

**TOWN OF CORTLANDVILLE
NOTES TO FINANCIAL STATEMENTS**

December 31, 2021

1 Reporting Entity

The Town of Cortlandville has a population of 8,409 and a population of 972 in the Village of McGraw according to the 2020 federal census. The town contains the Village of McGraw (wholly within the town) and Homer (partly within the town). Town Law and other general laws of the state govern the town. The supervisor, as chief executive officer, provides for enforcement of all laws, rules and regulations and ordinances of the town board. As chief fiscal officer, he acts as the treasurer and keeps all the books of account. The town clerk, as chief recording officer, is custodian of all the records, books and papers of the town.

The town provides the following principal services: public safety, highways and streets, sanitation, health, culture-recreation, water and sewer planning and zoning and general administration.

2 Summary of Significant Accounting Policies

A. Fund Accounting

The accounts of the town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1. Governmental Fund Types

Governmental funds are those through which most governmental functions of the town are financed. The acquisition, use and balances of the town's expendable

financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the town's governmental fund types.

General Fund - Town-wide, and town outside villages - to account for revenues (general tax and other from state, federal and local sources) which are not required by law or other provision to be accounted for in other funds, which revenues finance the basic governmental function provided by the town.

Special Revenue Funds - Utilized to account for revenue derived from specific sources, which are usually required, by law or regulation to be accounted for through separate funds. The highway funds, federal revenue sharing fund, water fund and sewer fund are included in this category.

Capital Projects Fund - Used to account for resources committed to or to be used in the acquisition or construction of capital facilities and other capital outlays.

2. Fiduciary Fund Type

Trust and Agency Funds - To account for those funds held in trust or as agent for subsequent distribution to other government, persons or funds.

3. Account Groups

General Fixed Asset Group of Accounts - To account for the town's investment in land, buildings, improvements other than buildings and machinery and equipment. The town's investment in general fixed assets is recognized in the financial statements.

General Long-Term Debt Group of Accounts - To account for liabilities arising from operations of governmental funds other than special assessment funds which liabilities are payable from resources had or to be

acquired in the future. These liabilities include statutory installment and serial bonds payable, and unbilled employees' retirement liability.

B. Basis of Accounting

1. **Governmental Funds** - Are accounted for on the modified accrual basis.

Under this basis, revenues are recognized when received except for revenues which are susceptible to accrual (measurable and available to finance current operations) and revenues of a material amount that have not been received at the normal time of receipt. Such revenues are accrued when earned. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditures are incurred.

Expenditures are generally recognized when liabilities are incurred. Exceptions to this general rule include (1) prepaid expenses which are not recognized; (2) accumulated unpaid vacation and sick pay is not accrued and retirement expense is not recognized until billed and paid, and (3) principal and interest on indebtedness which is recognized when due.

2. **Fiduciary Funds** - Agency funds and expendable trust funds are accounted for on the modified accrual basis.

3 Employees' Retirement and Compensated Absences

Retirement - The town provides retirement benefits through

contributions to the New York State Employees' Retirement System for substantially all of its regular full-time employees and its part-time employees who elect to participate. The system computes the cost of retirement benefits based on its fiscal year, which ends March 31, and bills the participating municipalities for their contributions in Dec. of the current year. The bills are pro-rated to keep accounts current. The Town will be billed annually which is recorded in the budget not in long-term debt. The NYSLRS supplies GASB 68.

The Town of Cortlandville has retained Armory Associates, LLC for Actuarial Certification: GASB 75 standard.

Compensated Absences - Full-time employees earn from ten to twenty days vacation leave per year depending on length of employment. Vacation days may be carried forward from one calendar year to the next but are capped at 50 days. Sick leave is earned at the rate of one day per month and may be accumulated. Personal leave is granted at the rate of four days per year. Upon separation from service, employees can claim payment for unused vacation leave. At retirement, employees shall be allowed to use 165 unused sick leave days as extra pension credit. Part-time employees do not earn vacation, sick or personal leave time.

The monetary value of the accumulated amounts of leave time is not recorded in the accounts of the town.

4 **Reservation of Fund Balances at December 31, 2021**

<u>Governmental</u>	<u>Fiduciary</u>
OPERATING	Trust
FUNDS	and
	<u>Agency</u>

Highway Equipment Resv	\$350,145.50	
Water Improvement Resv	\$420,040.05	
Sewer Improvement	\$459,817.44	
Reserve for Debt Hwy garage	\$ 883.23	
NYS Retirement Reserve	\$ 75,950.01	
Unemployment Insurance	-	\$80,610.57
McAllister Cemetery Fund	-	\$ 791.93
Total	<u>\$ 1,306,836.23</u>	<u>\$81,402.50</u>

x

Bonds	Date	Orig Amount	Int Rate	Outstanding at 12/31/21	Maturity
Highway Bldg	2018	<u>750,000</u>	3.95%	<u>\$637,500</u>	6/2038
EFC-SB Highland Sewer	2005	<u>2,058,431</u>	2.48%	<u>1,160,000</u>	04/2035
Town Hall Bldg	2006	<u>650,000</u>	4.57%	<u>162,500</u>	12/2026
Town Hall Bldg	2007	<u>550,000</u>	4.57%	<u>137,500</u>	12/2026
NYS RT 13 Sewer	2016	<u>2,754,000</u>	1.58%	<u>2,470,000</u>	09/2053
Polkville Water	2012	<u>1,058,000</u>	2.0%	<u>874,000</u>	10/2050

PISB Sewer/water 2017 1,675,000 **2.0%** 1,285,000 12/2032

Total = \$ 6,726,500.00

BANS	Date	Orig Amount	Int Rate	Outstanding at 12/31/21	Maturity
NBT BANK Gutchess Lumber Sports Complex	2018	3,000,000	1-3/8%	2,685,000	01/2022

Indebtedness relating to sanitary sewer facilities, building and park are non-exempt from the constitutional debt limit. Water Supply is Exempt from the constitutional debt limit.

6 Summary of Changes in Long-Term Debt

Outstanding Balance Beginning of Fiscal Yr.	= \$7,069,000.00
Issued during Fiscal Yr.	= \$2,845,000.00
Paid during Fiscal Yr.	= (\$502,500.00)
Total debt owed end of Fiscal Yr.	= \$9,411,500.00

7 Taxes and Tax Revenue

Real Property Taxes - The authority for levying taxes for the support of town government, inclusive of special districts, has been delegated by the State Legislature to the governing board of the county through various provisions of the Real Property Tax Law. Taxes for the purposes of both town government and county government are levied on the same tax rolls, which are identified by towns.

For tax purposes, owner and/or number list each parcel of

real property and a value is established by the assessors. Amounts to be raised by tax are the balancing factors calculated from annual budgets. Tax rates are established by the ratio of real property value to taxes to be raised, and taxes are levied by the county board on or before December 31st each year.

Taxes for town and county purposes are combined into one amount and only the total may be paid. Taxes are payable to the town clerk/collector from January 1st to a date not later than June 1st when settlement is made by the clerk/collector with the county treasurer who makes collections thereafter. The town's share of tax levies, which is guaranteed by the county, is paid to the town supervisor, by the town clerk/collector, out of the first moneys received.

The collection of any unpaid taxes is enforced by the county treasurer and, generally, the town has no right, title or interest therein or liability there of.

A Town Wide Reassessment was completed to 100% Market Value on July 1, 2010.

County Sales Tax - A 4% sales tax is levied in and for the County of Cortland under general authority of Article 29 of the Tax Law and specific authority of Local Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% sales and compensating use tax. The state remits monthly to the county, which retains 54.00% for general county purposes; of the remaining 46.00%, the City of Cortland retains 17.75% the Sales tax generated in the City, and the remaining 28.25% balance is divided among the towns and villages of the county on the basis of full valuation.

Prior to normal distribution the county took 4% off the gross sales tax amount to pay for the Motorola bond payment. Our sales tax revenue will be reduced until this is paid.

In **2021, \$2,985,133.29** of the town's share was received in cash. The Town of Cortlandville passed a resolution to be paid directly the Town's entire share of County Sales Tax.

8 Water and Sewer Charges

Rents - The cost of operation and maintenance of the town's water and sewer. Such rents are based on metered water consumption and are imposed quarterly. In prior years excess fund balance has been used to keep the water and sewer rates from increasing at a large amount. The last water and Sewer rate increase was January 1, 2018.

Benefit Assessment - Capital costs of the systems, including principal and interest on obligations issued, are financed by benefit assessments levied in the area of the town outside the villages. These benefit assessments are listed in Cortlandville Ordinance Code Article X Section 171-68 calculation of benefits units.

§ 171-68. Calculation of benefit units.

- A. The number of benefit units for each parcel shall be calculated in accordance with one of the following methods. Whichever method results in the largest number of units will be the method used.
 - (1) One unit will be established for each 75,000 gallons of metered water and/or sewer use.
 - (2) One unit will be established for each dwelling unit, apartment unit, condominium unit or mobile home unit served.
 - (3) One unit will be established for each 100 feet of property frontage served, up to 500 feet. Parcels over 100 feet will be assessed one unit per foot of frontage, rounded to the nearest ten feet. Frontage in excess of 500 feet will be assessed at 1/2 unit for each extra 100 feet of frontage.
- B. Where corner lots are served on two sides, the longest side shall be used to establish the benefit unit(s).

§ 171-68 Calculation of benefit units (Con't)

- C. Where physical characteristics such as adverse topography, flooding, bodies of water and wetlands preclude utilization of the benefit otherwise available to the property owner, the Town Board may vary the application of this section of the benefit system.
- D. Special consideration will be given only upon written request from the property owner, to be approved by the Town Board.
- E. There will be a minimum of a one unit charge per parcel.
- F. When a developer has, at his cost, installed the water and sewer lines within an approved subdivision, and dedicated to the Town, the benefit charge shall be 50% of the normal benefit tax until such time as the parcel has been sold or a residence is built.

9 General Budget Policies

The supervisor, as budget officer, files a tentative budget with the town clerk by September 30. It is submitted by the clerk to the town board by October 5 for their review and modification and, upon their approval, it becomes the preliminary budget. A public hearing thereon must be held on or before the Thursday immediately following general election day. The preliminary budget as submitted or amended must be adopted by November 20.

The town board may amend the budget as necessary during the year. Unexpended appropriations lapse at the end of the year.