age, who have been retired for five years; to ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 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 greater than 3 percent.

#### *c. Funding Policy*

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members of ERS, and most members of PFRS are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the NYSRSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 5 - New York State Retirement System - Continued

*c. Funding Policy - Continued*

Participating employers are required under the NYSRSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS and PFRS for 2022 was approximately 16.2% and 28.3% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' year ending March 31.

The required contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

Year	ERS	PFRS
2022	\$ 650,276	\$ 252,453
2021	581,830	203,996
2020	592,286	188,186

*d. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At May 31, 2022, the Village reported an asset of \$1,305,658 for its proportionate share of the net pension asset of the ERS and a liability of \$140,693 for its proportionate share of the net pension liability of the PFRS. The net pension asset/liability was measured as of March 31, 2022, and the total pension asset/liability was determined by an actuarial valuation as of April 1, 2021. The Village's proportion of the net pension asset/liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At the March 31, 2022, measurement date, the Village's proportionate share in the ERS was .0159722% and the PFRS was .0247680%.

For the year ended May 31, 2022, the Village recognized pension expense of \$54,268 related to ERS and \$88,587 related to PFRS. At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,852	\$ 45,401
Changes of assumptions	1,613,446	13,016
Net differences between projected and actual investment earnings on pension plan investments	-	2,695,713
Changes in proportion and differences between employer contributions and proportionate share of contributions	484,803	633,569
Total	\$ 2,209,101	\$ 3,387,699

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 5 - New York State Retirement System - Continued

*d. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions - Continued*

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,876	\$ 82,851
Changes of assumptions	1,407,632	23,752
Net differences between projected and actual investment earnings on pension plan investments	-	2,761,962
Changes in proportion and differences between employer contributions and proportionate share of contributions	853,041	891,244
Total	\$ 2,324,549	\$ 3,759,809

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as follows:

	Governmental Activities	Business-Type Activities	Total
Year ending May 31,			
2023	\$ (219,113)	\$ (226,382)	\$ (445,495)
2024	(305,111)	(324,188)	(629,299)
2025	(705,172)	(734,437)	(1,439,609)
2026	53,949	(150,253)	(96,304)
2026	(3,151)	-	(3,151)
Total	\$ (1,178,598)	\$ (1,435,260)	\$ (2,613,858)

*e. Actuarial Assumptions*

The total pension asset/liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset/liability to March 31, 2022. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7 percent
Salary Scale	
ERS	4.4 percent, indexed by service
PFRS	6.2 percent, indexed by service
Investment rate of return, including inflation	5.9 percent, compounded annually, net of expenses
Cost of living adjustments	1.4 percent
Decrement	Based on FY 2015 - 2020 experience
Mortality improvement	Society of Actuaries Scale MP-2020

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 5 - New York State Retirement System - Continued

#### e. Actuarial Assumptions - Continued

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

Actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

#### f. Investment Asset Allocation

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic/Absolute return strategies	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.58%
Fixed income	23.00%	0.00%
Cash	1.00%	-1.00%
	100.00%	

#### g. Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9%. 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 asset/liability.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 5 - New York State Retirement System - Continued

*h. Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption*

The following presents the Village's proportionate share of the net pension asset/liability calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1.0% higher or lower than the current rate:

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Village's proportionate share of the net pension liability (asset)			
ERS	\$ 3,360,749	\$ (1,305,658)	\$ (5,208,883)
PFRS	1,564,997	140,693	(1,038,252)

*i. Pension Plan Fiduciary Net Position*

The components of the current-year net pension asset/liability of the New York State and Local Employees' Retirement System as of March 31, 2022 were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292	\$ 266,112,180
Plan fiduciary net position	(232,049,473)	(41,669,250)	(273,718,723)
Employers' net pension liability (asset)	\$ (8,174,585)	\$ 568,042	\$ (7,606,543)
Ratio of plan net position to the employers' total pension liability	103.65%	98.66%	102.86%

### Note 6 - Other Postemployment Benefits (OPEB)

*a. Plan Overview*

The Village provides certain health benefits subsequent to employment for eligible retirees by administering a single-employer defined benefit healthcare plan.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### *b. Contributions*

##### Non-Police Employees

The Village contributes a fixed amount determined at retirement toward single or 2-person coverage for the later of 6 years, or until the retiree reaches age 65. For retirees, whose 6 years of coverage extend beyond age 65, the Village contributes only to a Medicare supplement plan. Increases in premiums subsequent to employment are paid by the retirees.

Employees hired prior to January 1, 2006 must have 10 years of service at the Village and be qualified to retire under ERS to be eligible. Employees hired on or after January 1, 2006 must have 15 years of service at the Village and be qualified to retire under ERS to be eligible.

The Village's contribution for employees hired before January 1, 2006 is as follows:

<u>Years of Service</u>	<u>Village Pays</u>
10-14	50%
15 or more	100%

The Village's contribution for employees hired on or after January 1, 2006 is as follows:

<u>Years of Service</u>	<u>Village Pays</u>
15-19	75%
20 or more	100%

##### Police Employees

The Village contributes toward a base plan in effect at retirement until the retiree reaches age 65. Increases in premiums subsequent to employment are split equally between the retiree and the Village.

Employees must have 10 years of service at the Village and be qualified to retire under PFRS to be eligible.

The Village's contribution is as follows:

<u>Years of Service</u>	<u>Village Pays</u>
10-14	50%
15 or more	100%

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

*b. Contributions - Continued*

The Village recognizes OPEB expenses as the benefits are earned on the accrual basis of accounting in the Governmental Activities and Business-Type Activities. The Village has recognized revenues and expenditures of \$55,004 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees. A summary of active employees and retired employees covered under the plan as of the June 1, 2021 valuation date is as follows:

	Governmental Activities	Business-type Activities	Total
Active not eligible to retire	22	27	49
Active eligible to retire	8	4	12
Retired and surviving spouses	11	9	20
Retired spouses covered	7	6	13
 Total	48	46	94

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

*c. Funding Policy*

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The Village is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended May 31, 2022, the Village paid approximately \$338,910 on behalf of the plan members.

*d. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB*

At May 31, 2022, the Village reported a liability of \$2,611,299 in the governmental activities and \$1,509,804 in the business-type activities for its OPEB liability. The OPEB liability was measured as of May 31, 2022 by an actuarial valuation as of June 1, 2021. For the year ended May 31, 2022, the Village recognized OPEB credit to expense of \$143,962 in the governmental activities and expenses of \$83,215 in the business-type activities.



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

*d. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB - Continued*

At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 28,798	\$ -
Changes of assumptions or other inputs	7,058	104,670
Contributions subsequent to the measurement date	41,501	-
Total	\$ 77,357	\$ 104,670
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 55,266	\$ 40,991
Changes of assumptions or other inputs	3,997	37,385
Contributions subsequent to the measurement date	35,020	-
Total	\$ 94,283	\$ 78,376

Contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-type Type-Activities
Year ending May 31,		
2023	\$ (75,641)	\$ (3,346)
2024	6,827	(4,287)
2025	-	(11,480)
Total	\$ (68,814)	\$ (19,113)

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### e. Actuarial Methods and Assumptions

The total OPEB liability in the May 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal - level percent of pay																																		
Measurement date	June 1, 2021																																		
Discount rate	Fidelity Municipal GO AA 20-Year Bond Rate																																		
Beginning of year	2.50%																																		
End of year	2.37%																																		
Salary scale																																			
Beginning of year	3.11%																																		
End of year	3.44%																																		
Inflation Rate	2.37%																																		
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, Headcount Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2021																																		
Termination Rates	2003 Society of Actuaries small plan withdrawal, scaled 75% for police, unscaled for non-police.																																		
Retirement incidence	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%; border-bottom: 1px solid black; text-align: center;">Police - less than 20 years Experience</th> <th style="width: 30%;"></th> <th style="width: 10%; border-bottom: 1px solid black; text-align: center;">Non-Police</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Under 59</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">55</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: right;">60+</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">56-64</td> <td style="text-align: center;">15%</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">65-69</td> <td style="text-align: center;">30%</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">70+</td> <td style="text-align: center;">100%</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: center;">Police - more than 20 years Experience</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Under 59</td> <td style="text-align: center;">50%</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">60+</td> <td style="text-align: center;">100%</td> <td></td> <td></td> </tr> </tbody> </table>				Police - less than 20 years Experience		Non-Police	Under 59	5%	55	30%	60+	100%	56-64	15%			65-69	30%			70+	100%		Police - more than 20 years Experience			Under 59	50%			60+	100%		
	Police - less than 20 years Experience		Non-Police																																
Under 59	5%	55	30%																																
60+	100%	56-64	15%																																
		65-69	30%																																
		70+	100%																																
	Police - more than 20 years Experience																																		
Under 59	50%																																		
60+	100%																																		
Marriage rate	70% of retirees assumed to be married at the time of retirement and elect coverage for a spouse. Actual spousal information was used for retirees when available.																																		
Health care cost trend rates	The short term trend rates were based on the National Health Expenditure Projections 2009-2025 and reflect the impact of legislative changes in 2017 and future years. Long-term trend rates were developed using the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2018_c(updated August 2017). CPI Inflation Rates are based on The Livingston Survey for December 2017, Long-Term (10-year) Forecast mean rates. Real GDP rates are based on median rates for OECD 2020-2060 GDP, published 2017.																																		
Inflation (CPI) for Years 2031+	2.44%																																		
Real GDP (per capita) for Year 2031+	1.88%																																		
Excess Medical Cost Growth Rate 2027+	1.40%																																		
Expected Health Share of GDP 2031	19.00%																																		
Share of GDP above which cost growth is assumed to meet resistance	20.00%																																		
Year after which medical costs are limited to rate of growth in GDP.	2075																																		

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

*e. Actuarial Methods and Assumptions - Continued*

The discount rate used to measure the liability was 2.37%, based on the S&P 20 AA Municipal Bond Index.

*Changes in OPEB Liability*

Changes in the OPEB liability are as follows:

	Governmental Activities	Business-type Activities	Total
June 1, 2021	\$ 2,561,870	\$ 1,604,713	\$ 4,166,583
Charges for the year			
Service cost	98,862	55,361	154,223
Interest	62,413	38,038	100,451
Difference in expected and actual experience	39,856	(55,126)	(15,270)
Changes in assumptions and other inputs	12,487	5,375	17,862
Benefit payments	(164,199)	(138,557)	(302,756)
Net changes	49,419	(94,909)	(45,490)
May 31, 2022	\$ 2,611,289	\$ 1,509,804	\$ 4,121,093

*Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates and Discount Rate*

The following presents the OPEB liability as of May 31, 2022, calculated using the discount rate of 2.37%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.37% 1% Decrease	2.37% Discount Rate	3.37% 1% Increase
OPEB plan liability			
Proprietary activities	\$ 1,625,370	\$ 1,509,804	\$ 1,405,012
Governmental activities	2,848,058	2,611,289	2,401,778
	\$ 4,473,428	\$ 4,121,093	\$ 3,806,790

The following presents the OPEB liability as of May 31, 2022 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current rates:

	1% Decrease (3.37% to 5.10%)	Healthcare Cost Trend Rate (4.37% to 6.10%)	1% Increase (5.37% to 7.10%)
OPEB plan liability			
Proprietary activities	\$ 1,395,002	\$ 1,509,804	\$ 1,641,667
Governmental activities	2,379,553	2,611,289	2,880,760
	\$ 3,774,555	\$ 4,121,093	\$ 4,522,427

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 7 - Fund Balance

Fund balance is as follows:

	General	Sewer	Capital	Nonmajor
Nonspendable				
Prepaid expenditures	\$ 121,018	\$ -	-	\$ -
Restricted for				
Insurance reserve	29,957	-	-	-
Workers' compensation reserve	211,564	-	-	-
General capital reserve	2,242,730	-	-	-
Fire rolling stock reserve	943,346	-	-	-
Fire equipment reserve	215,207	-	-	-
Asset forfeiture	20,061	-	-	-
Permanent funds	-	-	-	134,560
	<u>3,662,865</u>	<u>-</u>	<u>-</u>	<u>134,560</u>
Assigned for				
Appropriated	74,846	-	10,723	-
Encumbrances	53,269	-	-	-
Special revenue purposes	-	553,115	-	-
	<u>128,115</u>	<u>553,115</u>	<u>10,723</u>	<u>-</u>
Unassigned	<u>2,432,946</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 6,344,944</u>	<u>\$ 553,115</u>	<u>\$ 10,723</u>	<u>\$ 134,560</u>

### Note 8 - Finger Lakes Health Insurance Trust

The Village participates in the Finger Lakes Health Insurance Trust, a consortium of local municipalities that competitively bids credible experience rated coverage for the members of the trust. The Village recognizes the cost of providing such benefits by recording its share of insurance premiums as an expenditure the year paid. During the year ended May 31, 2022, \$469,124 was paid by the governmental activities, and \$521,792 was paid by the Electric Fund on behalf of 53 employees and 15 retirees. The cost of providing benefits for retirees is not separable from the cost of providing benefits for active employees.

### Note 9 - Interfund Transactions

Interfund balances are as follows at May 31, 2022:

Due From Other Funds	Due To Other Funds				Total
	General	Sewer	Capital Projects	Electric	
General	\$ -	\$ 158,140	\$ 300,000	\$ 50,370	\$ 508,510
Capital Projects	61,340	-	-	-	61,340
Electric	130,872	-	23,925	-	154,797
	<u>\$ 192,212</u>	<u>\$ 158,140</u>	<u>\$ 323,925</u>	<u>\$ 50,370</u>	<u>\$ 724,647</u>

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 9 - Interfund Transactions

Transfer Out	Transfer In				Total
	General	Capital Projects	Debt Service	Permanent	
General	\$ -	\$ 1,417,892	\$ 358,594	\$ 7,895	\$ 1,784,381
Capital Projects	12,388	-	1,252	-	13,640
	\$ 12,388	\$ 1,417,892	\$ 359,846	\$ 7,895	\$ 1,798,021

### Note 10 - Commitments

*a. Power Supply and Transmission Contracts*

Electric power distributed by the Electric Fund is obtained from the New York Power Authority (NYPA) under a supply contract which expires during 2025. The Electric Fund is entitled to a specific amount of kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract. Electric purchases under this contract totaled \$5,395,170 for the year ended May 31, 2022.

The Village's Electric Fund also purchases power in excess of that supplied by NYPA from the New York Municipal Power Agency (NYMPA), a not-for-profit joint action organization of which the Village is a member, and National Grid. Electric purchases and transmission charges, and other related charges under these agreements totaled \$4,222,307 and \$730,773, respectively, for the year ended May 31, 2022.

*b. New York Independent System Operators (NYISO)*

NYISO is a not-for-profit corporation under the aegis of the Federal Electric Regulatory Commission, with responsibility to provide free access to the electric transmission facilities within New York State. All NYISO costs are billed to users of the electric transmission grid. Pricing is market based rather than cost based. NYISO charges totaled \$716,170 for the year ended May 31, 2022. These costs are included in electricity purchased.

*c. Clean Energy Standards*

Effective February 22, 2017, the PSC approved the Phase 1 Implementation Plan associated with PSC Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard (CES)*. Case 15-E-0302 requires the procurement of Renewable Energy Credits (RECs) and Zero-Emissions Credits (ZECs) by all load serving entities (LSE) in New York State.

To comply with the CES, NYMPA purchased the required RECs and ZECs for the Electric Fund (as well as other NYMPA members). The cost of these RECs and ZECs were billed by NYMPA to the Electric Fund on a monthly basis. The billings for the RECs and ZECs commenced in January and February 2017, respectively.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### **Note 10 - Commitments - Continued**

#### *c. Clean Energy Standards - Continued*

The cost of the RECs and ZECs to the Electric Fund were \$2,287,952 for the year ended May 31, 2022. The costs associated with the RECs and ZECs have been passed onto the Electric Fund's customers, in their entirety, through the CES surcharge applied to each customer's monthly bill. As such, the impact of the RECs and ZECs on the Electric Fund's statement of revenues, expenses, and changes in net position is revenue neutral.

#### *d. Lease for Operation of Water System*

The Village entered into a retail lease agreement for the operation of its water and distribution system with the Monroe County Water Authority on October 13, 2004. The forty (40) year lease requires the Monroe County Water Authority to assume responsibility and cost for all repairs and replacements done to the system. The Village retains sole rights to revenues derived from antennae lease agreements in place prior to the lease agreement and will share in any additional agreement after that date. The Authority also assumes the responsibility for payment of the bond associated with the Fairport Municipal Commission Operations building allocated to the water operations prior to the agreement.

#### *e. Tax Abatements*

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The Village's tax abatement programs are substantially covered by related Payment in Lieu of Taxes (PILOT) agreements. The Village does not have any material PILOT agreements.

### **Note 11 - Risks and Uncertainties**

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes, and governmental regulation.

### **Note 12 - Accounting Pronouncements Issued But Not Yet Implemented**

GASB Statement No. 87, *Leases* (GASB 87). GASB 87 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 receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 12 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangement associated with conduit debt obligations, and improves note disclosures. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of interbank offered rates (IBOR), such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement were effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### Note 12 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Service Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to: (1) increase consistency and comparability relating to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board would typically perform. The requirements of this statement that: (1) exempt primary governments that perform duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans; and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2022

### Note 12 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is

# Village of Fairport, New York

## Notes to Financial Statements

May 31, 2022

### **Note 12 - Accounting Pronouncements Issued But Not Yet Implemented - Continued**

more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Management has not yet estimated the extent of the potential impact of these statements on the Department's financial statements.

# Village of Fairport, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended May 31, 2022			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real property taxes	\$ 3,051,635	\$ 3,051,635	\$ 3,053,188	\$ 1,553
Real property tax items	222,857	222,857	231,502	8,645
Non-property tax items	1,746,277	1,746,277	2,063,536	317,259
Departmental revenues	139,275	139,275	122,314	(16,961)
Intergovernmental charges	733,719	733,719	735,729	2,010
Use of money and property	192,881	192,881	205,223	12,342
Fines and forfeitures	14,000	14,000	12,229	(1,771)
Licenses and permits	36,100	36,100	18,443	(17,657)
Sale of property and compensation for loss	-	-	92,699	92,699
Miscellaneous local sources	212,528	212,528	407,345	194,817
Interfund revenues	276,025	276,025	272,286	(3,739)
State aid	53,300	68,300	111,822	43,522
Federal aid	-	-	272,050	272,050
Total revenues	6,678,597	6,693,597	7,598,366	904,769
<b>EXPENDITURES</b>				
General government support	1,041,576	1,041,227	977,264	63,963
Public safety	1,582,782	1,649,991	1,593,335	56,656
Transportation	1,315,610	1,304,487	1,180,835	123,652
Economic opportunity and assistance	12,450	15,200	14,176	1,024
Culture and recreation	43,159	56,890	44,080	12,810
Home and community services	470,731	494,987	372,414	122,573
Employee benefits	1,506,184	1,503,768	1,406,978	96,790
Total expenditures	5,972,492	6,066,550	5,589,082	477,468
<b>Excess of revenues over expenditures</b>	<b>706,105</b>	<b>627,047</b>	<b>2,009,284</b>	<b>1,382,237</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated interfund transfers in	-	-	12,388	12,388
Appropriated interfund transfer out	(378,181)	(392,139)	(1,784,381)	(1,392,242)
Budgetary provisions for other uses	(581,319)	(581,351)	-	581,351
Total other financing sources (uses)	(959,500)	(973,490)	(1,771,993)	(798,503)
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ (253,395)</b>	<b>\$ (346,443)</b>	237,291	<b>\$ 583,734</b>
<b>FUND BALANCE, beginning of year</b>			6,107,653	
<b>FUND BALANCE, end of year</b>			<b>\$ 6,344,944</b>	

# Village of Fairport, New York

## Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	Governmental Activities			
	May 31,			
	2022	2021	2020	2019
Total OPEB liability - beginning	\$ 2,561,870	\$ 3,331,701	\$ 3,237,904	\$ 3,162,998
Charges for the year				
Service cost	98,862	133,764	141,178	137,503
Interest	62,413	58,957	117,765	115,604
Difference in expected and actual experience	39,856	48,075	(623,176)	8,007
Changes in assumptions and other inputs	12,487	(802,464)	654,262	6,655
Benefit payments	(164,199)	(208,163)	(196,232)	(192,863)
Net changes	49,419	(769,831)	93,797	74,906
Total OPEB liability - ending	<b>\$ 2,611,289</b>	<b>\$ 2,561,870</b>	<b>\$ 3,331,701</b>	<b>\$ 3,237,904</b>
Covered payroll	\$ 2,363,805	\$ 2,285,194	\$ 2,271,720	\$ 2,271,720
OPEB liability as a percentage of covered payroll	110.47%	112.77%	146.66%	142.53%

	Business-Type Activities			
	May 31,			
	2022	2021	2020	2019
Total OPEB liability - beginning	\$ 1,604,713	\$ 1,614,341	\$ 1,661,351	\$ 1,625,478
Charges for the year				
Service cost	55,361	56,540	54,215	52,974
Interest	38,038	27,876	58,453	57,465
Difference in expected and actual experience	(55,126)	113,440	(208,300)	56,062
Changes in assumptions and other inputs	5,375	(76,737)	184,366	3,079
Benefit payments	(138,557)	(130,747)	(135,744)	(133,707)
Net changes	(94,909)	(9,628)	(47,010)	35,873
Total OPEB liability - ending	<b>\$ 1,509,804</b>	<b>\$ 1,604,713</b>	<b>\$ 1,614,341</b>	<b>\$ 1,661,351</b>
Covered payroll	\$ 2,458,514	\$ 2,376,754	\$ 2,336,268	\$ 2,336,268
OPEB liability as a percentage of covered payroll	61.41%	67.52%	69.10%	71.11%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

# Village of Fairport, New York

## Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability/Asset

	2022	2021	2020	May 31, 2019	2018	2017	2016
<b>New York State and Local Employees' Retirement System</b>							
Village's proportion of the net pension asset/liability	0.0159722%	0.0152068%	0.0158907%	0.0150366%	0.0154072%	0.0148313%	0.0148324%
Village's proportionate share of the net pension (asset) liability	\$ (1,305,658)	\$ 15,142	\$ 4,207,952	\$ 1,065,387	\$ 497,260	\$ 1,393,583	\$ 2,380,646
Village's covered-employee payroll	4,243,315	4,173,516	4,275,759	4,188,958	4,266,862	4,470,700	4,014,917
Village's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	-30.8%	0.4%	98.4%	25.4%	11.7%	31.2%	59.3%
Plan fiduciary net position as a percentage of the total pension asset/liability	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%
<b>New York State and Local Police and Fire Retirement System</b>							
Village's proportion of the net pension liability	0.0247680%	0.02570220%	0.0280864%	0.0254318%	0.0248661%	0.0249858%	0.0293650%
Village's proportionate share of the net pension liability	\$ 140,693	\$ 446,262	\$ 1,501,201	\$ 426,507	\$ 251,336	\$ 517,868	\$ 869,434
Village's covered-employee payroll	990,077	911,667	914,820	871,450	813,952	768,297	791,780
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.2%	49.0%	164.1%	48.9%	30.9%	67.4%	109.8%
Plan fiduciary net position as a percentage of the total pension liability	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

# Village of Fairport, New York

## Required Supplementary Information Schedule of Pension Contributions

	May 31,						
	2022	2021	2020	2019	2018	2017	2016
<b>New York State and Local Employees' Retirement System</b>							
Contractually required contribution	\$ 650,276	\$ 581,830	\$ 592,286	\$ 603,821	\$ 644,879	\$ 617,750	\$ 714,150
Contributions in relation to the contractually required contribution	650,276	581,830	592,286	603,821	644,879	617,750	714,150
Contribution deficiency (excess)	-	-	-	-	-	-	-
Village's covered-employee payroll	4,243,315	4,173,516	4,275,759	4,188,958	4,266,862	4,470,700	4,014,917
Contribution as a percentage of covered-employee payroll	15.3%	13.9%	13.9%	14.4%	15.1%	13.8%	17.8%
<b>New York State and Local Police and Fire Retirement System</b>							
Contractually required contribution	252,453	203,996	188,186	\$ 174,389	\$ 187,748	\$ 180,984	\$ 190,584
Contributions in relation to the contractually required contribution	252,453	203,996	188,186	174,389	187,748	180,984	190,584
Contribution deficiency (excess)	-	-	-	-	-	-	-
Village's covered-employee payroll	990,077	911,667	914,820	871,450	813,952	768,297	791,780
Contribution as a percentage of covered-employee payroll	25.50%	22.4%	20.6%	20.0%	23.1%	23.6%	24.1%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

# Village of Fairport, New York

## Supplementary Information Combining Balance Sheet - Non-Major Governmental Funds

	<b>May 31, 2022</b>		
	<b>Permanent Fund</b>	<b>Permanent Fund - Cemetery</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	<b>\$ 25,551</b>	<b>\$ 115,015</b>	<b>\$ 140,566</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 1,891	\$ 4,115	\$ 6,006
<b>FUND BALANCES</b>			
Restricted	23,660	110,900	134,560
	<b>\$ 25,551</b>	<b>\$ 115,015</b>	<b>\$ 140,566</b>

# Village of Fairport, New York

## Supplementary Information Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended May 31, 2022

	<u>Debt Service</u>	<u>Permanent Fund</u>	<u>Permanent Fund - Cemetery</u>	<u>Total</u>
<b>REVENUES</b>				
Use of money and property	\$ -	\$ 23	\$ 15	38
Sale of property and compensation for loss			4,750	4,750
Miscellaneous local sources	-	480	3,920	4,400
Total revenues	<u>-</u>	<u>503</u>	<u>8,685</u>	<u>9,188</u>
<b>EXPENDITURES</b>				
General government support	-	7,825	-	7,825
Home and community services	-	-	13,980	13,980
Debt service				
Principal	315,000	-	-	315,000
Interest	46,288	-	-	46,288
Total expenditures	<u>361,288</u>	<u>7,825</u>	<u>13,980</u>	<u>383,093</u>
<b>Deficiency of revenues over expenditures</b>	<b>(361,288)</b>	<b>(7,322)</b>	<b>(5,295)</b>	<b>(373,905)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	<u>359,846</u>	<u>7,895</u>	<u>-</u>	<u>367,741</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>(1,442)</b>	<b>573</b>	<b>(5,295)</b>	<b>(6,164)</b>
<b>FUND BALANCES, beginning of year</b>	<u>1,442</u>	<u>23,087</u>	<u>116,195</u>	<u>140,724</u>
<b>FUND BALANCES, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 23,660</u></u>	<u><u>\$ 110,900</u></u>	<u><u>\$ 134,560</u></u>





**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

Mayor and Board of Trustees  
Village of Fairport, New York  
Fairport, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fairport, New York (Village), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 20, 2022. Our audit report includes a reference to other auditors who audited the financial statements of the Village of Fairport Industrial Development Agency, Village of Fairport Local Development Corporation, and Village of Fairport Urban Renewal Agency, the discretely presented component units. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

**BST+Co.CPAs, LLP**

Albany, New York  
October 20, 2022

