

FINANCIAL REPORT
AUDITED
TOWN OF CHESTER, NEW YORK
For the Year Ended December 31, 2022

Audited for:

Town Board
TOWN OF CHESTER, NEW YORK

Audited By:

RBT CPAs, LLP
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Newburgh, NY 12550
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TOWN OF CHESTER, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Town Board
Town of Chester
1786 Kings Highway
Chester, New York 10918

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chester, New York (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse and Unmodified Opinions" section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Chester, New York, as of December 31, 2022, or the changes in the financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Aggregate Remaining Fund Information

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Town of Chester, New York as of December 31, 2022 and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("Government Auditing Standards"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities:

As discussed in Note I.N, management has not recorded certain liabilities related to other post-employment benefits in the financial statements of the governmental activities and, accordingly, has not recorded the change in employment benefits liabilities as expense on those other post-employment benefits. Accounting principles generally accepted in the United States of America require that the other post-employment benefits be accrued, and the related expense be recorded, which would increase liabilities, decrease net position, and increase expenses of the governmental activities. The amounts by which this departure would affect liabilities, net position, and expenses of the governmental activities has not been determined.

Responsibilities of Management for the Financial Statements

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

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'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 Responsibility

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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'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, and proportionate share of the net pension liability and related ratios and employer contributions on pages 4 through 9 and 38 through 45 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 Chester's basic financial statements. The combining statements and schedule of indebtedness 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 statements and schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2024 on our consideration of the Town'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 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's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
August 22, 2024

**TOWN OF CHESTER, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management's discussion and analysis of the Town of Chester's (the "Town") financial performance has been prepared to provide an overview of the Town's financial activities for the year ended December 31, 2022. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements.

Requests For Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Supervisor's office at the Town of Chester, 1786 Kings Highway, Chester, NY 10918.

Financial Highlights

- The Town of Chester's net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was \$9,688,986 at December 31, 2022.
- The government's total net position increased by \$1,305,418 during 2022.
- At December 31, 2022, the Town's proportionate shares of the net pension liability for the PFRS retirement system were included in total liabilities in the amount of \$263,065.
- As of the close of the current fiscal year, the Town of Chester' governmental funds reported combined ending fund balances of \$3,685,304, an increase of \$599,939 in comparison with the prior year.
- At the end of the year, unassigned fund balance for the General Fund was \$754,373.

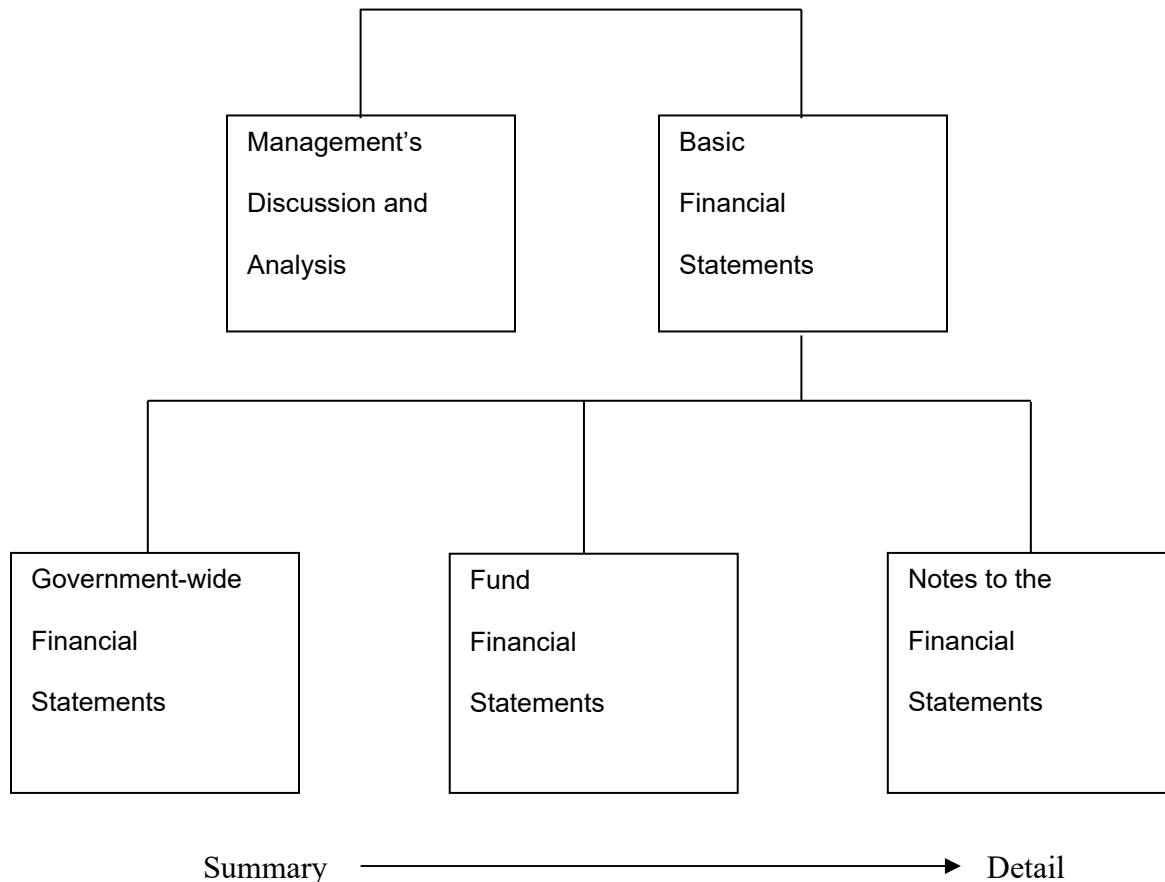
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Chester' basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the Town's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail to follow in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Chester, New York.

**TOWN OF CHESTER, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required Components of the Town's Basic Financial Statements

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental and fiduciary fund statements and 2) the budgetary comparison schedules. The budgetary comparison schedules are presented as required supplementary information.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The governmental activities include most of the Town's basic services such as public safety, water and sewer, refuse and drainage, road maintenance and administration. Property taxes, sales tax, charges for services and state aid finance most of these activities.

**TOWN OF CHESTER, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Chester, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the New York State General Municipal Law and local finance law or the Town's adopted budget. All of the funds of the Town of Chester are classified in two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Fiduciary Funds – The Town acts in a custodial capacity for assets that are ultimately transferred to others, such as bail deposits. These funds are excluded from the government-wide financial statements because the Town cannot use these assets to finance operations.

The Town of Chester adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town of Chester, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary comparisons (presented in the Required Supplementary Information section) demonstrate how well the Town complied with the adopted budget and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedules use the budgetary basis of accounting and are presented using the same format, language and classifications as the legal budget document. The schedules show four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual revenues, expenditures and changes in fund balance; and 4) the variance between the final budget and actual revenues and expenditures.

Notes to the Financial Statements

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

**TOWN OF CHESTER, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

TOWN OF CHESTER'S NET POSITION

	<u>2022</u>	Unadjusted <u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 7,896,339	\$ 5,291,392	\$ 2,604,947	49.23%
Other Assets	678,308	-	678,308	100.00%
Capital Assets	12,268,979	12,494,735	(225,756)	-1.81%
Total Assets	<u>20,843,626</u>	<u>17,786,127</u>	<u>3,057,499</u>	<u>17.19%</u>
Deferred Outflows of Resources	<u>3,839,500</u>	<u>4,542,496</u>	<u>(702,996)</u>	<u>-15.48%</u>
Current Liabilities	3,876,389	1,498,566	2,377,823	158.67%
Long-Term Liabilities	5,458,970	7,868,316	(2,409,346)	-30.62%
Total Liabilities	<u>9,335,359</u>	<u>9,366,882</u>	<u>(31,523)</u>	<u>-0.34%</u>
Deferred Inflows of Resources	<u>5,658,781</u>	<u>4,731,374</u>	<u>927,407</u>	<u>19.60%</u>
Net Position:				
Net Investment in Capital Assets	6,034,383	5,944,735	89,648	1.51%
Restricted	1,361,606	517,959	843,647	162.88%
Unrestricted	2,292,997	1,767,673	525,324	-29.72%
Total Net Position	<u>\$ 9,688,986</u>	<u>\$ 8,230,367</u>	<u>\$ 1,458,619</u>	<u>17.72%</u>

Explanation of Significant Variances:

Total assets increased by approximately \$2.9 million, due to the recording of lease receivables as a result of GASB 87, as well as increases in property and mortgage taxes and state aid collected. The Town's total liabilities decreased \$31,523 primarily due to paydowns of debt and the Town's valuation calculation for pension. Deferred inflows of resources increased \$927,407 during the year primarily resulting from the Town's valuation calculation for pension, and the recording of deferred inflows of resources related to leases as a result of GASB 87.

**TOWN OF CHESTER, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

TOWN OF CHESTER'S CHANGES IN NET POSITION

	2022	%	Unadjusted 2021	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,383,160	9.36%	\$ 1,316,482	8.93%	\$ 66,678	5.06%
Operating and Capital Grants	353,519	2.39%	135,651	0.92%	217,868	160.61%
General Revenues:						
Real Property Taxes	9,893,883	66.97%	9,791,778	66.42%	102,105	1.04%
Real Property Tax Items	216,117	1.46%	180,040	1.22%	36,077	100.00%
Non Property Taxes	1,861,773	12.60%	1,681,448	11.40%	180,325	10.72%
Tax Revenue Sharing	794,088	5.37%	-	0.00%	794,088	100.00%
Intergovernmental Charges	73,183	0.50%	-	0.00%	73,183	100.00%
Use of Money and Property	52,144	0.35%	71,906	0.49%	(19,762)	-27.48%
Gain on Disposal of Assets	56,703	0.38%	-	0.00%	56,703	100.00%
Sale of Property and Compensation for Loss	-	0.00%	827,755	5.61%	(827,755)	-100.00%
Miscellaneous	91,478	0.62%	75,842	0.51%	15,636	20.62%
State Aid	-	0.00%	663,893	4.50%	(663,893)	-100.00%
Total Revenues	14,776,048	100.00%	14,744,795	100.00%	31,253	0.21%
Expenses:						
General Government	2,531,545	18.79%	2,776,186	21.71%	(244,641)	-8.81%
Public Safety	4,127,101	30.64%	4,226,033	33.07%	(98,932)	-2.34%
Public Health	2,737	0.02%	2,036	0.02%	701	34.43%
Transportation	2,979,702	22.12%	2,798,928	21.90%	180,774	6.46%
Economic Assistance and Opportunity	28,716	0.21%	2,047	0.02%	26,669	1302.83%
Culture and Recreation	1,095,363	8.13%	754,448	5.90%	340,915	45.19%
Home and Community Services	2,410,546	17.88%	2,033,965	15.92%	376,581	18.51%
Interest on Debt	294,920	2.19%	185,965	1.46%	108,955	58.59%
Total Expenses	13,470,630	99.98%	12,779,608	100.00%	691,022	5.41%
Increase/(Decrease) in Net Assets	\$ 1,305,418		\$ 1,965,187			

Management's Explanation of Changes

Total expenses increased \$772,617, 6.05% from 2021, with the largest fluctuations being Transportation, Culture and Recreation, and Home and Community Services as a result of payroll and benefit related increases.

**TOWN OF CHESTER, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Town of Chester's Funds

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

Governmental Funds: The focus of the Town of Chester' governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Town of Chester' financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund – Town Wide is the chief operating fund of the Town of Chester. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$754,373. As a measure of the General Fund – Town-Wide's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.37 percent of total General Fund expenditures.

At December 31, 2022, the governmental funds of the Town of Chester reported a combined fund balance of \$3,685,304, a 19.44 percent increase from last year. Included in this change in fund balance is a decrease in the Capital Projects Fund.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the General Fund – Town-Wide budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental activities as of December 31, 2022 totaled \$12,268,979 (net of accumulated depreciation). These assets include land, buildings and improvements, land improvements, machinery and equipment, roads and infrastructure, and vehicles.

Debt: As of December 31, 2022, the Town of Chester had total debt outstanding of \$6,234,596. The debt is backed by the full faith and credit of the Town. The Town's total debt decreased by \$714,762 during the 2022 fiscal year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

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

	Governmental
ASSETS	
Cash and Cash Equivalents	\$ 4,701,437
Restricted Cash and Cash Equivalents	1,361,606
Lease Receivable (Note X)	958,943
Accounts Receivable	13,416
Rents Receivable	156,313
Due from Other Governments	499,668
Prepaid Expenses	204,956
Total Current Assets	<u>7,896,339</u>
ERS Net Pension Asset - Proportionate Share (Note VI)	678,308
Capital Assets, not being depreciated	5,663,477
Capital Assets, being depreciated - net	6,605,502
Total Capital Assets, net (Note V)	<u>12,268,979</u>
Total Assets	<u>20,843,626</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions (Note VI)	3,839,500
Total Deferred Outflows of Resources	<u>3,839,500</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>24,683,126</u>
LIABILITIES	
Accounts Payable	277,957
Guarantee and Bid Deposits	957,336
Accrued Expenditures	918,727
Other Liabilities	42,530
Bond Anticipation Notes Payable (Note VII)	1,175,000
Noncurrent Liabilities:	
Due and Payable Within One Year:	
Installment Purchase (Note VIII)	159,839
Bonds Payable (Note VIII)	345,000
Due and Payable More Than One Year:	
Installment Purchase (Note VIII)	169,757
Bonds Payable (Note VIII)	4,385,000
Compensated Absences (Note VIII)	641,148
PFRS Net Pension Liability-Proportionate Share (Note VI)	263,065
Total Liabilities	<u>9,335,359</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions (Note VI)	4,707,699
Leases (Note X)	951,082
Total Deferred Inflows of Resources	<u>5,658,781</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>14,994,140</u>
NET POSITION	
Net Investment in Capital Assets	6,034,383
Restricted	1,361,606
Unrestricted	2,292,997
Total Net Position	<u>\$ 9,688,986</u>

See accompanying notes to basic financial statements.

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Operating	Capital	
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Government	\$ (2,531,545)	\$ 15,740	\$ -	\$ -	\$ (2,515,805)
Public Safety	(4,127,101)	553,998	13,056	-	(3,560,047)
Public Health	(2,737)	-	-	-	(2,737)
Transportation	(2,979,702)	100	340,463	-	(2,639,139)
Economic Assistance and Opportunity	(28,716)	-	-	-	(28,716)
Culture and Recreation	(1,095,363)	319,057	-	-	(776,306)
Home and Community Services	(2,410,546)	494,265	-	-	(1,916,281)
Interest on Debt	(294,920)	-	-	-	(294,920)
Total Primary Government	<u>\$ (13,470,630)</u>	<u>\$ 1,383,160</u>	<u>\$ 353,519</u>	<u>\$ -</u>	<u>(11,733,951)</u>
General Revenues:					
Real Property Taxes					9,893,883
Real Property Tax Items					216,117
Non Property Taxes					1,861,773
Tax Revenue Sharing					794,088
Intergovernmental Charges					73,183
Use of Money and Property					52,144
Sale of Property and Compensation for Loss					56,703
Miscellaneous					91,478
Total General Revenues					<u>13,039,369</u>
Change in Net Position					<u>1,305,418</u>
Net Position - Beginning					8,230,367
Prior Period Adjustments (Note XIII)					<u>153,201</u>
Net Position - Beginning, as Restated					<u>8,383,568</u>
Net Position - Ending					<u>\$ 9,688,986</u>

See accompanying notes to basic financial statements.

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

	General Fund - Town Wide	General Fund - Town Outside Village	Highway Fund	Water Fund	Sewer Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 2,325,325	\$ 823,030	\$ 724,263	\$ 462,375	\$ 191,218	\$ 1,167	\$ 174,059	\$ 4,701,437
Restricted Cash and Cash Equivalents	472,241	327,557	170,420	91,159	185,980	-	114,249	1,361,606
Lease Receivable	958,943	-	-	-	-	-	-	958,943
Accounts Receivable	13,416	-	-	-	-	-	-	13,416
Rents Receivable	-	-	-	156,313	-	-	-	156,313
Due from Other Funds (Note IV)	-	-	5,000	59,390	-	-	-	64,390
Due from Other Governments	59,389	440,279	-	-	-	-	-	499,668
Prepaid Expenses	30,570	138,195	32,150	4,041	-	-	-	204,956
Total Assets	\$ 3,859,884	\$ 1,729,061	\$ 931,833	\$ 773,278	\$ 377,198	\$ 1,167	\$ 288,308	\$ 7,960,729
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 90,190	\$ 25,472	\$ 58,245	\$ 57,852	\$ -	\$ -	\$ 46,198	\$ 277,957
Accrued Expenditures	692,233	74,122	27,929	12,846	-	-	-	807,130
Due to Other Funds (Note IV)	64,390	-	-	-	-	-	-	64,390
Guarantee & Bid Deposits	471,275	327,561	158,500	-	-	-	-	957,336
BANs payable	-	-	-	-	-	1,175,000	-	1,175,000
Other Liabilities	42,530	-	-	-	-	-	-	42,530
Total Liabilities	1,360,618	427,155	244,674	70,698	-	1,175,000	46,198	3,324,343
Deferred Inflows of Resources:								
Lease	951,082	-	-	-	-	-	-	951,082
Fund Balances:								
Nonspendable	30,570	138,195	32,150	4,041	-	-	-	204,956
Restricted	472,241	327,557	170,420	91,159	185,980	-	114,249	1,361,606
Assigned Fund Balances:								
Assigned for Subsequent Year's Budget	300,000	125,000	125,000	50,000	-	-	-	600,000
Assigned for Fund Purposes	-	711,154	359,589	557,380	191,218	-	127,861	1,947,202
Unassigned	745,373	-	-	-	-	(1,173,833)	-	(428,460)
Total Fund Balances	1,548,184	1,301,906	687,159	702,580	377,198	(1,173,833)	242,110	3,685,304
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,859,884	\$ 1,729,061	\$ 931,833	\$ 773,278	\$ 377,198	\$ 1,167	\$ 288,308	\$ 7,960,729

See accompanying notes to basic financial statements.

TOWN OF CHESTER, NEW YORK
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and Cash Equivalents	\$ 4,701,437	\$ -	\$ -	\$ 4,701,437
Restricted Cash and Cash Equivalents	1,361,606	-	-	1,361,606
Lease Receivable	958,943	-	-	958,943
Accounts Receivable	13,416	-	-	13,416
Rents Receivable	156,313	-	-	156,313
Due from Other Funds	64,390	-	(64,390)	-
Due from Other Governments	499,668	-	-	499,668
Prepaid Expenses	204,956	-	-	204,956
Capital Assets, Net	-	12,268,979	-	12,268,979
ERS Net Pension Asset - Proportionate Share	-	678,308	-	678,308
Deferred Outflows of Resources - Pension	-	3,839,500	-	3,839,500
Total Assets and Deferred Outflows of Resources	<u>\$ 7,960,729</u>	<u>\$ 16,786,787</u>	<u>\$ (64,390)</u>	<u>\$ 24,683,126</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES/NET POSITION				
Accounts Payable	\$ 277,957	\$ -	\$ -	\$ 277,957
Accrued Expenditures	807,130	111,597	-	918,727
Due to Other Funds	64,390	-	(64,390)	-
Guarantee and Bid Deposits	957,336	-	-	957,336
Bond Anticipation Notes Payable	1,175,000	-	-	1,175,000
Other Liabilities	42,530	-	-	42,530
Installment Purchase Debt	-	329,596	-	329,596
Bonds Payable	-	4,730,000	-	4,730,000
Compensated Absences	-	641,148	-	641,148
PFRS Net Pension Liability - Proportionate Share	-	263,065	-	263,065
Deferred Inflows of Resources - Pension	-	4,707,699	-	4,707,699
Deferred Lease	951,082	-	-	951,082
Total Liabilities and Deferred Inflows of Resources	<u>4,275,425</u>	<u>10,783,105</u>	<u>(64,390)</u>	<u>14,994,140</u>
Total Fund Balances/Net Position	<u>3,685,304</u>	<u>6,003,682</u>	<u>-</u>	<u>9,688,986</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>\$ 7,960,729</u>	<u>\$ 16,786,787</u>	<u>\$ (64,390)</u>	<u>\$ 24,683,126</u>

See accompanying notes to basic financial statements.

TOWN OF CHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund - Town Wide	General Fund - Town Outside Village	Highway Funds	Water Fund	Sewer Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:								
Real Property Taxes	\$ 3,072,351	\$ 3,003,309	\$ 2,085,299	\$ 257,813	\$ 881,476	\$ -	\$ 593,635	\$ 9,893,883
Real Property Tax Items	216,117	-	-	-	-	-	-	216,117
Non Property and Allocated Tax Items	-	1,577,026	284,747	-	-	-	-	1,861,773
Departmental Income	322,749	352,284	-	449,408	21,702	-	913	1,147,056
Intergovernmental Charges	-	14,377	58,806	-	-	-	-	73,183
Use of Money and Property	38,915	4,785	4,578	1,265	1,443	10	1,148	52,144
Licenses and Permits	9,518	1,645	100	-	-	-	-	11,263
Fines and Forfeitures	213,291	11,550	-	-	-	-	-	224,841
Sale of Property and Compensation for Loss	2,974	32,715	8,407	12,607	-	-	-	56,703
Miscellaneous	35,464	54,723	1,160	131	-	-	-	91,478
State and Federal Aid	970,637	8,102	168,868	-	-	-	-	1,147,607
Total Revenues	4,882,016	5,060,516	2,611,965	721,224	904,621	10	595,696	14,776,048
Expenditures:								
General Government	1,975,940	122,020	-	-	-	-	-	2,097,960
Public Safety	45,695	2,720,065	-	-	-	-	-	2,765,760
Public Health	-	2,737	-	-	-	-	-	2,737
Transportation	221,186	8,753	1,920,958	-	-	-	-	2,150,897
Economic Assistance and Opportunity	28,716	-	-	-	-	-	-	28,716
Culture and Recreation	828,665	-	-	-	-	-	20,700	849,365
Home and Community Services	465	108,013	-	650,242	890,073	-	558,780	2,207,573
Employee Benefits	872,201	1,331,001	599,256	120,307	-	-	385	2,923,150
Capital Outlay	-	120,960	88,868	40,000	-	87,038	-	336,866
Debt Service	615,087	127,479	209,862	22,395	10,300	-	-	985,123
Total Expenditures	4,587,955	4,541,028	2,818,944	832,944	900,373	87,038	579,865	14,348,147
Excess/(Deficiency) of Revenues Over Expenditures	294,061	519,488	(206,979)	(111,720)	4,248	(87,028)	15,831	427,901
Other Financing Sources/(Uses):								
BANs Redeemed from Appropriations	-	-	-	-	-	85,000	-	85,000
Operating Transfers In	-	-	-	133,950	-	-	-	133,950
Operating Transfers Out	(133,950)	-	-	-	-	-	-	(133,950)
Proceeds from Obligations	-	-	-	-	-	87,038	-	87,038
Total Other Financing Sources/(Uses)	(133,950)	-	-	133,950	-	172,038	-	172,038
Change in Fund Balances	160,111	519,488	(206,979)	22,230	4,248	85,010	15,831	599,939
Fund Balances - Beginning	1,334,596	498,655	682,389	580,350	372,950	(1,258,843)	138,062	2,348,159
Prior Period and Cumulative Effect Adjustments (Note XIII)	53,477	283,763	211,749	100,000	-	-	88,217	737,206
Fund Balances - Beginning, as Restated	1,388,073	782,418	894,138	680,350	372,950	(1,258,843)	226,279	3,085,365
Fund Balances - Ending	\$ 1,548,184	\$ 1,301,906	\$ 687,159	\$ 702,580	\$ 377,198	\$ (1,173,833)	\$ 242,110	\$ 3,685,304

See accompanying notes to basic financial statements.

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

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 9,893,883	\$ -	\$ -	\$ -	\$ -	\$ 9,893,883
Real Property Tax Items	216,117	-	-	-	-	216,117
Non Property and Allocated Tax Items	1,861,773	-	-	-	-	1,861,773
Departmental Income	1,147,056	-	-	-	-	1,147,056
Intergovernmental Charges	73,183	-	-	-	-	73,183
Use of Money and Property	52,144	-	-	-	-	52,144
Licenses and Permits	11,263	-	-	-	-	11,263
Fines and Forfeitures	224,841	-	-	-	-	224,841
Sale of Property and Compensation for Loss	56,703	-	-	-	-	56,703
Miscellaneous	91,478	-	-	-	-	91,478
State and Federal Aid	1,147,607	-	-	-	-	1,147,607
Total Revenues	14,776,048	-	-	-	-	14,776,048
Expenditures:						
General Government	2,097,960	-	11,578	-	422,007	2,531,545
Public Safety	2,765,760	-	120,380	-	1,240,961	4,127,101
Public Health	2,737	-	-	-	-	2,737
Transportation	2,150,897	-	291,003	-	537,802	2,979,702
Economic Assistance and Opportunity	28,716	-	-	-	-	28,716
Culture and Recreation	849,365	-	90,302	-	155,696	1,095,363
Home and Community Services	2,207,573	-	49,359	-	153,614	2,410,546
Employee Benefits	2,923,150	(413,070)	-	-	(2,510,080)	-
Capital Outlay	336,866	-	(336,866)	-	-	-
Debt Service	985,123	111,597	-	(801,800)	-	294,920
Total Expenditures	14,348,147	(301,473)	225,756	(801,800)	-	13,470,630
Excess/(Deficiency) of Revenues Over Expenditures	427,901	301,473	(225,756)	801,800	-	1,305,418
Other Financing Sources/(Uses):						
BANs Redeemed from Appropriations	85,000	-	-	-	(85,000)	-
Interfund Transfers In	133,950	-	-	-	(133,950)	-
Interfund Transfers Out	(133,950)	-	-	-	133,950	-
Proceeds from Obligations	87,038	-	-	-	(87,038)	-
Total Other Financing Sources/(Uses)	172,038	-	-	-	(172,038)	-
Change in Fund Balances/Net Position	\$ 599,939	\$ 301,473	\$ (225,756)	\$ 801,800	\$ (87,038)	\$ 1,305,418

See accompanying notes to basic financial statements.

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

	Custodial Fund
ASSETS	
Cash	\$ 11,218
Total Assets	11,218
Net Position:	
Held in Trust	\$ 11,218

See accompanying notes to basic financial statements.

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

	Custodial Fund
REVENUES/EXPENSES:	
Net Gain/(Loss) on Investments	\$ -
Change in Net Position	-
Net Position Held in Trust - Beginning	11,218
Net Position Held in Trust - Ending	\$ 11,218

See accompanying notes to basic financial statements.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Chester (the “Town”), established in 1845, is governed by the Code of the Town of Chester 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; the Town Supervisor serves as chief executive officer and as the chief fiscal officer.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The notes to the financial statements are an integral part of the statements and are intended to be read with them. As of December 31, 2022, the Town had determined that there were no component units required to be included in the reporting entity, the Town of Chester, based on criteria established by the Governmental Accounting Standards Board (“GASB”). GASB is the accepted standard setting board for establishing governmental accounting and financial reporting principles.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund – Town-Wide* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *General Fund – Town Outside Village* is used to record activity related to services provided to residents living outside the village in the Town, such as police protection.

**TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The *Highway Fund* is used to account for financial resources to be used for upkeep of the roads within the Town's jurisdiction.

The *Water Fund* is used to account for financial resources to be used for operation and upkeep of the water district within the Town.

The *Sewer Fund* is used to account for financial resources to be used for operation and upkeep of the sewer facility within the Town.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The principal source of financing is from the sale of bonds or bond anticipation notes.

Additionally, the Town reports the following fund types:

Non-major funds:

- The *Refuse and Garbage Fund* is used to record operation and maintenance transactions related to the Town's refuse district.
- The *Drainage Fund* is used to record operation and maintenance transactions related to drainage purposes.
- The *Parklands Fund* is used to acquire, develop and maintain land for park and outdoor recreational purposes.

Fiduciary Funds are used to report assets which are held in a trust or custodial capacity for others and are, therefore, not available to support Town programs.

D. Pervasiveness of Estimates

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

E. Budgetary Data

The budget policies are as follows:

1. No later than September 30th, the budget officer submits a tentative budget to the Town Clerk's Office for the year commencing the following January 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds.
 - a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than November 20th.
 - b. All modifications of the budget must be approved by the Town Board.
2. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

F. Property Taxes

Town real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1 to January 31 at face value and from February 1 to May 31 with interest added. The Town Receiver of Taxes collects all real estate taxes for Town and County purposes. The Town Receiver distributes the collected tax money to the Town Supervisor prior to distributing the remaining balance collected to the County on June 1. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Cash and Investments

The Town of Chester's investment policies are governed by State statutes. In addition, the Town of Chester has its own written investment policy. The Town's monies may be deposited into time deposits and certificates of deposit in a bank located and authorized to do business in New York State.

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

H. Accounts Receivable

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

I. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the interfund balances.

J. Inventories and Prepaid Items

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

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

K. Leases

a. Lessor

The Town is a lessor under a noncancelable lease of land occupied by a cell tower. For short-term leases, the Town recognizes rental income based on the provisions of the lease agreement in the Statement of Revenues, Expenses, and Changes in Net Position. For all other leases, the Town recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position and the Balance Sheet – Governmental Funds.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term, reduced by any provision for uncollectible amounts, if applicable.

Any initial direct costs required to be paid by the Town are expensed in the period incurred. Subsequently, payments received are allocated first to any accrued interest receivable and then to the lease receivable.

The deferred inflow of leased revenue is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, if applicable. Subsequently, the deferred inflow of resources is recognized on a straight-line basis as revenue over the life of the lease term.

The following key estimates and judgments are used by the Town to determine the following:

- Discount rate: The Town uses either the explicit rate stated in the lease agreement or its incremental borrowing rate to discount the expected lease receipts to present value. Since the Town's bonds are not actively traded, the Town determines its incremental borrowing rate by using other observable inputs.

- Lease term: The lease term includes the noncancelable lease period of the lease, plus 1) periods for which the Town has a unilateral option to extend and is reasonably certain to exercise such option, or 2) periods after an optional termination date if the Town is reasonably certain not to exercise the termination option.

- Lease receipts: Measurement of the lease receivable includes fixed payments, and as applicable, variable fixed in substance payments, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The Town monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflows of resources for leasing transactions.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Leases - Continued

b. Lessee

Non-Capitalized Lease Arrangements:

The Town leases a piece of office equipment, police radios, and office space under lessee arrangements. The Town has elected not to capitalize immaterial leases. The total minimum rental commitment at December 31, 2022, under the leases mentioned above, is due during the following fiscal years:

For the year ended December 31,		
2023	\$	2,170
2024		2,170
2025		2,170
2026		2,170
2027		542
	\$	<u>9,222</u>

L. Capital Assets

Capital assets are reported at historical costs. The Town depreciates capital assets using the straight-line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	\$ 2,500	15 - 40 years
Improvements	2,500	5 - 25 years
Machinery and Equipment	2,500	3 - 25 years

M. Infrastructure

The Town includes long-lived improvements to roads, water and sewer systems (“infrastructure”) as capital assets in the Government-wide statements. Infrastructure is reported at historical costs and is depreciated using the straight-line method over the estimated useful lives.

Under the implementation standards of GASB 34, the Town is considered a small government and, as such, was required only to recognize infrastructure on a prospective basis. Therefore, the Town did not retroactively reported any major general infrastructure assets acquired prior to January 1, 2004.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	Capitalization Threshold	Estimated Useful Life
Roads and Infrastructure	\$ 2,500	20 - 100 years

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Vested Employee Benefits

Employees accrue (earn) vacation leave based on the number of years employed as stated in the employment contracts. Upon separation from service, employees are paid for unused vacation time.

Employees accrue (earn) sick leave at the rate of one day per month and may accumulate such credits up to a total of 165 days or an unlimited amount depending on the employee's classification. Upon separation or retirement from service, employees are paid 20% or 50%, respectively, of their accumulated sick time.

A liability for accrued (earned) vacation time is reflected in the Government-wide statements under the heading "Compensated Absences."

The Town's employees participate in the New York State Employees' Retirement System and New York State Police and Fire Retirement System.

In addition to providing pension benefits, the Town of Chester provides health insurance coverage for retired employees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Town of Chester. The Town records its share of insurance premiums as an expenditure in the governmental funds during the year paid.

The Town has not performed an actuarial valuation of the liability for these benefits as required by generally accepted accounting principles. It is expected that the inclusion of this liability would have a material effect on the Town's government-wide financial statements.

O. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period, and as such will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below assets on the Statement of Net Position.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below liabilities on the Statement of Net Position.

The Town reports the following items as deferred outflows of resources or deferred inflows of resources at the governmentwide level: deferred inflows and outflows from pensions as a result of contributions made after the measurement date, differences between expected and actual actuarial experience, differences between projected and actual investment earnings, and other changes in actuarial assumptions, and deferred inflows from leases.

P. Unemployment Insurance

Town employees are covered by unemployment insurance. The Town has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Town's account. The Town is exempt from federal unemployment insurance tax.

Q. Deferred Compensation

The Town, through the New York State Retirement Systems, offers their employees a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The Town does not contribute to or administer the Plan.

R. Risk Retention

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

**TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Equity Classification

1. Government-wide Statements

Net Position is displayed in three components:

- **Net Investment in Capital Assets**

Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- **Restricted Net Position**

Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position**

All remaining net position that does not meet the definition of “restricted” or “net investment in capital assets.”

2. Fund Financial Statements

The following is a brief description of the five fund balances classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds:

- **Nonspendable:**

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable because, by definition, the money has already been spent.

- **Restricted:**

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

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the Town of Chester has classified the following reserve funds as restricted fund balances:

a. The General Fund – Town-Wide includes reserve funds established for playground equipment and escrows held. The balance at the end of 2022 was \$472,241.

b. The General Fund – Town-Outside Village includes reserve funds consisting of escrows held. The balance at the end of 2022 was \$327,557.

c. The Highway Fund – Town-Wide includes reserve funds established for future equipment repairs. The balance at the end of 2022 was \$11,920.

d. The Highway Fund – Town Outside Village includes reserve funds consisting of escrows held. The balance at the end of 2022 was \$158,500.

e. The Water Fund includes reserve funds established for capital improvements. The balance at the end of 2022 was \$91,159.

f. The Sewer Fund includes reserve funds established for capital improvements. The balance at the end of 2022 was \$185,980.

g. The Parklands Fund reserves balance at the end of 2022 was \$114,249.

- **Committed:**

Amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision making authority (the Town Board) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

**TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Equity Classification – Continued

- Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Included in the Assigned fund balances are amounts appropriated for the 2023 budget, representing \$300,000 from the General Fund – Town Wide, \$125,000 from the General Fund – Town Outside Village, \$100,000 from the Highway Fund – Town-Wide Fund, \$25,000 from the Highway Fund – Town Outside-Village and \$50,000 from the Water Fund.

- Unassigned:

Represents the residual amount of fund balance in the General Fund – Town-Wide. In funds other than the General Fund – Town-Wide, this should only be used to report a deficit balance.

3. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Town of Chester' policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Similarly, when an expenditure is incurred for which multiple classifications of fund balance are available the Town of Chester' policy is to apply fund balance in the following order: restricted, committed, assigned, unassigned.

T. Interfund Transfers

The operations of the Town give rise to certain transactions between funds, including transfers to provide services and construct assets. Interfund transfers within fund categories are eliminated for the Statement of Activities. A description of the individual fund transfers that occurred during the year is provided in Note IV.

U. Subsequent Events

The date to which events occurring after December 31, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustments to the financial statements or disclosure is August 22, 2024, which is the date on which the financial statements were available to be issued.

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

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

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

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

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

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS – CONTINUED

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

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

Original Cost of Capital Assets	\$ 28,249,286
Accumulated Depreciation	(15,980,307)
Capital Assets, Net	<u>\$ 12,268,979</u>

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

Interest Payable at December 31, 2022	<u>\$ 111,597</u>
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- (3) The governmental funds do not include non-current assets. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

ERS Pension Asset - Proportionate Share	<u>\$ 678,308</u>
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- (4) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, these liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds and Installment Obligations Payable	\$ (5,059,596)
Compensated Absences Payable	(641,148)
PFRS Pension Liability-Proportionate Share	(263,065)
	<u>\$ (5,963,809)</u>

- (5) Deferred Outflows and Inflows related to pension are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Deferred Outflows of Resources-Pension	\$ 3,839,500
Deferred Inflows of Resources-Pension	<u>\$ (4,707,699)</u>

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

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of three broad categories.

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS – CONTINUED

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities – Continued:

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

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 14,776,048
Difference between Statements	-
Total revenues reported in the Statement of Activities	<u>\$ 14,776,048</u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 14,348,147
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In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences increased during the year.

70,245

In the Statement of Activities, pension expense related to ERS and PFRS defined benefit plans is measured as the change in the Town's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than the amount of financial resources expended during the year.

(483,315)

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year exceeded the interest payable for the prior year.

111,597

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of 557,179 exceeded capital expenditures of \$249,828 in the current year.

225,756

Repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

(801,800)

Total expenditures reported in the Statement of Activities	<u>\$ 13,470,630</u>
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TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

III. CASH AND CASH EQUIVALENTS

At December 31, 2022, the carrying amount of the Town's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$6,073,911 and the bank balance was \$6,268,920. The Town's deposits at December 31, 2022, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Town's agent bank in the Town's name. Petty cash is included in Cash and Cash Equivalents and totaled \$350 at year end.

IV. INTERFUND ACTIVITY

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

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ -	\$ 64,390
Highway Town-Wide	5,000	-
Water	59,390	-
TOTAL	<u>\$ 64,390</u>	<u>\$ 64,390</u>

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

<u>Funds</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Town-Wide	\$ -	\$ 133,950
Water	133,950	-
TOTAL	<u>\$ 133,950</u>	<u>\$ 133,950</u>

Interfund transfers were made for the following purpose:

- Modifications for ARPA

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

V. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022 were as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,663,477	\$ -	\$ -	\$ 5,663,477
Total capital assets, not being depreciated	<u>5,663,477</u>	<u>-</u>	<u>-</u>	<u>5,663,477</u>
Capital assets, being depreciated:				
Buildings	9,267,115	-	-	9,267,115
Improvements and Infrastructure	6,851,961	-	-	6,851,961
Machinery and Equipment	6,258,801	336,866	(128,934)	6,466,733
Total capital assets being depreciated	<u>22,377,877</u>	<u>336,866</u>	<u>(128,934)</u>	<u>22,585,809</u>
Accumulated depreciation for:				
Buildings and Improvements	(4,037,720)	(178,401)	-	(4,216,121)
Improvements and Infrastructure	(6,689,951)	(11,329)	-	(6,701,280)
Machinery and Equipment	(4,818,948)	(372,892)	128,934	(5,062,906)
Total accumulated depreciation	<u>(15,546,619)</u>	<u>(562,622)</u>	<u>128,934</u>	<u>(15,980,307)</u>
Total capital assets being depreciated, net	<u>6,831,258</u>	<u>(225,756)</u>	<u>-</u>	<u>6,605,502</u>
Governmental activities capital assets, net	<u>\$ 12,494,735</u>	<u>\$ (225,756)</u>	<u>\$ -</u>	<u>\$ 12,268,979</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:	
General Government	\$ 11,578
Public Safety	120,380
Transportation	291,003
Culture and Recreation	90,302
Home and Community Services	<u>49,359</u>
Total Depreciation Expense	<u>\$ 562,622</u>

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS

Plan Description

The Town of Chester participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"), collectively referred to as the "Systems". These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue 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 Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for Tier III, IV, V and VI employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier III or IV member with ten or more years of membership, or ten years credited service, is not required to contribute to the Retirement System. Tier V and VI members must continue to contribute throughout their employment.

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

Plan Year Ended March 31	ERS	PFRS
2022	\$ 441,415	\$ 513,756
2021	\$ 382,831	\$ 392,168
2020	\$ 387,240	\$ 368,925

Town contributions made to the Systems were equal to 100% of the contributions required for each year.

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

At December 31, 2022, the Town reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Town's proportion of the net position asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the Town.

	ERS	PFRS
Actuarial Valuation Date	4/1/2021	4/1/2021
Net Pension (Asset)/Liability	\$ 678,308	\$ (263,065)
Town's Portion of the Plan's		
Total Net Pension (Asset)/Liability	0.0082978%	0.0463106%

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS - CONTINUED

For the year ended December 31, 2022, the Town recognized pension expense of \$68,083 for ERS and \$243,640 for PFRS. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 51,369	\$ 141,820	\$ 193,189
Changes of assumptions	1,132,020	1,574,499	2,706,519
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	217,878	107,048	324,926
Town's contributions subsequent to the measurement date	214,340	400,526	614,866
Total	<u>\$ 1,615,607</u>	<u>\$ 2,223,893</u>	<u>\$ 3,839,500</u>

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 66,629	\$ -	\$ 66,629
Changes of assumptions	19,102	-	19,102
Net difference between projected and actual earnings on pension plan investments	2,221,175	2,210,431	4,431,606
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	137,387	52,975	190,362
Total	<u>\$ 2,444,293</u>	<u>\$ 2,263,406</u>	<u>\$ 4,707,699</u>

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS - CONTINUED

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 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:

Year Ended:	ERS	PFRS
2023	\$ (141,660)	\$ (106,011)
2024	(226,431)	(167,458)
2025	(563,784)	(501,708)
2026	(111,151)	314,010
2027	-	21,128
	<u>\$ (1,043,026)</u>	<u>\$ (440,039)</u>

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement Date	March 31, 2022	March 31, 2022
Investment Rate of Return	5.90% compounded annually net of investment expense	5.90% compounded annually net of investment expense
Projected Salary Increases	4.40%	6.20%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.70%	2.70%
Mortality Improvement	Society of Actuaries Scale MP - 2020	Society of Actuaries Scale MP - 2020

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentages and by adding expected inflation.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS – CONTINUED

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS and PFRS	
	March 31, 2022	
	Target allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS Portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.58%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
Total	100%	

Discount Rate

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

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

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

	1% Decrease	Current Assumption	1% Increase
ERS	4.90%	5.90%	6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (1,745,958)	\$ 678,308	\$ 2,706,090
	1% Decrease	Current Assumption	1% Increase
PFRS	4.90%	5.90%	6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (2,926,189)	\$ (263,065)	\$ 1,941,295

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS – CONTINUED

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2022, were as follows:

Measurement Date	(Dollars in Thousands)	
	ERS	PFRS
	March 31, 2022	March 31, 2022
Employers' total pension liability	\$ (223,874,888)	\$ (42,237,292)
Plan net position	232,049,473	41,669,250
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ (568,042)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	103.65%	98.66%

Payments to the Pension Plans

For ERS, employer contributions for the plan year ended March 31, 2023 were paid to the System in December 2022. Prepaid retirement contributions as of December 31, 2022 amounted to \$71,447.

For PFRS, employer contributions for the plan year ended March 31, 2023 were paid to the System in December 2022. Prepaid retirement contributions as of December 31, 2022 amounted to \$133,509.

VII. SHORT TERM DEBT

State law requires that Bond Anticipation Notes (“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.

The following is a summary of the Town of Chester’s outstanding bond anticipation notes for the year ended December 31, 2022:

Description	Original Borrowing	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year
Highway Garage BAN	\$ 650,000	\$ 650,000	\$ -	\$ 45,000	\$ 605,000
Equipment BAN	610,000	610,000	-	40,000	570,000
	<u>\$ 1,260,000</u>	<u>\$ 1,260,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 1,175,000</u>

Interest expense on short-term debt paid during the year was:

Interest Paid	\$ 4,537
Less: Interest accrued - prior year	-
Plus: Interest accrued - current year	<u>8,245</u>
Interest expense	<u>\$ 12,782</u>

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VIII. LONG-TERM DEBT

The Town of Chester borrows money in order to acquire land or equipment or construct buildings and for capital improvements. This borrowing enables the cost of these capital assets to be borne by the present and future taxpayers who benefit from the capital assets. The debt is backed by the full faith and credit of the Town.

At December 31, 2022, the total principal indebtedness outstanding of the Town of Chester long-term debt aggregated to \$5,059,596.

Interest expense on long-term debt paid during the year was:

Interest Paid	\$ 178,786
Less: Interest accrued - prior year	-
Plus: Interest accrued - current year	<u>103,352</u>
Interest expense	<u><u>\$ 282,138</u></u>

Long-term liability balances and activity for the year are summarized below:

Governmental Activities	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Bonds Payable	\$ 5,290,000	\$ -	\$ 560,000	\$ 4,730,000	\$ 345,000
Installment Purchase Debt	399,358	87,038	156,800	329,596	159,839
	<u>5,689,358</u>	<u>87,038</u>	<u>716,800</u>	<u>5,059,596</u>	<u>504,839</u>
Other Liabilities:					
Compensated Absences	570,903	70,245	-	641,148	-
	<u>570,903</u>	<u>70,245</u>	<u>-</u>	<u>641,148</u>	<u>-</u>
Total long-term liabilities	<u><u>\$ 6,260,261</u></u>	<u><u>\$ 157,283</u></u>	<u><u>\$ 716,800</u></u>	<u><u>\$ 5,700,744</u></u>	<u><u>\$ 504,839</u></u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

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

	Principal	Interest	Total
2023	\$ 504,839	\$ 161,511	\$ 666,350
2024	483,477	145,074	628,551
2025	401,280	129,382	530,662
2026	270,000	116,655	386,655
2027	275,000	107,981	382,981
2028-2032	1,510,000	400,441	1,910,441
2033-2037	1,370,000	151,227	1,521,227
2038	<u>245,000</u>	<u>4,287</u>	<u>249,287</u>
Total	<u><u>\$ 5,059,596</u></u>	<u><u>\$ 1,216,558</u></u>	<u><u>\$ 6,276,154</u></u>

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

IX. DEFICIT FUND BALANCES

The Capital Projects Fund had a deficit unassigned fund balance at December 31, 2022 of (\$1,173,833). This deficit will be eliminated through future debt payments.

X. LEASES

The Town is a lessor for a noncancellable lease of land for a cell tower. The lease has a termination option that the lessee may unilaterally exercise by giving various periods of notice to the Town. Principal and interest received from leases totaled \$16,261, in fiscal year 2022.

At December 31, 2022, the Town reported a lease receivable of \$958,943 and deferred inflows of resources for leases of \$951,082.

The total minimum lease commitment at December 31, 2022, under the lease mentioned above, is receivable during the following fiscal years:

For the year ended December 31,	
2023	\$ 25,368
2024	25,875
2025	26,393
2026	26,921
2027	27,459
2028 - 2032	145,756
2033 - 2037	160,927
Thereafter	1,684,302
Total	2,123,001
Less: Present Value Discount	(1,164,058)
Leases Receivable	<u>\$ 958,943</u>

XI. CONTINGENCIES

Grant Funding

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

Judgments and Claims

The Town is a party to various legal proceedings which normally occur in governmental operations. In the opinion of the Town's management, any potential claims against the Town not covered by various insurance policies will not have a materially adverse effect on the Town's financial position and, accordingly, no provision for losses has been recorded as of December 31, 2022.

Certiorari Proceedings

Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Town taxes previously collected by the Town. Any such refunds resulting from adverse settlements will be provided for when determinable.

XII. PROPERTY TAX ABATEMENTS

The Town currently has no tax abatements to report.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XIII. PRIOR PERIOD AND CUMULATIVE EFFECT ADJUSTMENT

Net assets and fund balance at January 1, 2022 were restated by \$153,201 and \$737,206, respectively, to record adjustments for the following:

Governmental Activities:

Net Position Beginning of Year	\$ 8,230,367
Prior Period Adjustments:	
Lease Purchase	(399,358)
Deferred Inflow Pension	(184,647)
Payroll Accrual	(148,883)
Refuse Accrual	(46,086)
Parklands Revenue	134,303
Retirement Accrual	226,289
Sales Tax Revenue	426,518
Water Revenue	99,025
Court Revenue	46,040
Net Position Beginning of Year, as Restated	<u>\$ 8,383,568</u>

Fund balance Beginning of Year	\$ 2,348,159
Prior Period Adjustments:	
Payroll Accrual	(148,883)
Refuse Accrual	(46,086)
Parklands Revenue	134,303
Retirement Accrual	226,289
Sales Tax Revenue	426,518
Water Revenue	99,025
Court Revenue	46,040
Fund balance Beginning of Year, as Restated	<u>\$ 3,085,365</u>

XIV. NEW ACCOUNTING PRINCIPLES

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APAs”). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

TOWN OF CHESTER, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XIV. NEW ACCOUNTING PRINCIPLES - CONTINUED

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses several topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. The requirements regarding leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The financial guarantees and derivatives requirements are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections ("ACEC"). The statement also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Management has not estimated the potential impact of these statements, if any, on the Town's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF CHESTER, NEW YORK

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees' Retirement System					
3/31/2022	0.00829780%	\$ 678,308	\$ 2,586,399	26.23%	103.65%
3/31/2021	0.00824600%	\$ (738,970)	\$ 2,487,797	-29.70%	99.95%
3/31/2020	0.00886200%	\$ (2,293,743)	\$ 2,845,805	-80.60%	96.27%
3/31/2019	0.00864145%	\$ (612,511)	\$ 2,787,056	-21.98%	96.27%
3/31/2018	0.00085520%	\$ (276,012)	\$ 2,462,544	-11.21%	98.20%
3/31/2017	0.00894290%	\$ (792,076)	\$ 2,454,906	-32.27%	94.70%
3/31/2016	0.00836710%	\$ (1,342,943)	\$ 2,317,379	-57.95%	90.70%
Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Police and Fire Retirement System					
3/31/2022	0.04631060%	\$ (263,065)	\$ 2,020,838	-13.02%	98.66%
3/31/2021	0.04278750%	\$ (8,443)	\$ 1,710,013	-0.49%	95.79%
3/31/2020	0.04076590%	\$ (2,179,105)	\$ 1,657,526	-131.47%	95.09%
3/31/2019	0.04328720%	\$ (725,954)	\$ 1,674,313	-43.36%	95.09%
3/31/2018	0.04536200%	\$ (458,500)	\$ 1,548,509	-29.61%	96.90%
3/31/2017	0.04627840%	\$ (959,191)	\$ 1,550,827	-61.85%	93.50%
3/31/2016	0.04330340%	\$ (1,282,121)	\$ 1,452,089	-88.29%	90.70%

GASB 68 requires that the past 10 years of information be presented; however, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68 as it becomes available.

TOWN OF CHESTER, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of Covered Payroll
Employees' Retirement System					
12/31/2022	\$ 441,415	\$ 441,415	\$ -	2,758,484	16.00%
12/31/2021	\$ 382,831	\$ 382,831	\$ -	2,487,797	15.39%
12/31/2020	\$ 387,240	\$ 387,240	\$ -	2,845,805	13.61%
12/31/2019	\$ 361,117	\$ 361,117	\$ -	2,787,056	12.96%
12/31/2018	\$ 363,859	\$ 363,859	\$ -	2,462,544	14.78%
12/31/2017	\$ 471,559	\$ 471,559	\$ -	2,454,906	19.21%
12/31/2016	\$ 346,522	\$ 346,522	\$ -	2,317,379	14.95%
12/31/2015	\$ 464,581	\$ 464,581	\$ -	2,313,420	20.08%
Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of Covered Payroll
Police and Fire Retirement System					
12/31/2022	\$ 513,756	\$ 513,756	\$ -	2,036,301	25.23%
12/31/2021	\$ 392,168	\$ 392,168	\$ -	1,710,013	22.93%
12/31/2020	\$ 368,925	\$ 368,925	\$ -	1,657,526	22.26%
12/31/2019	\$ 358,132	\$ 358,132	\$ -	1,674,313	21.39%
12/31/2018	\$ 352,087	\$ 352,087	\$ -	1,548,509	22.74%
12/31/2017	\$ 538,108	\$ 538,108	\$ -	1,550,827	34.70%
12/31/2016	\$ 322,558	\$ 322,558	\$ -	1,452,089	22.21%
12/31/2015	\$ 260,224	\$ 260,224	\$ -	1,611,122	16.15%

GASB 68 requires that the past 10 years of information be presented; however, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68 as it becomes available.

TOWN OF CHESTER NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND - TOWN WIDE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 3,072,351	\$ 3,072,351	\$ 3,072,351	\$ -
Real Property Tax Items	184,554	184,554	216,117	31,563
Departmental Income	406,100	406,100	322,749	(83,351)
Intergovernmental Charges	1,000	1,000	-	(1,000)
Use of Money and Property	3,000	3,000	38,915	35,915
Licenses and Permits	8,000	8,000	9,518	1,518
Fines and Forfeitures	375,400	375,400	213,291	(162,109)
Sale of Property and Compensation for Loss	10,000	10,000	2,974	(7,026)
Miscellaneous	27,200	27,200	35,464	8,264
State and Federal Aid	707,000	879,057	970,637	91,580
Total Revenues	4,794,605	4,966,662	4,882,016	(84,646)
Expenditures:				
General Government	1,804,142	1,986,785	1,975,940	10,845
Public Safety	45,375	45,695	45,695	-
Transportation	259,811	211,574	221,186	(9,612)
Economic Assistance and Opportunity	32,000	28,716	28,716	-
Culture and Recreation	792,004	878,521	828,665	49,856
Home and Community Services	-	465	465	-
Employee Benefits	1,186,454	1,072,156	872,201	199,955
Capital Outlay	25,500	33,188	-	33,188
Debt Service	649,319	642,319	615,087	27,232
Total Expenditures	4,794,605	4,899,419	4,587,955	311,464
Excess/(Deficiency) of Revenues Over Expenditures	-	67,243	294,061	226,818
Other Financing Sources/(Uses):				
Net Operating Transfers In/(Out)	-	(133,950)	(133,950)	-
Total Other Financing Sources/(Uses)	-	(133,950)	(133,950)	-
Net Change in Fund Balance	-	(66,707)	160,111	226,818
Appropriated Fund Balance	-	66,707	-	(66,707)
Total Change in Fund Balance	\$ -	\$ -	\$ 160,111	\$ 160,111

TOWN OF CHESTER, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND - TOWN OUTSIDE VILLAGE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 3,003,309	\$ 3,003,309	\$ 3,003,309	\$ -
Non Property Tax Items	1,098,000	1,098,000	1,577,026	479,026
Departmental Income	372,650	372,650	352,284	(20,366)
Intergovernmental Charges	12,000	12,000	14,377	2,377
Use of Money and Property	2,000	2,000	4,785	2,785
Licenses and Permits	500	500	1,645	1,145
Fines and Forfeitures	10,000	10,000	11,550	1,550
Sale of Property and Compensation for Loss	6,000	6,000	32,715	26,715
Miscellaneous	51,100	51,100	54,723	3,623
State and Federal Aid	11,510	11,510	8,102	(3,408)
Total Revenues	4,567,069	4,567,069	5,060,516	493,447
Expenditures:				
General Government	135,000	131,061	122,020	9,041
Public Safety	2,622,374	2,756,767	2,720,065	36,702
Public Health	2,000	2,737	2,737	-
Transportation	5,500	8,753	8,753	-
Home and Community Services	122,460	113,810	108,013	5,797
Employee Benefits	1,467,756	1,344,066	1,331,001	13,065
Capital Outlay	84,500	82,396	120,960	(38,564)
Debt Service	127,479	127,479	127,479	-
Total Expenditures	4,567,069	4,567,069	4,541,028	26,041
Total Change in Fund Balance	\$ -	\$ -	\$ 519,488	\$ 519,488

TOWN OF CHESTER, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
HIGHWAY FUND - TOWN-WIDE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 1,158,428	\$ 1,158,428	\$ 1,158,428	\$ -
Intergovernmental Charges	60,000	60,000	58,806	(1,194)
Use of Money and Property	1,000	1,000	2,732	1,732
Sale of Property and Compensation for Loss	-	-	5,200	5,200
Miscellaneous	-	-	1,084	1,084
State and Federal Aid	-	-	88,868	88,868
Total Revenues	1,219,428	1,219,428	1,315,118	95,690
Expenditures:				
Transportation	803,840	823,840	714,974	108,866
Employee Benefits	299,100	299,100	287,577	11,523
Capital Outlay	170,238	170,238	88,868	81,370
Debt Service	46,250	46,250	209,862	(163,612)
Total Expenditures	1,319,428	1,339,428	1,301,281	38,147
Excess/(Deficiency) of Revenues Over Expenditures	(100,000)	(120,000)	13,837	133,837
Appropriated Fund Balance	100,000	120,000	-	(120,000)
Total Change in Fund Balance	\$ -	\$ -	\$ 13,837	\$ 13,837

TOWN OF CHESTER, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
HIGHWAY FUND - TOWN OUTSIDE VILLAGE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 926,871	\$ 926,871	\$ 926,871	\$ -
Non Property and Allocated Tax Items	490,000	490,000	284,747	(205,253)
Use of Money and Property	-	-	1,846	1,846
Licenses and Permits	10,000	10,000	100	(9,900)
Sale of Property and Compensation for Loss	2,500	2,500	3,207	707
Miscellaneous	-	-	76	76
State and Federal Aid	80,000	80,000	80,000	-
Total Revenues	1,509,371	1,509,371	1,296,847	(212,524)
Expenditures:				
Transportation	1,242,471	1,242,471	1,205,984	36,487
Employee Benefits	316,900	316,900	311,679	5,221
Total Expenditures	1,559,371	1,559,371	1,517,663	41,708
Excess/(Deficiency) of Revenues Over Expenditures	(50,000)	(50,000)	(220,816)	(170,816)
Appropriated Fund Balance	50,000	50,000	220,816	170,816
Total Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

TOWN OF CHESTER, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 257,813	\$ 257,813	\$ 257,813	\$ -
Departmental Income	453,836	453,836	449,408	(4,428)
Use of Money and Property	950	950	1,265	315
Sale of Property and Compensation for Loss	-	-	12,607	12,607
Miscellaneous	-	-	131	131
Total Revenues	712,599	712,599	721,224	8,625
Expenditures:				
Home and Community Services	566,517	667,498	650,242	17,256
Employee Benefits	119,770	130,541	120,307	10,234
Capital Outlay	83,917	113,736	40,000	73,736
Debt Service	22,395	22,395	22,395	-
Total Expenditures	792,599	934,170	832,944	101,226
Excess/(Deficiency) of Revenues Over Expenditures	(80,000)	(221,571)	(111,720)	109,851
Other Financing Sources/(Uses):				
Operating Transfers In	-	129,955	133,950	3,995
Total Financing Sources/(Uses)	-	129,955	133,950	3,995
Net Change in Fund Balance	(80,000)	(91,616)	22,230	113,846
Appropriated Fund Balance	80,000	91,616	-	(91,616)
Total Change in Fund Balance	\$ -	\$ -	\$ 22,230	\$ 22,230

TOWN OF CHESTER, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 881,435	\$ 881,435	\$ 881,476	\$ 41
Departmental Income	18,430	18,430	21,702	3,272
Use of Money and Property	505	505	1,443	938
Total Revenues	900,370	900,370	904,621	4,251
Expenditures:				
Home and Community Services	890,070	890,070	890,073	(3)
Debt Service	10,300	10,300	10,300	-
Total Expenditures	900,370	900,370	900,373	(3)
Total Change in Fund Balance	\$ -	\$ -	\$ 4,248	\$ 4,248

**OTHER
SUPPLEMENTARY
INFORMATION**

TOWN OF CHESTER, NEW YORK
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Refuse and Garbage Fund	Drainage Fund	Parklands Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 56,594	\$ 117,465	\$ -	\$ 174,059
Restricted Cash and Cash Equivalents	-	-	114,249	114,249
Total Assets	<u>\$ 56,594</u>	<u>\$ 117,465</u>	<u>\$ 114,249</u>	<u>\$ 288,308</u>
LIABILITIES				
Accounts Payable	\$ 46,198	\$ -	\$ -	\$ 46,198
Total Liabilities	<u>46,198</u>	<u>-</u>	<u>-</u>	<u>46,198</u>
FUND BALANCES				
Restricted	-		114,249	114,249
Assigned for Fund Purposes	10,396	117,465	-	127,861
Total Fund Balances	<u>10,396</u>	<u>117,465</u>	<u>114,249</u>	<u>242,110</u>
Total Liabilities and Fund Balances	<u>\$ 56,594</u>	<u>\$ 117,465</u>	<u>\$ 114,249</u>	<u>\$ 288,308</u>

TOWN OF CHESTER, NEW YORK
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Refuse and Garbage Fund	Drainage Fund	Parklands Fund	Total Non-Major Governmental Funds
Revenues:				
Real Property Taxes	\$ 572,427	\$ 21,208	\$ -	\$ 593,635
Departmental Income	913	-	-	913
Use of Money and Property	60	442	646	1,148
Total Revenues	573,400	21,650	646	595,696
Expenditures:				
Culture and Recreation	-	-	20,700	20,700
Home and Community Services	558,780	-	-	558,780
Employee Benefits	385	-	-	385
Total Expenditures	559,165	-	20,700	579,865
Change in Fund Balances	14,235	21,650	(20,054)	15,831
Fund Balances - Beginning	42,247	95,815	-	138,062
Prior Period Adjustments (Note XIII)	(46,086)	-	134,303	88,217
Fund Balances - Beginning, Restated	(3,839)	95,815	134,303	226,279
Fund Balances - Ending	\$ 10,396	\$ 117,465	\$ 114,249	\$ 242,110

**TOWN OF CHESTER, NEW YORK
COMBINING BALANCE SHEETS
HIGHWAY FUNDS
DECEMBER 31, 2022**

	Highway Fund - Town-Wide	Highway Fund - Town Outside Village	Total Highway Funds
ASSETS			
Cash and Cash Equivalents	\$ 396,392	\$ 327,871	\$ 724,263
Restricted Cash and Cash Equivalents	11,920	158,500	170,420
Accounts Receivable	-	-	-
Due from Other Funds	5,000	-	5,000
Prepaid Expenses	16,075	16,075	32,150
Total Assets	<u>\$ 429,387</u>	<u>\$ 502,446</u>	<u>\$ 931,833</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 35,677	\$ 22,568	\$ 58,245
Accrued Expenditures	8,680	19,249	27,929
Guarantee & Bid Deposits	-	158,500	158,500
Total Liabilities	<u>44,357</u>	<u>200,317</u>	<u>244,674</u>
Fund Balances:			
Nonspendable	16,075	16,075	32,150
Restricted	11,920	158,500	170,420
Assigned for Subsequent Year's Budget	100,000	25,000	125,000
Assigned for Fund Purposes	257,035	102,554	359,589
Total Fund Balances	<u>385,030</u>	<u>302,129</u>	<u>687,159</u>
Total Liabilities and Fund Balances	<u>\$ 429,387</u>	<u>\$ 502,446</u>	<u>\$ 931,833</u>

TOWN OF CHESTER, NEW YORK
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Highway Fund - Town-Wide	Highway Fund - Town Outside Village	Total Highway Funds
Revenues:			
Real Property Taxes	\$ 1,158,428	\$ 926,871	\$ 2,085,299
Non Property and Allocated Tax Items	-	284,747	284,747
Intergovernmental Charges	58,806	-	58,806
Use of Money and Property	2,732	1,846	4,578
Licenses and Permits	-	100	100
Sale of Property and Compensation for Loss	5,200	3,207	8,407
Miscellaneous	1,084	76	1,160
State and Federal Aid	88,868	80,000	168,868
Total Revenues	1,315,118	1,296,847	2,611,965
Expenditures:			
Transportation	714,974	1,205,984	1,920,958
Employee Benefits	287,577	311,679	599,256
Debt Service	209,862	-	209,862
Capital Outlay	88,868	-	88,868
Total Expenditures	1,301,281	1,517,663	2,818,944
Excess/(Deficiency) of Revenues Over Expenditures	13,837	(220,816)	(206,979)
Fund Balances - Beginning	370,675	311,714	682,389
Prior Period Adjustments (Note XIII)	518	211,231	211,749
Fund Balances - Beginning, as Restated	371,193	522,945	894,138
Fund Balances - Ending	\$ 385,030	\$ 302,129	\$ 687,159

TOWN OF CHESTER
SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2022

	Original Date of Issue	Date of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 12/31/2022	Due Within the Next Year
<u>SERIAL BONDS</u>										
Refunding	2004	2025	2.00%	\$ 615,000	\$ -	\$ 315,000	\$ 300,000	\$ 13,800	\$ 2,000	\$ 100,000
Senior Center	2018	2038	3.00%	1,327,500	-	60,616	1,266,884	41,022	22,170	62,637
SL PAC & Senior	2019	2034	3.50%	1,380,000	-	85,000	1,295,000	47,380	37,771	90,000
Police Building	2018	2038	3.00%	1,665,000	-	76,027	1,588,973	51,452	27,807	78,562
Sewer District #7	2002	2038	6.00%	10,000	-	10,000	-	300	-	-
Water	2018	2038	3.00%	292,500	-	13,357	279,143	9,039	4,885	13,801
TOTAL SERIAL BONDS				5,290,000	-	560,000	4,730,000	162,993	94,633	345,000
<u>BOND ANTICIPATION NOTES</u>										
Highway Garage	11/20	11/23	4.21%	650,000	-	50,000	600,000	2,268	4,210	605,000
Equipment	11/19	11/23	4.21%	610,000	-	35,000	575,000	2,269	4,035	570,000
TOTAL BOND ANTICIPATION NOTES				1,260,000	-	85,000	1,175,000	4,537	8,245	1,175,000
<u>INSTALLMENT PURCHASE CONTRACTS</u>										
Freightliner VT802 Street Sweeper	04/01/19	04/01/24	4.00%	162,924	-	52,198	110,726	6,501	3,322	54,280
Caterpillar Wheel Loader 6717	06/17/19	06/17/24	4.00%	93,114	-	29,858	63,256	3,631	1,371	31,023
Caterpillar Wheel Loader 6830	06/17/20	06/17/25	4.00%	72,348	-	17,042	55,306	2,879	1,198	17,721
Single Axle Dump Truck and Plow	05/15/18	05/15/23	4.00%	70,972	-	34,804	36,168	2,782	904	36,168
Tractor and Planer	03/25/22	03/25/25	4.00%	-	87,038	22,898	64,140	-	1,924	20,647
TOTAL INSTALLMENT PURCHASE CONTRACTS				399,358	87,038	156,800	329,596	15,793	8,719	159,839
TOTAL INDEBTEDNESS				\$ 6,949,358	\$ 87,038	\$ 801,800	\$ 6,234,596	\$ 183,323	\$ 111,597	\$ 1,679,839

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

The Town Board
Town of Chester
1786 Kings Highway
Chester, New York 10918

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chester, 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 Chester's basic financial statements, and have issued our report thereon dated August 22, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying schedule of findings as items 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance. However, significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

RBT CPAs, LLP

Newburgh, NY
August 22, 2024

**TOWN OF CHESTER, NEW YORK
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

A. Internal Control Findings

Material Weakness

Finding 2022-001 GASB 75 Other Post-Employment Benefits (“OPEB”)

Condition: The Town did not obtain a retiree medical actuarial valuation as required under GASB 75.

Criteria: GASB 75 requires governmental entities to recognize a liability for OPEB.

Cause: The Town did not hire an actuary to perform these services. No actuarial report on OPEB obligations has ever been obtained.

Effect: The Town is not in compliance with GASB 75 and, therefore, received an auditor’s adverse opinion on the government-wide financial statements.

Recommendation: RBT recommends that the Town employ the services of an actuary to obtain the required actuarial valuation of retiree medical obligations satisfying the requirements of GASB 75 for reporting in the financial statements in the future.

Material Weakness

Finding 2022-002 Financial Statement Entries

Condition: Several prior period adjusting journal entries were recorded to correct the allocation of revenues and expenditures between the prior and the current years.

Criteria: Town personnel are responsible for the preparation and review of their financial information.

Cause: The Town did not properly record certain revenues and expenditures in the appropriate period.

Effect: Certain revenues and expenditures were overstated in the current year, and beginning fund balance and net position were understated.

Recommendation: RBT recommends that as part of the year-end closing process, accounts should be reviewed to ensure all year-end accruals and adjustments are made as appropriate.

B. Compliance Finding

No non-compliance findings noted