

TOWN OF DRYDEN

Dryden, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2022**

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

TOWN OF DRYDEN

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NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Town Board
Town of Dryden
Dryden, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dryden (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.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dryden, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 audit opinions.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Schedules; Schedules of the Town's Contributions - NYSLRS Pension Plan and the Town's Proportionate Share of Net Pension (Asset) Liability; and the Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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's basic financial statements. The Balance Sheet - Non-Major Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the 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 GAAS. In our opinion, the Balance Sheet - Non-Major Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds and SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [Date] , 2023 on our consideration of the Town of Dryden's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date] , 2023

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Our discussion and analysis of the Town of Dryden's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Town's financial statements, which begin on page 5.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using This Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 and 6) provide information about the Town as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Town's operations in greater detail than the Government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes providing additional information that is essential to a full understanding of the data provided in the financial statements.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 5, with the Government-wide statements. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer the question of whether the Town, as a whole, is better off or worse off, as a result of the year's activities. These statements include *all* assets, deferred inflows of resources, liabilities, and deferred outflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net position and changes in it. One can think of the Town's net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, all of the Town's activities, which are governmental in nature, are reported in one column, including public safety, transportation, home and community services, culture and recreation, and general administration. Property and sales taxes finance most of these activities.

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Reporting the Town's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Town's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not about the Town as a whole. Some funds are required to be established by New York State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: All of the Town's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds, as well as the balances left at year end that are available for spending. These funds are reported using *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide statements) and Governmental *Funds* is explained in a reconciliation following the fund financial statements.

The Town as Trustee: The Town is the trustee, or fiduciary, for other assets held on behalf of others. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 11. These activities are excluded from the Town's other financial statements because the Town cannot use these resources to finance its operations. The Town is responsible for ensuring that the resources reported in this fund are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's *combined* net position for fiscal year ended December 31, 2022 increased \$3,514,532, from \$23,428,537 to \$26,943,069. A portion of the Town's net position, \$16,647,402, reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town has chosen not to report infrastructure assets acquired prior to January 1, 2004, in accordance with the transition provisions of Governmental Accounting Standards Board (GASB) Statement No. 34.

An additional portion of the Town's net position, \$130,928, represents resources subject to external restrictions on how they may be used and is reported as restricted net position.

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Our analysis below focuses on the net position (*Figure 1*), and changes in net position (*Figure 2*), of the Town's Governmental Activities.

Figure 1
Net Position

Condensed Net Position	2022	2021	Dollar Change
<i>Current Assets</i>	\$ 11,346,874	\$ 10,296,943	\$ 1,049,931
<i>Capital Assets, Net</i>	17,485,402	15,051,065	2,434,337
<i>Other Noncurrent Assets</i>	1,158,568	651,280	507,288
Total Assets	29,990,844	25,999,288	3,991,556
Total Deferred Outflows of Resources	968,241	1,150,520	(182,279)
<i>Current Liabilities</i>	1,209,940	996,418	213,522
<i>Noncurrent Liabilities</i>	1,094,387	1,112,764	(18,377)
Total Liabilities	2,304,327	2,109,182	195,145
Total Deferred Inflows of Resources	1,711,689	1,612,089	99,600
<i>Net Investment in Capital Assets</i>	16,647,402	14,188,065	2,459,337
<i>Restricted</i>	130,928	130,171	757
<i>Unrestricted</i>	10,164,739	9,110,301	1,054,438
Total Net Position	\$ 26,943,069	\$ 23,428,537	\$ 3,514,532

Significant changes from prior year are as follows:

- Current assets and capital assets, net increased largely due to receivables from the state and federal government as well as capitalized costs associated with the Town's broadband project.
- Other noncurrent assets, as well as deferred outflows and deferred inflows of resources changed due to the funded status of the NYSLRS pension plan. During 2022, the previous net pension liability switched to a net pension asset based on the pension plan net position.
- Net investment in capital assets increase mirrors the increase in capital assets, net.
- Unrestricted net position increased based on an excess of revenues over expenses, which are further discussed in *Figure 2*.

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Figure 2 demonstrates the operations of the Town's Governmental Activities.

Figure 2
Changes in Net Position

Governmental Activities	2022	2021	Dollar Change
REVENUES			
<i>Program Revenues:</i>			
Charges for Services	\$ 1,119,455	\$ 1,006,886	\$ 112,569
Operating Grants and Contributions	960,245	968,497	(8,252)
Capital Grants and Contributions	1,839,290	127,258	1,712,032
<i>General Revenues:</i>			
Property Taxes and Tax Items	8,235,595	7,871,958	363,637
Nonproperty Tax Items	26,657	28,756	(2,099)
Use of Money and Property	26,478	23,332	3,146
Sale of Property and Compensation for Loss	136,305	61,216	75,089
Change in Equity Interest in Joint Venture	10,291	(12,611)	22,902
Other General Revenues	346,924	220,646	126,278
Total Revenues	\$ 12,701,240	\$ 10,295,938	\$ 2,405,302
PROGRAM EXPENSES			
General Governmental Support	\$ 1,337,643	\$ 1,474,646	\$ (137,003)
Public Safety	1,553,107	1,551,531	1,576
Public Health	891,044	870,591	20,453
Transportation	3,701,179	3,342,526	358,653
Economic Assistance and Opportunity	9,650	9,000	650
Culture and Recreation	402,071	346,509	55,562
Home and Community Services	1,261,416	1,046,481	214,935
Interest on Long-Term Debt	30,598	31,465	(867)
Total Expenses	\$ 9,186,708	\$ 8,672,749	\$ 513,959
CHANGE IN NET POSITION	\$ 3,514,532	\$ 1,623,189	\$ 1,891,343

Significant changes from prior year are as follows:

- Capital grants and contributions increased largely due to the claiming of expenditures for a broadband project under the Coronavirus State and Local Fiscal Recovery fund.
- The Town increased its tax levy during 2022, causing an increase in real property taxes and tax items.
- Transportation expenses were up due to increases in contractual expenditures associated with maintenance of streets as well as snow removal.
- Home and community services expenses experienced an increase in water and sewer contractual expenses.

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

The cost of all Governmental Activities this year was \$9,186,708. However, as shown in the Statement of Activities, the amount ultimately financed for these activities through Town real property taxes, real property tax items, nonproperty tax items, and other revenues was \$5,267,718, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the Town's governmental program revenues, including fees for services and grants, were \$3,918,990.

THE TOWN'S FUNDS

Total fund balances increased 8.79%. This is largely attributable to excess revenues and other financing uses over expenditures and other financing sources in the Town's General Town-Wide Fund and its Highway Funds partially offset by a reduction in the Capital Projects Fund due to short-term debt financing. *Figure 3* shows the fund balances at year end for all of the Town's Governmental Funds.

Figure 3
Governmental Funds
Fund Balances at Year Ended

Governmental Funds	2022	2021	Dollar Change
<i>Major Funds:</i>			
General Town - Wide Fund	\$ 2,555,068	\$ 1,799,572	\$ 755,496
Highway Town - Wide Fund	2,661,522	2,306,664	354,858
Highway Part - Town Fund	1,610,710	1,243,600	367,110
Fire Protection Fund	344,902	312,581	32,321
Capital Projects Fund	1,292,533	2,049,039	(756,506)
<i>Non-Major Funds</i>	1,879,814	1,796,943	82,871
Totals	\$ 10,344,549	\$ 9,508,399	\$ 836,150

General Fund Budgetary Highlights

Over the course of the year, the Town Board and management of the Town may revise the Town budget for transfers between functions, encumbrances from the prior fiscal year, and acceptance of grant awards. During 2022, minimal budget revisions were required.

Resources available for appropriation in the General Town-Wide Fund, including interfund transfers in, were \$461,778 more than budgeted. Actual expenditures, including interfund transfers out, were \$846,441 less than budgeted, resulting in a favorable budget variance of \$1,308,219.

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

At December 31, 2022, the Town had \$33,365,967 in cost, less accumulated depreciation of \$15,880,565, invested in a broad range of capital assets, including buildings, machinery and equipment, and roads and bridges. *Figure 4* shows changes in the Town's capital assets.

Figure 4
Capital Assets, Net of Accumulated Depreciation

Governmental Activities	2022	2021	Dollar Change
<i>Land</i>	\$ 70,473	\$ 70,473	\$ -
<i>Construction-in-Progress</i>	2,232,801	326,794	1,906,007
<i>Buildings and Improvements</i>	2,486,719	2,497,654	(10,935)
<i>Machinery and Equipment</i>	1,945,091	1,476,680	468,411
<i>Infrastructure</i>	10,750,318	10,679,464	70,854
Total	\$ 17,485,402	\$ 15,051,065	\$ 2,434,337

Depreciation expense during the year amounted to \$1,369,348. The Town has not reported any infrastructure assets prior to 2004.

Debt

The Town's short and long-term debt increased by 69.48% at December 31, 2022, as shown in *Figure 5*. Of this amount, \$903,614 was subject to the constitutional debt limit and represented 1.1% of the Town's statutory debt limit.

Figure 5
Major Outstanding Debt at Year End

Governmental Activities	2022	2021	Dollar Change
<i>Serial Bonds</i>	\$ 838,000	\$ 863,000	\$ (25,000)
<i>Revenue Anticipation Notes</i>	624,614	-	624,614
Total	\$ 1,462,614	\$ 863,000	\$ 599,614

TOWN OF DRYDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following is a summary of currently known facts, decisions, or conditions expected to have a significant effect on the Town's future financial position.

- ❖ The Town continues preparation for major water and sewer improvements for the districts in the Combined Water and Combined Sewer Funds. The Town has been awarded a CDBG Grant for \$1.25 million for the sewer project. The remaining funding will come from fund balance, a 0% interest hardship loan from EFC, and conventional bond.
- ❖ The Town has started construction and installing fiber for the municipal broadband service. This project is funded by ARPA funds, an ARC grant, and bonds that will be repaid by user fees. The Town is hoping to apply for new state and federal funds that have been recently announced to help lower the amount needed to borrow to fund the project.
- ❖ The Town received a Transportation Alternative Grant from the New York State (NYS) Department of Transportation (DOT) for building a pedestrian bridge connecting two sections of an old railroad bed used as a recreation trail. Construction for this bridge is expected to begin in 2023. The Town was awarded federal funds to fund the portion of the cost that is not covered by the grant.
- ❖ The Town is currently involved with two Bridge NY projects. One bridge has been going through a longer than average design phase due to historical features but hopes to begin construction in the Summer of 2023. The remaining Bridge NY project is still in the early phases with no timeline currently. Bridge NY grants are a 95% of the project cost funded by the federal and state government.
- ❖ The Town Highway and Department of Public Works Department was approved for a Water Quality Improvement Grant from NYS Environmental Conservation to help fund streambank stabilization on a few streams in the Town. Work for this project will happen when staff is available during the in the summer of 2022 and continuing into 2023. The grant will cover 75% of the cost incurred by the Town.
- ❖ The Town has been approved through New York Power Authority (NYPA) to change all the streetlights over to LED lights. To begin this process the Town had to purchase the streetlights and arms directly from NYSEG. This was completed in the Winter of 2021 and the Town is currently waiting for delivery of some of the decorative lights. Once the final delivery is received, the streetlights will be changed by a subcontractor. The funding of this project is provided by grants from NYPA, a loan through NYPA, and future Climate Smart payments from New York State.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about the report or need any additional financial information contact Jason Leifer, Town Supervisor, 93 East Main Street, Dryden, New York 13053.

TOWN OF DRYDEN

STATEMENT OF NET POSITION DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 9,783,410
Due from State and Federal Governments	1,289,727
Other Receivables	216,509
Prepaid Expenses	57,228
Total Current Assets	11,346,874
Noncurrent Assets	
Cash and Cash Equivalents - Restricted	171,465
Investment in Joint Venture Equity	489,140
Net Pension Asset - Proportionate Share	497,963
Capital Assets, Non-Depreciable	2,303,274
Other Capital Assets, Net of Accumulated Depreciation	15,182,128
Total Noncurrent Assets	18,643,970
Total Assets	29,990,844
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	968,241
Total Deferred Outflows of Resources	968,241
LIABILITIES	
Current Liabilities	
Accounts Payable	422,956
Accrued Liabilities	60,297
Due to Other Governments	20,349
Due to Retirement Systems	5,037
Revenue Anticipation Notes Payable	624,614
Interest Payable	10,150
Other Liabilities	40,537
Current Portion of Long-Term Liabilities:	
Bonds Payable	26,000
Total Current Liabilities	1,209,940
Long-Term Liabilities	
Bonds Payable	812,000
Compensated Absences	282,387
Total Long-Term Liabilities	1,094,387
Total Liabilities	2,304,327
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,711,689
Total Deferred Inflows of Resources	1,711,689
NET POSITION	
Net Investment in Capital Assets	16,647,402
Restricted	130,928
Unrestricted	10,164,739
Total Net Position	\$ 26,943,069

See Notes to Financial Statements

TOWN OF DRYDEN

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Expenses					
FUNCTIONS/PROGRAMS					
Governmental Activities					
General Governmental Support	\$ 1,337,643	\$ 115,131	\$ 316,324	\$ 92,033	\$ (814,155)
Public Safety	1,553,107	53,955	-	-	(1,499,152)
Public Health	891,044	-	-	-	(891,044)
Transportation	3,701,179	148,707	639,851	-	(2,912,621)
Economic Assistance and Opportunity	9,650	-	-	-	(9,650)
Culture and Recreation	402,071	66,399	-	-	(335,672)
Home and Community Services	1,261,416	735,263	4,070	1,747,257	1,225,174
Interest on Long-Term Debt	30,598	-	-	-	(30,598)
Total Governmental Activities	\$ 9,186,708	\$ 1,119,455	\$ 960,245	\$ 1,839,290	(5,267,718)
GENERAL REVENUES					
Real Property Taxes					8,173,347
Real Property Tax Items					62,248
Nonproperty Tax Items					26,657
Use of Money and Property					26,478
Sale of Property and Compensation for Loss					136,305
Miscellaneous Local Sources					346,924
Change in Equity Interest in Joint Venture					10,291
Total General Revenues					8,782,250
Change in Net Position					3,514,532
Net Position - Beginning of Year					23,428,537
Net Position - End of Year					\$ 26,943,069

See Notes to Financial Statements

TOWN OF DRYDEN

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2022

	Major Funds						
	Special Revenue Funds						
	General Town-Wide Fund	Highway Town-Wide Fund	Highway Part-Town Fund	Special District Fund Fire Protection Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Assets							
Cash and Cash Equivalents - Unrestricted	\$ 2,182,484	\$ 2,534,779	\$ 1,257,675	\$ 408,826	\$ 1,665,185	\$ 1,734,461	\$ 9,783,410
Cash and Cash Equivalents - Restricted	130,928	-	-	-	-	40,537	171,465
Due from Other Funds	433,019	267,084	-	-	1,233,087	-	1,933,190
Due from State and Federal Governments	-	-	639,851	-	649,876	-	1,289,727
Prepaid Expenses	29,803	14,035	7,728	-	-	5,662	57,228
Other Receivables	15,474	6,950	-	-	-	194,085	216,509
Total Assets	\$ 2,791,708	\$ 2,822,848	\$ 1,905,254	\$ 408,826	\$ 3,548,148	\$ 1,974,745	\$ 13,451,529
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 26,978	\$ 148,178	\$ 45,005	\$ 63,105	\$ 92,165	\$ 47,525	\$ 422,956
Accrued Liabilities	28,621	13,148	10,770	-	-	6,507	59,046
Due to Other Funds	159,042	-	235,744	-	1,538,404	-	1,933,190
Due to Other Governments	20,349	-	-	-	-	-	20,349
Due to Retirement Systems	1,650	-	3,025	-	-	362	5,037
Revenue Anticipation Notes Payable	-	-	-	-	624,614	-	624,614
Other Liabilities	-	-	-	819	432	40,537	41,788
Total Liabilities	236,640	161,326	294,544	63,924	2,255,615	94,931	3,106,980
FUND BALANCES							
Nonspendable	29,803	14,035	7,728	-	-	5,662	57,228
Restricted	130,928	-	-	-	-	-	130,928
Assigned	310,597	2,647,487	1,602,982	344,902	1,292,533	1,874,152	8,072,653
Unassigned	2,083,740	-	-	-	-	-	2,083,740
Total Fund Balances	2,555,068	2,661,522	1,610,710	344,902	1,292,533	1,879,814	10,344,549
Total Liabilities and Fund Balances	\$ 2,791,708	\$ 2,822,848	\$ 1,905,254	\$ 408,826	\$ 3,548,148	\$ 1,974,745	\$ 13,451,529

See Notes to Financial Statements

TOWN OF DRYDEN

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2022

Total Governmental Fund Balances **\$ 10,344,549**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Historical Cost	\$ 33,365,967	
Accumulated Depreciation	<u>(15,880,565)</u>	17,485,402

The Town's proportion of the collective net pension (asset)/liability is not reported in the funds.

Net Pension Asset - Proportionate Share	497,963
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Equity interests in joint ventures are not reported in the Governmental Funds because they do not represent current financial resources.

489,140

Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods, and is also not reported in the Governmental Funds.

Deferred Outflows of Resources - Pension	\$ 968,241	
Deferred Inflows of Resources - Pension	<u>(1,711,689)</u>	(743,448)

Long-term liabilities, including bonds payable, interest payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (838,000)	
Interest Payable	(10,150)	
Compensated Absences	<u>(282,387)</u>	<u>(1,130,537)</u>

Net Position of Governmental Activities **\$ 26,943,069**

See Notes to Financial Statements

TOWN OF DRYDEN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Major Funds						
	Special Revenue Funds						
	General Town-Wide Fund	Highway Town-Wide Fund	Highway Part-Town Fund	Special District Fund Fire Protection Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES							
Real Property Taxes	\$ 1,933,241	\$ 2,391,029	\$ 1,254,707	\$ 1,265,093	\$ -	\$ 1,329,277	\$ 8,173,347
Real Property Tax Items	62,248	-	-	-	-	-	62,248
Nonproperty Tax Items	26,657	-	-	-	-	-	26,657
Departmental Income	127,543	148,707	-	-	-	773,111	1,049,361
Intergovernmental Charges	12,245	-	-	-	-	-	12,245
Use of Money and Property	6,656	6,602	4,057	1,679	3,485	3,999	26,478
Licenses and Permits	22,071	-	-	-	-	31,884	53,955
Fines and Forfeitures	62,660	-	-	-	-	-	62,660
Sale of Property and Compensation for Loss	-	321,700	23,570	-	-	-	345,270
Miscellaneous Local Sources	23,876	6,155	846	-	-	51,597	82,474
Interfund Revenues	-	-	-	-	-	-	-
State Sources	320,394	-	639,851	-	92,033	-	1,052,278
Federal Sources	601,434	-	-	-	1,145,823	-	1,747,257
Total Revenues	3,199,025	2,874,193	1,923,031	1,266,772	1,241,341	2,189,868	12,694,230
EXPENDITURES							
General Governmental Support	952,270	-	-	-	-	10,646	962,916
Public Safety	95,180	-	-	1,212,861	-	160,825	1,468,866
Public Health	-	-	-	-	-	891,044	891,044
Transportation	248,394	2,181,630	1,279,068	-	-	7,727	3,716,819
Economic Assistance and Opportunity	9,650	-	-	-	-	-	9,650
Culture and Recreation	329,643	-	-	-	-	-	329,643
Home and Community Services	106,177	-	-	-	-	843,826	950,003
Employee Benefits	603,534	344,535	276,853	21,590	-	156,289	1,402,801
Debt Service							
Principal	-	11,000	-	-	-	14,000	25,000
Interest	-	8,251	-	-	-	22,640	30,891
Capital Outlay	-	-	-	-	2,070,447	-	2,070,447
Total Expenditures	2,344,848	2,545,416	1,555,921	1,234,451	2,070,447	2,106,997	11,858,080
Excess of Revenues (Expenditures)	854,177	328,777	367,110	32,321	(829,106)	82,871	836,150
OTHER FINANCING SOURCES (USES)							
Interfund Transfers In	521,209	26,081	-	-	619,890	-	1,167,180
Interfund Transfers (Out)	(619,890)	-	-	-	(547,290)	-	(1,167,180)
Total Other Financing Sources (Uses)	(98,681)	26,081	-	-	72,600	-	-
Net Changes in Fund Balances	755,496	354,858	367,110	32,321	(756,506)	82,871	836,150
Fund Balances, Beginning of Year	1,799,572	2,306,664	1,243,600	312,581	2,049,039	1,796,943	9,508,399
Fund Balances, End of Year	\$ 2,555,068	\$ 2,661,522	\$ 1,610,710	\$ 344,902	\$ 1,292,533	\$ 1,879,814	\$ 10,344,549

See Notes to Financial Statements

TOWN OF DRYDEN

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

Net Change in Fund Balances - Total Governmental Funds **\$ 836,150**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report purchases of capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized.

Capital Outlay	\$ 3,806,966	
Net Book Value of Disposed Assets	(3,281)	
Depreciation Expense	<u>(1,369,348)</u>	2,434,337

Equity interests in joint ventures are not reported in the Governmental Funds because they do not represent current financial resources. These are the changes in the Town's equity interests in joint ventures. 10,291

Long-term and short-term debt proceeds, and related issue costs and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of Bond Principal	\$ 25,000	
Change in Interest Payable	<u>293</u>	25,293

Changes in long-term obligations, including related deferred inflows and deferred outflows of resources, associated with employee benefits are reported in the Statement of Activities as increases or decreases in expenses. Such changes are not reflected in the Governmental Fund financial statements. The following are the changes reported in the Statement of Activities for these net liabilities.

Net Pension Liability - Proportionate Share	\$ 221,570	
Compensated Absences	<u>(13,109)</u>	208,461

Change in Net Position of Governmental Activities **\$ 3,514,532**

See Notes to Financial Statements

TOWN OF DRYDEN

STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2022

	Custodial Fund
ASSETS	
Cash - Unrestricted	\$ 41,998
Total Assets	\$ 41,998
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	\$ 41,998
Total Net Position	\$ 41,998

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

See Notes to Financial Statements

TOWN OF DRYDEN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial Fund
ADDITIONS	
Interest Earnings	\$ 1,024
Total Additions	<u>1,024</u>
DEDUCTIONS	
Other Contractual Expenses	<u>63,038</u>
Total Deductions	<u>63,038</u>
Change in Net Position	<u>(62,014)</u>
Net Position - Beginning of Year	<u>104,012</u>
Net Position - End of Year	<u><u>\$ 41,998</u></u>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

See Notes to Financial Statements

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies

The basic financial statements of the Town of Dryden (the Town) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Financial Reporting Entity

The Town, which was founded in 1803, is governed by its charter, Town Law, other general municipal laws of New York State, and various local ordinances. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as chief executive officer and as chief fiscal officer.

The following basic services are provided: public safety (fire protection), highway maintenance, snow removal, planning, zoning, code enforcement, recreation, youth services, water, sewer, lighting, and general administration.

All Governmental Activities and functions performed for the Town are its direct responsibility. The basic financial statements include all funds of the primary government, which is the Town. The decision to include a component unit in the Town's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town's reporting entity.

Excluded From the Reporting Entity - Related Organizations

McLean Fire Protection District

The financial activities of the McLean Fire District (the McLean District) are not included in the Town's financial statements. That area of the town is the responsibility of fire commissioners who constitute the governing board of the McLean District. The qualified voters living within the McLean District elect fire commissioners. McLean District operations, including the financing thereof through real property taxation, are carried out at the direction of the fire commissioners. The Town has neither managerial oversight nor fiscal responsibility thereof.

Dryden Central School District

Essentially, the primary function of the Dryden Central School District (the School District) is to provide education for pupils. Services such as transportation of pupils, administration, finance, and building maintenance support the primary function. Specific reasons for excluding the School District from the Town's reporting entity are as follows: The Town cannot significantly influence the School District's operations; the Town has no budgetary authority; the School District controls surpluses and deficits; the Town has no responsibility for the School District's debt; and the School District's Board of Education controls fiscal management.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Financial Reporting Entity - Joint Ventures

Ithaca Area Wastewater Treatment Facility

The Ithaca Area Wastewater Treatment Facility (the Facility) is a joint venture undertaken with the City and Town of Ithaca via an agreement executed in 1981 whereby the parties agreed to jointly own and operate a sewage treatment plant and related facilities. Board members of each municipality jointly act as the governing body for the joint venture. The Facility is intended to be self-sustaining. However, any shortfall is to be provided by equal share contributions from the participants. See Note 11 for additional disclosure regarding this joint venture.

Southern Cayuga Lake Intermunicipal Water Commission

The Southern Cayuga Lake Intermunicipal Water Commission (the Commission) is a joint venture undertaken with the Villages of Cayuga Heights and Lansing and the Towns of Ithaca and Lansing. The venture operates under the terms of an agreement originally dated March 1, 1977, with several amendments, the most recent dated January 1, 2012. The agreement is to remain in force until such time as the bonds issued by the member municipalities for the construction of Projects I and II have been fully paid, satisfied, and discharged and shall continue thereafter until further agreement of all of the members. See Note 11 for additional disclosure regarding this joint venture.

Basic Financial Statements

The Town's basic financial statements include both Government-wide (reporting the Town as a whole) and Governmental Fund financial statements (reporting the Town's Major Funds). The Government-wide and Governmental Fund financial statements categorize primary activities as Governmental. The Town's general governmental support, public safety, transportation, culture and recreation, and home and community services are classified as Governmental Activities.

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental). Government-wide financial statements do not include the activities reported in the Fiduciary Fund. The focus of the Government-wide statements addresses the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Government-Wide Financial Statements - Continued

The Town's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the Town's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues (charges paid by the recipients of the goods or services offered by the programs, grants, and contributions) that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Town.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

Governmental Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Town records its transactions in the funds described below.

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the Town's Major Governmental Funds.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Major Funds

- General Town-Wide Fund - Principal operating fund which includes all operations not required to be recorded in other funds. Accounts for activity affecting the entire Town.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following funds are special revenue funds:
 - Highway Town-Wide Fund - Established pursuant to Highway Law §141 and used to account for revenues and expenditures for highway purposes.
 - Highway Part-Town Fund - Establish pursuant to Highway Law §141 and used to account for revenues and expenditures for highway purposes outside of the Villages of Dryden and Freeville.
 - Special District Fund (Fire Protection Fund) - Used to account for revenues derived from property taxes assessed in these special districts and the application of such revenues toward related operations and maintenance of the fire protection district.
- Capital Projects Fund - Used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Non-Major Funds

- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following funds are Special Revenue Funds:
 - General Part-Town Fund - Accounts for activity outside the Villages of Dryden and Freeville.
 - Special Grant Fund - Accounts for Community Development Block Grant activities
 - Special District Funds (Lighting Fund, Water Fund, Sewer Fund, and Miscellaneous Special Revenue Fund) - Used to account for revenues derived from property taxes assessed in these special districts and the application of such revenues toward related operations and maintenance of the lighting, water, sewer districts and miscellaneous districts.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Fiduciary Fund Types

Fiduciary Fund types are used to account for assets held by the local government in a trustee or custodial capacity. The Town reports the following Fiduciary Fund:

- Custodial Fund - Used to account for money and/or property received and held in the capacity of trustee, custodian, or agent, such as court funds.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses.

Accrual Basis

The Government-wide financial statements are presented on an “economic resources” measurement focus; deferred outflows and inflows of resources, and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under U.S. GAAP, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

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

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The Town considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within 60 days after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when the asset is received. Exceptions to this general rule are: 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Property Taxes

Real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period beginning January 1 and ending no later than March 31. Taxes for county purposes are levied together with taxes for town and special district purposes as a single bill.

The Town and Special Districts receive the full amount for their levies annually from the first amounts collected on the combined bills. The County of Tompkins (County) assumes enforcement responsibility for all taxes levied in the Town. Unpaid property taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are re-levied as County taxes in the subsequent year.

Property tax revenues are recognized as revenues in the year they are levied and collected. Property taxes not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources.

Tax Levy

The Town is authorized by New York State General Municipal Law (GML) §3-c to increase its tax levy by a statutorily defined percentage. The Town has the ability to exceed that percentage upon the vote of sixty percent of the Board. The Town has approved exceeding this limit for the year ended December 31, 2022.

Budgetary Basis of Accounting

Budgets are adopted annually on a basis consistent with its prescribed fund's basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year, if any.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments having maturities of three months or less are considered cash equivalents.

Insurance and Risk Management

The Town maintains insurance coverage for most risks 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 DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$1,000 and having a useful life of greater than three years are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings and Improvements	5-45 Years
Machinery and Equipment	4-15 Years
Infrastructure	20-40 Years

Accrued Liabilities and Long-Term Obligations

In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims, judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported in the Statement of Net Position.

Vacation, Sick Leave, and Compensatory Absences

Town employees are granted vacation, sick, and personal leave benefits in varying amounts to specified maximums, depending on their tenure with the Town or status as a member of a collective bargaining unit. An individual who leaves the employment of the Town, whether through termination or retirement, is entitled to payment for accumulated vacation and compensatory time. No cash payments are made for unused sick leave; however, an employee who retires may apply the dollar value of up to 960 hours, or 1,320 hours for union employees, of sick leave at their rate of pay on the date of retirement towards the cost of the retired employee's portion of the medical insurance premium. This liability is liquidated from the General Funds.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions in the Statement of Net Position. The types of deferred outflows of resources related to pensions are described in Note 4.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions which are further described in Note 4.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Revenues

Substantially all Governmental Fund revenues are accrued. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and 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 - Consists of net resources with constraints placed on their 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 - Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

Governmental Fund Financial Statements

The Town follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Governmental Fund Financial Statements - Continued

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority (or their designated body or official). The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Town-Wide Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Town-Wide Fund and could report a surplus or deficit. In funds other than the General Town-Wide Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Town Board has not adopted any resolutions to commit or assign fund balance. Currently, fund balances are assigned by the Town Bookkeeper for encumbrances, and the Board, by resolution, approves fund balance appropriations for next year's budget. The Town applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

New Accounting Standards

The Town adopted and implemented the following current Statements of the GASB effective for the year ended December 31, 2022:

- GASB Statement No. 87, "Leases." The adoption of this standard had no effect on the Town's financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending December 31, 2023
- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending December 31, 2024.

The Town will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

Note 2 Cash and Investments

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

Collateral is required for demand and time deposits and certificates of deposit at 105% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 2 Cash and Investments - Continued

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

The Town's aggregate bank balances of \$10,078,790 are either insured or collateralized with securities held by the pledging financial institution in the Town's name.

Restricted cash of \$5,037 consists of \$130,928 of reserves and \$40,537 of cash in escrow for capital projects.

Note 3 Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2022:

Governmental Activities	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Non-Depreciable Capital Assets				
Land	\$ 70,473	\$ -	\$ -	\$ 70,473
Construction in Process	326,794	1,906,007	-	2,232,801
Total Non-Depreciable Capital Assets	397,267	1,906,007	-	2,303,274
Depreciable Capital Assets				
Buildings and Improvements	3,879,335	77,757	-	3,957,092
Machinery and Equipment	6,235,593	891,547	(483,085)	6,644,055
Infrastructure	19,529,891	931,655	-	20,461,546
Total Depreciable Capital Assets	29,644,819	1,900,959	(483,085)	31,062,693
Total Historical Cost	30,042,086	3,806,966	(483,085)	33,365,967
Less Accumulated Depreciation				
Buildings and Improvements	(1,381,681)	(88,692)	-	(1,470,373)
Machinery and Equipment	(4,758,913)	(419,855)	479,804	(4,698,964)
Infrastructure	(8,850,427)	(860,801)	-	(9,711,228)
Total Accumulated Depreciation	(14,991,021)	(1,369,348)	479,804	(15,880,565)
Governmental Activities Capital Assets, Net	<u>\$ 15,051,065</u>	<u>\$ 2,437,618</u>	<u>\$ (3,281)</u>	<u>\$ 17,485,402</u>

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 3 Capital Assets - Continued

Depreciation expense was charged to functions as follows:

Governmental Activities

General Governmental Support	\$ 93,631
Transportation	1,172,805
Culture and Recreation	1,430
Home and Community Services	101,482
	<hr/>
Total	<u>\$ 1,369,348</u>

Note 4 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System)

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)(the System)

The Town participates in the New York State and Local Employees' Retirement System (ERS)(the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 4 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Summary of Significant Accounting Policies

The System's financial statements, from which the System's fiduciary respective net position is determined, are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual reports.

Contributions

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

	2022	2021	2020
ERS	\$ 261,937	\$ 233,425	\$ 219,897

Pension (Assets)/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 the System. The net pension (asset)/liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The Town's proportionate share of the net pension (asset)/liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from a report provided to the Town by the ERS System.

	ERS
Actuarial Valuation Date	4/1/2021
Net Pension (Asset)/Liability	\$ (8,174,585,678)
Town's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	(497,963)
Town's Share of the Plan's Total Net Pension (Asset)/Liability	0.0060916%

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 4 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended December 31, 2022, the Town recognized pension expense of \$23,111 for ERS in the financial statements. At December 31, 2022, the Town's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS
Deferred Outflows of Resources	
Differences Between Expected and Actual Experience	\$ 37,711
Changes of Assumptions	831,044
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	51,258
Town's Contributions Subsequent to the Measurement Date	48,228
Total Deferred Outflows of Resources	\$ 968,241
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$ 48,914
Changes of Assumptions	14,023
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,630,619
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	18,133
Total Deferred Inflows of Resources	\$ 1,711,689

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ending December 31, 2023. 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
2023	\$ (120,441)
2024	(175,417)
2025	(415,428)
2026	(80,390)
2027	-
Thereafter	-

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 4 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Actuarial Assumptions

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

	ERS
Measurement Date	March 31, 2022
Actuarial Valuation Date	April 1, 2021
Investment Rate of Return	5.9%
Salary Increases	4.4%
Cost of Living Adjustments	1.4%
Inflation Rate	2.7%

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

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

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

	NYSLRS
Measurement Date	March 31, 2022
Asset Class	
Domestic Equity	3.3%
International Equity	5.9%
Real Estate	5.0%
Private Equity	6.5%
Opportunistic/Absolute Return Strategy	4.1%
Real Assets	5.6%
Cash	(1.0)%
Credit	3.8%

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 4 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on 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.

The following presents the Town's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9%, 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:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Town's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,281,751	\$ (497,963)	\$ (1,986,607)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective valuation dates were as follows:

	<u>Dollars in Thousands</u>
	<u>ERS</u>
Measurement Date	March 31, 2022
Employers' Total Pension Liability	\$ 223,874,888
Plan Net Position	(232,049,473)
Employers' Net Pension (Asset)/Liability	<u>\$ (8,174,585)</u>

Ratio of Plan Net Position to the Employers' Total Pension Liability	103.7%
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Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of December 31, 2022 represent the projected employer contribution for the period of April 1, 2022 through December 31, 2022 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2022 amounted to \$5,037.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 4 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Summary

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended December 31, 2022 resulted in the following:

ERS	Beginning Balance	Change	Ending Balance
Net Pension (Asset)/Liability	\$ 5,486	\$ (503,449)	\$ (497,963)
Deferred Outflows of Resources	(1,150,520)	182,279	(968,241)
Deferred Inflows of Resources	1,612,089	99,600	1,711,689
Total	\$ 467,055	\$ (221,570)	\$ 245,485

Note 5 Short-Term Debt

The Town may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the Capital Fund. RAN activity for the year is as follows:

	Interest Rate	Maturity Date	Beginning Balance	Issued	Redeemed	Ending Balance
Revenue Anticipation Notes Payable	3.50%	5/25/2023	\$ -	\$ 624,614	\$ -	\$ 624,614
Total			\$ -	\$ 624,614	\$ -	\$ 624,614

The following summarizes the Town's estimated portion of the short-term debt held by the Ithaca Area Wastewater Treatment Facility, of which is not recorded in the Town's financial statements:

	Beginning Balance	Issued	Redeemed	Ending Balance
Bond Anticipation Notes Payable	\$ 80,143	\$ 142,362	\$ (80,143)	\$ 142,362
Total	\$ 80,143	\$ 142,362	\$ (80,143)	\$ 142,362

Note 6 Long-Term Debt

At December 31, 2022, the total outstanding indebtedness of the Town aggregated \$1,462,614. Of this amount, \$903,614 was subject to the Town's constitutional debt limit and represented 1.1% of the Town's statutory debt limit.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 6 Long-Term Debt - Continued

Serial Bonds and Notes

The Town borrows money in order to acquire land or equipment or to construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Debt Maturity Schedule

The following is a summary of bonds outstanding at December 31, 2022 with corresponding maturity schedules:

Description of Issues	Interest Rate	Date of Issuance	Date of Final Maturity	Balance December 31, 2022
2016 Water Improvement Bond	4.00%	3/1/2016	3/1/2046	\$ 559,000
2019 Public Improvements	2.90%	3/15/2019	3/1/2039	279,000
Total General Obligation Bonds				\$ 838,000

Interest paid on certain serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

Year	Principal	Interest	Total
2023	\$ 26,000	\$ 29,997	\$ 55,997
2024	27,000	29,069	56,069
2025	29,000	28,086	57,086
2026	30,000	27,055	57,055
2027	31,000	25,989	56,989
2028-2032	173,000	112,561	285,561
2033-2037	209,000	79,149	288,149
2038-2042	179,000	42,117	221,117
2043-2046	98,000	10,320	108,320
2046	36,000	720	36,720
Total	\$ 838,000	\$ 385,063	\$ 1,223,063

Interest paid on long-term debt during the year was \$30,891. After accounting for accruals of interest, interest expense was \$30,598.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 6 Long-Term Debt - Continued

Changes in Indebtedness

The following is a summary of changes in the Town's indebtedness for the year ended December 31, 2022.

Description	Beginning Balance	New Issues/ Additions	Maturities/ Payments	Ending Balance	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 863,000	\$ -	\$ 25,000	\$ 838,000	\$ 26,000
Total Long-Term Debt	\$ 863,000	\$ -	\$ 25,000	\$ 838,000	\$ 26,000

Joint Public Improvement Bond Debt

Ithaca Area Wastewater Treatment Facility

The Town and the City and Town of Ithaca jointly own the Ithaca Area Wastewater Treatment Plant (see Note 11). The venture operates under the terms of an agreement dated 1981. The agreement is for a period of 25 years. An updated agreement was signed in 2003 and remains in effect until 2035, the year debt associated with phosphorus removal is paid off.

Because this debt is serviced by the Ithaca Area Wastewater Treatment Facility and included in its Statement of Net Position, the Town's portion of the joint public improvement bond debt is reflected in its investment in joint venture equity, rather than bonds payable, in the Town's Statement of Net Position.

The following summarizes the Town's estimated portion of the maturing debt service requirements, less interest subsidies, for the debt described above:

Year	Principal	Interest	Total
2020	\$ 10,985	\$ 8,567	\$ 19,552
2021	11,348	8,236	19,584
2022	11,844	7,953	19,797
2023	12,292	7,650	19,942
2024	12,576	7,332	19,908
2025-2029	64,966	31,462	96,428
2030-2034	68,536	23,527	92,063
2035-2039	60,594	14,608	75,202
2040-2044	51,480	6,225	57,705
2045-2046	13,834	318	14,152
Total	\$ 318,455	\$ 115,878	\$ 434,333

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 6 Long-Term Debt - Continued

Joint Public Improvement Bond Debt - Continued

Southern Cayuga Lake Intermunicipal Water Commission

The Villages of Lansing and Cayuga Heights, along with the Towns of Ithaca, Dryden, and Lansing jointly own the Southern Cayuga Lake Intermunicipal Water Commission (see Note 11). These municipalities issued \$2,600,000 of Joint Public Improvement (Serial) Bonds in 2012 to pay for the construction of Bolton Road (\$600,000) and water storage and distribution improvements to the Bolton Point Water System (\$2,000,000) and issued \$1,500,000 of Joint Public Improvement (Serial) Bonds in 2013 to pay for the construction of a new replacement water tank at Burdick Hill Road. Principal and interest are to be apportioned among the municipalities based on the Intermunicipal Agreement dated March 1, 1977 and most recently amended January 1, 2012. Apportionment is based on each municipality's water consumption from the system and will be determined annually. Interest rates vary from 2.0% to 3.25%, with final maturity in 2033. The Town's apportionment of this debt is estimated to be \$83,172 at December 31, 2022.

Because this debt is serviced by Southern Cayuga Lake Intermunicipal Water Commission and included in its Statement of Net Position, the Town's portion of the joint public improvement bond debt is reflected in its investment in joint venture equity, rather than bonds payable, in the Town's Statement of Net Position.

The following summarizes the Town's estimated portion of the maturing debt service requirements for the debt described above:

Year	Principal	Interest	Total
2023	\$ 7,134	\$ 2,347	\$ 9,481
2024	7,308	2,167	9,475
2025	7,482	1,981	9,463
2026	7,656	1,786	9,442
2027	7,830	1,580	9,410
2027-2031	42,456	4,296	46,752
2032-2033	3,306	54	3,360
Total	\$ 83,172	\$ 14,211	\$ 97,383

Note 7 Compensated Absences

Represents the liability for earned and unused accumulated vacation. The Town's General Funds liquidate this liability.

Compensated absences balances and activity for the year ended December 31, 2022 are summarized below:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 269,278	\$ 13,109	\$ -	\$ 282,387

Additions and decreases to compensated absences are shown net, as it is impractical to separately determine these components.

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 8 Interfund Receivables and Payables

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental Funds financial statements generally reflect such transactions as transfers.

	Interfund Receivable	Interfund Payable	Interfund Revenue	Interfund Expenditures
General Town-Wide Fund	\$ 433,019	\$ 159,042	\$ 521,209	\$ 619,890
Highway Town-Wide Fund	267,084	-	26,081	-
Highway Part-Time Fund	-	235,744	-	-
Capital Projects Fund	1,233,087	1,538,404	619,890	547,290
Total	<u>\$1,933,190</u>	<u>\$1,933,190</u>	<u>\$1,167,180</u>	<u>\$ 1,167,180</u>

The Town also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Note 9 Fund Balance Detail

At December 31, 2022, nonspendable, restricted, assigned, and unassigned fund balances in the Governmental Funds were as follows:

	General Town-Wide Fund	Highway Town-Wide Fund	Highway Part-Town Fund	Fire Protection Fund	Capital Projects Fund	Non-Major Funds
Nonspendable						
Prepaid Expenses	\$ 29,803	\$ 14,035	\$ 7,728	\$ -	\$ -	\$ 5,662
Total Nonspendable Fund Balance	<u>\$ 29,803</u>	<u>\$ 14,035</u>	<u>\$ 7,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,662</u>
Restricted						
Capital Reserve	\$ 130,928	\$ -	\$ -	\$ -	\$ -	\$ -
Total Restricted Fund Balance	<u>\$ 130,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned						
Assigned for Next Year's Budget	\$ 186,856	\$ 186,747	\$ 102,188	\$ 6,000	\$ -	\$ 170,627
Encumbered For:						
General Governmental Support	123,740	-	-	-	-	-
Transportation	-	1,038,439	-	-	-	-
Remaining Fund Balance	-	1,422,301	1,500,794	338,902	1,292,533	1,703,525
Total Assigned Fund Balance	<u>\$ 310,597</u>	<u>\$ 2,647,487</u>	<u>\$ 1,602,982</u>	<u>\$ 344,902</u>	<u>\$ 1,292,533</u>	<u>\$ 1,874,152</u>
Total Unassigned Fund Balance	<u>\$ 2,083,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balances	<u>\$ 2,555,068</u>	<u>\$ 2,661,522</u>	<u>\$ 1,610,710</u>	<u>\$ 344,902</u>	<u>\$ 1,292,533</u>	<u>\$ 1,879,814</u>

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 10 Risk Management

The Town is exposed to various risks of loss related to injuries to employees, theft, damages, or natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 11 Joint Ventures

The following is the activity undertaken jointly with other municipalities. Except for their equity interest in each joint venture, this activity is excluded from the financial statements of the participating municipalities. Separate financial statements are issued for these joint ventures and may be obtained from their administrative offices.

Ithaca Area Wastewater Treatment Plant

The Town and the City and Town of Ithaca jointly own the Ithaca Area Wastewater Treatment Plant. The venture operates under the terms of an agreement dated 1981. The agreement is for a period of 25 years. An updated agreement was signed in 2003 and remains in effect until 2035, the year debt associated with phosphorus removal is paid off. Significant provisions of the agreement are as follows:

- The Boards of each municipality jointly act as the governing body for the joint venture.
- Debt for capital cost is issued by each participant in the following ratios:

City of Ithaca	57.14%
Town of Ithaca	40.88%
Town of Dryden	1.98%

Debt issued by the Town for the joint venture is shown in Notes 5 and 6.

- The governing body has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges is to be provided by equal share contributions from the participants.

The following is an audited summary of financial information included in the basic financial statements issued for the joint venture:

	Year Ended December 31, 2019
Total Assets	\$ 35,156,646
Deferred Outflows of Resources	361,269
Total Liabilities	26,744,039
Deferred Inflows of Resources	441,678
Joint Venture Equity	8,332,198
Total Revenues	4,207,059
Total Expenditures	6,310,239

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 11 Joint Ventures - Continued

Southern Cayuga Lake Intermunicipal Water Commission

The Villages of Lansing and Cayuga Heights, along with the Towns of Ithaca, Dryden, and Lansing, jointly own the Southern Cayuga Lake Intermunicipal Water Commission (the Commission) as a joint venture undertaken under Article 5 of the GML. The purpose of the Commission is to provide water services to its member municipalities. The venture operates under the terms of an agreement originally dated March 1, 1977 with several amendments, the most recent dated January 1, 2012. The agreement is to remain in force until such time as the bonds issued by the member municipalities for the construction of Projects I and II have been fully paid, satisfied, and discharged and shall continue thereafter until further agreement of all of the members. Significant provisions of the agreement are as follows:

- The executive body of the Southern Cayuga Lake Intermunicipal Water Commission consists of ten members. Each member municipality appoints two members. Of the members so appointed, at least one member from each municipality shall be an elected official from the governing body.
- Maintenance, operating, and debt retirement costs are funded primarily through water rent revenues collected by the member municipalities and paid over to the Commission quarterly. A separate assessment is made annually to provide for the balance of the revenue needed to operate the joint activity. The assessment is determined one year in advance and is based on the water consumption of each municipality during the previous twelve month period.

The following is an audited summary of financial information included in the basic financial statements issued for the joint venture:

	Year Ended
	December 31, 2022
Total Assets	\$ 15,949,801
Deferred Outflows of Resources	1,676,662
Total Liabilities	6,656,682
Deferred Inflows of Resources	1,634,768
Joint Venture Equity	9,315,013
Total Revenues	4,915,993
Total Expenditures	4,130,084

TOWN OF DRYDEN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***Note 12* Public Entity Risk Pool**

Risk Financing

The Town participates in a Plan sponsored by the Tompkins County Greater Tompkins Health Consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended December 31, 2022, the Town incurred premiums or contribution expenditures totaling \$932,489. Plan financial statements may be obtained from the Greater Tompkins County Municipal Health Insurance Consortium, at 125 East Court Street, Ithaca, New York, 14850.

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

TOWN OF DRYDEN

BUDGETARY COMPARISON SCHEDULE - GENERAL TOWN-WIDE FUND NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES					
Real Property Taxes	\$ 1,924,932	\$ 1,924,932	\$ 1,933,241	\$ -	\$ 8,309
Real Property Tax Items	57,800	57,800	62,248	-	4,448
Nonproperty Tax Items	27,700	27,700	26,657	-	(1,043)
Departmental Income	126,190	126,190	127,543	-	1,353
Intergovernmental Charges	12,245	12,245	12,245	-	-
Use of Money and Property	4,000	4,000	6,656	-	2,656
Licenses and Permits	29,910	29,910	22,071	-	(7,839)
Fines and Forfeitures	65,100	65,100	62,660	-	(2,440)
Miscellaneous Local Sources	1,000	1,000	23,876	-	22,876
State Sources	210,000	214,069	320,394	-	106,325
Federal Sources	795,510	795,510	601,434	-	(194,076)
Total Revenues	3,254,387	3,258,456	3,199,025	-	(59,431)
EXPENDITURES					
General Governmental Support	1,142,423	1,228,218	952,270	123,740	275,948
Public Safety	115,250	96,516	95,180	-	1,336
Transportation	255,421	255,421	248,394	-	7,027
Economic Assistance and Opportunity	9,650	9,650	9,650	-	-
Culture and Recreation	370,198	372,865	329,643	-	43,222
Home and Community Services	94,666	160,465	106,177	-	54,288
Employee Benefits	582,000	603,534	603,534	-	-
Total Expenditures	2,569,608	2,726,669	2,344,848	123,740	381,821
Excess of Revenues (Expenditures)	684,779	531,787	854,177	(123,740)	322,390
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	-	521,209	-	521,209
Interfund Transfers (Out)	(1,084,510)	(1,084,510)	(619,890)	-	464,620
Total Other Financing Sources (Uses)	(1,084,510)	(1,084,510)	(98,681)	-	985,829
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(399,731)	(552,723)	755,496	\$ (123,740)	\$ 1,308,219
Appropriated Fund Balances	399,731	552,723			
Net Change in Fund Balance	\$ -	\$ -	755,496		
Fund Balance, Beginning of Year			1,799,572		
Fund Balance, End of Year			\$ 2,555,068		

See Notes to Required Supplementary Information

TOWN OF DRYDEN

BUDGETARY COMPARISON SCHEDULE - MAJOR SPECIAL REVENUE FUNDS NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2022

	Highway Town-Wide Fund					Highway Part-Town Fund				
	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES										
Real Property Taxes	\$ 2,391,029	\$ 2,391,029	\$ 2,391,029	\$ -	\$ -	\$ 1,254,707	\$ 1,254,707	\$ 1,254,707	\$ -	\$ -
Departmental Income	150,000	150,000	148,707	-	(1,293)	-	-	-	-	-
Use of Money and Property	2,000	2,000	6,602	-	4,602	2,000	2,000	4,057	-	2,057
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Sale of Property and Compensation for Loss	-	237,719	321,700	-	83,981	-	-	23,570	-	23,570
Miscellaneous Local Sources	-	-	6,155	-	6,155	-	-	846	-	846
State Sources	-	-	-	-	-	300,000	300,000	639,851	-	339,851
Total Revenues	2,543,029	2,780,748	2,874,193		93,445	1,556,707	1,556,707	1,923,031	-	366,324
EXPENDITURES										
Transportation	2,235,000	3,285,657	2,181,630	1,038,439	65,588	1,330,750	1,559,552	1,279,068	-	280,484
Employee Benefits	335,000	344,535	344,535	-	-	304,000	304,000	276,853	-	27,147
Debt Service (Principal and Interest)	19,251	19,251	19,251	-	-	-	-	-	-	-
Total Expenditures	2,589,251	3,649,443	2,545,416	1,038,439	65,588	1,634,750	1,863,552	1,555,921	-	307,631
Excess of Revenues (Expenditures)	(46,222)	(868,695)	328,777	(1,038,439)	159,033	(78,043)	(306,845)	367,110	-	673,955
OTHER FINANCING SOURCES (USES)										
Interfund Transfers In	-	-	26,081	-	26,081	-	-	-	-	-
Interfund Transfers (Out)	(102,500)	(102,500)	-	-	102,500	-	-	-	-	-
Total Other Financing Sources (Uses)	(102,500)	(102,500)	26,081	-	128,581	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(148,722)	(971,195)	354,858	\$ (1,038,439)	\$ 287,614	(78,043)	(306,845)	367,110	\$ -	\$ 673,955
Appropriated Fund Balance	148,722	971,195				78,043	306,845			
Net Change in Fund Balance	\$ -	\$ -	354,858			\$ -	\$ -	367,110		
Fund Balance, Beginning of Year			2,306,664					1,243,600		
Fund Balance, End of Year			\$ 2,661,522					\$ 1,610,710		

See Notes to Required Supplementary Information

TOWN OF DRYDEN

BUDGETARY COMPARISON SCHEDULE - MAJOR SPECIAL REVENUE FUNDS (Continued) NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2022

	Fire Protection Fund				
	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES					
Real Property Taxes	\$ 1,265,093	\$ 1,265,093	\$ 1,265,093	\$ -	\$ -
Use of Money and Property	1,000	1,000	1,679	-	679
Total Revenues	<u>1,266,093</u>	<u>1,266,093</u>	<u>1,266,772</u>	<u>-</u>	<u>679</u>
EXPENDITURES					
Public Safety	1,350,798	1,351,108	1,212,861	-	138,247
Employee Benefits	28,295	27,985	21,590	-	6,395
Total Expenditures	<u>1,379,093</u>	<u>1,379,093</u>	<u>1,234,451</u>	<u>-</u>	<u>144,642</u>
Excess of Revenues (Expenditures)	<u>(113,000)</u>	<u>(113,000)</u>	<u>32,321</u>	<u>\$ -</u>	<u>\$ 145,321</u>
Appropriated Fund Balance	<u>113,000</u>	<u>113,000</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>32,321</u>		
Fund Balance, Beginning of Year			<u>312,581</u>		
Fund Balance, End of Year			<u>\$ 344,902</u>		

See Notes to Required Supplementary Information

TOWN OF DRYDEN

SCHEDULE OF THE TOWN'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 261,937	\$233,425	\$219,897	\$ 211,718	\$ 221,295	\$ *	\$ *	\$ *	\$ *	\$ *
Contributions in Relation to the Contractually Required Contribution	(261,937)	(233,425)	(219,897)	(211,718)	(221,295)	*	*	*	*	*
Contribution Deficiency (Excess)	-	-	-	-	-	*	*	*	*	*
Town's Covered Payroll for Year Ended December 31,	1,774,248	1,711,051	1,618,754	1,618,754	1,561,874	*	*	*	*	*
Contributions as a Percentage of Covered Payroll	14.8%	13.6%	13.6%	13.1%	14.2%	*	*	*	*	*

** Information not readily available*

See Notes to Required Supplementary Information

TOWN OF DRYDEN

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

	2022	2021	2020	2019	2018
Town's Proportion of the Net Pension (Asset)/Liability	0.0060916%	0.0055093%	0.0055399%	0.0056233%	0.0057574%
Town's Proportionate Share of the Net Pension (Asset)/Liability	\$ (497,963)	\$ 5,486	\$ 1,467,007	\$ 398,425	\$ 185,815
Town's Covered Payroll During the Measurement Period	1,790,043	1,705,781	1,618,754	1,618,754	1,561,874
Town's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	27.8%	0.3%	90.6%	24.6%	11.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	103.7%	99.9%	86.4%	96.3%	98.2%
The following is a Summary of Changes in Assumptions:					
Inflation	2.70%	2.70%	2.50%	2.50%	2.50%
Salary Increases	4.40%	4.40%	4.20%	4.20%	3.80%
Cost of Living Adjustments	1.40%	1.40%	1.30%	1.30%	1.30%
Investment Rate of Return	5.90%	5.90%	6.80%	7.00%	7.00%
Discount Rate	5.90%	5.90%	6.80%	7.00%	7.00%
Society of Actuaries' Mortality Scale	MP-2020	MP-2020	MP-2018	MP-2018	MP-2014

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

See Notes to Supplementary Information

TOWN OF DRYDEN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2022

***Note 1* Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year, if any. Encumbrances are not considered a disbursement in the financial plan or expenditure in U.S. GAAP-based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

The accompanying Budgetary Comparison Schedules for the budgeted major Governmental Funds (General and Major Special Revenue Funds) present comparisons of the legally adopted budget with actual data.

***Note 2* Budget Policies**

The budget policies are as follows:

- No later than October 5, the Budget Officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.
- Expenditures may not legally exceed appropriations at the fund level.
- All modifications of the budget must be approved by the governing board.
- The Town Board may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

***Note 3* Reconciliation of the Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as encumbrances are presented in a separate column and are not included in the actual results at December 31, 2022.

TOWN OF DRYDEN

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2022

	Special Revenue Funds						
	General Part-Town Fund	Special Grant Fund	Special District Funds			Miscellaneous Special Revenue Fund	Total Non-Major Governmental Funds
			Lighting Fund	Water Fund	Sewer Fund		
ASSETS							
Cash and Cash Equivalents - Unrestricted	\$ 375,754	\$ 173,029	\$ 35,098	\$358,890	\$564,845	\$ 226,845	\$ 1,734,461
Cash and Cash Equivalents - Restricted	40,537	-	-	-	-	-	40,537
Prepaid Expenses	5,662	-	-	-	-	-	5,662
Other Receivables	1,672	-	-	81,654	110,759	-	194,085
Total Assets	\$ 423,625	\$ 173,029	\$ 35,098	\$440,544	\$675,604	\$ 226,845	\$ 1,974,745
LIABILITIES							
Accounts Payable	\$ 1,643	\$ -	\$ 727	\$ 44,420	\$ 735	\$ -	\$ 47,525
Accrued Liabilities	5,238	-	-	1,236	33	-	6,507
Due to Retirement Systems	362	-	-	-	-	-	362
Other Liabilities	40,537	-	-	-	-	-	40,537
Total Liabilities	47,780	-	727	45,656	768	-	94,931
FUND BALANCES							
Nonspendable	5,662	-	-	-	-	-	5,662
Assigned	370,183	173,029	34,371	394,888	674,836	226,845	1,874,152
Total Fund Balances	375,845	173,029	34,371	394,888	674,836	226,845	1,879,814
Total Liabilities and Fund Balances	\$ 423,625	\$ 173,029	\$ 35,098	\$440,544	\$675,604	\$ 226,845	\$ 1,974,745

TOWN OF DRYDEN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds						
	General Part-Town Fund	Special Grant Fund	Special District Funds			Miscellaneous Special Revenue Fund	Total Non-Major Governmental Funds
			Lighting Fund	Water Fund	Sewer Fund		
REVENUES							
Real Property Taxes	\$ 352,443	\$ -	\$ 18,695	\$ 50,295	\$ -	\$ 907,844	\$ 1,329,277
Departmental Income	37,848	10,000	-	281,319	443,944	-	773,111
Use of Money and Property	985	-	75	747	1,199	993	3,999
Licenses and Permits	31,884	-	-	-	-	-	31,884
Miscellaneous Local Sources	51,597	-	-	-	-	-	51,597
Total Revenues	474,757	10,000	18,770	332,361	445,143	908,837	2,189,868
EXPENDITURES							
General Governmental Support	10,646	-	-	-	-	-	10,646
Public Safety	160,825	-	-	-	-	-	160,825
Public Health	-	-	-	-	-	891,044	891,044
Transportation	-	-	7,727	-	-	-	7,727
Home and Community Services	80,341	-	-	261,283	502,202	-	843,826
Employee Benefits	146,126	-	-	2,399	520	7,244	156,289
Debt Service							
Principal	-	-	-	14,000	-	-	14,000
Interest	-	-	-	22,640	-	-	22,640
Total Expenditures	397,938	-	7,727	300,322	502,722	898,288	2,106,997
Excess of Revenue (Expenditures)	76,819	10,000	11,043	32,039	(57,579)	10,549	82,871
Net Changes in Fund Balances	76,819	10,000	11,043	32,039	(57,579)	10,549	82,871
Fund Balances - Beginning of Year	299,026	163,029	23,328	362,849	732,415	216,296	1,796,943
Fund Balances - End of Year	\$ 375,845	\$ 173,029	\$ 34,371	\$ 394,888	\$ 674,836	\$ 226,845	\$ 1,879,814

**INDEPENDENT AUDITORS' 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***

Town Board
Town of Dryden
Dryden, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dryden (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, and have issued our report thereon dated [Date] , 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of Town's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date] , 2023

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Town Board
Town of Dryden
Dryden, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Dryden's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2022. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date] , 2023

TOWN OF DRYDEN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Assistance Listing #</u>	<u>Pass - Through Grantor ID #</u>	<u>Pass - Through to Subrecipients</u>	<u>Amount of Expenditures</u>
U.S. Department of Treasury				
(COVID-19) State and Local Fiscal Recovery Funds	21.027	N/A	\$ -	\$ 1,122,643
Total U.S. Department of Treasury				1,122,643
Appalachian Regional Commission				
Partnerships for Opportunity and Workforce and Economic Revitalization Power	23.002	N/A	-	624,614
Total Appalachian Regional Commission			-	624,614
Total Federal Expenditures			\$ -	\$ 1,747,257

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

See Notes to the Schedule of Expenditures of Federal Awards

TOWN OF DRYDEN

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the Town, an entity as defined in Note 1 to the Town's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Town has not elected to use the 10% de minimus cost rate.

Note 4 **Matching Costs**

Matching costs, i.e., the Town's share of certain program costs, are not included in the reported expenditures.

Note 5 **Subrecipients**

No amounts were provided to subrecipients.

TOWN OF DRYDEN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that
are not considered to be material weakness(es)?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that
are not considered to be material weakness(es)?

___ yes X none reported

Type of auditors' report issued on compliance
for major programs

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Uniform
Guidance 2 CFR §200.516(a)?

___ yes X no

Identification of major programs:

ALN

Number

Name of Federal Program or Cluster

21.027

(COVID-19) State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between
type A and type B programs

\$750,000

Auditee qualified as low-risk auditee:

___ yes X no

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

None