

Town of Shelby, New York

Financial Statements
With Required Supplementary Information,
and Supplementary Information
As of December 31, 2022
Together With
Independent Auditor's Report

TOWN OF SHELBY, NEW YORK

TABLE OF CONTENTS

Page No.

Independent Auditor’s Report 1 - 3

Management’s Discussion and Analysis 4 - 11

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements:

Balance Sheet - Governmental Funds 14

Reconciliation of Governmental Fund Balances to the Statement of Net Position 15

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds 16

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities 17

Statement of Fiduciary Net Position 18

Statement of Changes in Fiduciary Net Position 19

Notes to the Financial Statements 20 - 38

Required Supplementary Information:

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund 39

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Special Revenue Funds 40

Schedule of the Town’s Proportionate Share of Net Pension Liability – NYSLRS Pension Plan 41

Schedule of the Town’s Contributions - NYSLRS Pension Plan 42

Supplementary Information:

Combining Balance Sheet – Special Revenue Funds 43

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Special Revenue Funds 44

Water Fund - Balance Sheet by District 45 - 46

Water Fund - Combining Statements of Revenues, Expenditures and
Changes in Fund Balances 47 - 48

TOWN OF SHELBY, NEW YORK

TABLE OF CONTENTS

Page No.

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 *Governmental Audit Standards* 49 - 50

* * * * *



INDEPENDENT AUDITOR'S REPORT

Honorable Town Board
 Town of Shelby
 Medina, New York

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Shelby, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Shelby, New York's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Special Revenue Funds	Unmodified
Capital Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Shelby, New York, as of December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on General Fund, Special Revenue Funds, Capital Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Special Revenue Funds, Capital Fund, and the aggregate remaining fund information of the Town of Shelby, New York, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Shelby, 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has not adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require that the Town adopt all relevant GASB statements, which would increase liabilities, deferred outflows, and deferred inflows and decrease net position on the Statement of Net Position. In addition, an appropriate expense was not recorded in the Statement of Activities to reflect the current period change of the liability. The amount by which this departure would affect the deferred outflows, deferred inflows, liabilities, net position, and the expenses of the governmental activities has not been determined.

BUFFALO
 501 John James Audubon
 Suite 390
 Amherst, NY 14228
 P: (716) 694-0336

COOPERSTOWN
 55-57 Grove Street
 Cooperstown, NY 13326
 P: (607) 282-4161

ONEONTA
 189 Main Street, Suite 302
 Oneonta, NY 13820
 P: (607) 432-3462

PERRY
 199 S. Main Street, PO Box 1
 Perry, NY 14530
 P: (585) 237-3887

ROCHESTER
 150 State Street, Suite 301 A
 Rochester, NY 14614
 P: (585) 410-6733

VICTOR
 6536 Anthony Drive, Suite B
 Victor, NY 14564
 P: (585) 410-6733

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 Town of Shelby'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 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 Shelby, 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 Shelby, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Town's proportionate share of the net pension liability, and schedule of the Town's contributions to the NYSLRS pension plan, as listed in the table of contents, 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 Town of Shelby, New York's basic financial statements. The combining and individual special revenue and water fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 March 12, 2024, on our consideration of the Town of Shelby, 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 Shelby, 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 Town of Shelby, New York's internal control over financial reporting and compliance.

Allied CPAs, P.C.

Amherst, New York
March 12, 2024

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

This section of the Town of Shelby's (the "Town") annual financial report presents a discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2022. Please read it in conjunction with the Town's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town of Shelby exceeded the liabilities and deferred inflows at the close of the fiscal year by \$10,629,228. Of this amount, \$277,226 is restricted for specific purposes (restricted net position), \$2,320,835 is unrestricted, and \$8,031,167 is invested in capital assets, net of related debt.
- The Town's net position increased by \$240,695 as a result of this year's activity.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$833,132 or 60.24% of total general fund balance.
- The Town made principal payments on outstanding bonds of \$186,700 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *Management's Discussion and Analysis* (this section), *Basic Financial Statements*, *Required Supplementary Information*, and *the Supplementary Information*.

Basic Financial Statements

Government-Wide Financial Statements are two statements designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all Town assets and liabilities, with the difference between the two 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 Town is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes, intergovernmental revenues, and State and Federal aid (governmental activities). The governmental activities of the Town include general government, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, interest and fiscal charges and depreciation.

The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund Financial Statements

These funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate finance related legal compliance. All funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)

Governmental Funds

These 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because of 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, and the capital projects fund. Data for the other non-major governmental funds is presented elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and special revenue funds to demonstrate compliance with this budget.

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

Fiduciary Fund

These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmentwide financial statements because the resources of these funds are not available to support the Town's own programs. The Town has one fiduciary fund, the Expendable Trust Fund, which is used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The basic fiduciary fund financial statements can be found on pages 18 - 19 of this report.

Notes to the Financial Statements

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found on pages 20 - 38 of this report.

Required Supplementary Information

This information explains and support the financial statements and includes budgetary comparison information, schedule of the Town's proportionate share of the net pension liability, and schedule of the Town's pension contributions.

The required supplementary information can be found on pages 39 - 42 of this report.

Supplementary Information

The combining statements referred to earlier in connection with special revenue and water district funds are presented immediately following the required supplementary information.

The supplementary information can be found on pages 43 – 48 of this report.

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$10,629,228 (net position) at the close of the most recent fiscal year.

Summary of Town of Shelby's Net Position

	<u>Governmental Activities</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>		
<u>ASSETS</u>		
Current and other assets	\$ 3,853,516	\$ 3,386,331
Capital assets	11,218,967	11,437,605
TOTAL ASSETS	<u>15,072,483</u>	<u>14,823,936</u>
Deferred outflows of resources	248,108	336,291
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>248,108</u>	<u>336,291</u>
<u>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</u>		
<u>LIABILITIES</u>		
Long-term liabilities	3,836,894	3,979,901
Other liabilities	445,123	117,585
TOTAL LIABILITIES	<u>4,282,017</u>	<u>4,097,486</u>
Deferred inflows of resources	409,346	674,208
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>409,346</u>	<u>674,208</u>
<u>NET POSITION</u>		
Investment in capital assets	8,031,167	8,063,105
Restricted	277,226	277,226
Unrestricted	2,320,835	2,048,202
TOTAL NET POSITION	<u>\$ 10,629,228</u>	<u>\$ 10,388,533</u>

The largest portion of the Town's net position of \$8,031,167 (75.57%) reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the Town's net position represents restricted net position of \$277,226 (2.60%) which is reserved for insurance, certain encumbrances, workers' compensation, and debt.

The remaining balance of the Town's net position represents unrestricted net position of \$2,320,835 (21.83%), which may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities

Governmental activities increased the Town's net position by \$240,695. The following table indicates the changes in net position for governmental activities:

Summary of Town of Shelby's Changes in Net Postion

	Governmental	
	Activities	
	December 31,	December 31,
	2022	2021
<u>REVENUES:</u>		
PROGRAM REVENUES:		
Charges for services	\$ 689,122	\$ 790,207
Operating grants and contributions	397,771	263,109
GENERAL REVENUES:		
Property taxes	1,416,200	1,394,929
Real property tax items	376,995	187,802
Non-property tax items	105,816	104,896
Use of money and property	31,357	50,461
Licenses and permits	5,897	4,491
Fines and forfeitures	21,298	59,744
Sale of property and compensation for loss	3,102	28,553
Miscellaneous	32,857	17,356
TOTAL REVENUES	3,080,415	2,901,548
<u>EXPENSES:</u>		
General government support	676,756	650,304
Public safety	297,978	285,231
Health	12,751	9,120
Transportation	1,127,131	921,035
Economic assistance and opportunity	4,500	4,500
Cultural and recreation	8,787	7,938
Home and community services	624,791	563,278
Interest and fiscal charges	87,026	91,634
TOTAL EXPENSES	2,839,720	2,533,040
Change in net position	240,695	368,508
NET POSITION - BEGINNING	10,388,533	10,020,025
NET POSITION - ENDING	\$ 10,629,228	\$ 10,388,533

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The general governmental functions are contained in the General, Special Revenue, and Capital Projects Funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. *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.

At December 31, 2022, the Town's governmental funds reported combined fund balances of \$3,316,813, an increase of \$265,164 in comparison with the prior year. Of the combined fund balances, \$833,132 constitutes *unassigned fund balance*, which is available to meet the Town's current and future operational and capital needs. The remainder of fund balance is *non-spendable, restricted, committed or assigned* to indicate that it is *not* available for new spending because it has already been committed: There is no current amount for non-spendable fund balance. Fund balance restricted for specific purposes is \$277,226. \$2,206,455 is classified as assigned fund balance.

The General Fund is the chief operating fund of the Town. At December 31, 2022, unassigned fund balance of the General Fund was \$833,132 and total fund balance of the General Fund was \$1,382,905. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107.31% of total fund expenditures, while total fund balance also represents 178.13% of that same amount.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The table below summarizes changes in fund balances of the Town's Governmental Funds for year's ending December 31, 2022 and 2021.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

	Major Funds			Total
	General	Special Revenue	Capital Projects	
FUND BALANCE AT DECEMBER 31, 2020	\$ 923,538	\$ 1,741,333	\$ 758	\$ 2,665,629
Revenues	913,594	1,987,954	-	2,901,548
Expenditures	<u>(765,206)</u>	<u>(1,750,322)</u>	-	<u>(2,515,528)</u>
Excess (deficiency) of revenues over expenditures	<u>148,388</u>	<u>237,632</u>	-	<u>386,020</u>
FUND BALANCE AT DECEMBER 31, 2021	1,071,926	1,978,965	758	3,051,649
Revenues	1,078,893	2,001,522	-	3,080,415
Expenditures	<u>(776,354)</u>	<u>(2,038,897)</u>	-	<u>(2,815,251)</u>
Excess (deficiency) of revenues over expenditures	<u>302,539</u>	<u>(37,375)</u>	-	<u>265,164</u>
Other financing sources, net	<u>8,440</u>	<u>(8,440)</u>	-	-
FUND BALANCE AT DECEMBER 31, 2022	<u>\$ 1,382,905</u>	<u>\$ 1,933,150</u>	<u>\$ 758</u>	<u>\$ 3,316,813</u>

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

FINANCIAL ANALYSIS – GOVERNMENTAL REVENUES

Revenues for governmental functions totaled \$3,080,415 for the fiscal year ended December 31, 2022, which represents an increase of 6.16% from the fiscal year ended December 31, 2021.

The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year:

Revenues Classified by Source - Governmental Funds

	<u>2022</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>	<u>2021</u> <u>Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
<u>REVENUES:</u>					
Real property taxes and tax items	\$ 1,793,195	58.21%	\$ 1,582,731	\$ 210,464	13.30%
Non-property tax items	105,816	3.44%	104,896	920	0.88%
Departmental income	566,244	18.38%	669,998	(103,754)	-15.49%
Intergovernmental charges	122,878	3.99%	120,209	2,669	2.22%
Use of money and property	31,357	1.02%	50,461	(19,104)	-37.86%
Licenses and permits	5,897	0.19%	4,491	1,406	31.31%
Fines and forfeitures	21,298	0.69%	59,744	(38,446)	-64.35%
Sale of property and compensation for loss	3,102	0.10%	28,553	(25,451)	-89.14%
Miscellaneous	32,857	1.07%	17,356	15,501	89.31%
State aid	356,355	11.57%	263,109	93,246	35.44%
Federal aid	41,416	1.34%	-	41,416	100.00%
TOTAL REVENUES	<u>\$ 3,080,415</u>	<u>100.00%</u>	<u>\$ 2,901,548</u>	<u>\$ 178,867</u>	6.16%

The following provides an explanation of revenues by source that changed significantly over the prior year:

- Real property taxes increased due to increase in property taxes and a special assessment in the water fund.
- Department income decreased to less billings in the water fund.
- Fines and forfeitures increased due to less restrictions on Town court caused by the COVID-19 pandemic.
- Sales of property and compensation for loss decreased due to the town not selling as much equipment in the current year.
- State aid increased due to the Town receiving more Chips money this year.
- Federal aid increased due to the Town using ARPA funds during the year.

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

FINANCIAL ANALYSIS – GOVERNMENTAL EXPENSES

Expenses for governmental functions totaled \$2,815,251 for the fiscal year ended December 31, 2022, which represents an increase of 11.91% from the fiscal year ended December 31, 2021.

The following table presents expenditures, by function, compared to prior year amounts:

Expenditures by Function - Governmental Funds

	<u>2022</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>	<u>2021</u> <u>Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
<u>EXPENDITURES:</u>					
General government support	\$ 554,700	19.70%	\$ 538,417	\$ 16,283	3.02%
Public safety	296,477	10.53%	284,668	11,809	4.15%
Health	12,370	0.44%	8,803	3,567	40.52%
Transportation	975,373	34.65%	753,625	221,748	29.42%
Economic assistance and opportunity	4,500	0.16%	4,500	-	0.00%
Culture and recreation	8,279	0.29%	7,516	763	10.15%
Home and community services	444,733	15.80%	386,625	58,108	15.03%
Employee benefits	243,408	8.65%	260,117	(16,709)	-6.42%
Debt service - principal	186,700	6.63%	178,400	8,300	4.65%
Debt service - interest	88,711	3.15%	92,857	(4,146)	-4.46%
TOTAL EXPENDITURES	<u>\$ 2,815,251</u>	<u>100.00%</u>	<u>\$ 2,515,528</u>	<u>\$ 299,723</u>	11.91%

The following provides an explanation of the expenditures by function that changed significantly over the prior year:

- Transportation increased due to purchase of equipment in the Highway Fund and Part-Town Highway Fund.
- Home and community services changed due to an increase in expenditures to supply water to the Town's water districts.

TOWN OF SHELBY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2022, amounted to \$11,218,967 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, equipment and vehicles.

All depreciable capital assets were depreciated under the straight-line method using the full-year convention. Capital assets net of depreciation are presented below:

Summary of Town of Shelby's Capital Assets
(Net of Depreciation)

	2022	2021
Land	\$ 260,100	\$ 260,100
Infrastructure	10,586,923	10,741,515
Buildings and improvements	189,349	230,283
Machinery and equipment	182,595	205,707
TOTAL CAPITAL ASSETS, NET	\$ 11,218,967	\$ 11,437,605

Additional information on the Town of Shelby's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At December 31, 2022, The Town had total serial bonds outstanding of \$3,187,800 as compared to \$3,374,500 in the prior year. During the year retirement of debt amounted to \$186,700. New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the Town is \$15,071,748, of which 2.65% is exhausted.

The following is a summary of the Town of Shelby's long-term liabilities for governmental activities, as shown on the Statement of Net Position, for the year ending December 31, 2022:

Serial bonds	\$	3,187,800
Compensated absences		130,169
Accrued post-employment benefit obligation		518,925
TOTAL LONG-TERM DEBT	\$	3,836,894

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to: Town of Shelby, Attn: Supervisor's Office, 4062 Salt Works Road, PO Box 348, Medina, New York 14103-0348.

TOWN OF SHELBY, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS AND DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$	3,597,327
Account receivables		200
Water rent receivables		143,770
Capital assets:		
Land		260,100
Other capital assets, net of depreciation		10,958,867
Net pension asset - proportionate share		112,219
TOTAL ASSETS		<u>15,072,483</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions		<u>248,108</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>248,108</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ **15,320,591**

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

LIABILITIES

Accounts payable	\$	94,219
Accrued interest on bonds payable		20,639
Unearned revenue		108,399
Unearned revenue - ARPA		221,866
Long-term liabilities:		
Due within one year:		
Bonds payable		188,300
Due in more than one year:		
Bonds payable		2,999,500
Compensated absences		130,169
OPEB liability		518,925
TOTAL LIABILITIES		<u>4,282,017</u>

DEFERRED INFLOWS OF RESOURCES

Pensions		<u>409,346</u>
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>409,346</u>

NET POSITION

Invested in capital assets, net of related debt		8,031,167
Restricted		277,226
Unrestricted		2,320,835
TOTAL NET POSITION		<u>10,629,228</u>

TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION \$ **15,320,591**

TOWN OF SHELBY, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>FUNCTIONS / PROGRAM</u>				
Governmental Activities:				
General government	\$ (676,756)	\$ 2,021	\$ 115,964	\$ (558,771)
Public safety	(297,978)	-	-	(297,978)
Health	(12,751)	600	-	(12,151)
Transportation	(1,127,131)	122,878	240,391	(763,862)
Economic assistance and opportunity	(4,500)	-	-	(4,500)
Culture and recreation	(8,787)	-	-	(8,787)
Home and community services	(624,791)	563,623	41,416	(19,752)
Interest and fiscal charges	(87,026)	-	-	(87,026)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ (2,839,720)</u>	<u>\$ 689,122</u>	<u>\$ 397,771</u>	<u>(1,752,827)</u>
General Revenues:				
Real property taxes				1,416,200
Real property tax items				376,995
Non-property tax items				105,816
Use of money and property				31,357
Licenses and permits				5,897
Fines and forfeitures				21,298
Sale of property				3,102
Miscellaneous				32,857
TOTAL GENERAL REVENUES				<u>1,993,522</u>
Change in net position				240,695
Total net position at beginning of year (restated)				<u>10,388,533</u>
Total net position at end of year				<u>\$ 10,629,228</u>

The accompanying notes are an integral part of the basic financial statements

TOWN OF SHELBY, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

	General - Townwide	Special Revenue Funds	Capital Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,714,550	\$ 1,882,019	\$ 758	\$ 3,597,327
Accounts receivable	200	-	-	200
Water rents receivable	-	143,770	-	143,770
TOTAL ASSETS	\$ 1,714,750	\$ 2,025,789	\$ 758	\$ 3,741,297

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 1,580	\$ 92,639	\$ -	\$ 94,219
TOTAL LIABILITIES	1,580	92,639	-	94,219

DEFERRED INFLOWS OF RESOURCES

Unearned revenue	108,399	-	-	108,399
Unearned revenue - ARPA	221,866	-	-	221,866
TOTAL DEFERRED INFLOWS OF RESOURCES	330,265	-	-	330,265

FUND BALANCE

Restricted	130,502	145,966	758	277,226
Assigned	419,271	1,787,184	-	2,206,455
Unassigned	833,132	-	-	833,132
TOTAL FUND BALANCES	1,382,905	1,933,150	758	3,316,813

TOTAL LIABILITIES AND FUND BALANCES	\$ 1,714,750	\$ 2,025,789	\$ 758	\$ 3,741,297
--------------------------------------------	---------------------	---------------------	---------------	---------------------

TOWN OF SHELBY, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

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

Total governmental fund balances	\$	3,316,813
Capital assets are not financial resources and are not reported in the funds		
Capital assets		18,821,161
Accumulated depreciation		(7,602,194)
Certain liabilities and deferred inflows are not considered financial uses or are not due or payable in the current period and therefore are not reported in the funds:		
Bonds payable		(3,187,800)
Compensated absences		(130,169)
Other postemployment benefits		(518,925)
Proportionate share of employees retirement system liability		112,219
Accrued interest on obligations		(20,639)
Deferred outflows related to employee retirement systems liability		248,108
Deferred inflows related to employee retirement systems liability		(409,346)
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 10,629,228</u>

TOWN OF SHELBY, NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General - Townwide</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES:				
Real property taxes	\$ 600,850	\$ 815,350	\$ -	\$ 1,416,200
Real property tax items	234,278	142,717	-	376,995
Non-property tax items	-	105,816	-	105,816
Departmental income	27,548	538,696	-	566,244
Intergovernmental charges	-	122,878	-	122,878
Use of money and property	31,357	-	-	31,357
Licenses and permits	5,897	-	-	5,897
Fines and forfeitures	21,298	-	-	21,298
Sale of property and compensation for loss	170	2,932	-	3,102
Miscellaneous	18,081	14,776	-	32,857
State aid	97,998	258,357	-	356,355
Federal aid	41,416	-	-	41,416
TOTAL REVENUES	<u>1,078,893</u>	<u>2,001,522</u>	<u>-</u>	<u>3,080,415</u>
EXPENDITURES:				
General government support	554,700	-	-	554,700
Public safety	3,952	292,525	-	296,477
Health	-	12,370	-	12,370
Transportation	83,527	891,846	-	975,373
Economic opportunity and development	4,500	-	-	4,500
Culture and recreation	1,279	7,000	-	8,279
Home and community services	14,925	429,808	-	444,733
Employee benefits	113,471	129,937	-	243,408
Debt service - principal	-	186,700	-	186,700
Debt service - interest	-	88,711	-	88,711
TOTAL EXPENDITURES	<u>776,354</u>	<u>2,038,897</u>	<u>-</u>	<u>2,815,251</u>
Excess (deficiency) of revenues over expenditures	302,539	(37,375)	-	265,164
OTHER SOURCES AND (USES):				
Transfers in	8,440	-	-	8,440
Transfers out	-	(8,440)	-	(8,440)
TOTAL OTHER SOURCES AND (USES)	<u>8,440</u>	<u>(8,440)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	310,979	(45,815)	-	265,164
Fund Balance - beginning of year (restated)	<u>1,071,926</u>	<u>1,978,965</u>	<u>758</u>	<u>3,051,649</u>
Fund Balance - end of year	<u>\$ 1,382,905</u>	<u>\$ 1,933,150</u>	<u>\$ 758</u>	<u>\$ 3,316,813</u>

The accompanying notes are an integral part of the basic financial statements

TOWN OF SHELBY, NEW YORK
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net change in fund balances total governmental funds.	\$	265,164
Capital outlay expenditures for capital assets and right to use assets are recorded in governmental funds as expenditures and are not recorded in the Statement of Activities because they are recorded as capital assets and right to use assets.		40,195
Depreciation recorded on the statements of activities but not in the governmental funds.		(258,833)
Accrued interest is reported on the statement of activities but not in the governmental funds.		1,685
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduced long-term liabilities on the statement of net position.		
Payment of bond principal		186,700
The net change in compensated absences are recorded in the statement of activities but not in the statement of governmental funds.		(45,053)
Retirement benefits change deferred outflows, liabilities, and deferred inflows in the statement of activities, but not the governmental funds:		
Change in deferred outflows - employee retirement system		(88,077)
Change in proportionate share of employee retirement liability		113,579
Change in deferred inflows - employee retirement system		<u>25,335</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>240,695</u>

TOWN OF SHELBY, NEW YORK
FIDUCIARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS

	<u>Expendable Trust</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 28,346
TOTAL ASSETS	<u>\$ 28,346</u>

LIABILITIES AND NET POSITION

<u>NET POSITION</u>	
Net position	<u>\$ 28,346</u>

The accompanying notes are an integral part of the basic financial statements

TOWN OF SHELBY, NEW YORK
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Expendable Trust
Additions	\$ -
Deductions	-
Change in net position	-
Net Position - beginning of year (restated)	28,346
Net Position - end of year	\$ 28,346

The accompanying notes are an integral part of the basic financial statements

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Shelby, New York (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant of the Town's accounting policies are described below.

Financial Reporting Entity

The Town of Shelby, which was established in 1818, is located within the County of Orleans, New York. The Town is governed by Town law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations and the Supervisor serves as chief fiscal officer.

The following basic services are provided: police, highway, sanitation, recreation, sewer service, drainage, street lighting, water service, fire protection through contracts with local volunteer companies and general administration.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk
Councilmen (4)	Superintendent of Highways
Town Justice (2)	

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

Government-Wide and Fund 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 nonfiduciary activities of the primary government. For the most part, the effects of interfund activity within governmental has been eliminated from these statements. However, balances due and resource flows between governmental activities have not been eliminated. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effects of interfund activity within governmental has been eliminated from these statements. However, balances due and resource flows between governmental activities have not been eliminated. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Fund Categories

Governmental Funds

The fund statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, All remaining governmental funds are aggregated and reported as nonmajor funds. Major Individual governmental funds are reported as separate columns in the fund financials statements.

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

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

General Fund - Town Outside Village - Used only by towns which contain a village to record transactions which are required by statute to be charged to the area of the town outside the village.

Highway Fund - Townwide - This fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town.

Highway Fund - Town Outside Village - Used only by towns which contain a village to record transactions related to road maintenance and construction which are required by statute to be charged to an area of the town outside the village.

Special District Funds - This fund records all financial activity of special districts within the Town. A special district represents a limited geographic area within a Town in New York State. It is a separate accounting entity created by statute for specific services such as lighting, water and fire protection.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

The fiduciary fund is used to account for assets held by the local government in a trustee or custodial capacity:

Expendable Trust Fund - used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Government-wide financial statements apply all applicable Governmental Accounting Standards Board ("GASB") pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict subsequent GASB pronouncements, Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedure.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues are those that cannot be associated directly with program activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as is the Fiduciary Fund 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 revenues in the year in which they are earned. Grants, entitlements and donations are recognized as revenues as soon as all eligibility requirements have been met.

Accrual Basis

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Modified Accrual Basis

All governmental funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- a) Expenditures for prepaid expenses and any inventory-type items are recognized at the time of purchase.
- b) Principal and interest on long-term debt are not recognized as expenditure until due.
- c) Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Property Taxes Revenue Recognition

The Orleans County Legislature prepares the levy in late December of each year and jointly bills the Town levy with New York State and Orleans County real property taxes. On January 1 of each year, property taxes become a lien on the property. Tax payments are due January 1st to January 31st without penalty; February 1st to 28th a 1% penalty; March 1st to 31st a 2% penalty; and April 1st to 30th a 3% penalty. Taxes are then returned to the County and assessed penalties.

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 bill. The County assumes enforcement responsibility for all taxes levied in the Town. The tax roll is returned to the Orleans County Commissioner of Finance after June 1 at which time all unpaid taxes and penalties are payable to that office. Any such taxes remaining unpaid at year-end are re-levied as county taxes in the subsequent year. The County enforces all liens.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Budgets and Budgetary Data

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. No later than September 30th the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except the Capital Projects Fund.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20th, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board.
- d. Budgetary controls for the Special Grant Fund are established by applicable grant agreements that cover a period other than the Town's fiscal year.
- e. Budgetary controls are established for the Capital Projects Fund through Town Board resolutions authorizing individual projects that remain in effect for the life of the projects.

Budget Basis of Accounting

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

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Due To and Due From Other Funds

In the fund financial statements, non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, and water lines) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost equal to or greater than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	30 – 40 years
Improvements	15 – 20 years
Vehicles and equipment	5 – 15 years
Infrastructure	10 – 50 years

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period in the government-wide statements.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Accrued Liabilities and Long-Term Obligation

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full, from current financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the statement of net position.

Compensated Absences

Most Town employees are granted vacation, sick days and personal days, and earn compensatory absences in varying amounts. Employees are entitled to receive payment for unused sick leave upon retirement.

Compensated absences for governmental fund type employees are reported as a fund liability and expenditure in the government-wide financial statements.

The compensated absences liability for the Town on December 31, 2022 totaled \$130,169 and is reported in the government-wide financial statements.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

Insurance

The Town purchases insurance covering liability for most risks including, but not limited to, general liability, vehicle liability, and excess liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred, the amount of loss can be reasonably estimated, and the estimated amount of loss exceeds insurance coverage.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualify for reporting in this category. It is deferred amounts related to the pension reported in the government-wide Statement of Net Position. The deferred amounts related to pension relate difference s between estimated and actual investing earnings, changes in assumptions and other pension related changes.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualify for reporting in this category. In the government-wide financial statements the Town reports deferred amounts related to pension.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Federal Grants

Federal grants are recorded as grants receivable and deferred revenue when the entitlement period occurs. Revenues are recognized using the modified accrual basis of accounting as the Town meets the performance requirements of the grants.

Pensions

Nearly all Town employees are members of the New York State Employees' Retirement System. The Town is invoiced annually by the systems for its share of the cost.

Net Position/Fund Balance:

Net Position Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the governmental-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy that the Town Board will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classification will be charged.

Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with inter-fund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These inter-fund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

Order of Use of Fund Balance

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balance. In the General Fund, committed fund balance is determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Net Position Classifications:

Government-Wide Statements

The government-wide fund financial statements utilize a net position presentation.

Net position is categorized as follows:

Net Invested in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the Town not restricted for any project or other purpose.

Governmental Funds Statements

The fund balance financial statements have five classifications of fund balance.

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable fund balance includes prepaid expenditures.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions on enabling legislation.

Committed - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authorities.

Assigned - Includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balance includes amounts designated for subsequent years' expenditures.

Unassigned - Includes all other net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

Use of Estimates

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

Restatement of Beginning Fund Balance and Net Position

For the year ended December 31, 2022, the Town restated its beginning fund balances in the General Fund, General Fund Part-Town Fund, Highway Townwide Fund, and Highway Part-Town Fund, Water Fund, and Cemetery Fund to remove the due to and due from funds that have been on the books from previous years. The net effect of the adjustments increased beginning fund balance and net position by \$24,155.

Subsequent Events

The Town has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 12, 2024, which is the date the financial statements were available to be issued.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2 - Stewardship, Compliance and Accountability

Budget

Budgetary control of the General Fund is minimally exercised at the department and account level. There were no excesses of expenditures/expenses over appropriations at the established control level.

Note 3 - Cash and Cash Equivalents

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

Collateral is required for demand deposits and certificates of deposit at 105% of the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts and obligations issued by other than New York State related in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

The Town's aggregate bank balances collateralized on December 31, 2022 consisted of the following:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 500,000	\$ 500,000
<u>COLLATERALIZED:</u>		
Collateral held by bank in Town's name	3,141,451	3,125,673
TOTAL DEPOSITS	\$ 3,641,451	\$ 3,625,673

Investment and Deposit Policy

The Town follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Town Supervisor.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Town's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 3 - Cash and Cash Equivalents (Cont.)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Town's investment and deposit policy, all deposits of the Town including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Town restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Note 4 - Capital Assets

Capital assets for the year ended December 31, 2022 were as follows:

	<u>Balance at January 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2022</u>
<u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u>				
Land	\$ 260,100	\$ -	\$ -	\$ 260,100
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>\$ 260,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,100</u>
<u>CAPITAL ASSETS BEING DEPRECIATED:</u>				
Buildings and Improvements	\$ 1,151,356	\$ -	\$ -	\$ 1,151,356
Machinery and Equipment	1,910,373	40,195	-	1,950,568
Infrastructure	15,459,137	-	-	15,459,137
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>18,520,866</u>	<u>40,195</u>	<u>-</u>	<u>18,561,061</u>
<u>LESS: ACCUMULATED DEPRECIATION FOR:</u>				
Buildings and Improvements	921,073	40,934	-	962,007
Machinery and Equipment	1,704,666	63,307	-	1,767,973
Infrastructure	4,717,622	154,592	-	4,872,214
TOTAL ACCUMULATED DEPRECIATION	<u>7,343,361</u>	<u>258,833</u>	<u>-</u>	<u>7,602,194</u>
Total capital assets being depreciated, net	<u>11,177,505</u>	<u>(218,638)</u>	<u>-</u>	<u>10,958,867</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 11,437,605</u>	<u>\$ (218,638)</u>	<u>\$ -</u>	<u>\$ 11,218,967</u>

Depreciation expense was charged to function/programs of the primary government as follows:

<u>GOVERNMENTAL ACTIVITIES:</u>	
General government	\$ 40,934
Transportation	63,308
Home and community services	154,591
TOTAL DEPRECIATION EXPENSE	<u>\$ 258,833</u>

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 5 – Unearned Revenue

During 2021, the Town was awarded \$263,281 of funding from the American Recovery Plan Act (ARPA) Coronavirus Local Fiscal Recovery Fund, paid in two installments. The Town has received the first installment in the amount of \$131,641, which was passed through the New York State Office of the State Comptroller. The second installment was received July 8, 2022, in the amount of \$131,640. The Town has spent \$41,416 of the ARPA funds during the year ended December 31, 2022.

The Town also reported deferred revenue related to a sidewalk project that has not yet commenced. Unearned revenue at year end amounted to \$107,886.

Note 6 - Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually.

State law requires 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, provided that stipulated annual reductions of principal are made on an annual basis.

The Town had no outstanding bond anticipation notes at December 31, 2022.

Note 7 - Long-Term Obligations

Serial Bonds

The Town borrows money in order to acquire land or equipment or construct buildings and 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 full faith and credit debt of the local government, are recorded in the Schedule of Non-Current Government Liabilities. 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.

Other Long-Term Liabilities

In addition to the above serial bonds, the Town had the following noncurrent liabilities:

Compensated Absences - represents the value of earned and unused portions of the liability for vacation and sick leave.

Net OPEB Liability – represents the Town’s obligation for benefits expected to be paid out to retirees (e.g. health insurance costs), discounted to the present value, over a number of years.

Net Pension Liability – Proportionate Share - represents the Town’s share of the state retirement systems’ liability for pensions for employees.

Serial bonds	\$	3,187,800
Compensated absences		130,169
OPEB liability		518,925
TOTAL	\$	<u>3,836,894</u>

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 7 - Long-Term Obligations (Cont.)

Summary of the Changes in the Non-Current Government Liabilities

The following is a summary of changes in the Non-Current Government Liabilities for the year ended December 31, 2022:

GOVERNMENTAL ACTIVITIES:	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Serial Bonds	\$ 3,374,500	\$ -	\$ 186,700	\$ 3,187,800
Compensated Absences	85,116	45,053	-	130,169
OPEB liability	518,925	-	-	518,925
Net pension liability	1,360	-	1,360	-
LONG-TERM LIABILITIES	\$ 3,979,901	\$ 45,053	\$ 188,060	\$ 3,836,894

General Obligation Serial Bonds

The following is a summary of general obligation serial bond transactions of the Town for the year ended December 31, 2022:

Description	Maturity Date	Interest Rate	Balance January 1, 2022	Issued	Payments	Balance December 31, 2022
Highway Fund:						
Bates Road	2027	2.13%	\$ 380,000	\$ -	\$ 60,000	\$ 320,000
Equipment	2024	2.00%	135,000	-	45,000	90,000
Water Districts:						
Water District # 2	2029	6.75%	27,200	-	3,400	23,800
Water District # 3	2033	4.50%	100,800	-	6,500	94,300
Water District # 4A	2036	4.50%	115,100	-	5,500	109,600
Water District # 4B	2038	4.50%	151,900	-	6,100	145,800
Water District # 6	2040	4.50%	72,300	-	2,500	69,800
Water District # 7	2042	4.50%	236,000	-	7,000	229,000
Water District # 8	2046	4.38%	250,200	-	5,700	244,500
Water District # 9	2048	2.25%	353,000	-	10,000	343,000
Water District # 10	2054	1.38%	274,000	-	7,000	267,000
Water District # 11	2054	1.88%	376,000	-	8,000	368,000
Water District # 12	2055	1.75%	903,000	-	20,000	883,000
TOTAL			\$ 3,374,500	\$ -	\$ 186,700	\$ 3,187,800

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 7 - Long-Term Obligations (Cont.)

Long-Term Debt Maturity Schedule

The following schedule sets forth the remaining annual maturities of and annual interest payments on serial bonds at December 31, 2022:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 188,300	\$ 82,131	\$ 270,431
2024	190,800	78,117	268,917
2025	153,500	74,012	227,512
2026	156,200	70,438	226,638
2027	163,000	64,587	227,587
2028 - 2032	499,400	271,329	770,729
2033 - 2037	517,800	190,439	708,239
2038 - 2042	473,900	117,388	591,288
2043 - 2047	394,900	62,752	457,652
2048 - 2052	297,000	26,968	323,968
2053 - 2057	153,000	4,460	157,460
	<u>\$ 3,187,800</u>	<u>\$ 1,042,621</u>	<u>\$ 4,230,421</u>

Note 8 – Pension Plans

Plan Description

The Town of Shelby participates in the New York State and Local Employees' Retirement System (ERS). Which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefit 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 transactions of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, New York 12236.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8 – Pension Plans (Cont.)

Funding Policy

The plan is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010, who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annual certifies the actuarially determined rate expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31.

Membership, benefits and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

ERS

- Tier 1 - Those persons who last became members of the System 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 of the System on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members of the System on or after April 1, 2012

The Town of Shelby is required to contribute at an actuarially determined rate. The required contribution for the current year and two preceding years were:

	ERS
2022	\$ 66,185
2021	\$ 63,533
2020	\$ 77,235

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

At December 31, 2022, the Town of Shelby reported an asset of \$112,219 for its proportionate share of the pension asset. The net pension liability / (asset) was measured as of March 31, 2022, and the total pension liability / (asset) used to calculate the net pension liability / (asset) was determined by an actuarial valuation as of April 1, 2021. The Town of Shelby's proportion of the net pension liability was based on a projection of the Town of Shelby's long-term share of contributions to the pension plan relative to the projected contribution of all participating members, actuarially determined.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8 – Pension Plans (Cont.)

At December 31, 2022, the Town of Shelby's proportion was .0013728%. For the year ended December 31, 2022, the Town of Shelby recognized pension expense of \$1,002. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,499	\$ 11,023
Changes of assumptions	187,281	3,160
Net difference between projected and actual investment earnings on pension plan investments	-	367,470
Changes in proportion and differences between employer Contributions and proportionate share of contributions	16,734	27,693
Town contributions subsequent to the measurement date	35,594	-
TOTAL	\$ 248,108	\$ 409,346

The Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2023	\$ (31,086)
2024	(44,544)
2025	(102,150)
2026	(19,053)
2027	-
Thereafter	-

Actuarial Assumptions

The total pension 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 liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Interest rate	5.90%
Inflation	2.70%
Salary	4.40%
Investment rate of return	5.90%
Costs of living adjustments	1.40%
Decrement Tables	April 1, 2015 - March 31, 2020 system's experience

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8 - Pension Plans (Cont.)

Actuarial Assumptions (Cont.)

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

The actuarial assumptions used in the April 1, 2021 valuation is based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method which is best estimates ranges of best estimate future real rates of return (expected returns nets 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below:

Asset Type	Long-Term Expected Real Rate
Domestic equity	3.30%
International Equity	5.85%
Private Equity	6.50%
Real Estate	5.00%
Opportunistic / ARC Portfolio	4.10%
Credit	3.78%
Real Assets	5.58%
Fixed Income	0.00%
Cash	-1.00%

The real rate of return is net of the long-term inflation assumption of 2.00 percent.

Discount Rate

The discount used to calculate the total pension liability was 5.90%. The project 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 the 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 projected benefit payments to determine the total pension liability.

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

The following presents the Town of Shelby's proportionate share of the net pension liability calculated using the discount rate of 5.90 percent, as well as what the Town of Shelby's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.90 percent) or 1-percentage point higher (6.90 percent) than the current rate:

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 288,851</u>	<u>\$ (112,219)</u>	<u>\$ (447,695)</u>

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8 - Pension Plans (Cont.)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the total employers' share for the state retirement system as of March 31, 2022, are as follows:

	Employees' Retirement System
Employers' total pension liability	\$ 223,874,888
Fiduciary net position	232,049,473
Employers' net position liability	\$ (8,174,585)
Ratio of plan net position to the employer's total pension liability	103.65%

Note 9 - Other Postemployment Benefits - GASB Statement 45

In addition to providing pension benefits, the Town also provides health care benefits for retired employees, their dependents and certain survivors. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. Prior to 2009, the Town recognized the cost of providing postemployment health insurance benefits by expensing those costs when paid.

Plan Description

The Town administers its Retiree Medical Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for the continuation of medical benefits to certain qualifying retirees of the Town, and their spouses and can be amended by action of the Town. The Plan does not carry issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the Plan members, employers and other entities are established by employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement covering the retiree, the retiree's hiring date and number of years of service to the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Accrued Liability (AAL)

Actuarial accrued liability	\$ 345,579
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 345,579
Funded ratio	0.00%
Annual covered payroll	\$ -
Ratio of unfunded actuarial accrued liability to covered payroll	0.00%
Normal cost	\$ 1,986

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9 - Other Postemployment Benefits - GASB Statement 45 (Cont.)

Funded Status and Funding Progress

The schedule of funding progress presents multiyear (when available) trend information that is useful in determining whether the actuary's value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of June 16, 2015, the latest valuation date.

The following table summarizes the amortization calculation of the UAAL as of the latest valuation date:

UAAL	\$ 345,579
Amortization period (years)	30
Amortization discount rate	3.00%
Present value factor	<u>20.1885</u>
2018 UAAL amortization amount	<u>\$ 106,680</u>

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfounded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for 2022:

Normal cost	\$ 1,986
Amortization of UAAL	106,680
Interest	<u>-</u>
ARC	108,666
Interest on OPEB obligation	-
Adjustment to ARC	<u>\$ -</u>
OPEB expense	<u>\$ 108,666</u>

The following table reconciles the Town's OPEB obligation at December 31, 2022:

Net OPEB obligation at beginning of year	\$ 475,588
OPEB expense	108,666
OPEB contributions	<u>(65,329)</u>
Net OPEB obligation at end of year	518,925
Less: estimated current portion of OPEB obligation	<u>-</u>
Estimated long-term portion of OPEB obligation	<u>\$ 518,925</u>
Percentage of expense contributed	<u>60.12%</u>

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9- Other Postemployment Benefits - GASB Statement 45 (Cont.)

Actuarial Methods and Assumptions

Actuarial valuation of an ongoing plan involves 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 revisions 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 actuarial cost method used to calculate the costs of the Plan for age, disability, vested, and surviving spouse's benefits is the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. For active participants, that AAL is determined by pro-rating the projected benefit based upon service accrued to the valuation date divided by service projected to be accrued at the first age of benefit eligibility. The normal cost is determined by dividing the projected benefit by service projected to be accrued at the first age of benefit eligibility.

Note 10 – Interfund Transfers

Interfund transfers for the year ended December 31, 2022 are as follows:

Fund	Transfer In	Transfer Out
General fund	8,440	\$ -
Street lighting fund	-	8,440
TOTAL	\$ 8,440	\$ 8,440

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and move residual cash from closed projects to debt service to be used for debt payments at a later date. The purpose of the government's interfund transfers are debt service payments, capital projects and self-insurance cost.

TOWN OF SHELBY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 11 – Fund Balance

Restricted fund balance, which have external constraints, are as follows:

Fund	Balances
GENERAL FUND:	
Reserve for repairs	\$ 130,502
HIGHWAY FUND:	
Capital reserve	145,966
CAPITAL FUND:	
Fund balance	758
TOTAL RESTRICTED FUND BALANCE	\$ 277,226

Assigned fund balance, which are constrained by the Town’s intent to be used for specific purposes, are as follows:

Fund	Balances
GENERAL FUND:	
General fund - appropriated	\$ 419,271
SPECIAL REVENUE FUNDS:	
General fund- town outside village - appropriated	65,890
General fund- town outside village - unappropriated	527,666
Highway fund - townwide - appropriated	136,275
Highway fund - townwide - unappropriated	(26,602)
Highway fund - townwide outside village - appropriated	68,656
Highway fund - townwide outside village - unappropriated	59,032
Water fund - appropriated	7,357
Water fund - unappropriated	878,513
Fire district - unappropriated	70,397
TOTAL SPECIAL REVENUE FUNDS	1,787,184
TOTAL ASSIGNED FUND BALANCE	\$ 2,206,455

Note 12 - Contingencies

The Town receives financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the Town expects such amounts to be immaterial to the Town’s financial statements.

TOWN OF SHELBY, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Real property taxes	\$ 600,850	\$ 600,850	\$ 600,850	\$ -
Real property tax items	100,000	100,000	234,278	134,278
Departmental income	16,600	16,600	27,548	10,948
Use of money and property	30,600	30,600	31,357	757
Licenses and permits	3,330	3,330	5,897	2,567
Fines and forfeitures	10,800	10,800	21,298	10,498
Sale of property and compensation for loss	50	50	170	120
Miscellaneous	50	50	18,081	18,031
State aid	80,000	80,000	97,998	17,998
Federal aid	-	-	41,416	41,416
TOTAL REVENUES	<u>842,280</u>	<u>842,280</u>	<u>1,078,893</u>	<u>236,613</u>
<u>EXPENDITURES:</u>				
General government support	863,844	863,844	554,700	309,144
Public safety	12,200	12,200	3,952	8,248
Transportation	76,592	76,592	83,527	(6,935)
Economic opportunity and development	12,000	12,000	4,500	7,500
Culture and recreation	2,450	2,450	1,279	1,171
Home and community services	15,500	15,500	14,925	575
Employee benefits	164,027	164,027	113,471	50,556
TOTAL EXPENDITURES	<u>1,146,613</u>	<u>1,146,613</u>	<u>776,354</u>	<u>370,259</u>
Excess (deficiency) of revenues over expenditures	(304,333)	(304,333)	302,539	(133,646)
<u>OTHER SOURCES (USES):</u>				
Transfer in	-	-	8,440	8,440
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>8,440</u>	<u>8,440</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	(304,333)	(304,333)	310,979	(125,206)
Fund balance - beginning of year (restated)	<u>1,071,926</u>	<u>1,071,926</u>	<u>1,071,926</u>	<u>-</u>
Fund balance - end of year	<u>\$ 767,593</u>	<u>\$ 767,593</u>	<u>\$ 1,382,905</u>	<u>\$ (125,206)</u>

See independent auditor's report

TOWN OF SHELBY, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Real property taxes	\$ 815,350	\$ 815,350	\$ 815,350	\$ -
Real property tax items	66,000	66,000	142,717	76,717
Non-property tax items	94,890	94,890	105,816	10,926
Departmental income	603,425	603,425	538,696	(64,729)
Intergovernmental charges	213,000	213,000	122,878	(90,122)
Use of money and property	1,300	1,300	-	(1,300)
Sale of property and compensation for loss	3,500	3,500	2,932	(568)
Miscellaneous	4,000	4,000	14,776	10,776
State aid	215,000	215,000	258,357	43,357
TOTAL REVENUES	<u>2,016,465</u>	<u>2,016,465</u>	<u>2,001,522</u>	<u>(14,943)</u>
EXPENDITURES:				
General government support	119,262	119,262	-	119,262
Public safety	295,500	295,500	292,525	2,975
Health	12,400	12,400	12,370	30
Transportation	916,550	916,550	891,846	24,704
Culture and recreation	10,000	10,000	7,000	3,000
Home and community services	496,278	496,278	429,808	66,470
Employee benefits	190,461	190,461	129,937	60,524
Principal	186,700	186,700	186,700	-
Interest	88,830	88,830	88,711	119
TOTAL EXPENDITURES	<u>2,315,981</u>	<u>2,315,981</u>	<u>2,038,897</u>	<u>277,084</u>
Excess (deficiency) of revenues over expenditures	(299,516)	(299,516)	(37,375)	(292,027)
OTHER SOURCES (USES):				
Transfer out	-	-	(8,440)	8,440
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(8,440)</u>	<u>8,440</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	(299,516)	(299,516)	(45,815)	(283,587)
Fund balance - beginning of year (restated)	<u>1,978,965</u>	<u>1,978,965</u>	<u>1,978,965</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,679,449</u>	<u>\$ 1,679,449</u>	<u>\$ 1,933,150</u>	<u>\$ (283,587)</u>

See independent auditor's report

TOWN OF SHELBY, NEW YORK
SCHEDULE OF TOWN'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY – NLRs PENSION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2022

	Year Ended December 31,					
	2022	2021	2020	2019	2018	2017
<u>Employees' Retirement System (ERS)</u>						
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Town's proportion share of the net pension liability (asset)	0.0013728%	0.0013659%	0.0017617%	0.0016190%	0.0017030%	0.0020047%
Town's proportionate share of the net pension liability (asset)	\$ (112,219)	\$ 1,360	\$ 466,506	\$ 114,703	\$ 54,965	\$ 54,965
Town's covered-employee payroll	\$ 438,188	\$ 551,929	\$ 548,760	\$ 484,585	\$ 465,669	\$ 421,543
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.61%	0.25%	85.01%	23.67%	11.80%	13.04%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%

See independent auditor's report

TOWN OF SHELBY, NEW YORK
SCHEDULE OF THE TOWN'S CONTRIBUTION
NYSLRS PENSION PLAN
DECEMBER 31, 2022

	Year Ended December 31,					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Employees' Retirement System (ERS)</u>						
Contractually required contribution	\$ 66,185	\$ 63,533	\$ 77,235	\$ 69,677	\$ 69,090	\$ 68,315
Contributions in relation to the contractually required contribution	\$ 66,185	\$ 63,533	\$ 77,235	\$ 69,677	\$ 69,090	\$ 68,315
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 438,188	\$ 551,929	\$ 548,760	\$ 484,585	\$ 465,669	\$ 421,543
Contributions as a percentage of covered-employee payroll	15.10%	11.51%	14.07%	14.38%	14.84%	16.21%

See independent auditor's report

TOWN OF SHELBY, NEW YORK
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022

ASSETS

	General Fund- Town Outside Village	Highway Fund - Townwide	Highway Fund - Town Outside Village	Water Districts	Fire Protection Districts	Lighting Districts	Total
<u>ASSETS</u>							
Cash and cash equivalents	\$ 593,556	\$ 255,639	\$ 127,688	\$ 834,739	\$ 70,397	\$ -	\$ 1,882,019
Water rents receivable	-	-	-	143,770	-	-	143,770
TOTAL ASSETS	<u>\$ 593,556</u>	<u>\$ 255,639</u>	<u>\$ 127,688</u>	<u>\$ 978,509</u>	<u>\$ 70,397</u>	<u>\$ -</u>	<u>\$ 2,025,789</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ -	\$ -	\$ -	\$ 92,639	\$ -	\$ -	\$ 92,639
TOTAL LIABILITIES	-	-	-	92,639	-	-	92,639

FUND BALANCE

Restricted	-	145,966	-	-	-	-	145,966
Assigned	593,556	109,673	127,688	885,870	70,397	-	1,787,184
TOTAL FUND BALANCE	593,556	255,639	127,688	885,870	70,397	-	1,933,150

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 593,556</u>	<u>\$ 255,639</u>	<u>\$ 127,688</u>	<u>\$ 978,509</u>	<u>\$ 70,397</u>	<u>\$ -</u>	<u>\$ 2,025,789</u>
-------------------------------------------	--------------------------	--------------------------	--------------------------	--------------------------	-------------------------	--------------------	----------------------------

See independent auditor's report

TOWN OF SHELBY, NEW YORK
SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund- Town Outside Village	Highway Fund - Townwide	Highway Fund - Town Outside Village	Water Districts	Fire Protection Districts	Lighting Districts	Total
REVENUES:							
Real property taxes	\$ 42,600	\$ 180,750	\$ 302,000	\$ -	\$ 290,000	\$ -	\$ 815,350
Real property tax items	64,214	11,811	-	66,692	-	-	142,717
Non-property tax items	3,340	-	102,476	-	-	-	105,816
Departmental income	6,893	-	-	531,803	-	-	538,696
Intergovernmental charges	-	122,878	-	-	-	-	122,878
Sale of property and comp. for loss	-	1,240	-	1,692	-	-	2,932
Miscellaneous	570	9,723	1,761	2,722	-	-	14,776
State aid	-	17,966	240,391	-	-	-	258,357
TOTAL REVENUES	<u>117,617</u>	<u>344,368</u>	<u>646,628</u>	<u>602,909</u>	<u>290,000</u>	<u>-</u>	<u>2,001,522</u>
EXPENDITURES:							
Public safety	6,045	-	-	-	286,480	-	292,525
Health	12,370	-	-	-	-	-	12,370
Transportation	-	393,179	498,667	-	-	-	891,846
Culture and recreation	7,000	-	-	-	-	-	7,000
Home and community services	38,705	-	-	391,103	-	-	429,808
Employee benefits	7,078	59,393	58,953	4,513	-	-	129,937
Debt service - principal	-	45,000	60,000	81,700	-	-	186,700
Debt service - interest	-	2,813	8,781	77,117	-	-	88,711
TOTAL EXPENDITURES	<u>71,198</u>	<u>500,385</u>	<u>626,401</u>	<u>554,433</u>	<u>286,480</u>	<u>-</u>	<u>2,038,897</u>
Excess (deficiency) of revenues over expenditures	46,419	(156,017)	20,227	48,476	3,520	-	(37,375)
OTHER SOURCES AND (USES)							
Transfers out	-	-	-	-	-	(8,440)	(8,440)
TOTAL OTHER SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,440)</u>	<u>(8,440)</u>
Excess of revenues and other sources over expenditures and other uses	46,419	(156,017)	20,227	48,476	3,520	(8,440)	(45,815)
Fund balances - beginning of year (restated)	547,137	411,656	107,461	837,394	66,877	8,440	1,978,965
Fund balances - end of year	<u>\$ 593,556</u>	<u>\$ 255,639</u>	<u>\$ 127,688</u>	<u>\$ 885,870</u>	<u>\$ 70,397</u>	<u>\$ -</u>	<u>\$ 1,933,150</u>

See independent auditor's report

TOWN OF SHELBY, NEW YORK
WATER FUND
BALANCE SHEETS
DECEMBER 31, 2022

ASSETS

	<u>Water</u> <u>District #1</u>	<u>Water</u> <u>District #2</u>	<u>Water</u> <u>District #3</u>	<u>Water</u> <u>District #4A</u>	<u>Water</u> <u>District #4B</u>	<u>Water</u> <u>District #5</u>
<u>ASSETS</u>						
Cash	\$ 111,975	\$ 112,206	\$ 83,914	\$ 25,579	\$ 45,104	\$ 55,163
Water rents receivable	<u>6,778</u>	<u>6,083</u>	<u>10,536</u>	<u>9,579</u>	<u>11,445</u>	<u>330</u>
TOTAL ASSETS	<u>\$ 118,753</u>	<u>\$ 118,289</u>	<u>\$ 94,450</u>	<u>\$ 35,158</u>	<u>\$ 56,549</u>	<u>\$ 55,493</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 18,046	\$ 1,884	\$ 9,654	\$ 13,535	\$ 10,527	\$ 179
TOTAL LIABILITIES	<u>18,046</u>	<u>1,884</u>	<u>9,654</u>	<u>13,535</u>	<u>10,527</u>	<u>179</u>

FUND BALANCE

Assigned	<u>100,707</u>	<u>116,405</u>	<u>84,796</u>	<u>21,623</u>	<u>46,022</u>	<u>55,314</u>
TOTAL FUND BALANCE	<u>100,707</u>	<u>116,405</u>	<u>84,796</u>	<u>21,623</u>	<u>46,022</u>	<u>55,314</u>

TOTAL LIABILITIES AND

FUND BALANCE	<u>\$ 118,753</u>	<u>\$ 118,289</u>	<u>\$ 94,450</u>	<u>\$ 35,158</u>	<u>\$ 56,549</u>	<u>\$ 55,493</u>
---------------------	--------------------------	--------------------------	-------------------------	-------------------------	-------------------------	-------------------------

TOWN OF SHELBY, NEW YORK
WATER FUND
BALANCE SHEETS
DECEMBER 31, 2022

ASSETS

	<u>Water</u> <u>District #6</u>	<u>Water</u> <u>District #7</u>	<u>Water</u> <u>District #8</u>	<u>Water</u> <u>District #9</u>	<u>Water</u> <u>District #10</u>	<u>Water</u> <u>District #11</u>	<u>Water</u> <u>District #12</u>	<u>Total</u>
<u>ASSETS</u>								
Cash	\$ 187,717	\$ 12,898	\$ 26,960	\$ 48,897	\$ 34,712	\$ 47,432	\$ 42,182	\$ 834,739
Water rents receivable	24,442	11,856	10,673	11,705	7,675	9,828	22,840	143,770
TOTAL ASSETS	<u>\$ 212,159</u>	<u>\$ 24,754</u>	<u>\$ 37,633</u>	<u>\$ 60,602</u>	<u>\$ 42,387</u>	<u>\$ 57,260</u>	<u>\$ 65,022</u>	<u>\$ 978,509</u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>								
Accounts payable	\$ 12,783	\$ 5,727	\$ 5,264	\$ 4,512	\$ 2,256	\$ 3,008	\$ 5,264	\$ 92,639
TOTAL LIABILITIES	<u>12,783</u>	<u>5,727</u>	<u>5,264</u>	<u>4,512</u>	<u>2,256</u>	<u>3,008</u>	<u>5,264</u>	<u>92,639</u>
<u>FUND BALANCE</u>								
Assigned	199,376	19,027	32,369	56,090	40,131	54,252	59,758	885,870
TOTAL FUND BALANCE	<u>199,376</u>	<u>19,027</u>	<u>32,369</u>	<u>56,090</u>	<u>40,131</u>	<u>54,252</u>	<u>59,758</u>	<u>885,870</u>
TOTAL LIABILITIES AND								
FUND BALANCE	<u>\$ 212,159</u>	<u>\$ 24,754</u>	<u>\$ 37,633</u>	<u>\$ 60,602</u>	<u>\$ 42,387</u>	<u>\$ 57,260</u>	<u>\$ 65,022</u>	<u>\$ 978,509</u>

See independent auditor's report

TOWN OF SHELBY, NEW YORK
WATER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Water District #1</u>	<u>Water District #2</u>	<u>Water District #3</u>	<u>Water District #4A</u>	<u>Water District #4B</u>	<u>Water District #5</u>
<u>REVENUES:</u>						
Real property taxes	\$ 11,057	\$ 627	\$ 7,779	\$ 10,562	\$ 3,077	\$ -
Departmental income	59,039	21,232	55,003	40,725	41,567	6,367
Sale of property and comp. for loss	-	-	-	-	-	-
Miscellaneous	43	445	87	20	-	1,708
TOTAL REVENUES	<u>70,139</u>	<u>22,304</u>	<u>62,869</u>	<u>51,307</u>	<u>44,644</u>	<u>8,075</u>
<u>EXPENDITURES:</u>						
Home and community services	82,245	5,228	38,746	60,189	44,162	319
Employee benefits	851	139	491	617	396	75
Debt service - principal	-	3,400	6,500	5,500	6,100	-
Debt service - interest	-	1,721	4,536	5,180	6,698	-
TOTAL EXPENDITURES	<u>83,096</u>	<u>10,488</u>	<u>50,273</u>	<u>71,486</u>	<u>57,356</u>	<u>394</u>
Excess (deficiency) of revenues over expenditures	(12,957)	11,816	12,596	(20,179)	(12,712)	7,681
Fund balances - beginning of year (restated)	<u>113,664</u>	<u>104,589</u>	<u>72,200</u>	<u>41,802</u>	<u>58,734</u>	<u>47,633</u>
Fund balances - end of year	<u>\$ 100,707</u>	<u>\$ 116,405</u>	<u>\$ 84,796</u>	<u>\$ 21,623</u>	<u>\$ 46,022</u>	<u>\$ 55,314</u>

See independent auditor's report

TOWN OF SHELBY, NEW YORK
WATER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water District #6	Water District #7	Water District #8	Water District #9	Water District #10	Water District #11	Water District #12	Total
REVENUES:								
Real property taxes	\$ 4,693	\$ 5,649	\$ 3,690	\$ 5,217	\$ 3,075	\$ 2,113	\$ 9,153	\$ 66,692
Departmental income	90,048	41,119	37,330	31,191	22,549	28,882	56,751	531,803
Sale of property and comp. for loss	-	-	423	-	-	-	1,269	1,692
Miscellaneous	202	174	43	-	-	-	-	2,722
TOTAL REVENUES	94,943	46,942	41,486	36,408	25,624	30,995	67,173	602,909
EXPENDITURES:								
Home and community services	55,695	32,478	23,575	16,299	5,364	8,881	17,922	391,103
Employee benefits	439	286	278	293	176	245	227	4,513
Debt service - principal	2,500	7,000	5,700	10,000	7,000	8,000	20,000	81,700
Debt service - interest	3,197	10,463	10,946	7,830	3,768	6,975	15,803	77,117
TOTAL EXPENDITURES	61,831	50,227	40,499	34,422	16,308	24,101	53,952	554,433
Excess (deficiency) of revenues over expenditures	33,112	(3,285)	987	1,986	9,316	6,894	13,221	48,476
Fund balances - beginning of year (restated)	166,264	22,312	31,382	54,104	30,815	47,358	46,537	837,394
Fund balances - end of year	\$ 199,376	\$ 19,027	\$ 32,369	\$ 56,090	\$ 40,131	\$ 54,252	\$ 59,758	\$ 885,870

See independent auditor's report



**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***

Honorable Town Board
Town of Shelby
Medina, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Shelby, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Town of Shelby, New York's basic financial statements, and have issued our report thereon dated March 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Shelby, New York'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 Town of Shelby, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Shelby, New York's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Shelby, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

BUFFALO
501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

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.

Allied CPAs, P.C.

Amherst, New York
March 12, 2024