

TOWN OF WATERFORD, NEW YORK

FINANCIAL STATEMENTS
(REGULATORY BASIS OF ACCOUNTING) –
GENERAL FUND, SPECIAL REVENUE FUNDS, AND
CAPITAL PROJECTS FUND

As of and for the year ended December 31, 2022

TOWN OF WATERFORD, NEW YORK

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements (regulatory basis of accounting)	
Balance Sheets – The General Fund, Special Revenue Funds and Capital Project Fund	4
Statements of Revenues, Expenditures and Changes in Fund Balances (Deficit) – The General Fund, Special Revenue Funds and Capital Project Fund	5
Notes to Financial Statements	6
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Each Major Special Revenue Fund	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements (regulatory basis of accounting) of the Town of Waterford, New York, which comprise the balance sheets – the general fund, special revenue funds and capital projects fund as of December 31, 2022, and the related statements of revenues, expenditures and changes in fund balances (deficit) – the general fund, special revenue funds and capital project fund for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund, special revenue funds and capital projects fund of the Town of Waterford, New York as of December 31, 2022 and the changes in financial position for the general fund, special revenue funds and capital project fund for the year then ended, in accordance with the financial reporting provisions allowed by the New York State Office of the State Comptroller as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Waterford, New York, as of December 31, 2022, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Town of Waterford, New York, on the basis of the financial reporting provisions allowed by the New York State Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New York State Office of the State Comptroller. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Town adopted GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions allowed by the New York State Office of the State Comptroller. Management is also responsible 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 Town of Waterford, New York'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Town of Waterford, New York'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 Town of Waterford, New York'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Town of Waterford, New York general fund, special revenue funds and capital projects fund (regulatory basis of accounting). The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements (regulatory basis of accounting). Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the 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 September 11, 2023, on our consideration of the Town of Waterford, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waterford, New York'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 Town of Waterford, New York's internal control over financial reporting and compliance.

UHY LLP

Albany, New York
September 11, 2023

TOWN OF WATERFORD, NEW YORK
BALANCE SHEETS – THE GENERAL FUND, SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUND
(REGULATORY BASIS OF ACCOUNTING)
December 31, 2022

	Governmental Fund Types						Capital Projects
	Special Revenue Funds					Subtotal	
	General	Highway	Sewer	Town Outside Village	Others		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS:							
Cash and cash equivalents	\$ 2,279,799	\$ 82,908	\$ 46,775	\$ 1,770,512	\$ 43,961	\$ 1,944,156	\$ 251,215
Leases receivable	26,836	-	-	-	-	-	-
Other receivables	20,725	18,288	223,884	48,544	28,229	318,945	-
Due from other funds	65,374	64,400	-	-	-	64,400	-
Due from other governments	3,552	-	35	408,790	17,700	426,525	-
Prepaid expenses	126,458	5,415	8,482	7,327	-	21,224	-
Total assets	2,522,744	171,011	279,176	2,235,173	89,890	2,775,250	251,215
DEFERRED OUTFLOWS OF RESOURCES:							
Total assets plus deferred outflows of resources	\$ 2,522,744	\$ 171,011	\$ 279,176	\$ 2,235,173	\$ 89,890	\$ 2,775,250	\$ 251,215
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 96,336	\$ 125,658	\$ 55,714	\$ 80,984	\$ -	\$ 262,356	\$ -
Accrued liabilities	36,217	42,167	9,365	42,282	-	93,814	-
Due to other funds	-	-	-	64,400	40,607	105,007	24,767
Due to other governments	-	-	-	98	4,159	4,257	-
Due to Water Authority	-	-	-	-	-	-	109,017
Unearned revenue	-	-	-	632,283	-	632,283	-
Other liabilities	634,460	-	-	-	-	-	-
Bond anticipation notes payable	-	-	-	-	-	-	75,250
Total liabilities	767,013	167,825	65,079	820,047	44,766	1,097,717	209,034
DEFERRED INFLOWS OF RESOURCES:							
	33,287	-	-	-	69,368	69,368	-
FUND BALANCES:							
Nonspendable:							
Prepaid expenses	126,458	5,415	8,482	7,327	-	21,224	-
Assigned to:							
Town Outside Village Fund	-	-	-	1,220,318	-	1,220,318	-
Sewer Fund	-	-	94,603	-	-	94,603	-
Appropriations	465,000	-	111,012	187,481	4,293	302,786	-
Other purposes	4,196	-	-	-	-	-	-
Unassigned (deficit)	1,126,790	(2,229)	-	-	(28,537)	(30,766)	42,181
Total fund balances	1,722,444	3,186	214,097	1,415,126	(24,244)	1,608,165	42,181
Total liabilities, deferred inflows of resources and fund balances	\$ 2,522,744	\$ 171,011	\$ 279,176	\$ 2,235,173	\$ 89,890	\$ 2,775,250	\$ 251,215

See notes to financial statements.

TOWN OF WATERFORD, NEW YORK
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICIT) – THE GENERAL FUND, SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUND
(REGULATORY BASIS OF ACCOUNTING)
Year Ended December 31, 2022

	Governmental Fund Types						
	General	Special Revenue Funds				Subtotal	Capital Projects
		Highway	Sewer	Town Outside Village	Others		
REVENUES							
Real property taxes	\$ 2,334,295	\$ 966	\$ 108,575	\$ -	\$ 980,801	\$ 1,090,342	\$ -
Real property tax items	15,489	-	-	-	-	-	-
Non property tax items	-	-	-	2,325,119	-	2,325,119	-
Departmental income	55,857	-	790,774	20,587	11,042	822,403	-
Intergovernmental charges	8,712	-	-	80,499	-	80,499	-
Use of money and property	32,028	-	-	-	-	-	-
Licenses and permits	4,642	-	-	82,576	-	82,576	-
Fines and forfeitures	28,991	-	-	-	-	-	-
Sale of property and compensation for loss	19,115	3,593	164	10,000	-	13,757	-
Miscellaneous local sources	167,283	228,835	35,271	82,342	24,935	371,383	-
State aid	223,355	97,849	-	12,643	-	110,492	100,000
Federal aid	-	-	-	-	345,416	345,416	-
Proceeds from obligations	-	-	-	-	-	-	52,998
Total revenues	2,889,767	331,243	934,784	2,613,766	1,362,194	5,241,987	152,998
EXPENDITURES							
General government support	787,226	26,072	40,454	50,036	500	117,062	-
Education	1,580	-	-	-	-	-	-
Public safety	1,105,476	-	-	63,223	205,565	268,788	36,344
Health	-	-	-	-	401,067	401,067	-
Transportation	17,096	1,358,469	-	70,495	33,446	1,462,410	1,741
Economic assistance and opportunity	-	-	-	1,168	-	1,168	-
Culture and recreation	49,700	-	-	336,701	58,178	394,879	-
Home and community services	50,941	24,553	832,334	465,695	345,416	1,667,998	-
Employee benefits	677,376	140,523	96,613	119,696	-	356,832	-
Debt service (principal of \$663,052 and interest of \$301,753)	235,554	196,525	141,172	61,240	330,314	729,251	-
Total expenditures	2,924,949	1,746,142	1,110,573	1,168,254	1,374,486	5,399,455	38,085
(Deficiency) excess of revenues over expenses	(35,182)	(1,414,899)	(175,789)	1,445,512	(12,292)	(157,468)	114,913
Transfers	(13,599)	1,414,899	-	(1,414,899)	13,599	13,599	-
Net change in fund balances	(48,781)	-	(175,789)	30,613	1,307	(143,869)	114,913
FUND BALANCES (DEFICIT)							
Fund balances (deficit), beginning of year	1,771,225	3,186	389,886	1,384,513	(25,551)	1,752,034	(72,732)
Fund balances (deficit), end of year	\$ 1,722,444	\$ 3,186	\$ 214,097	\$ 1,415,126	\$ (24,244)	\$ 1,608,165	\$ 42,181

See notes to financial statements.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Waterford, Saratoga County, New York (the "Town") was founded in 1816. The Town is governed by County Law, other general laws of the State of New York, and various local laws and ordinances. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as chief executive officer and chief fiscal officer.

The Town provides the following basic services: police and law enforcement, fire protection, water and sewer, trash collection, recreation, street maintenance and snow removal, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standard Board (GASB) as they relate to fund accounting for fiscal accountability. Fiscal accountability is one of the primary objectives of financial reporting and is designed to demonstrate that the actions of the government during the current period have complied with public decisions concerning the raising and spending of public monies during the reporting cycle.

In June 1999, the GASB approved Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments which became effective for the Town for the period ended December 31, 2004. This statement requires the financial statements to include government-wide financial statements on a full accrual basis, in addition to the fund financial information presented by the Town of Waterford in these financial statements. It further requires information relating to fixed assets, including infrastructure and depreciation, component units and reconciliation between government-wide and fund statements, as well as management discussion and analysis.

The Town has elected not to implement GASB 34 due to the costs associated with the development and maintenance of the information required to present government-wide financial statements. The accompanying financial statements present the financial position of the general fund, special revenue funds and capital projects fund of the Town of Waterford, New York, and the changes in financial position thereof. The budgetary comparison for the general fund and special revenue-type funds is presented as other information.

(a) Financial Reporting Entity

The financial reporting entity consists of the general fund, the special revenue funds and the capital projects fund of the Town of Waterford and does not include any other funds, account groups or component units of the Town.

(b) Basis of Presentation - Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses). The following fund types are used by the Town:

GOVERNMENTAL FUND TYPES

Governmental funds are those in which most governmental functions of the Town are reported. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The following are the Town's governmental fund types:

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND TYPES (Continued)

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Town maintains the following special revenue funds:

- Outside Village Fund - used to account for landfill monitoring costs, Parks and Recreation, Planning Board and Zoning Board activities, and refuse collection operations.
- Highway Fund - used to account for highway operations.
- Special District Funds - used to account for resources of the special districts. The Town has a number of water, sewer, fire protection, lighting, and ambulance districts which supply services to portions of the Town. The water district is treated as a separate entity and is not included in the Town's reporting entity. (See Financial Reporting Entity)
- Special Grant Fund - used to account for federal monies received to provide rental housing and economic development assistance.
- Miscellaneous Special Revenue Fund - used to account for the revenue and expenses associated with the souvenir shop at the Canal Visitor's Center. The souvenir shop purchases items such as beverage mugs, polo shirts, sweatshirts, and other memorabilia for resale to visitors who are interested in obtaining an item which serves as a remembrance of their visit to Waterford. The Miscellaneous Special Revenue Fund also accounts for the revenue and expenses associated with the Steamboat Meet, the Tugboat Roundup, as well as the Dragon Boat Meet.

Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

(c) Basis of Accounting

The Town has elected to prepare its financial statements on the regulatory basis as allowed by the New York State Office of the State Comptroller for annual reports submitted to that office, which varies from generally accepted accounting principles in the United States of America (U.S. GAAP). The regulatory basis under the New York State Office of the Comptroller uses the modified accrual basis of accounting for the general fund, special revenue funds and capital project fund. This regulatory basis varies from U.S. GAAP primarily in that under U.S. GAAP:

- Financial statements include two additional statements, the statement of net position and the statement of activities, collectively referred to as the "government-wide" financial statements which are presented on the full accrual basis of accounting.
- A Management's Discussion and Analysis (MD&A) is required as supplementary information that precedes the basic financial statements and is intended to provide an objective analysis of the government's financial activities, both on a current and long-term basis, based on current conditions.
- Other supplementary information is required by U.S. GAAP, including budgetary comparison schedules for the General Fund and each major special revenue fund that has a legally adopted annual budget, and the schedule of funding progress for other postemployment benefits.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Fund-based financial statements must be reconciled to the “government-wide” financial statements.
- Capital assets, other than land, are depreciated and reported on the “government-wide” statement of net position at net book value, and depreciation expense is allocated to the major functions on the statement of activities based on the use of the underlying assets.
- Bonds payable and other long-term debt are reported on the “government-wide” statement of net position.

The Town’s financial statements include only the general fund, special revenue funds and capital project fund. The financial transactions of the Town are reported in the general fund, special revenue funds and capital project fund. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt and compensated absences, are recorded when the liability is incurred, if measurable.

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax item is sales tax which is recorded as revenue when it is susceptible to accrual. Court and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Inter-governmental revenues and interest income are accrued when their receipt occurs within sixty days of the end of the accounting period and such amounts relate to the current period.

(d) Fund Balance Classification

Fund balances are classified as follows:

Nonspendable - This classification includes 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 - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town did not have any committed resources as of December 31, 2022.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Board or through the Town Board delegating this responsibility to the Town Supervisor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

(e) Property Taxes

Real property taxes are levied annually no later than December 31 by Saratoga County and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for town and special district purposes as a single bill. The town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Unpaid town taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year end are relieved as county taxes in the subsequent year.

(f) Budgetary Data

General Budget Process - Prior to September 30 of each year, the Budget Officer submits to the Town Clerk a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. Town taxes included in the budget are due and payable by January 31 without penalty and interest. Any revisions to the budget are approved by the Town Board.

Budgetary Comparison Information - The budgetary comparison information is presented in the Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the general fund and each major special revenue fund with a legally adopted budget.

(g) Account Groups

Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. An account group is not a "fund." It is concerned only with the measurement of financial position and is not involved with measurement of results of operations and are not included in the financial statements.

General Long-term Debt Account Group - This account group is used to record all long-term debt of the Town, such as compensated absences, deferred inflows of resources related to net pension asset, Other Post Employment Benefit Obligation liability and related deferred inflows of resources, and bonds. Information about general long-term debt is disclosed in Note 3.

General Long-term Asset Account Group (including Fixed Asset Account Group) - This account group is used to record all long-term assets of the Town, such as net pension asset and deferred outflows of resources related to net pension asset (see Note 7), and fixed assets. The Town does not maintain information related to cost of fixed assets and the amounts that should be recorded in this account group have not been determined.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Other

The following policies are related to transactions affecting governmental funds as well as the account groups.

Compensated Absences - Police

Police officers are granted the following compensated absences each year:

Vacation	10-25 days
Sick leave	1-13 days

Sick leave vests and may be accumulated from year-to-year up to 160 days. Vacation time vests and may be accumulated from year-to-year up to 30 days. Compensatory time vests and may be accumulated from year-to-year up to 80 hours. Upon retirement or death, payment is made for all accumulated time. Payment of unused vacation time and compensatory time is also made upon termination or resignation. The liability for sick leave of \$144,594, vacation time of \$17,293 and compensatory time of \$4,013 is recorded in the general long-term debt account group since it is anticipated that only an immaterial portion will be paid out in any one year.

Compensated Absences - Other

Other personnel are granted the following compensated absences each year:

Vacation	10-15 days
----------	------------

Vacation time vests and may be accumulated from year-to-year up to 5 days. Vacation time of \$11,218 is also recorded in the general long-term debt account group since it is anticipated that only an immaterial portion will be paid out in any one year.

(i) Unearned Revenue

Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2022, the Town recorded approximately \$632,000 of unearned revenue on the balance sheet of the Town Outside Village fund related to an agreement for funding of environmental benefit projects.

(j) Changes in Accounting Principle

During the fiscal year ended December 31, 2022, the Town implemented GASB Statement No. 87, *Leases*. This statement changes the reporting of leases that were previously classified as operating leases, requiring the recognition of certain lease assets and liabilities along with the recognition of inflows and outflows of resources, as appropriate.

The Town applied the new standard retroactively to January 1, 2022, the beginning of the earliest period presented. As a result of implementation, the beginning balances on the balance sheet of the general fund as of January 1, 2022 were restated as follows:

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assets were increased by \$53,361 due to recognition of leases receivable.
- Deferred inflows of resources were increased by \$59,916.
- Deferred inflows of resources were decreased by \$6,555 due to reclassification of certain prepaid rents from deferred inflows of resources to an offset to leases receivable.
- There was no impact on the Town's fund balance at January 1, 2022.

NOTE 2 — CASH AND CASH EQUIVALENTS

The Town's investment policy is to invest surplus cash in demand accounts. Collateral is required for demand deposits for amounts not covered by federal deposit insurance. As of December 31, 2022, approximately \$243,000 of the Town's bank balances of approximately \$4,519,000 were uninsured and undercollateralized, which was collateralized by the Town subsequent to year end. Coverage at December 31, 2022 was as follows:

	<u>Demand Deposits</u>
Bank balances	\$ 4,518,812
FDIC insurance	\$ 500,000
Collateral held by a third party	\$ 3,775,335

NOTE 3 — LONG-TERM DEBT

As discussed in Note 1, long-term debt of the Town is recorded in the long-term debt account group and is not included in the financial statements. The following describes long-term debt of the Town:

- (a) Changes in Long-term Debt - The following is a summary of changes in long-term debt related to bonds and compensated absences for the year ended December 31, 2022:

	<u>Bonds</u>	<u>Compensated Absences</u>
Payable at January 1, 2022	\$ 10,050,054	\$ 162,739
Additions	-	14,379
Deductions	<u>(610,054)</u>	<u>-</u>
Payable at December 31, 2022	<u>\$ 9,440,000</u>	<u>\$ 177,118</u>

Compensated Absences represent the earned and unused portion of the liability for compensated absences. Additions and deductions to compensated absences are shown net since it is impracticable to determine these amounts separately.

- (b) Bonds Payable - The Town borrows money in order to construct infrastructure and provide improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are secured by the full faith and credit of the Town, are recorded in the General Long-term Debt Account Group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 — LONG-TERM DEBT (Continued)

The following is a summary of bonds outstanding at December 31, 2022:

<u>Payable from Description</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate (%)</u>	<u>Date Final Maturity</u>	<u>Outstanding</u>
Special Revenue Funds					
Sewer Fund - Environmental Facilities Corporation	07/24/2003	\$ 1,188,293	4.454-4.581%	01/01/2028	\$ 350,000
Serial Bond - Improvements and Tax Settlements	02/24/2011	1,025,666	4.250-4.750%	02/01/2026	330,000
Serial Bond - Improvements	03/20/2014	685,000	3.000-3.750%	03/01/2029	385,000
Serial Bond - Improvements	04/28/2015	400,000	3.250-4.000%	04/01/2035	295,000
Serial Bond - Improvements	10/01/2015	2,089,706	3.250-3.750%	10/01/2040	1,530,000
Refunding Bonds - Water System Improvements *	02/17/2016	3,775,000	2.000-4.000%	08/01/2038	3,100,000
Serial Bond - Water System Improvements	05/12/2016	760,000	2.250-4.000%	05/01/2041	625,000
Serial Bond - Repaving, Drainage, and Town Hall Improvements	03/29/2018	860,000	3.000-4.000%	04/01/2033	670,000
Serial Bond - Various Road Repaving Projects	07/08/2020	750,000	2.000-3.000%	07/01/2034	660,000
Tax Certiorari Settlement	10/19/2021	1,561,721	1.990%	10/15/2041	1,495,000
Total		<u>\$ 13,095,386</u>			<u>\$ 9,440,000</u>

* Bonds are issued by the Town of Waterford, but the proceeds were passed through to the Town of Waterford Water Works Authority ("Water Authority"). All proceeds are restricted for use on Water Authority capital improvements. Repayment will be made by the Town through a special water usage tax.

The following table summarizes the Town's future debt service requirements on bonds as of December 31, 2022:

<u>Year Ending Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest (Memorandum)</u>
2023	\$ 615,000	\$ 284,717
2024	635,000	268,058
2025	650,000	250,066
2026	660,000	231,021
2027	590,000	214,560
2028-2032	2,790,000	800,218
2033-2037	2,450,000	374,144
2038-2041	1,050,000	65,243
	<u>\$ 9,440,000</u>	<u>\$ 2,488,027</u>

(c) Other Long-term Debt - In addition to the above long-term debt the Town had the following noncurrent liabilities not included in these financial statements:

- Deferred Inflows of Resources related to Net Pension (Asset) Liability (see Note 7).
- Deferred Inflows of Resources and Other Post Employment Benefit Liability (see Note 8).
- Retained Percentages, Contracts Payable. Represents amounts owed to contractors for construction in progress.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 — OTHER DEBT

Bond Anticipation Notes - Liabilities for bond anticipation notes (BANs) are accounted for in the General Fund and Capital Projects Fund. Debt service expenditures are recorded in the fund that benefited from the capital project financed by the note, e.g. the General Fund and Special Revenue Funds. State law required that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that stipulated annual reductions of principal are made.

Bond anticipation notes are comprised of the following at December 31, 2022:

<u>Project</u>	<u>Original Date Issued</u>	<u>Balance January 1, 2022</u>	<u>Borrowings</u>	<u>Reductions</u>	<u>Balance December 31, 2022</u>
Capital Projects Fund:					
Resealing of Various Town Roads	08/18/17	\$ 16,498	\$ -	\$ (16,498)	\$ -
Fuel System	02/02/18	44,000	-	(22,000)	22,000
Highway Pick-Up Truck	09/28/18	14,000	-	(7,000)	7,000
Bus	09/28/18	15,000	-	(7,500)	7,500
Police Car	04/29/22	-	38,750	-	38,750
Total Capital Projects Fund		<u>89,498</u>	<u>38,750</u>	<u>(52,998)</u>	<u>75,250</u>
Total BANS outstanding		<u>\$ 89,498</u>	<u>\$ 38,750</u>	<u>\$ (52,998)</u>	<u>\$ 75,250</u>

NOTE 5 — INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at December 31, 2022, were as follows:

<u>Fund Type</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General	\$ 65,374	\$ -
Special revenue	64,400	105,007
Capital projects	-	24,767
Total	<u>\$ 129,774</u>	<u>\$ 129,774</u>

NOTE 6 — OPERATING TRANSFERS

During the course of normal operations, the Town records numerous transactions between funds, including expenditures for the provision of services as well as transfers between funds to finance various projects or debt payments. All operating transfers occur within the governmental funds and are reported as other financing sources (uses) in the combined statement of revenues, expenditures and changes in fund balances (deficit) – all governmental fund types.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 — PENSION PLANS

(a) Plan Description

The Town 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). These are cost-sharing multiple-employer retirement systems. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. Obligations of employers and employees to contribute and benefits provided to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

(b) Funding Policy

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Town to the pension accumulation fund. For 2022, these rates ranged from 10.5% - 31.1% for the Town's active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

The Town is required to contribute at an actuarially determined rate. The required contributions for the System's fiscal years ending March 31 were:

	<u>ERS</u>	<u>PFRS</u>
2020	\$ 170,053	\$ 201,819
2021	\$ 186,424	\$ 199,305
2022	\$ 199,125	\$ 234,114

The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

(c) Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension Asset

At December 31, 2022, the Town's proportionate share of the deferred outflows of resources was approximately \$1,484,000, and its proportionate share of the deferred inflows of resources and net pension asset was approximately \$2,189,000 and \$222,000, respectively. The net pension asset was measured as of March 31, 2022, and the total pension asset was determined by an actuarial valuation

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 — PENSION PLANS (Continued)

as of April 1, 2021, with updated procedures used to roll forward the total pension asset to March 31, 2022. The Town's proportion was based on the ratio of its actuarially determined employer contribution to ERS's and PFRS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2022 measurement date, the Town's proportions were 0.0040932% and 0.0198202% for ERS and PFRS, respectively.

The Town has an additional deferred outflow of resources of approximately \$370,000 as of December 31, 2022 for employer contributions made subsequent to the measurement date of March 31, 2022.

Deferred outflows of resources and net pension asset are reported in the Long-term Asset Account Group (not included in the financial statements as described in Note 1 (g)). Deferred inflows of resources related to the net pension asset are reported in the General Long-term Debt Account Group (not included in the financial statements as described in Note 1 (g) and Note 3).

NOTE 8 — OTHER POST EMPLOYMENT BENEFIT OBLIGATION (OPEB)

(a) Plan Description

The Town provides certain health care benefits for retired employees and their covered dependents. Retiree health benefits are provided to Waterford police officers upon attainment of age 55 and 25 years of service. The Town uses GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

Deferred outflows of resources are reported in the Long-term Asset Account (not included in the financial statements as described in Note 1 (g)). Deferred inflows of resources and OPEB liability are reported in the General Long-term Debt Account Group (not included in the financial statements as described in Note 1 (g) and Note 3).

(b) Funding Policy

The Town contributes sufficient amounts to the plan to satisfy current obligations on a pay-as-you-go basis. No contributions for 2022 (no retirees covered by the benefit at December 31, 2022).

(c) Employees Covered by Benefit Terms

At December 31, 2022, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	9
	<hr style="width: 100%;"/>
	9
	<hr style="width: 100%;"/>

(d) Total OPEB Liability

The Town's total OPEB liability of \$330,867 was measured as of December 31, 2022 and determined by an actuarial valuation as of December 31, 2022.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 — OTHER POST EMPLOYMENT BENEFIT OBLIGATION (OPEB) (Continued)

(e) Actuarial Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following actuarial assumptions applied to all periods included in the December 31, 2022 measurement, unless otherwise specified:

Discount rate – 3.72%

Healthcare cost trend rates – 5.3% (decreasing to an ultimate rate of 4.5% by 2026)

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were based on the New York State Retirement System Mortality.

(f) Changes in Total OPEB Liability

Changes in the total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	\$ 351,685
Changes for the year:	
Service cost	23,562
Interest	7,730
Changes of assumptions or other inputs	(52,110)
Difference between actual and expected experience	-
Benefit payments	-
Net changes	<u>(20,818)</u>
Balance at December 31, 2022	<u>\$ 330,867</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1.0% Decrease (2.72%)</u>	<u>Discount Rate (3.72%)</u>	<u>1.0% Increase (4.72%)</u>
Total OPEB Liability	<u>\$ 344,719</u>	<u>\$ 330,867</u>	<u>\$ 309,592</u>

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 — OTHER POST EMPLOYMENT BENEFIT OBLIGATION (OPEB) (Continued)

(h) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1.0% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 307,513</u>	<u>\$ 330,867</u>	<u>\$ 347,329</u>

(i) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Town's OPEB expense was \$27,416. At December 31, 2022, the Town's deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	48,234
Total	<u>\$ -</u>	<u>\$ 48,234</u>

The Town's deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 3,876
2024	3,876
2025	3,876
2026	3,876
2027	3,876
Thereafter	28,854
	<u>\$ 48,234</u>

NOTE 9 — RESERVES

Landfill Closure Reserve

State and federal laws and regulations required the Town to close its landfill site in 1993. Although the closure has been completed, the Town must continue to perform certain maintenance and monitoring functions at the site. The Town believes the annual costs of postclosure maintenance and monitoring costs will not be significant to the Town's annual results of operations. Accordingly, these maintenance and monitoring costs are reported as expenditures in the period incurred.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 — RESERVES (Continued)

In conjunction with the landfill closure, the Town entered into an agreement with the City of Mechanicville and the Village of Waterford in November 1989 which required that all revenues received from tipping fees be placed and held in an escrow account with the Town of Waterford as the escrow agent. Such fees were to be used to offset future landfill closure costs. Since December 31, 2013, there has been no balance in the landfill closure reserve. In 2022, costs related to landfill monitoring, totaling \$15,159, were incurred. The Town will continue the process of monitoring the landfill during 2022. The Town of Waterford, the City of Mechanicville and the Village of Waterford will contribute funds to cover the costs associated with the landfill monitoring in accordance with the agreement dated November 1989.

NOTE 10 — COMMITMENTS AND CONTINGENCIES

Lawsuits

The Town has been named in several lawsuits arising in the ordinary course of the Town's operations. These claims and lawsuits, in the opinion of management, after considering all relevant facts are either adequately covered by insurance or will not result in material judgments against the Town and, therefore, are not expected to have a material effect on the financial statements.

Tax certiorari proceedings are pending challenging the Town's assessments of various properties. The resolution of such proceedings is not determinable as of the date the financial statements were available for issuance.

Grant Programs

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

Coronavirus State and Local Fiscal Recovery Fund

In response to the COVID-19 pandemic, The American Rescue Plan Act (the Act) of 2021 established the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) which provides assistance to eligible state, local, territorial, and Tribal governments. The Town has received approximately \$634,000 as part of the Act to help replace lost revenues, cover COVID-19 related expenses, and reverse the economic impacts of the pandemic. As of December 31, 2022, the Town has deferred the total amount received of approximately \$634,000 which is recorded in other liabilities on the balance sheet of the General Fund.

The Town continues to monitor pandemic related expenses and decreased / lost revenue receipts associated with its impact for purposes of reporting requirements associated with Coronavirus State and Local Fiscal Recovery Funding. Supporting documentation is being compiled and reviewed for potential audits in the future.

NOTE 11 — LEASE

During 2019, the Town entered into a fifteen year lease agreement to lease a rooftop space of Town Hall for a cell phone tower. The lease agreement can be canceled but is subject to a termination fee if canceled within the first five years of the term of the agreement for remaining rent for the first five years. The non-cancelable term was considered to be five years from 2019 to 2024. The Town reported leases receivable of \$26,836 and interest receivable of \$330 on the balance sheet of the general fund at December 31, 2022. Leases receivable were recognized as present value utilizing a discount rate of 1.63%.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 — LEASE (Continued)

The approximate future minimum lease payments to be received as of December 31, 2022 are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2023	<u>\$ 26,836</u>	<u>\$ 441</u>	<u>\$ 27,277</u>

Deferred inflows of resources of \$33,287 were reported in the balance sheet of the general fund at December 31, 2022. The deferred inflows of resources will be recognized as lease revenue over the term of the lease on a straight-line basis.

Lease related revenues, recognized on the statement of revenues, expenditures and changes in fund balance (deficit) of the general fund, were as follows:

Lease-related Revenue	<u>2022</u>
Lease Revenue	
Cell Tower	<u>\$ 26,629</u>
Total Lease Revenue	<u>\$ 26,629</u>
Interest Revenue	548
Variable and Other Revenue	<u>-</u>
Total	<u><u>\$ 27,177</u></u>

NOTE 12 — SUBSEQUENT EVENTS

In April 2023, the Town renewed a bond anticipation note in the amount of \$25,833 with a maturity date of April 2024.

In January 2023, the Town authorized an additional \$545,000 of serial bonds or bond anticipation notes, which remained unissued through the date of this report.

SUPPLEMENTARY INFORMATION

TOWN OF WATERFORD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended December 31, 2022

	General Fund				Special Revenue Funds - Highway			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES								
Real property taxes	\$ 2,332,634	\$ 2,334,295	\$ 2,334,295	\$ -	\$ -	\$ -	\$ 966	\$ 966
Real property tax items	14,039	15,490	15,489	(1)	-	-	-	-
Non property tax items	-	-	-	-	-	-	-	-
Departmental income	28,150	52,716	55,857	3,141	-	-	-	-
Intergovernmental charges	11,000	11,000	8,712	(2,288)	-	-	-	-
Use of money and property	27,361	30,961	32,028	1,067	-	-	-	-
Licenses and permits	4,950	4,500	4,642	142	-	-	-	-
Fines and forfeitures	28,000	28,000	28,991	991	-	-	-	-
Sale of property and compensation for loss	-	15,900	19,115	3,215	-	3,593	3,593	-
Miscellaneous local sources	-	2,220	167,283	165,063	-	64,445	228,835	164,390
State aid	150,000	228,011	223,355	(4,656)	-	167,849	97,849	(70,000)
Federal aid	20,000	-	-	-	-	-	-	-
Proceeds from obligations	-	-	-	-	-	-	-	-
Total revenues	<u>2,616,134</u>	<u>2,723,093</u>	<u>2,889,767</u>	<u>166,674</u>	<u>-</u>	<u>235,887</u>	<u>331,243</u>	<u>95,356</u>
EXPENDITURES								
General government support	759,157	819,659	787,226	32,433	29,358	26,072	26,072	-
Education	-	1,580	1,580	-	-	-	-	-
Public safety	1,092,872	1,126,493	1,105,476	21,017	-	-	-	-
Health	-	-	-	-	-	-	-	-
Transportation	18,000	17,250	17,096	154	1,297,170	1,377,534	1,358,469	19,065
Economic assistance and opportunity	-	-	-	-	-	-	-	-
Culture and recreation	53,928	54,711	49,700	5,011	-	-	-	-
Home and community services	62,066	62,066	50,941	11,125	2,998	2,609	24,553	(21,944)
Employee benefits	704,555	688,043	677,376	10,667	170,174	142,030	140,523	1,507
Debt service (principal and interest)	235,556	235,556	235,554	2	196,528	196,525	196,525	-
Total expenditures	<u>2,926,134</u>	<u>3,005,358</u>	<u>2,924,949</u>	<u>80,409</u>	<u>1,696,228</u>	<u>1,744,770</u>	<u>1,746,142</u>	<u>(1,372)</u>
(Deficiency) excess of revenues over expenses	(310,000)	(282,265)	(35,182)	247,083	(1,696,228)	(1,508,883)	(1,414,899)	93,984
Transfers	-	(13,599)	(13,599)	-	1,626,228	1,508,883	1,414,899	(93,984)
Net change in fund balances	(310,000)	(295,864)	(48,781)	247,083	(70,000)	-	-	-
FUND BALANCES (DEFICIT)								
Fund balances, beginning of year	<u>1,771,225</u>	<u>1,771,225</u>	<u>1,771,225</u>	<u>-</u>	<u>3,186</u>	<u>3,186</u>	<u>3,186</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,461,225</u>	<u>\$ 1,475,361</u>	<u>\$ 1,722,444</u>	<u>\$ 247,083</u>	<u>\$ (66,814)</u>	<u>\$ 3,186</u>	<u>\$ 3,186</u>	<u>\$ -</u>

TOWN OF WATERFORD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES, CONTINUED
Year Ended December 31, 2022

	Special Revenue Funds - Sewer				Special Revenue Funds - Town Outside Village			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES								
Real property taxes	\$ 108,575	\$ 108,575	\$ 108,575	\$ -	\$ -	\$ -	\$ -	\$ -
Real property tax items	-	-	-	-	-	-	-	-
Non property tax items	-	-	-	-	2,202,000	2,256,621	2,325,119	68,498
Departmental income	771,500	771,500	790,774	19,274	21,500	20,267	20,587	320
Intergovernmental charges	-	-	-	-	74,835	75,367	80,499	5,132
Use of money and property	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	35,000	83,000	82,576	(424)
Fines and forfeitures	-	-	-	-	-	-	-	-
Sale of property and compensation for loss	-	164	164	-	-	-	10,000	10,000
Miscellaneous local sources	-	35,271	35,271	-	43,936	82,342	82,342	-
State aid	-	-	-	-	-	8,528	12,643	4,115
Federal aid	-	-	-	-	-	-	-	-
Proceeds from obligations	-	-	-	-	-	-	-	-
Total revenues	880,075	915,510	934,784	19,274	2,377,271	2,526,125	2,613,766	87,641
EXPENDITURES								
General government support	47,006	40,455	40,454	1	41,210	47,278	50,036	(2,758)
Education	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	71,217	71,217	63,223	7,994
Health	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	71,065	71,153	70,495	658
Economic assistance and opportunity	-	-	-	-	1,200	1,168	1,168	-
Culture and recreation	-	-	-	-	304,395	361,621	336,701	24,920
Home and community services	664,045	797,121	832,334	(35,213)	481,154	479,322	465,695	13,627
Employee benefits	105,418	96,738	96,613	125	130,370	122,520	119,696	2,824
Debt service (principal and interest)	141,174	141,174	141,172	2	61,241	61,241	61,240	1
Total expenditures	957,643	1,075,488	1,110,573	(35,085)	1,161,852	1,215,520	1,168,254	47,266
(Deficiency) excess of revenues over expenses	(77,568)	(159,978)	(175,789)	(15,811)	1,215,419	1,310,605	1,445,512	134,907
Transfers	-	-	-	-	(1,626,228)	(1,508,883)	(1,414,899)	93,984
Net change in fund balances	(77,568)	(159,978)	(175,789)	(15,811)	(410,809)	(198,278)	30,613	228,891
FUND BALANCES (DEFICIT)								
Fund balances, beginning of year	389,886	389,886	389,886	-	1,384,513	1,384,513	1,384,513	-
Fund balances, end of year	\$ 312,318	\$ 229,908	\$ 214,097	\$ (15,811)	\$ 973,704	\$ 1,186,235	\$ 1,415,126	\$ 228,891

**INDEPENDENT AUDITOR’S 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Waterford, New York, which comprise the balance sheets – the general fund, special revenue funds and capital projects fund (regulatory basis of accounting) as of December 31, 2022, and the related statements of revenues, expenditures and changes in fund balances (deficit) – the general fund, special revenue funds and capital project fund (regulatory basis of accounting) for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2023. Unmodified opinion was issued on the Town’s financial statements in accordance with regulatory basis of accounting. An adverse opinion was issued on the Town’s financial statements in accordance with generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

- (1) The Town does not have extensive segregation of duties in its financial procedures.
- (2) The Town does not maintain a general fixed asset group of accounts as required by accounting principles generally accepted in the United States of America.

Town’s Response

The Town has not implemented these controls because costs to develop and maintain such controls would be excessive.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Waterford's financial statements of the general fund, special revenue funds and capital projects fund are free of 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*.

Town of Waterford, New York's Response to Findings

Government Auditing Standards requires the audit to perform limited procedures on the Town of Waterford, New York's response to the findings identified in our audit and described previously. Town of Waterford, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements of the general fund, special revenue funds and capital projects fund and, accordingly, we express no opinion on the response.

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 result 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.

UHY LLP

Albany, New York
September 11, 2023