

TOWN OF BABYLON, NEW YORK
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT)

Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Town Board
Town of Babylon
Babylon, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Babylon, New York (the "Town"), as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following blended component units: Babylon Human and Therapeutic Service Institute, Inc., and Town of Babylon Youth Development Research Institute, Inc., which in total represent less than 1% of each of the assets/deferred outflow of resources, net position and revenues of the governmental activities, and less than 1% of each of the assets, fund balance and revenues of the governmental funds as of and for the year ended December 31, 2020. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the blended component units mentioned above is based solely on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of Babylon Human and Therapeutic Service Institute, Inc., and Town of Babylon Youth Development Research Institute, Inc., blended component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2020, 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.

Emphasis of Matter

New Accounting Guidance

As described in Note 1.I in the notes to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Statement No. 84 "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

Coronavirus Contingency

As discussed in Note 4.I in the notes to the basic financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information other than the management's discussion and analysis as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report solely 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.

PKF O'Connor Davies, LLP
Hauppauge, New York
August 23, 2021

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

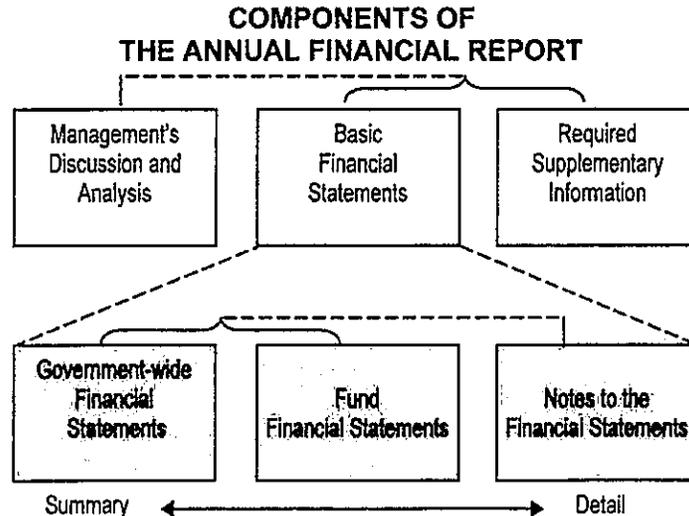
As management of the Town of Babylon, New York (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources at the close of 2020 by \$26,055,006 (net position) of which \$20,613,274 was related to the governmental activities and \$5,441,732 was related to the business-type activities.
- The Town's net position related to governmental activities decreased by \$5,740,279, or 21.78%, from the current year activity.
- The Town's business-type activities reported a decrease in net position of \$285,114, or 4.98% from the current year activity.
- As of the close of 2020, the Town's governmental funds reported combined ending fund balances of \$154,784,844. Of this amount, \$8,054,850 is not in spendable form or is required to remain intact. The remaining \$146,729,994 or 94.80% of total fund balances is in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Town's discretion (see Note 2.B).
- At the end of 2020, the Town's total fund balance for the general fund was \$57,936,514, an increase of \$15,537 or .03% from the prior year. The unassigned fund balance for the general fund was \$34,286,091.
- The Town's total bonded debt (inclusive of general obligation bonds, exclusive of premiums) was \$164,550,000 for the Town's governmental and business-type activities. The total bonded debt increased by 0.90% from the prior year.
- Notable portions of restricted total fund balances are as follows: \$11.9 million for property held for resale and \$7.0 million in solid waste management reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.



TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Position presents financial information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. This combines and consolidates the Town's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Town's total net worth. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You 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 buildings, roads, drainage and other assets to assess the overall health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The Town's government-wide financial statements include both the governmental and business-type activities of the Town itself (known as the primary government) and of its legally separate component unit for which the Town is financially accountable. Financial information for the component unit is reported separately (discretely presented non-major) from the financial information presented for the primary government and financial information for the remaining component units has been blended with that of the primary government.

Governmental Activities - The Town's basic services are reported here, including general government support; public safety; health; transportation; economic assistance and opportunity; culture and recreation and home and community services. Property taxes, mortgage taxes, franchise fees, fines, and state and federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

Business-Type Activities - The Town's business-type activities include reporting the operations of leasing its water plant to the Suffolk County Water Authority, the water system at Oak Beach and the activities of the Town's local development corporation.

Component Units - Component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town includes four separate legal entities in its report, an industrial development agency, which is shown as a discretely presented component unit in the government-wide financial statements, two not-for-profits, which are blended with the Town's governmental activities and one local development corporation which is included in the Town's business type activities.

Information on separately issued financial statements is shown in Note 1.A to the financial statements.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific or attaining certain objectives in accordance with special regulations, restriction or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the six (6) major funds. The general fund, residential garbage district fund, commercial garbage district fund, highway fund, capital projects fund and special districts fund are reported as major funds. Data from the five (5) other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general and special revenue funds. The Town does not budget for the following funds: capital projects fund, housing assistance agency fund and community development agency fund. A budgetary comparison schedule for the general fund, residential garbage district fund, commercial garbage district fund, highway fund and the special districts fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis."

Proprietary Fund

The Town maintains one type of proprietary fund which is classified as an enterprise fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water district funds and the local development corporation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and as the resources are not available to support the Town's programs, these funds are not reflected in the government-wide financial statements. The Town has two fiduciary funds, a custodial fund and a pension trust fund. The custodial fund primarily accounts for real property taxes billed and collected on behalf of other local municipalities. The pension trust fund reports the plan assets and related annual activity for the Town's sponsored length of service award programs that meet the requirements of GASB Statement No. 67, 68 and paragraph 4 of Statement No. 73.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,055,006 at the close of the most recent year.

Our analysis below focuses on the net position and changes in net position of the Town as a whole.

Condensed Statements of Net Position
 As of December 31,

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Assets				
Current assets	\$ 250,596,246	\$ 233,410,448	\$ 3,777,417	\$ 3,650,700
Capital assets	280,371,890	277,939,905	6,005,069	6,184,955
Other noncurrent assets	28,406,419	28,439,440	3,700	1,200,000
Total Assets	559,374,555	539,789,793	9,786,186	11,035,655
Deferred outflows of resources	55,945,828	34,833,342	-0-	-0-
Liabilities				
Current liabilities	40,292,728	36,769,830	311,738	45,627
Noncurrent liabilities	435,671,197	396,285,870	1,775,846	2,950,682
Total Liabilities	475,963,925	433,055,700	2,087,584	2,996,309
Deferred inflows of resources	118,743,184	115,213,882	2,256,870	2,312,500
Net Position				
Net investment in capital assets	144,346,629	142,366,449	5,883,745	6,057,555
Restricted	12,442,436	5,540,360	1,818,369	1,949,813
Unrestricted	(136,175,791)	(121,553,256)	(2,260,382)	(2,280,522)
Total Net Position	\$ 20,613,274	\$ 26,353,553	\$ 5,441,732	\$ 5,726,846

Total assets and deferred outflows of resources of the Town's governmental activities, as of December 31, 2020 were \$615,328,512, an increase of \$40,705,377. Total liabilities and deferred inflows of resources as of December 31, 2020 were \$594,715,238, an increase of \$46,445,656. This results in a total net position balance of \$20,613,274 for the year ended 2020, a decrease of \$5,740,279. Of the Town's net position balance, \$144,346,629 was the net investment in capital assets, while \$12,442,436 was restricted by statute or other specific purposes leaving a \$136,175,791 unrestricted deficit net position.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The largest portion of the Town's governmental activities net position, \$144,346,629, reflects its investment in capital assets (e.g., land, buildings, machinery and 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.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

The deficit balance of unrestricted net position does not necessarily indicate fiscal stress. At the end of the current year, the Town is able to report a positive balance in the categories of net investment in capital assets and restricted. The same situation held true for the prior year. The deficit balance in unrestricted arose primarily due to long-term liabilities which include other postemployment benefits, the proportionate share of the net employees retirement system pension liability, compensated absences, amounts due to employees' retirement systems, claims and judgments, landfill closure and postclosure care costs and length of service award programs plan liabilities that will be funded through future budgetary appropriations when they become payable in future periods.

Total assets of the Town's business-type activities, as of December 31, 2020, were \$9,786,186, a decrease of \$1,249,469. Total liabilities and deferred inflows of resources as of December 31, 2020 were \$4,344,454, a decrease of \$964,355. This results in a total net position balance of \$5,441,732 for 2020, a decrease of \$285,114. Of the business-type activities net position balance, \$5,883,745 was the net investment in capital assets, \$1,818,369 was restricted by statute or other specific purposes, leaving a \$2,260,382 unrestricted deficit net position.

Condensed Statement of Activities and Changes in Net Position – Primary Government
 For the years ended December 31,

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Program Revenue				
Charges for services	\$ 47,580,012	\$ 58,845,343	\$ 115,000	\$ 75,000
Operating grants and contributions	16,710,198	15,879,970	475,000	
Capital grants and contributions	5,270,162	11,178,906	222,858	(3,400)
Total Program Revenues	<u>69,560,372</u>	<u>85,904,219</u>	<u>812,858</u>	<u>71,600</u>
General Revenues				
Real property taxes	82,737,043	81,379,889		
Other real property tax items	2,943,763	2,849,437		
Non-property tax items	5,281,448	5,046,684		
Interest earnings	760,683	2,202,786	16,682	40,452
Gain on sale of capital assets	434,809	187,113		
Mortgage tax	8,081,269	5,902,796		
State aid	1,115,651	1,115,651		
Other	333,055	276,298	358,120	338,210
Total General Revenues	<u>101,687,721</u>	<u>98,960,654</u>	<u>374,802</u>	<u>378,662</u>
Total Revenues	<u>171,248,093</u>	<u>184,864,873</u>	<u>1,187,660</u>	<u>450,262</u>

(continued)

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Condensed Statement of Activities and Changes in Net Position – Primary Government (continued)
 For the years ended December 31,

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Program Expenses				
General government support	27,008,872	23,654,315		
Public safety	27,681,366	25,417,075		
Health	8,101,685	6,638,935		
Transportation	26,411,477	25,301,208		
Economic assistance and opportunity	172,144	131,217	924,253	65,611
Culture and recreation	25,260,861	22,231,402		
Home and community services	57,233,686	53,374,763	548,521	443,061
Interest on debt	5,118,281	4,995,425		
Total Program Expenses	176,988,372	161,744,340	1,472,774	508,672
Change in net position	(5,740,279)	23,120,533	(285,114)	(58,410)
Net position, beginning of year	26,353,553	3,233,020	5,726,846	5,785,256
Net position, end of year	\$ 20,613,274	\$ 26,353,553	\$ 5,441,732	\$ 5,726,846

Net position from all governmental activities decreased by \$5,740,279 in the current year. Key elements of the governmental activities are:

- Overall program revenues decreased by \$16,343,847 from the prior year, which is discussed below in detail.
- There was a significant decrease of \$11,265,331 in charges for services, of which \$5,692,009 of this decrease is attributable a one-time excess debt service return the Town received in 2019 related to Covanta Bonds which matured in January 2019 and \$2,625,683 is attributable to the decrease in extra service billing rates in the commercial garbage fund. Additionally, the Town experienced a decrease in parks and recreation charges of \$1,479,558, fines and forfeitures of \$446,304 attributable to the impact of COVID-19 as the Town was not able to fully open their buildings and facilities.
- Operating grants and contributions increased slightly by \$838,357 from the prior year, primarily due to an increase in grant revenues related to the Housing Assistance Agency of \$954,134.
- Capital grants and contributions decreased by \$5,908,744 compared to the prior year, primarily related to the timing of certain projects and the related reimbursements. The Town recognized less grant revenues related to the Community Development Block Grant Disaster Recovery Program (\$2,669,590), Venetian Shores DASNY grant (\$781,817), SAM grant for the purchase of road maintenance equipment (\$600,000), state aid related to the Sawyer LED Lighting grant (\$558,618), federal aid related to the Oak Beach Community Center (\$455,582) and the DASNY grant for improvements to Town facilities (\$229,000).
- General revenues increased by \$2,727,067 from the prior year, primarily due to an increase in mortgage tax, real property taxes and gain on sale of capital assets in the amounts of \$2,178,473, \$1,357,154 and \$247,696, respectively, offset by a decrease interest earnings of \$1,442,103.
- Overall program expenses increased by \$15,244,032 from the prior year, which is discussed below in detail.
- General government support expenses increased from the prior year by \$3,354,557 primarily a result of an increase in the allocations for employee benefits and other postemployment benefits in the amounts of \$1,085,602 and \$1,034,460, respectively. Additional increases are attributable to the increase in personnel expenses of \$883,883, and repairs and maintenance of \$370,578.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

- Public safety expenses increased by \$2,264,291 compared to prior year. This is a result of an increase in the allocations for employee benefits and other postemployment benefits of \$533,245 and \$400,436, respectively. Additional increase is attributable to an increase in length of service award program expense of \$573,329 related to the change in actuarial assumptions as well as an increase in personnel expenses of \$342,144.
- Health expenses increased by \$1,462,750 compared to the prior year; primarily a result of an increase in the allocations for employee benefits and other postemployment benefits in the amounts of \$217,478 and \$200,217, respectively. Additional increase is attributable to Community Development expenditures of \$321,391 as a result of CARES funding expended due to the impact of COVID-19 and youth program expenditures of \$268,448.
- Transportation expenses increased from the prior year by \$1,110,269, a result of an increase in the allocations for employee benefits and other postemployment benefits in the amounts of \$609,693 and \$634,024, respectively.
- Culture and recreation expenses increased \$3,029,459 from the prior year, attributable to an increase in capital project expenditures related to the Tanner Park baseball fields in the amount of \$931,056, Venetian Shores field lighting of \$720,791. Additional increase in the allocations for employee benefits and other postemployment benefits in the amounts of \$449,532 and \$556,953, respectively, as well as an increase in personnel expenses of \$327,954.
- Home and community expenses increased from the prior year by \$3,858,923, primarily a result of the loss on capital asset disposals of \$1,478,534, an increase in personnel expenses of \$798,660, Housing Assistance Agency grant expenditures of \$839,648, and professional and technical services of \$531,112.

Net position from the business-type activities decreased by \$285,114 in the current year. The current year total revenues increased by \$737,398, primarily due to an increase in operating grants received by the Local Development Corporation. Program expenses increased \$964,102 over the prior year, expenditures which relate to the operating grants received noted above.

Net Cost of Services for Governmental Activities
 For the years ended December 31,

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
General government support	\$ 27,008,872	\$ 23,654,315	\$ 2,605,859	\$ 3,472,684	\$ (24,403,013)	\$ (20,181,631)
Public safety	27,681,366	25,417,075	3,957,141	4,301,211	(23,724,225)	(21,115,864)
Health	8,101,685	6,638,935	1,923,684	1,874,227	(6,178,001)	(4,764,708)
Transportation	26,411,477	25,301,208	4,590,952	8,002,319	(21,820,525)	(17,298,889)
Economic assistance and opportunity	172,144	131,217	40,700	37,408	(131,444)	(93,809)
Culture and recreation	25,260,861	22,231,402	3,791,092	7,923,062	(21,469,769)	(14,308,340)
Home and community services	57,233,686	53,374,763	52,650,944	60,293,308	(4,582,742)	6,918,545
Interest on debt	5,118,281	4,995,425			(5,118,281)	(4,995,425)
	<u>\$ 176,988,372</u>	<u>\$ 161,744,340</u>	<u>\$ 69,560,372</u>	<u>\$ 85,904,219</u>	<u>\$ (107,428,000)</u>	<u>\$ (75,840,121)</u>

The total cost of all governmental activities this year was \$176,988,372. The net cost of these services after being subsidized by programs revenues of \$69,560,372 was \$107,428,000.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

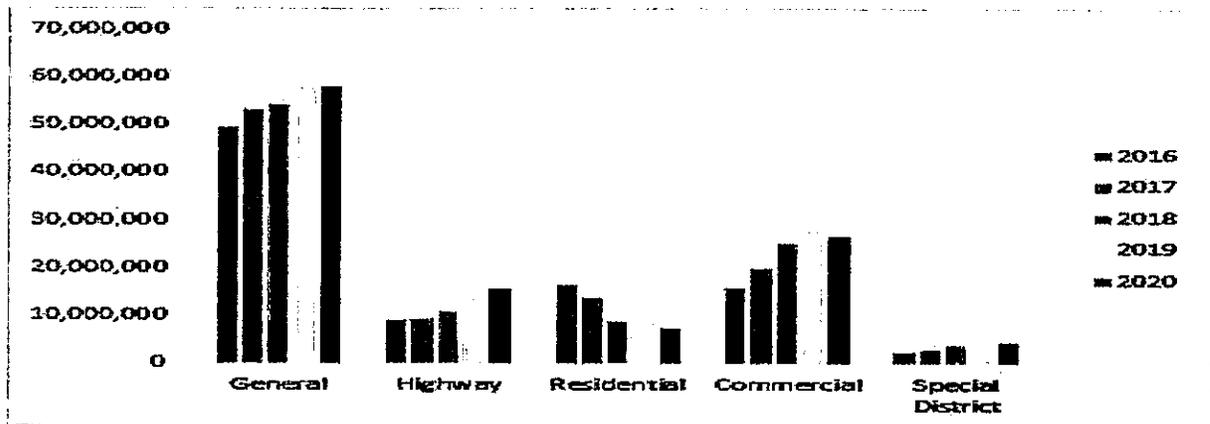
Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, spendable fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At December 31, 2020, the Town's governmental funds reported total ending fund balances of \$154,784,844 an increase of \$7,696,605 in comparison with the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$8,054,850 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$40,870,170 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$73,889,229 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
- **Unassigned fund balance** - \$31,970,595, (residual net resources) is the remaining fund balance in the general fund in excess of nonspendable, restricted and assigned fund balance.

Below is a summary of the Town's major funds' fund balances for 2016 through 2020.



The Town began the year with an anticipated overall \$16,882,247 (including prior year encumbrances of \$100,580) decrease resulting from the appropriation of fund balance for the 2020 budget. Total revenues decreased from the prior year by \$14,566,337 primarily a result of the decrease in miscellaneous local sources of \$6,219,906, attributable to the Town receiving a one-time excess debt service return related to the Covanta bonds, and a decrease in departmental income in the amount of and \$6,210,603, as the Town's various departments were significantly impacted by COVID-19 and the measures taken to reduce the spread of the virus.

Overall, governmental expenditures decreased by \$4,268,974 from the prior year, primarily a result of a decrease in capital outlay and transportation costs in the amounts of \$5,005,504 and \$2,049,167, respectively. This was offset by an increase in general government support and employee benefits in the amounts of \$1,177,994 and \$737,075, respectively.

Net other financing sources (uses) increased by \$3,599,682 compared to prior year, primarily a result of an increase the principal amount of bond proceeds in the amount of \$3,425,000.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Funds (continued)

General Fund

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the general fund was \$57,936,514, increasing \$15,537 or 0.03% from the prior year. Of this amount, \$6,291,472 is not in spendable form (property held for resale, prepaids and inventory) and \$13,356,563 is restricted for debt service and for future proceeds from the sale of property held for resale which will be restricted for debt service once received. Of the remaining fund balance of \$38,288,479, \$3,871,028 has been assigned by the Town Board for the subsequent year's budget, \$131,360 has been assigned for purchase orders by the Town Comptroller and \$34,286,091 is shown as unassigned fund balance.

The key elements of the fund balance increase of \$15,537 are as follows:

- Overall actual revenues exceeded the budgeted expectations by \$2,489,305, due to State Aid-Mortgage Tax, which was over the budget by \$3,408,145, due to an increase in home sales within the Town. This increase was offset by a decrease in Departmental Income – Park and Recreation Charges and Fees, which was under budget by \$1,301,396, attributable to the Town's response to the COVID-19 pandemic.
- Actual revenues decreased by \$1,391,846 compared to prior year, which is primarily related to the general fund's decrease in departmental income of \$1,987,449, which was significantly impacted by COVID-19 and the measures taken to reduce the spread of the virus, as well as a decrease in use of money and property of \$999,155. This was also a result of the negative impact of COVID-19 had on interest rates. This decrease was offset by an increase of \$1,651,567 in the mortgage tax received in the current year, which is a function of home sales in the Town and is received from New York State.
- Overall expenditures were under budget in the amount of \$3,890,818. This is primarily due to lower than anticipated costs within the general government support function in the amount of \$1,275,821, which were most significant in buildings, central garage and central fuel facility and central data processing. Employee benefits expenditures were also less than anticipated in the amount of \$1,136,206, which were most significant in state retirement and hospital, medical, vision and dental costs.
- Actual expenditures increased by \$1,808,674 compared to the prior year, which is primarily attributable to an increase in personnel expenditures of \$1,283,640 and an increase in professional and technical services of \$763,489 attributable to the cleanup of condemned homes, a result of Superstorm Sandy.
- Net other financing sources (uses) increased by \$644,053 due to an increase in bond proceeds of \$455,102 and a decrease in operating transfers out of \$145,500.

Residential Garbage District Fund

At the end of the current year, the total fund balance of the residential garbage district fund was \$7,279,563, decreasing \$3,671,441 or 33.53% from the prior year. Total fund balance is as follows: \$48,632 is not in spendable form for prepaid items, \$42,872 has been assigned by the Town Board for the subsequent year's budget, \$44,733 has been assigned for purchase orders by the Town Comptroller and \$7,143,326 is assigned for residential garbage district purposes.

The key elements of the fund balance decrease of \$3,671,441 are as follows:

- Total revenues did not meet budgeted expectations by \$1,592,070, a result of a decrease in departmental income of \$1,466,002, primarily attributable to less than anticipated refuse and garbage fees of \$1,387,963. This was a result of the impact COVID-19. Additionally, use of money and property did not meet budgeted expectations by \$177,423, due to the decrease in interest rates throughout 2020.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Residential Garbage District Fund (continued)

- Overall actual revenues decreased by \$2,835,627 compared to the prior year, a result of a decrease in miscellaneous local sources, by \$3,217,339 related to a one-time excess debt service return on Covanta Bonds received in the prior year, a decrease in refuse and garbage fees of \$689,677 as a result of the impact of COVID-19 and a decrease in interest earnings of \$210,106, offset by an increase in real property taxes of \$1,431,283.
- Total expenditures were under budget by \$1,343,803, primarily due to less refuse and garbage in the amounts of \$1,192,324, resulting from underrealized professional and technical services (\$835,361) and equipment costs (\$234,336).
- Actual expenditures increased over the prior year by \$1,049,956 mostly due to an increase in professional and technical services compared to the prior year in the amount of \$933,807 as well as an increase in personnel expenditures of \$136,087.
- Other financing sources remained in line with budgeted expectations.
- Actual other financing uses increased from the prior year in the amount of \$1,775,350, primarily due to the timing of operating transfers to the capital projects fund to fund ongoing projects.

Commercial Garbage District Fund

At the end of the current year, the total fund balance of the commercial garbage district fund was \$26,701,575 decreasing \$1,243,864 or 4.45% from the prior year. Total fund balance is as follows: \$11,612 is not in spendable form for prepaid items, \$7,002,128 is restricted for the Solid Waste Management Reserve, \$3,050,327 has been assigned by the Town Board for the subsequent year's budget, \$21,147 is assigned for purchase orders by the Town Comptroller and \$16,616,361 is assigned for commercial garbage district purposes.

The key elements of the fund balance decrease of \$1,243,864 are as follows:

- Overall revenues were over budget by \$1,149,083, a result of more than anticipated refuse and garbage fees of \$1,366,993, offset by interest earnings being under budget by \$217,910, attributable to the decrease in interest rates throughout the year.
- Actual revenues decreased by \$5,060,548 compared to the prior year due to less refuse and garbage fees collected in the amount of \$2,343,026 over the prior year and a decrease in miscellaneous local sources received in the amount of \$2,464,705 related to a one-time excess debt service return on Covanta Bonds received in the prior year.
- Total expenditures were under budget by \$2,476,345 due to less than anticipated refuse and garbage expenditures in the amount of \$2,311,207, resulting from underrealized professional and technical service fees (\$1,877,291), equipment costs (\$227,909) and salaries (\$91,917). Additional surplus resulted in repairs and maintenance related to the landfill closure/post closure costs of \$100,965.
- Actual expenditures decreased from the prior year in the amount of \$940,351, primarily a result of a reduction in professional and technical services of \$764,436 due to the new Covanta agreement reducing the energy credits received by the Town.
- Other financing sources remained in line with budgeted expectations.
- Actual other financing uses remained consistent over the prior year. Operating transfers out represent transfers to the capital projects fund to fund ongoing projects.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Highway Fund

At the end of the current year, the total fund balance of the highway fund was \$15,451,832, increasing \$2,021,622 or 15.05%, from the prior year. Of this amount, \$552,468 is not in spendable form (inventory and prepaids), \$55,524 has been restricted for debt service, \$816,009 has been assigned by the Town Board for the subsequent year's budget, \$196,947 has been assigned for purchase orders by the Town Comptroller and the remaining \$13,830,884 is assigned for highway purposes.

The key elements of the fund balance increase of \$2,021,622 are as follows:

- Total revenues exceeded budgeted expectations by \$126,416, primarily a result of license and permits payments in lieu of taxes being more than anticipated in the amounts of \$99,005 and \$98,407, respectively. This was offset by interest and earnings being less than anticipated by \$86,543.
- Actual revenues remained relatively consistent over the prior year, increasing \$257,943, or 1.04%. This increase is attributable to an increase in property taxes of \$399,190, offset by a decrease in interest and earnings of \$180,638, attributable to a decrease in the prime rate throughout 2020 as a result of the impact of COVID-19.
- Total expenditures were under budget by \$2,133,805 due to a surplus in the transportation expenditures of \$1,517,802 related to snow removal and maintenance of streets in the amounts of \$692,640 and \$500,189, respectively. Additionally, there were underrealized expenditures in employee benefits in the amount of \$576,032, primarily attributable to hospital, medical, vision and dental costs (\$292,145) and retirement costs (\$177,819).
- Actual expenditures increased over the prior year by \$454,735, primarily due to an increase in debt service payments in the amount of \$355,582 and an increase in personnel expenditures of \$187,093 offset by decrease in program operations of \$104,763 due to a decrease in snowfall during 2020.
- Other financing sources exceeded budgeted expectations in the amount of \$63,923 attributable to premiums on bond obligations recognized.
- Actual other financing sources decreased from the prior year in the amount of \$436,710 due to a decrease in premiums on obligations received of \$364,550 and a decrease in transfers in of \$72,160.

Capital Projects Fund

At the end of the current year, the capital projects fund had a total fund balance of \$31,502,150, an increase of \$11,808,081, or 59.96%. Of this amount, \$2,730,375 has been restricted for purchase orders or contractual obligations by the Town Comptroller and \$12,394,549 was restricted to specific capital project expenditures. The remaining balance of \$18,692,722 includes an amount of \$16,212,723 which is assigned for capital projects costs and outstanding amounts for purchases orders or contractual obligations in the amount of \$2,479,999 offset by an unassigned (negative) fund balance related to the street lighting project in the amount of \$2,315,496. This is the result of a bond that was authorized but not yet issued as of year-end.

The fund balance increased in the capital projects fund by \$11,808,081, from the prior year as a result of timing differences between project expenditures and the recognition of corresponding permanent financing.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Special Districts Fund

At the end of the current year, the total fund balance of the special districts fund was \$4,348,623, an increase of \$405,530, or 10.28%, from the prior year. Of this amount, \$879,685 is not in spendable form (prepaid items), \$1,370,392 is restricted for length of service award program plan benefits, \$20,076 is assigned by the Town Board for the subsequent year's budget and the remaining \$2,078,470, is assigned for the special districts fund.

The key elements of the fund balance increase of \$405,530 is as follows:

- Total actual revenues exceeded budgeted expectations by \$302,249, a result of additional payments in lieu of taxes collected than anticipated (\$137,278), and investment income related to length of service aware program plan assets (\$125,977) that was not budgeted.
- Actual revenues increased by \$934,535 compared to the prior year, primarily a result of an increase in real property taxes assessed in the amount of \$909,422.
- Total expenditures were under budget by \$103,281 primarily due to less fire protection and ambulance district costs than anticipated.
- Actual expenditures increased by \$631,561 compared to prior year, primarily a result of higher program operation costs for the fire protection districts (\$573,329) and the ambulance district (\$36,278).

Non-major Governmental Funds

The net change in fund balances was a decrease of \$1,638,860.

- The part-town fund's fund balance was \$5,783,666 at December 31, 2020, which is a decrease of \$921,647 from the prior year. Total revenues in the part-town fund of \$7,464,705 decreased by \$757,329 from the prior year, a result of less departmental income and real property taxes assessed in the amounts of \$450,270 and \$235,037, respectively. Actual revenues exceeded budgeted expectations by \$171,711, primarily relating to higher than anticipated zoning fees and fire inspection fees. Overall, total expenditures were \$8,386,352 for 2020, an increase of \$280,044 from the prior year. The increase is primarily attributable to an overall increase in personnel costs of \$463,721 offset by a decrease professional and technical services and employee benefits of \$97,555 and \$81,101, respectively. Actual expenditures were lower than final budgeted amounts by \$512,223 primarily attributable actual salaries and employee benefits being less than budgeted in the amounts of amounting to \$177,073 and \$175,417, respectively. Additionally, planning and division contractual costs were less than anticipated by \$86,521.
- The total fund balance of the community development agency fund at December 31, 2020 was \$514,044, a decrease of \$92,253 from the prior year. Total revenues were \$3,940,910, a decrease of \$3,642,471, from the prior year due to less federal aid recognized related to the Community Development Block Grant Disaster Recovery. Total expenditures at December 31, 2020 were \$4,033,163, a decrease of \$3,716,794 compared to the prior year. This decrease is a result of less federal aid expenditures related to the Community Development Block Grant Disaster Recovery.
- The total fund balance in the other special revenue fund at December 31, 2020 was \$1,548,346, which was a decrease of \$219,480 from the prior year, which is primarily a result of a decrease in other financing sources (uses) of \$311,250 to fund various capital project expenditures, offset by an increase in miscellaneous local sources of \$50,000.
- The total fund balance of the housing assistance agency fund at December 31, 2020 was \$1,437,861, an increase of \$54,724 from the prior year, which is primarily a result of the granting agency off-setting program related revenue to HUD-held funds, resulting in the increase in the housing agency's fund balance.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Non-major Governmental Funds (continued)

- The total fund balance for the lighting district as of December 31, 2020 was \$1,809,377, a decrease of \$292,441 from the prior year. Excess of revenues over expenditures remained consistent over the prior year, increasing slightly by \$35,194 to \$707,559. This was offset by an operating transfer out of \$1,000,000 to fund capital projects.

Summary of All Governmental Funds Revenues and Expenditures

The following schedule presents in summary all of the governmental funds revenues and expenditures for the years ended December 31, 2020 and 2019, the amount of the change and percentage change in relation to the prior year.

	2020	2019	\$ Change	% Change
Revenues (in Millions)				
Real property taxes	\$105.4	\$102.6	\$2.8	2.73%
Other real property tax items	2.9	2.8	0.1	3.57%
Non-property tax items	5.3	5.0	0.3	6.00%
Department income	21.3	27.6	-6.3	-22.83%
Use of money and property	3.7	5.6	-1.9	-33.93%
Licenses and permits	0.3	0.4	-0.1	-25.00%
Fines and forfeitures	0.6	1.1	-0.5	-45.45%
Sale of property and compensation for loss	0.5	0.4	0.1	25.00%
Interfund revenue	0.0	0.2	-0.2	-100.00%
Miscellaneous local sources	3.5	9.7	-6.2	-63.92%
State aid	10.1	10.3	-0.2	-1.94%
Federal aid	18.6	21.1	-2.5	-11.85%
Total Governmental Fund Revenues	\$172.2	\$186.8	-\$14.6	-7.82%
Expenditures (in Millions)				
General government support	\$17.1	\$16.0	\$1.1	6.88%
Public safety	23.2	22.2	1.0	4.50%
Health	7.2	6.2	1.0	16.13%
Transportation	12.5	14.5	-2.0	-13.79%
Economic assistance and opportunity	0.1	0.1	0.0	0.00%
Culture and recreation	11.6	12.0	-0.4	-3.33%
Home and community services	50.3	50.1	0.2	0.40%
Employee benefits	20.2	20.9	-0.7	-3.35%
Capital outlay	19.7	24.7	-5.0	-20.24%
Debt Service:				
Principal	15.5	15.0	0.5	3.33%
Interest	5.5	5.5	0.0	0.00%
Bond issuance costs	0.1	0.1	0.0	0.00%
Total Governmental Fund Expenditures	\$183.0	\$187.3	-\$4.3	-2.30%

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2020 original budget and the final amended budget are adopted by Town Board resolution throughout the year. During the year, the Town increased the original budget for total revenues by \$15,000, decreased the original budget for total expenditures by \$150,239 and increased the original budget for other financing sources related to more than anticipated operating transfers out by \$150,000. The main components of the overall decrease in the Town's appropriations were decreases in general government support, and employee benefits in the amounts of \$530,534 and \$194,993, respectively. This decrease was offset by increases in culture and recreation and home and community expenditures in the amounts of \$314,153 and \$244,730, respectively. There are no variances between the budgeted and actual amounts that are expected to have a significant effect on future services or liquidity. Please see the "General Fund" section for more details on the comparison of final budgets and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2020 amounted to \$280,371,890 and \$6,005,069, respectively. The Town's capital assets include land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges and the water system infrastructure.

In 2020, the Town of Babylon's major capital expenditures were as follows:

Various highway road improvements	\$	8,834,623
Reconstruction of Town buildings		5,120,097
Various park improvements		2,208,570
Consolidated Local Street and Highway Improvement Program		1,591,508
Oak Beach Shoreline Stabilization		1,131,046
Acquisition of Machinery		1,038,183

Capital Assets at December 31, 2020 and 2019
 (Net of depreciation)

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Land	\$ 26,407,812	\$ 26,407,812	\$ 414,422	\$ 468,664
Construction in progress	25,154,096	28,586,534	326,290	298,636
Building and improvements	87,470,204	92,415,220	349,371	368,311
Machinery and equipment	14,387,595	15,256,310		89
Infrastructure	126,952,183	115,274,029	4,914,986	5,049,255
Totals	\$ 280,371,890	\$ 277,939,905	\$ 6,005,069	\$ 6,184,955

The Town has a five-year capital improvement plan which allows for the continued improvements to infrastructure, buildings and equipment while remaining consistent with the Town's debt service requirements. Annually, the Town Board reviews, updates, and amends the capital plan.

Additional information on the Town's capital assets can be found in Note 3.C to the financial statements.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At the end of the current year, the Town has total long-term bonded debt outstanding of \$164,550,000. The entire debt is backed by the full faith and credit of the Town. The Town also has \$2,741,000 outstanding in guaranteed assistance contract loans payable.

Outstanding Debt

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
General obligation bonds payable *	\$ 164,550,000	\$ 163,090,000		
Bond anticipation notes				\$ 1,200,000
Guaranteed assistance contract loans payable	2,741,000	2,936,000		
	<u>\$ 167,291,000</u>	<u>\$ 166,026,000</u>	<u>\$ -0-</u>	<u>\$ 1,200,000</u>

*This does not include the bond premium as presented in the Statement of Net Position.

In 2020 the Town's total long-term debt above increased by \$1,265,000 or 0.76% which is a net change in new borrowings and debt retired.

During November 2017, Standard and Poor's Corporation reaffirmed the Town's credit rating of AA+ and during August 2020, Moody's Investors Service, Inc. reaffirmed the Town's underlying rating of Aaa, the highest bond rating available.

State statutes limit the amount of general obligation a governmental entity may issue up to 7% of a 5-year average full valuation. The current debt limitation for the Town is \$1,562,732,970. The percentage of debt contracting exhausted at December 31, 2020 was 9.9% of the current debt limitation.

Additional information on the Town's debt activity can be found in Note 3.E to the financial statements.

WYANDANCH RISING COMMUNITY REDEVELOPMENT PROJECT

The Town has embarked on a major downtown revitalization effort for the Hamlet of Wyandanch located in the northern central part of the Town. In connection with such redevelopment, the Town designated the downtown Wyandanch business district an *Urban Renewal Area* in accordance with Article 15 of the General Municipal Law. The redevelopment is focused on the downtown Wyandanch area which surrounds the existing Long Island Railroad station of the same name.

Starting in 2008, the Town began purchasing commercial and residential properties in Wyandanch with available funds which have been reimbursed with issuance of general obligation bonds. As property is purchased in the downtown Wyandanch area, the Town has completed most pre-development work for the redevelopment project including rezoning, securing necessary permits and community approvals, demolishing existing structures, remediating and grading the properties that cover Wyandanch Rising Phase I. Phase I of the construction for the revitalization of the Urban Renewal Area began in the summer of 2013 and consisted of the construction of new residential, retail, commercial and civic space in downtown Wyandanch. To date, five buildings have been completed: a five-story, 91-unit residential building with approximately 17,500 square feet of ground floor retail space; a four-story, 86-unit residential building, also with 17,500 square feet of ground floor retail space; a brand new Long Island Rail Road Wyandanch Train Station; a five-story parking garage built by the MTA/LIRR; and an additional residential building of 124 units totaling 124,000 square feet, comprised of one hundred percent affordable rental units.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

WYANDANCH RISING COMMUNITY REDEVELOPMENT PROJECT (continued)

Construction is nearly complete on two additional buildings; first, the Liner Building, which will "line" the existing MTA/LIRR parking garage, with a 94-unit senior living building to be operated by the non-profit group Self Help; and second, is a 1,200 square foot building to be used as the new Wyandanch Resource Center. In addition, an approximately 90,000 square foot health and wellness center has been proposed for Wyandanch Plaza and is currently seeking private and public funding sources.

The Town is currently planning for Wyandanch Rising Phase II. Phase II consists of the "block" to the immediate south of the Long Island Railroad, bounded by Straight Path to the west, the LIRR to the north, Doe Street to the east and Commonwealth Drive to the south.

Phase II is critical for the continued progress of the Wyandanch Rising initiative, as it will provide the connection, and "bridge" the development on the north and south sides of the LIRR. Phase II continues the existing transit-oriented development and connects the existing buildings and what is currently being constructed and planned in Phase I, to the existing businesses along the Straight Path corridor. Phase II will also increase the quantity and diversity of downtown Wyandanch's housing stock, while adding community-wide amenities, namely, the proposed "South Lawn" area, which will provide over one acre of Town-owned open space for both passive and active recreational opportunities, including a dog run, playground, and community garden. The existing Wyandanch Post Office building is a key component of the Wyandanch Rising Phase II development.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town's elected and appointed officials considered many factors when setting the upcoming 2021 budget, tax rates, and fees that will be charged. One of those factors is the economy. The Town, located in Suffolk County, New York, generally has more favorable financial statistical data than the county or New York State.
- Inflation in the Town's geographic area is consistent with the metropolitan area and is similar though somewhat higher than national averages. Stable contractual increases in negotiated labor contracts are comparable with regional municipalities while providing similar fringe benefits. These factors form the basis for estimating the 2021 budget lines.
- Revenues are subject to regional economic trends. The Town notes an increase in mortgage tax revenue in the General Fund which is expected to offset the planned use of fund balance. Due to the COVID-19 Pandemic, the Town is not able to determine the impact on fund balance at this time.
- New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. No local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however, the permitted increase will not be less than 1%. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or local law. The Town did not exceed the 2% cap, inclusive of allowable exclusions, in 2020.
- On November 18, 2020, the Board adopted Local Law No. 13 of 2020, Tax Cap Override, via resolution number 738, to allow the Town to adopt a budget for the fiscal year commencing January 1, 2021, that requires a real property tax levy in excess of the tax levy limit, as defined above.

The Town of Babylon will continue to monitor closely the 2021 economic environment and global COVID-19 Pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the Town. While certain revenues have been impacted, the Town is in a healthy financial position and is currently evaluating the long-term impact, if any.

TOWN OF BABYLON
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 this report or need additional financial information, contact the Town Comptroller at 200 East Sunrise Highway, Lindenhurst, New York 11757.

BASIC FINANCIAL STATEMENTS

**TOWN OF BABYLON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Town of Babylon IDA
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 162,350,897	\$ 3,757,324	\$ 166,108,221	\$ 5,232,059
Cash with fiscal agent	305,480		305,480	
Restricted cash	7,206,515		7,206,515	
Accounts receivable, net of allowance and noncurrent portion	5,419,759	127,887	5,547,646	677,445
Taxes receivable	66,062,573		66,062,573	
Long Island Green Homes receivable, net of noncurrent portion	1,275,447		1,275,447	
Internal balances	110,056	(110,056)	-	
Due from other governments, net of noncurrent portion	5,182,249	256	5,182,505	24,922
Inventory	778,657		778,657	
Prepaid items	1,904,613	2,006	1,906,619	13,429
Total Current Assets	250,596,246	3,777,417	254,373,663	5,947,855
Noncurrent Assets:				
Accounts receivable, noncurrent portion	6,413,631		6,413,631	
Long Island Green Homes receivable, noncurrent portion	2,648,048		2,648,048	
Due from other governments, noncurrent portion	676,422		676,422	
Property held for resale	17,297,926		17,297,926	
Non-depreciable capital assets	51,561,808	740,712	52,302,620	973,315
Capital assets, net of accumulated depreciation/ amortization	228,809,882	5,264,357	234,074,339	27,927
Length of service award program plan assets	1,370,392		1,370,392	
Security deposit		3,700	3,700	
Total Noncurrent Assets	308,778,309	6,008,769	314,787,078	1,001,242
Total Assets	559,374,555	9,786,186	569,160,741	6,949,097
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	22,119		22,119	
Pension - employees' retirement system	17,462,063		17,462,063	423,029
Length of service award programs	3,736,493		3,736,493	
Other postemployment benefits	34,725,153		34,725,153	241,983
Total Deferred Outflows of Resources	55,945,828	-0-	55,945,828	665,012
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	12,359,561	67,358	12,426,919	50,123
Accrued interest payable	1,460,877		1,460,877	
Due to other governments, net of current portion	896,387	244,380	1,140,767	2,228,071
Unearned revenues	616,858		616,858	3,500
Guaranty and bid deposits	655,554		655,554	
Long-term obligations due within one year	24,303,691		24,303,691	
Total Current Liabilities	40,292,728	311,738	40,604,466	2,281,694
Noncurrent Liabilities:				
Due to other governments	6,413,630		6,413,630	
Long-term obligations due in more than one year	429,257,567	1,775,846	431,033,413	1,450,006
Total Noncurrent Liabilities	435,671,197	1,775,846	437,447,043	1,450,006
Total Liabilities	475,963,925	2,087,584	478,051,509	3,731,700
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - property taxes	97,204,811	19,370	97,224,181	
Deferred service concession arrangement receipt		2,237,500	2,237,500	
Pension - employees' retirement system	441,223		441,223	27,850
Length of service award programs	437,983		437,983	
Other postemployment benefits	20,659,167		20,659,167	94,488
Total Deferred Inflows of Resources	118,743,184	2,256,870	121,000,054	122,338
NET POSITION				
Net investment in capital assets	144,346,629	5,883,745	150,230,374	1,001,242
Restricted				
Solid waste management	7,002,128		7,002,128	
Debt service	1,547,138		1,547,138	
Length of service award programs	1,370,392		1,370,392	
Public safety	17,565		17,565	
Health	536,957		536,957	
Transportation	58,000		58,000	
Economic assistance and opportunity	6,685	1,818,369	1,825,054	
Culture and recreation	316,678		316,678	
Home and community services	1,586,893		1,586,893	
Unrestricted	(136,175,791)	(2,260,382)	(138,436,173)	2,758,829
Total Net Position	\$ 20,613,274	\$ 5,441,732	\$ 26,055,006	\$ 3,760,071

See notes to the financial statements.

TOWN OF BABYLON
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Function/ Program	Program Revenues					Net (Expenses) Revenues and Changes in Net Position			Non-major Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:									
Governmental Activities:									
General government support	\$ 27,006,872	\$ 2,519,182	\$ 25,450	\$ 61,247	\$ 2,605,859	\$ (24,403,013)		\$ (24,403,013)	
Public safety	27,681,366	3,957,141			3,957,141	(23,724,225)		(23,724,225)	
Health	8,101,685	496,488	1,437,186		1,923,684	(6,178,001)		(6,178,001)	
Transportation	20,411,477	253,172		4,337,780	4,590,952	(21,020,525)		(21,020,525)	
Economic assistance and opportunity	172,144		40,700		40,700	(131,444)		(131,444)	
Culture and recreation	25,260,851	2,922,753	458,103	410,236	3,791,092	(21,459,789)		(21,459,789)	
Home and community services	57,233,686	37,441,286	14,748,759	460,899	52,650,844	(4,582,742)		(4,582,742)	
Interest on debt	5,118,281				-0-	(5,118,281)		(5,118,281)	
Total Governmental Activities	176,998,372	47,590,012	18,710,198	5,270,162	69,560,372	(107,428,000)	\$ -0-	(107,428,000)	
Business-type Activities:									
Economic assistance and opportunity	924,253	40,000	475,000	219,458	734,458		(189,795)	(189,795)	
Home and community services	549,621	75,000		3,400	78,400		(470,121)	(470,121)	
Total Business-type Activities	1,472,774	115,000	475,000	222,858	812,858	-0-	(659,916)	(659,916)	
Total Primary Government	\$ 178,461,146	\$ 47,695,012	\$ 17,185,198	\$ 5,493,020	\$ 70,373,230	(107,428,000)	(659,916)	(108,087,916)	
NON-MAJOR COMPONENT UNIT:									
Economic assistance and opportunity	\$ 1,891,184	\$ 1,474,227							\$ (416,957)
Total Component Units	\$ 1,891,184	\$ 1,474,227							(416,957)
GENERAL REVENUES:									
Real property taxes						82,737,043		82,737,043	
Other real property tax items						2,943,763		2,943,763	
Non-property tax items						5,281,448		5,281,448	
Interest and investment earnings						780,583	18,682	771,385	31,964
Gain on sale of capital assets						434,809		434,809	
Mortgage tax						8,081,269		8,081,269	
State aid						1,115,651		1,115,651	
Other						333,055	358,120	691,175	
Total General Revenues						101,887,721	374,802	102,062,523	31,964
Change in Net Position						(5,740,279)	(285,114)	(6,025,393)	(364,993)
Net Position at Beginning of Year						28,353,553	6,725,848	32,080,399	4,145,064
Net Position at End of Year						\$ 20,613,274	\$ 5,441,732	\$ 26,055,006	\$ 3,760,071

See notes to the financial statements.

**TOWN OF BABYLON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

MAJOR FUNDS									
	General Fund	Residential Garbage District Fund	Commercial Garbage District Fund	Highway Fund	Capital Projects Fund	Special Districts Fund	Total Major Governmental Funds	Non-major Governmental Funds	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 49,837,318	\$ 13,401,776	\$ 21,442,044	\$ 21,042,712	\$ 34,826,549	\$ 7,450,617	\$ 148,001,014	\$ 14,349,863	\$ 162,350,897
Cash with fiscal agent	249,956			55,524			305,480		305,480
Restricted cash			7,002,128				7,002,128	204,387	7,206,515
Accounts receivable	3,135,788	636,167	1,243,062	621		7,574	5,023,222	6,810,168	11,833,390
Taxes receivable	31,424,668			16,325,540		13,815,195	61,565,603	4,496,970	66,062,573
Long Island Green Homes receivable		3,923,495					3,923,495		3,923,495
Due from other funds	480,064			259,787			739,851		739,851
Due from other governments	2,986,509	41,260		36,177	868,561	37,924	3,970,431	1,688,240	5,658,671
Inventory	278,296			374,650			652,946		727,611
Prepaid items	643,598	48,632	11,612	177,818			1,761,343		1,904,813
Property held for resale	17,236,529						17,236,529	61,367	17,297,926
Length of service award program plan assets						1,370,392	1,370,392		1,370,392
Total Assets	\$ 106,270,932	\$ 18,051,330	\$ 29,689,846	\$ 39,272,829	\$ 35,695,110	\$ 23,561,387	\$ 251,550,434	\$ 29,082,026	\$ 279,632,460
LIABILITIES									
Accounts payable and accrued liabilities	\$ 1,881,889	\$ 2,134,185	\$ 1,405,824	\$ 334,683	\$ 3,930,100	\$ 184,108	\$ 9,850,789	\$ 2,130,770	\$ 11,981,539
Due to other funds					259,787		259,787	370,008	629,795
Due to other governments	6,353				3,073		9,426	7,300,581	7,310,017
Unearned revenue	266,941	93,428					360,369	258,289	618,659
Guaranty and bid deposits	655,554						655,554		655,554
Liabilities payable from restricted cash							-	204,387	204,387
Total Liabilities	2,700,737	2,227,613	1,405,824	334,683	4,192,860	184,108	11,135,905	10,262,045	21,397,950
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue- property taxes	43,283,716	4,020,859	1,591,447	22,496,334		19,028,656	91,010,814	6,193,997	97,204,811
Unavailable revenue	2,259,803	3,823,495					6,183,458	81,387	6,244,855
Total Deferred Inflows of Resources	45,543,519	8,544,154	1,591,447	22,496,334	-	19,028,656	97,194,272	6,255,394	103,449,666
FUND BALANCES									
Nonspendable	6,291,472	46,632	11,612	552,460		679,685	7,783,869	270,591	8,054,850
Restricted	13,358,563		7,002,128	55,524	15,124,924	1,370,392	38,909,531	3,960,839	40,870,170
Assigned	4,002,388	7,230,931	19,687,835	14,843,840	18,692,722	2,098,546	66,558,202	7,332,967	73,889,229
Unassigned	34,286,091				(2,315,486)		31,970,595		31,970,595
Total Fund Balances	57,936,514	7,278,563	29,701,575	15,451,832	31,502,150	4,348,623	143,220,257	11,564,587	154,784,844
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 106,270,932	\$ 18,051,330	\$ 29,689,846	\$ 39,272,829	\$ 35,695,110	\$ 23,561,387	\$ 251,550,434	\$ 29,082,026	\$ 279,632,460

See notes to the financial statements.

TOWN OF BABYLON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2020

Total Fund Balance - Governmental Funds **\$ 154,784,844**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets - non-depreciable	\$ 51,561,908	
Capital assets - depreciable	675,095,401	
Accumulated depreciation	<u>(446,285,419)</u>	
		280,371,890

Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds:

Long Island Green Homes receivable	3,923,495	
Due from other governments	2,259,963	
Assets held for resale	<u>61,397</u>	
		6,244,855

Deferred outflows of resources are included in the Statement of Net Position. 55,945,828

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds.

However, these liabilities are included in the Statement of Net Position:

Bonds payable, inclusive of related premiums	(169,732,541)	
Guaranteed assistance contract loans payable	(2,741,000)	
Due to employees' retirement system	(467,169)	
Compensated absences	(6,249,153)	
Claims and judgments payable	(7,659,399)	
Estimated liability for landfill closure and postclosure care costs	(32,576,493)	
Net employees' retirement system pension liability - proportionate share	(21,762,951)	
Net length of service award programs plan liabilities	(11,431,038)	
Other postemployment benefits payable	(198,803,102)	
Length of service award program plan liabilities	<u>(2,138,412)</u>	
		(453,561,258)

Interest and retainage payable applicable to the Town's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. However, these liabilities are included in the Statement of Net Position. (1,634,512)

Deferred inflows of resources related to the pension plan, OPEB and length of service award programs are included in the Statement of Net Position. (21,538,373)

Net Position of Governmental Activities **\$ 20,613,274**

See notes to the financial statements.

TOWN OF BABYLON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	MAJOR FUNDS						Total Major Governmental Funds	Non-major Governmental Funds	Total Governmental Funds
	General Fund	Residential Garbage District Fund	Commercial Garbage District Fund	Highway Fund	Capital Projects Fund	Special Districts Fund			
REVENUES									
Real property taxes	\$ 37,197,096	\$ 10,857,018	\$ 5,792,065	\$ 22,446,388		\$ 18,793,227	\$ 101,088,604	\$ 4,299,432	\$ 105,388,126
Other real property tax items	1,273,596			773,407		747,649	2,794,652	149,112	2,943,764
Non-property tax items	5,281,447						5,281,447		5,281,447
Departmental income	2,369,382	4,882,482	9,714,870				16,966,840	4,379,123	21,345,963
Use of money and property	3,030,965	187,577	62,090	83,457	\$ 127,278	135,642	3,617,029	39,359	3,656,388
Licenses and permits	90,146			239,005			329,151		329,151
Fines and forfeitures	639,261						639,261		639,261
Sale of property and compensation for loss	388,481				75,000		463,481		463,481
Interfund revenue	35,676						35,676		35,676
Miscellaneous local sources	739,530	10,095		15,547	197,362	62,329	1,024,863	2,428,557	3,453,420
State aid	7,759,422	41,260		1,591,509	508,406		9,898,597	191,809	10,090,405
Federal aid	612,728						612,726	17,086,687	18,599,613
Total Revenues	59,418,549	21,988,432	15,559,131	25,129,313	905,046	19,738,847	142,750,317	29,474,278	172,224,595
EXPENDITURES									
Current:									
General government support	16,843,210						16,843,210	310,395	17,153,605
Public safety	2,237,115						19,711,222	3,513,574	23,224,889
Health	3,616,658					17,474,107	5,376,068	1,876,577	7,252,443
Transportation	1,359			8,006,030		1,859,210	9,907,388	3,579,969	12,487,356
Economic assistance and opportunity	102,823						102,823		102,823
Culture and recreation	11,479,326						11,479,326	73,799	11,553,125
Home and community services	1,844,863	20,964,314	11,226,577				34,135,754	16,169,834	50,305,588
Employee benefits	11,663,465	975,586	494,061	4,190,549			16,943,661	3,223,948	20,167,609
Capital Outlay					19,703,893		19,703,893		19,703,893
Debt Service:									
Principal	6,851,389	85,350	67,450	7,746,227			14,750,416	714,584	15,465,000
Interest	2,833,837	37,585	24,907	2,278,778			5,175,108	339,122	5,514,230
Bond issuance costs	29,381			50,029			79,410		79,410
Total Expenditures	57,523,423	21,862,835	11,812,995	23,171,614	19,703,893	19,333,317	153,208,067	29,801,688	183,009,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,895,125	325,597	3,756,136	1,957,699	(18,797,837)	405,530	(10,457,750)	(327,610)	(10,785,360)
OTHER FINANCING SOURCES (USES)									
Principal amount of bond anticipation note							16,730,000		16,730,000
Principal amount of bond proceeds	455,102				15,274,898		1,751,965		1,751,965
Premium on obligations	82,440			63,923	1,605,602		13,215,159	24,000	13,239,158
Operating transfers in	232,870				12,982,288		(11,903,908)	(1,333,260)	(13,239,158)
Operating transfers out	(2,650,000)	(3,997,038)	(5,000,000)		(258,870)				
Total Other Financing Sources (Uses)	(1,879,588)	(3,997,038)	(5,000,000)	63,923	30,625,918	-	19,763,215	(1,311,250)	16,451,965
Net Change in Fund Balances	15,537	(3,671,441)	(1,243,864)	2,021,622	11,908,081	405,530	9,335,485	(1,638,860)	7,696,605
Fund Balances at Beginning of Year	57,920,977	10,951,004	27,945,439	13,430,210	19,894,059	3,943,093	133,984,782	13,203,447	147,088,239
Fund Balances at End of Year	\$ 57,936,514	\$ 7,279,563	\$ 26,701,575	\$ 15,451,832	\$ 31,502,150	\$ 4,348,623	\$ 143,320,257	\$ 11,564,587	\$ 154,764,844

See notes to the financial statements.

TOWN OF BABYLON
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Net Change in Fund Balance **\$ 7,696,605**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation expense and loss on disposal of capital assets in the current period is:

Capital outlay expenditures	\$ 22,904,734	
Depreciation expense	(17,483,505)	
Net loss on disposal of capital assets	<u>(2,989,245)</u>	2,431,984

Prepaid items included in the statement of net position (974,108)

Some revenues will not be collected for several months after the Town's year end. These are not considered "available" revenues in the governmental funds until received. The change in the amount is reported as a deferred inflow of resources in the fund statements. (388,597)

Mortgage tax revenues are reported in the governmental funds when considered "available" and in the Statement of Activities when "earned." 673,124

Net change in deferred outflows of resources not reported in the governmental fund statements:

Amortization of deferred charges on refundings	(24,131)	
Pension related amounts - employees' retirement system	10,580,483	
Length of service award plan program amounts	1,646,390	
Other postemployment benefits	<u>8,909,744</u>	21,112,486

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. The following amounts are the effect of these differences in the treatment of long-term debt and related items:

Bonds issued	(16,730,000)	
Repayment of bond principal	15,270,000	
Premiums received	(1,751,965)	
Amortization of bond premiums	467,242	
Repayment of guarantee assistance contract loans	195,000	
Employees' retirement system	263,184	
Compensated absences	(1,171,693)	
Claims and judgments	60,190	
Estimated liability for landfill closure and postclosure care costs	57,596	
Net employees' retirement system pension liability - proportionate share	(16,132,991)	
Net length of service award programs plan liabilities	(1,073,338)	
Other postemployment benefits payable	(19,574,505)	
Length of service award program liabilities	<u>(547,031)</u>	(40,668,311)

Bond interest is recorded as an expenditure on the fund statements when it is paid, and on the Statement of Activities when it is incurred. (48,177)

Retainage is recorded as an expenditure on the fund statements when the relating capital project is substantially complete, and on the Statement of Activities when it is incurred. (25,874)

The net change in deferred inflows of resources not reported in the governmental fund statements:

Pension related amounts - employees' retirement system	1,488,576	
Length of service award plan program amounts	4,293	
Other postemployment benefits	<u>2,957,720</u>	4,450,589

Change in Net Position of Governmental Activities **\$ (5,740,279)**

See notes to the financial statements.

TOWN OF BABYLON
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
 December 31, 2020

	East Farmingdale Water District	Oak Beach Water District	Town of Babylon L.D. Corporation II	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,630,915		\$ 2,126,409	\$ 3,757,324
Accounts receivable, net of allowance	127,887			127,887
Prepaid expenses			2,006	2,006
Due from other governments		\$ 256		256
Total Current Assets	<u>1,758,802</u>	<u>256</u>	<u>2,128,415</u>	<u>3,887,473</u>
Noncurrent Assets:				
Non-depreciable capital assets	194,964	326,290	219,458	740,712
Capital assets, net of accumulated depreciation	5,264,357			5,264,357
Security deposits			3,700	3,700
Total Noncurrent Assets	<u>5,459,321</u>	<u>326,290</u>	<u>223,158</u>	<u>6,008,769</u>
Total Assets	<u>7,218,123</u>	<u>326,546</u>	<u>2,351,573</u>	<u>9,896,242</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	56,090	11,268		67,358
Due to other fund		110,056		110,056
Due to other government			244,380	244,380
Total Current Liabilities	<u>56,090</u>	<u>121,324</u>	<u>244,380</u>	<u>421,794</u>
Noncurrent Liabilities:				
Long-term obligations due in more than one year	1,775,846			1,775,846
Total Noncurrent Liabilities	<u>1,775,846</u>	<u>-0-</u>	<u>-0-</u>	<u>1,775,846</u>
Total Liabilities	<u>1,831,936</u>	<u>121,324</u>	<u>244,380</u>	<u>2,197,640</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipt	2,237,500			2,237,500
Unearned revenue - property taxes		19,370		19,370
Total Deferred Inflows of Resources	<u>2,237,500</u>	<u>19,370</u>	<u>-0-</u>	<u>2,256,870</u>
NET POSITION				
Net investment in capital assets	5,459,321	204,966	219,458	5,883,745
Restricted				
Copiague façade renovation grant program			66,614	66,614
Affordable housing			918,422	918,422
Economic development			483,333	483,333
Wyandanch economic development fund			350,000	350,000
Unrestricted	(2,310,634)	(19,114)	69,366	(2,260,382)
Total Net Position	<u>\$ 3,148,687</u>	<u>\$ 185,852</u>	<u>\$ 2,107,193</u>	<u>\$ 5,441,732</u>

See notes to the financial statements.

TOWN OF BABYLON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended December 31, 2020

	East Farmingdale Water District	Oak Beach Water District	Town of Babylon L.D. Corporation II	Total
OPERATING REVENUES				
Rental income from water plant	\$ 75,000			\$ 75,000
Charges for services			\$ 40,000	40,000
Total Operating Revenues	<u>75,000</u>	<u>\$ -0-</u>	<u>\$ 40,000</u>	<u>115,000</u>
OPERATING EXPENSES				
Water administration		18,165		18,165
Retiree benefits	134,740			134,740
Management and administration fees	230,614		107,700	338,314
Depreciation	153,299			153,299
Insurance	11,703			11,703
Special programs			24,922	24,922
Beautification sponsorship			29,978	29,978
Office expense			135	135
Rent			1,000	1,000
Total Operating Expenses	<u>530,356</u>	<u>18,165</u>	<u>163,735</u>	<u>712,256</u>
Loss from Operations	<u>(455,356)</u>	<u>(18,165)</u>	<u>(123,735)</u>	<u>(597,256)</u>
NON-OPERATING REVENUE (EXPENSE)				
Rental income	356,120		2,000	358,120
State aid		3,400		3,400
Interest income	7,453		9,229	16,682
Sale of lease right			219,458	219,458
Transfer of lease right			(273,700)	(273,700)
Inter-agency funds			125,000	125,000
Wyandanch economic development fund			350,000	350,000
Economic development expenses			(431,443)	(431,443)
Copiague façade renovation grant program			(54,000)	(54,000)
Copiague façade renovation grant program fees			(1,375)	(1,375)
Total Non-Operating Revenue (Expense)	<u>363,573</u>	<u>3,400</u>	<u>(54,831)</u>	<u>312,142</u>
Change in Net Position	(91,783)	(14,765)	(178,566)	(285,114)
Net Position - Beginning of Year	3,240,470	200,617	2,285,759	5,726,846
Net Position - End of Year	<u>\$ 3,148,687</u>	<u>\$ 185,852</u>	<u>\$ 2,107,193</u>	<u>\$ 5,441,732</u>

See notes to the financial statements.

TOWN OF BABYLON
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 2020

	East Farmingdale Water District	Oak Beach Water District	Town of Babylon L.D. Corporation II	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and clients		\$ 19,370	\$ 40,000	\$ 59,370
Cash paid to third party management and others	\$ (231,137)	(7,615)		(238,752)
Cash paid on behalf of retirees	(109,576)			(109,576)
Cash paid for contractual expenses			(144,519)	(144,519)
Net Cash (Used) Provided for Operating Activities	(340,713)	11,755	(104,519)	(433,477)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from inter-agency funds			125,000	125,000
Cash received from Wyandanch economic development fund			350,000	350,000
Cash received from sale of lease right			219,458	219,458
Cash received from rental income			2,000	2,000
Payments of economic development			(431,443)	(431,443)
Payments of Copiague facade renovation program			(55,375)	(55,375)
Net Cash Provided by Noncapital Financing Activities	-0-	-0-	209,640	209,640
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(27,655)		(27,655)
Capital grant		32,525		32,525
Due to other fund		(16,625)		(16,625)
Net Cash Used for Capital and Related Financing Activities	-0-	(11,755)	-0-	(11,755)
CASH FLOWS FROM INVESTING ACTIVITIES				
Rental income from cell towers	349,733			349,733
Interest Income	7,454		9,229	16,683
Net Cash Provided by Investing Activities	357,187	-0-	9,229	366,416
Net increase in cash and cash equivalents	16,474	-0-	114,350	130,824
Cash and Cash Equivalents at Beginning of Year	1,614,441	-0-	2,012,059	3,626,500
Cash and Cash Equivalents at End of Year	\$ 1,630,915	\$ -0-	\$ 2,126,409	\$ 3,757,324
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES				
Loss from operations	\$ (455,356)	\$ (18,165)	\$ (123,735)	\$ (597,256)
Adjustments to reconcile loss from operations to net cash used for operating activities:				
Depreciation expense	153,299			153,299
(Increase) decrease in:				
Prepaid expenses			(2,006)	(2,006)
Inventory of materials and supplies			(3,700)	(3,700)
Increase (decrease) in:				
Accounts payable	11,180			11,180
Deferred service concession arrangement receipts	(75,000)			(75,000)
Other postemployment benefits payable	25,164			25,164
Due to other governments			24,922	24,922
Net Cash Used for Operating Activities	\$ (340,713)	\$ (18,165)	\$ (104,519)	\$ (463,397)
NONCASH INVESTING ACTIVITIES				
Transferred of lease right	\$ -0-	\$ -0-	\$ 273,700	\$ 273,700
Less: Payments made on behalf of Town of Babylon L.D., Corporation II - sale of lease right			(273,700)	(273,700)
Net Cash Paid for Acquisition of Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
NONCASH CAPITAL AND FINANCING ACTIVITIES:				

The Oak Beach Water District's capital grant in the amount of \$3,144 is reported net of the change in due from other governments related to this grant of \$3,400.

See notes to the financial statements.

TOWN OF BABYLON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2020

	<u>Length of Service Award Programs - Pension Trust Fund</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,509,742	\$ 33,680,346
Guaranteed annuity contracts	7,529,848	
Cash value of life insurance contracts	892,738	
Investments - Equities	2,382,397	
Investments - Fixed income	2,842,026	
	<hr/>	<hr/>
Total Assets	15,156,751	\$ 33,680,346
	<hr/>	<hr/>
LIABILITIES		
Due to school districts		\$ 29,543,662
Due to fire districts		2,789,095
Due to other Counties for tuition tax		1,031,752
Other liabilities		315,837
		<hr/>
Total Liabilities	-0-	\$ 33,680,346
		<hr/>
FIDUCIARY NET POSITION		
Net position held in trust for length of service award programs	\$ 15,156,751	
	<hr/>	

See notes to the financial statements.

TOWN OF BABYLON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2020

	Length of Service Award Programs - Pension Trust Funds	Custodial Fund
ADDITIONS		
Plan contributions *	\$ 1,344,754	
Investment income:		
Investment earnings	735,689	
Net increase in cash surrender value of investments	137,658	
Total investment income	<u>873,347</u>	
Real property taxes collected for other governments		\$ 531,054,563
Total Additions	<u>2,218,101</u>	<u>531,054,563</u>
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries	1,057,359	
Payments of real property taxes to other governments		531,054,563
Total Deductions	<u>1,057,359</u>	<u>531,054,563</u>
Change in Fiduciary Net Position	1,160,742	-0-
Fiduciary Net Position - Beginning of Year	<u>13,996,009</u>	<u>-0-</u>
Fiduciary Net Position - End of Year	<u>\$ 15,156,751</u>	<u>\$ -0-</u>

* From the Town of Babylon Special Districts Fund

NOTES TO FINANCIAL STATEMENTS

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Babylon (the "Town") which was established in 1872 is governed by Town Law, other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor and four council members who are elected for a term of four years. The Town Board appoints the Town Attorney and the Commissioner of Public Works whose terms are fixed by Town Law. The Town Clerk and Receiver of Taxes are elected and serve for two years and four years, respectively. The Comptroller and Director of Youth Services are appointed by the Supervisor. The Town Board appoints the following five Commissioners: General Services, Human Resources, Parks, Planning and Development and Environmental Control. The Commissioners serve at the discretion of the Town Board.

The Town provides the following principal services either directly or through Town-operated special districts: parks and recreation, highway construction and maintenance, inland waterways and marinas, building inspection and zoning administration, fire protection, street lighting, garbage pick-up and disposal, water services, and administration of certain state and federal grants.

The financial statements of the Town of Babylon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below:

A. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, which is the Town of Babylon; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria including legal standing, dependency and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town's reporting entity.

Discretely Presented Component Unit:

The following entity is a discretely presented component unit of the Town of Babylon:

- a) The Town of Babylon Industrial Development Agency (the "Agency") was created as a New York State public benefit corporation. The Agency was established on April 10, 1973 pursuant to Code Section 907-a of the New York State General Municipal Law. The Agency was created to promote the economic welfare, recreation opportunities and prosperity of the Town of Babylon's residents.

The governing body of the Town of Babylon appoints the Town of Babylon Industrial Development Agency's Board of Directors which results in interdependency with the Town of Babylon. However, the Agency's Board of Directors had complete responsibility for approval and adoption of policies and accountability for fiscal matters. Accordingly, the Agency has been determined to be a discretely presented component unit of the Town of Babylon.

The Town of Babylon's discretely presented component unit is considered non-major.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Discretely Presented Component Unit (continued):

Complete financial statements of the individual discretely presented component unit can be obtained from their respective administrative offices:

The Town of Babylon Industrial Development Agency
47 West Main Street
Babylon, New York 11702

Blended Component Units:

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are, in substance, part of the primary government. These component units are blended with the primary government.

The following blended component units of the Town are reported within the Special Revenue Funds in the Town's basic financial statements.

- a) The Town of Babylon Youth Development Research Institute, Inc. (the "Institute") is a not-for-profit organization located in North Babylon, New York. The Institute was formed on October 26, 1987 pursuant to subparagraph (c)(3) of Section 501 of the Not-For-Profit Corporation Law. The Institute operates various youth programs at the Town's youth centers. The Institute's Board of Directors consists of members of the Town Board. The Town funds certain salary and fringe benefit costs of the Institute as well as acting as a pass-through entity for funding received from state and county contracts. The Town provides operating space and equipment for the Institute. As a result of this fiscal dependency and potential for financial burden, the Town is financially accountable for the Institute. Accordingly, this Institute is included in the Town's reporting entity.

- b) The Town of Babylon Human & Therapeutic Services, Inc. ("Human & Therapeutic Services") is a not-for-profit organization located in North Babylon, New York. Human & Therapeutic Services was formed on December 26, 1979 pursuant to subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law. The purpose of Human & Therapeutic Services is to operate programs which provide humanitarian services for the benefit of the residents of the Town of Babylon, the County of Suffolk, and the State of New York; drug and alcohol abuse prevention; improvement of the quality of life of persons afflicted with physical or mental handicaps; and assistance to senior citizens of the Town. Human & Therapeutic Services' Board of Directors consists of members of the Town Board. The Town provides funds for certain salary and fringe benefit costs to the Human & Therapeutic Services as well as acts as a pass-through entity for funding received from state and county contracts. The Town provides operating space and equipment for Human & Therapeutic Services. As a result of this fiscal dependency and potential for financial burden, the Town is financially accountable for the Human & Therapeutic Services and accordingly is included in the Town's reporting entity.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Units: (continued)

The following blended component unit is reported as an Enterprise fund in the Town's basic financial statements.

- c) The Town of Babylon L.D. Corporation II (the "Corporation"), was created as a New York State not-for-profit public benefit corporation. The Corporation was established on August 18, 1988 pursuant to Section 1411 of the Not-for-Profit Corporation Law as defined in section 102(a)(5). The Corporation is a government instrumental tax-exempt corporation that was created to promote the economic welfare, recreation opportunities and prosperity of the inhabitants of the Town of Babylon. The Corporation provides companies with federally tax-exempt and taxable revenue bonds as incentives.

Complete financial statements of the individual blended component units can be obtained from their respective administrative offices:

1. The Town of Babylon Youth Development Research Institute, Inc.
Town Hall Annex
281 Phelps Lane
North Babylon, New York 11703
2. The Town of Babylon Human & Therapeutic Services, Inc.
Town Hall Annex
281 Phelps Lane
North Babylon, New York 11703
3. The Town of Babylon L.D. Corporation II
816 Deer Park Avenue
North Babylon, NY 11703

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Town's basic financial statements included both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town as a whole with separate columns for the primary governmental activities and business-type activities as well as the non-major discretely presented component units. For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, and 3) interest earned on grants or capital projects that is required to be used to support a particular program or project. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses to specific functions in the Statement of Activities.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements (continued)

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

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures/expenses, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire town. The focus of the governmental funds financial statements is on the major funds. Accordingly, the Town maintains the following fund types:

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 upon determination of financial position and changes in financial position. Governmental funds are further classified as major and non-major funds.

The Town reports the following major governmental funds:

General Fund – is the principal operating fund of the Town. This fund is used to account for all financial resources except those required to be accounted for in other funds.

Capital Projects Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by the proprietary fund.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects.

The Town reports the following major Special Revenue governmental funds:

Garbage District Funds – which consists of the commercial garbage and residential garbage improvement districts, are used to account for transactions for the operation of refuse collection and disposal.

Highway Fund – is used to account for revenues and expenditures for highway purposes including construction of Town bridges, purchase of highway machinery and equipment, snow removal and control of brush and weeds as well as other miscellaneous highway purposes.

Special Districts Fund – is used to account for operations and maintenance of the Town's fire protection and ambulance districts, including the plan assets and related activity of certain Town sponsored length of service award programs.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

Additionally, the Town reports the following non-major Special Revenue governmental funds:

Part-Town Fund – is used to account for activities, which are required by statute, in the areas of the Town outside of the Incorporated Villages.

Lighting District Fund – is used to account for lighting repairs and construction within the Town.

Housing Assistance Agency Fund – is used to account for the Town's housing assistance programs.

Community Development Agency Fund – is used to account for the Town's community development programs.

Other Special Revenue Fund – is used to account for miscellaneous revenues with restrictions for specific purposes.

Proprietary Funds – Proprietary funds are used to account for ongoing activities, which are similar to those often found in the private sector. Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) and deferred outflows and inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position.

The Town reports the following major proprietary funds:

East Farmingdale Water District – in accordance with a lease agreement dated October 2010, East Farmingdale water district leases its water plant to Suffolk County Water Authority. See Note 4. H.

Oak Beach Water District – is used to account for the new water system at Oak Beach.

Town of Babylon L.D. Corporation II – provides companies with federally tax-exempt and taxable revenue bonds as incentives.

Fiduciary Funds – are used to account for assets held by the Town in a trustee or custodial capacity.

The Town has presented the following fiduciary funds:

Custodial Funds – are used to account for resources held as an agent for parties outside the government. Custodial fund resources cannot be held for other funds.

Pension Trust Fund – is used to account for the plan assets and related activity of the Town sponsored length of service award programs ("LOSAP") that provide a benefit to volunteer firefighters serving certain independent volunteer fire companies in the Town. The LOSAP plans that are reported in the pension trust fund are treated as trust funds since the plan assets are accumulated and dedicated solely to pay benefits to the members and their beneficiaries, however they are not legally established trusts.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within sixty (60) days of the end of the current period. However, revenue is recorded when services are performed for the residential and commercial garbage district funds. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, amounts due to employees' retirement system, claims and judgments, landfill closure and postclosure care costs, proportionate share of the net pension liability, total other postemployment benefits and length of service award programs are recorded when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues susceptible to accrual are mortgage tax, franchise fees, charges for services, state and federal aid, intergovernmental revenue and operating transfers. Permit fees and other similar revenues are not susceptible to accrual because they are not measurable until received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred.

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services. The principal operating revenues consists of charges to others for sales and services and the rental income from leasing the water plant which is the primary activity. Operating expenses include costs of sales and services and leasing the property as well as administrative and depreciation expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

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

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH AND CASH EQUIVALENTS

Cash consists of funds deposited in demand accounts, both interest bearing and non-interest bearing, time deposit accounts and petty cash. For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

State statutes govern the Town's investment policies, excluding the length of service award program plan investments. The Town has a written investment policy stating that Town money must be deposited in FDIC-insured commercial banks. The Town is authorized to use demand accounts, special time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State and its localities and participation in State authorized cooperative investment programs. All demand deposits and time deposit accounts are carried at cost. The Town's investments at December 31, 2020 include the LOSAP plan assets as described in Notes 1.D.6 and 5.

Collateral is required for demand deposits and time deposits accounts at 100% of all deposits not covered by federal deposit insurance, including a deposit placement program. The Town's investment policy defines acceptable forms of collateral as: (1) certain defined eligible securities, including but not limited to obligations of the United States and its agencies, obligations of the State and its municipalities and school districts, (2) certain irrevocable letters of credit issued in favor of the Town, and (3) certain eligible surety bonds issued in favor of the Town.

2. RECEIVABLES AND INTERFUND TRANSACTIONS

Receivables relating to governmental-type activities primarily include amounts due from federal, state, and other local governments, individuals and entities for services provided by the Town, as well as amounts due related to various grant and franchise agreements.

The receivable balances relating to the business-type activities primarily consists of amounts due from the New York State Environmental Facilities Corporation for a grant and a bond anticipation note, an amount due from a third party for cell tower rental, as well as an amount due from a third party for reimbursement of remediation costs incurred. Collection of the reimbursement of remediation costs is not certain as of December 31, 2020 and therefore the balance is reported net of an allowance of \$342,000.

Taxes receivable represent amounts due for Town and County real estate taxes levied on December 1st that have not been paid as of year-end. Responsibility for the collection of unpaid taxes rests with the County, and accordingly, the Town is assured of 100% collection of real property taxes.

The Long Island Green Homes receivables are loans that have been provided to the Town's residents for specific energy efficiency improvements. These loans bear interest at 3%, are secured by liens on real property and are payable in monthly installments through May of 2031.

In the Statement of Net Position, receivables, including amounts due from federal, state, and other local governments, are reported as current or noncurrent based on the expected timing of repayment. The noncurrent accounts receivable and amounts due from other governments consists of federal rehabilitation mortgages receivable and other miscellaneous amounts not expected to be collected in the subsequent year.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (continued)

2. RECEIVABLES AND INTERFUND TRANSACTIONS (continued)

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds statements, interfund transactions include:

a) Interfund Revenues

Interfund revenues and interfund services provided and used, in the general fund represent amounts charged for services or facilities provided by the general fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as expenditures in that fund.

b) Operating Transfers

Other transactions between funds include residual equity transfers to close out completed capital projects as well as transfers to fund certain capital projects.

3. INVENTORY AND PREPAID ITEMS

Inventory in the governmental funds, consisting of salt, expendable supplies and spare parts held for consumption, are valued at cost. These inventories are accounted for using the purchase method and recorded at cost net of any obsolescence.

Prepayments in the governmental funds include amounts paid in advance for retirement costs. The special districts fund also includes remittances of 2021 real property taxes to fire and ambulance districts, which reflect amounts applicable to future accounting periods and therefore are reported as prepaid items in both the government-wide and fund financial statements.

In the governmental funds, amounts reported as inventories and prepaid items are equally offset by nonspendable fund balance amounts, indicating that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets purchased or acquired with an original cost of \$2,500 through December 31, 2010 and \$10,000 subsequent to December 31, 2010 and have a useful life of greater than a year are reported at historical cost or estimated historical cost. Contributed assets are valued at acquisition value as of the date of donation to the Town. Costs incurred for repairs and maintenance are expensed as incurred. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant or equipment.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Improvements	20-30 years
Machinery and equipment	3-20 years
Infrastructure	10-50 years

Infrastructure assets consisting of certain improvements and plant structures (excluding buildings), including but not limited to the landfill, roads, curbs, sidewalks, drainage system, street lighting, and the water system are capitalized along with other capital assets.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (continued)

4. CAPITAL ASSETS (continued)

In the fund financial statements, capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition.

5. PROPERTY HELD FOR RESALE

Real property presented in the general fund and community development agency fund is recorded at cost and is adjusted for any costs to maintain the property. Property is acquired from various sources and held for redevelopment and resale to eligible individuals or developers. Management reviews annually for any impairment issues.

6. LENGTH OF SERVICE AWARD PROGRAM PLAN ASSETS – INVESTMENTS

The Town's investments include the assets of the LOSAP plans of which the Town is the Plan Sponsor. The investments of the firefighter award programs, considered defined benefit plans, are either held in a grantor/ rabbi trust account in the Town's name under GASB Statement 73 or in a trust meeting the requirements of GASB Statements No. 67 and 68. These plan assets consist of investments in cash deposits, guaranteed annuity contracts and cash value of life insurance contracts. The Town's ambulance award program, a defined contribution plan, has assets which are invested in an external investment pool that is administered through the Office of the New York State Comptroller. The underlying assets of the external investment pool, reported at fair value, include money market funds, corporate and foreign bonds, common equity securities, equity mutual funds, and fixed income mutual funds. The allocation of gains, losses and investment income are accounted for by the Office of the New York State Comptroller and the program administrator, Penflex Inc.

The assets of the length of service award programs that are held in a trust arrangement meeting the requirements of GASB Statements No. 67 and 68 are reported in the Pension Trust Fund and the assets of the service award programs that are held in a grantor/rabbi trust are reported in the Town's special districts fund under GASB Statement No 73.

The length of service award program assets are restricted for the purpose of providing benefits to the participants of the plans.

7. GUARANTY AND BID DEPOSIT

The guaranty, bid and deposits liability consists of deposits received from customers, potential vendors, or vendors, in an amount determined by the Town, to guarantee satisfactory performance with the terms of a contract. The deposits are held in escrow and will be returned to customer or vendor upon the Town's approval of performance with the terms of the contract. The deposit may be forfeited to the Town if the work is not completed satisfactorily.

8. UNEARNED REVENUE/ GRANT ADVANCE

Unearned revenues, reported as liabilities in the fund and government-wide financial statements, are those which asset recognition criteria have been met, but which revenue recognition criteria have not been met for exchange type transactions. Such amounts include collections in advance for leases and fee income relating to 2021.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (continued)

9. DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for the deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources of approximately \$22,000 for a deferred charge on refunding bonds, \$17,462,000 for pension related activities, \$34,725,000 for other postemployment benefits, and \$3,736,000 related to the length of service award programs in the government-wide Statement of Net Position. A deferred charge on a refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The components of the pension plan, other postemployment benefits, and length of service award programs' deferred outflows of resources are disclosed in Notes 3.F, 3.G and 3.H, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for the 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 and so will not be recognized as an inflow of resources (revenue) until that time.

The Town's governmental funds report the following items as deferred inflows on the Balance Sheet: unearned revenues which relate to 2021 real estate taxes of approximately \$97,205,000 and unavailable revenues of approximately \$6,245,000, which primarily consist of mortgage tax revenue and deferrals related to Long Island Green Home loans and Community Development property held for resale. Unavailable revenues, which arise only under a modified accrual basis of accounting, are only reported in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The unearned revenues, relating to the collection of real estate taxes for a future period, are accordingly reported as a deferred inflow in the government-wide Statement of Net Position as well as the governmental funds Balance Sheet. On the government-wide financial statements, the governmental activities report deferred inflow of resources of approximately \$441,000 related to pension related activities, approximately \$20,659,000 for other postemployment benefits, and approximately \$438,000 for the length of service award programs. The components of the pension plan, other postemployment benefits and length of service award programs' deferred inflows of resources are disclosed in Notes 3.F, 3.G and 3.H, respectively.

The East Farmingdale water district has reported deferred inflows of resources of approximately \$2,237,000 resulting from lease income received in advance in a service concession arrangement which is being amortized and recognized in revenue over the lease term. The Oak Beach water district has reported deferred inflows of resources of \$19,370 relating to the collection of real estate taxes for a future period.

10. LONG-TERM OBLIGATIONS

In the government-wide and proprietary fund financial statements, liabilities for long-term obligations consisting of general obligation bonds, compensated absences, guaranteed assistance contract loans, amounts due to employees' retirement system, judgments and claims, liability for landfill closure and postclosure care costs, the proportionate share of the net employees' retirement system liability, total other postemployment benefits ("OPEB"), the net length of service award programs plan liabilities, and the length of service award program total plan liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Debt issuance costs are expensed as incurred.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (continued)

10. LONG-TERM OBLIGATIONS (continued)

In the fund financial statements governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period, in the fund servicing the debt. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

11. NET POSITION AND FUND BALANCE CLASSIFICATION

In the government-wide and proprietary fund financial statements, net position is reported in three categories:

- a) 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, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable and retainage in the capital projects fund are capital related debt and are used in the calculation of net investment in capital assets.
- b) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources in the government-wide and proprietary fund financial statements, it is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financials statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned. Not all of the Town's funds will necessarily have all of the components of fund balance available to that fund.

1. Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), (b) will not convert to cash within the current period (i.e. long-term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

2. Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (continued)

11. NET POSITION AND FUND BALANCE CLASSIFICATION (continued)

3. Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision making authority. The Town's highest decision making authority is the Town Board, who by adoption of a Town ordinance prior to year end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action imposing the commitment.
4. Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Board and the Town Comptroller have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
5. Unassigned fund balance reflects the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed.

E. REVENUES AND EXPENDITURES/EXPENSES

1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

Real property taxes are levied annually no later than December 1st and are recognized as revenue January 1st of the year for which they were levied. The Town has its own Assessor's Office whose responsibilities are independent and distinct from those of the Receiver of Taxes. The Town assessment rolls are used for the levy of property taxes by the Town and the school districts, as well as by the County of Suffolk, New York (the "County") and by special districts based upon a single tax bill.

The Town of Babylon Receiver of Taxes collects all real property taxes for the Town, Suffolk County, Town Special Districts, and School Districts located within the Town of Babylon. Real property taxes are levied annually no later than December 1st and are due in two installments without penalty, 50% on January 10th and 50% on May 31st. Penalties are imposed thereafter at the rate of 1% per month on delinquent taxes until May 31st, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, highway, special districts, special lighting district, and the commercial and residential garbage districts' levies from the amount collected, prior to distributing the remaining balance collected to the County.

2. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides health insurance coverage, including reimbursement of Medicare Part B premiums, and survivor benefits for retired employees and their dependents. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town as well as meet certain years of service requirements. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES/EXPENSES (continued)

2. OTHER POSTEMPLOYMENT BENEFITS (continued)

Health care benefits are currently provided by the New York State Health Insurance Program NYSHIP (Empire Plan) whose premiums are based on the benefits paid throughout the State during the year. In addition, the Town offers medical coverage through HIP Health Plan of New York (HIP).

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure when due. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. The liability for these total other postemployment benefits liabilities are recorded as long-term debt in both the government-wide and proprietary fund statements. The current year changes in the liability are based upon the most recent actuarial report.

3. COMPENSATED ABSENCES

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide statements for governmental activities. The current portion of this debt is estimated based on historical trends. Compensated absences liabilities and expenditures are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as a liability in the funds statement in the respective fund that will pay it.

4. EMPLOYEE RETIREMENT PENSION PLAN

The Town, as a participant in the New York State and Local Employees' Retirement System, recognizes the proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources in the government-wide financial statements, using the accrual basis of accounting, regardless of the amount recognized as pension expenditures in the fund financial statements. The amounts recognized have been determined on the same basis as reported by the System, utilizing the year end of March 31st.

5. LENGTH OF SERVICE AWARD PROGRAMS PLAN LIABILITIES

The Town sponsors various LOSAP plans for volunteer firefighters and ambulance squad members. These programs, organized as defined benefit or contribution plans, provide volunteers with a financial benefit based on the number of years that are served. The Town sponsored LOSAP plans fall under two categories: 1) the plan assets are held in a grantor/ rabbi trust account in the Town's name, which do not meet the requirements of GASB Statement No. 73 paragraph 4, and accordingly the total plan assets and the related current year activity are reported in the governmental fund financial statements and the government-wide financial statements and the total plan liabilities are reported in the government-wide financial statements as of the measurement date or 2) the plan assets are administered through a trust meeting the requirements of GASB Statements No. 67 and 68, and the plan assets and the related current year activity are reported in the Town's Pension Trust Fund and the net pension liability is reported in the government-wide financial statements as of the measurement date.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds, excluding the housing assistance and community development agency funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. Appropriations for all governmental funds except the capital projects fund lapse at year-end. However, encumbrances reserved against fund balance are re-appropriated in the ensuing year.

G. USE OF ESTIMATES

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. RECLASSIFICATIONS

Certain reclassifications have been made to the financial statements to conform with prior year presentation. These reclassifications had no effect on the change in fund balance or net position as previously reported.

I. NEW ACCOUNTING PRINCIPLES

The Town has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. For the year ended December 31, 2020 the Town adopted the following new standard issued by GASB:

GASB issued authoritative guidance GASB Statement No. 84, "Fiduciary Activities". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the asset of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this statement, certain transactions previously reported within the Fiduciary Fund are now reflected within the governmental funds.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through August 23, 2021.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

- a) The Town Charter establishes the fiscal year as the twelve-month period beginning January 1st.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

- b) On or before September 30th (October 30th for the Town's Special and Garbage District funds), each department, officer or district submits a detailed budget request to the Comptroller, who then prepares a tentative budget, which is submitted to the Town Clerk. The tentative budget includes proposed expenditures and the proposed means of financing the entire Town's governmental, special revenue, and proprietary funds, with the exception of the blended component units, the capital projects fund, and the housing assistance and community development agency funds, for which legally adopted budgets are not required.
- c) After public hearings are conducted to obtain taxpayer comments and no later than November 20th, the Town Board adopts the budget. All modifications of the budget must be approved by the Town Board. However, the Comptroller is authorized to transfer certain budgeted amounts within departments.
- d) Budgets for the general and certain special revenue funds are legally adopted each year. The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The capital projects, housing assistance and community development agency funds are budgeted on a project or grant basis.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Town did not exceed the 2% property tax cap for 2019.

B. FUND BALANCE

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also presented.

	General Fund	Residential Garbage District Fund	Commercial Garbage District Fund	Highway Fund	Capital Projects Funds	Special District Fund	Other Governmental Funds	Total
Fund Balances:								
Nonspendable:								
Property held of resale	\$ 5,371,580							\$ 5,371,580
Prepaid items	643,596	\$ 48,632	\$ 11,612	\$ 177,818		\$ 878,685	\$ 143,270	1,904,613
Inventory	276,296			374,650			127,711	778,657
Total Nonspendable	6,291,472	48,632	11,612	552,468	\$ -0-	878,685	270,981	8,054,850
Restricted for:								
Debt service	1,491,614			55,524				1,547,138
Property held of resale	11,854,949							11,854,949
Capital projects					12,394,549			12,394,549
Solid Waste management reserve			7,002,128					7,002,128
Purchases on order or contractual obligations					2,730,375			2,730,375
Grants and donors restrictions							3,653,056	3,653,056
Length of service award program investments to be used for benefits						1,370,392		1,370,392
Guaranteed assistance contract							307,583	307,583
Total Restricted	13,356,563	-0-	7,002,128	55,524	15,124,924	1,370,392	3,960,639	40,870,170
Assigned to:								
Subsequent year's budget	3,871,028	42,872	3,050,327	818,009		20,076	313,529	8,113,841
Capital projects					16,212,723			16,212,723
Purchases on order or contractual obligations	131,360	44,733	21,147	196,947	2,479,999		25,604	2,899,790
Special revenue funds		7,143,326	16,816,361	13,830,884		2,078,470	8,993,834	46,982,875
Total Assigned	4,002,388	7,230,931	19,887,835	14,843,840	18,692,722	2,098,546	7,332,967	73,889,229
Unassigned								
	34,286,091				(2,315,496)			31,970,595
Total Unassigned	34,286,091	-0-	-0-	-0-	(2,315,496)	-0-	-0-	31,970,595
Total Fund Balances	\$ 57,926,514	\$ 7,279,563	\$ 26,701,575	\$ 15,451,832	\$ 31,502,150	\$ 4,348,623	\$ 11,564,587	\$ 154,784,844

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

C. FUND DEFICIT

The Capital Projects Fund, unassigned fund balance deficit of \$2,315,496 at December 31, 2020 resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding permanent financing sources. This deficit will be eliminated as authorized debt becomes issued.

3. DETAILED NOTES ON ALL FUNDS

A. CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits/ Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, the Town may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town had no investments as of December 31, 2020.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with an irrevocable letter of credit held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

At December 31, 2020 the Town's cash book balance was \$204,697,430. This amount is inclusive of Custodial fund deposits of \$33,680,346 cash with fiscal agent of \$305,480 and restricted cash of \$7,206,515 exclusive of petty cash of \$5,430 and blended component unit cash of \$2,603,132. This also excludes the LOSAP's cash balance. The Town's available bank balance was \$209,978,822 excluding the blended component units. Of the Town's available bank balance, \$2,325,140 was covered by Federal deposit insurance, and \$207,653,682 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name. The blended component unit's available balance was \$2,608,768, of which \$717,755 was covered by Federal deposit insurance and \$1,887,409 was covered by collateral held by the Town's agent, a third-party financial institution. The remaining balance of \$3,604 was under collateralized.

At December 31, 2020 the Town's discretely presented component unit's bank balance was \$5,339,233. Of this balance, \$500,000 was covered by Federal deposit insurance and \$4,839,233 was covered by collateral held by the discretely presented component unit's agent, a third-party financial institution, in the Town of Babylon Industrial Development Agency's name.

Credit Risk – State law and Town law limit investments to those authorized by State statutes. The Town has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND CASH EQUIVALENTS (continued)

As of December 31, 2020, the Town of Babylon did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

Certain resources set aside for the Family Self Sufficiency Program, a Section 8 program accounted for in the Housing Assistance Agency Fund, are shown as restricted cash on the Balance Sheet and Statement of Net Position.

B. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

In the government-wide financial statements any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

At December 31, 2020, individual fund interfund receivable and payable balances represent either loans, services provided, or reimbursements which are expected to be paid currently. Loans are reported as 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. These balances, representing various short-term loans for operating purposes, are stated as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 480,064	
Highway Fund	259,787	
Capital Projects Fund		\$ 259,787
Non-major Funds		370,008
Enterprise Fund:		
Oak Beach Water District		110,056
Total	\$ 739,851	\$ 739,851

The individual fund interfund transfer balances for the primary government generally represent residual equity transfers related to completed and closed capital projects back to the fund servicing the debt and transfers of funds to provide funding for capital projects.

	Transfers out:						
	Major Funds:			Non-major Funds:			
	General Fund	Residential Garbage District Fund	Commercial Garbage District Fund	Capital Projects Fund	Other Special Revenue Fund	Special Lighting District Fund	
<u>Transfers in:</u>							
Governmental Funds:							
Major Funds:							
General Fund			\$ 232,870			\$ 232,870	
Capital Projects Fund	\$ 2,650,000	\$3,997,038	\$ 5,000,000	\$ 335,250	\$ 1,000,000	12,982,288	
Non-major Fund:							
Other Special Revenue Fund			24,000			24,000	
Total	\$ 2,650,000	\$3,997,038	\$ 5,000,000	\$ 256,870	\$ 335,250	\$ 1,000,000	\$13,239,158

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

Capital assets activity for the governmental activities for the year ended December 31, 2020 is as follows:

	Balance 1/1/20	Increases	Increase (Decreases) Reclassifications	Balance 12/31/20
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 26,407,812			\$ 26,407,812
Construction in progress	28,586,534	\$ 10,398,489	\$ (13,830,927)	25,154,096
Total capital assets not being depreciated	54,994,346	10,398,489	(13,830,927)	51,561,908
Depreciable capital assets:				
Building and improvements	147,079,907	1,741,995	(4,080,747)	144,741,155
Machinery and equipment	44,827,882	1,960,173	(2,081,507)	44,706,548
Infrastructure	464,567,567	22,635,004	(1,554,872)	485,647,699
Total depreciable capital assets	656,475,356	26,337,172	(7,717,126)	675,095,402
Less: accumulated depreciation				
Buildings and improvements	54,664,687	4,599,154	(1,992,890)	57,270,951
Machinery and equipment	29,571,572	2,810,144	(2,062,763)	30,318,953
Infrastructure	349,293,538	10,074,206	(672,228)	358,695,516
Total accumulated depreciation	\$ 433,529,797	\$ 17,483,504	\$ (4,727,881)	446,285,420
Total net depreciable capital assets				228,809,982
Total net capital assets				\$ 280,371,890

Depreciation was charged to functions and programs as follows:

General government support	\$ 471,291
Public safety	305,691
Health	124,478
Transportation	10,807,135
Culture and recreation	4,361,509
Home and community services	1,413,400
Total depreciation expense - governmental activities	\$17,483,504

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

Capital assets activity for the business-type activities for the year ended December 31, 2020 is as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 468,664	\$ 219,458	\$ (273,700)	\$ 414,422
Construction in progress	298,636	27,654		326,290
Total capital assets not being depreciated	<u>767,300</u>	<u>247,112</u>	<u>(273,700)</u>	<u>740,712</u>
Depreciable capital assets:				
Building and improvements	1,306,327			1,306,327
Machinery and equipment	351,670			351,670
Infrastructure	6,859,993			6,859,993
Total depreciable capital assets	<u>8,517,990</u>	<u>-0-</u>	<u>-0-</u>	<u>8,517,990</u>
Less: accumulated depreciation				
Buildings and Improvements	938,016	18,940		956,956
Machinery and equipment	351,581	89		351,670
Infrastructure	1,810,738	134,269		1,945,007
Total accumulated depreciation	<u>\$ 3,100,335</u>	<u>\$ 153,298</u>	<u>\$ -0-</u>	<u>3,253,633</u>
Total net depreciable capital assets				<u>5,264,357</u>
Total net capital assets				<u>\$ 6,005,069</u>

Depreciation expense in the amount of \$153,298 for the business-type activities was charged to the home and community services function.

Capital assets activity for the discretely presented non-major component unit for the year ended December 31, 2020 is as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<u>Discretely Presented Non-major Component Unit- Babylon IDA:</u>				
Capital assets not being depreciated:				
Land	\$ 919,918			\$ 919,918
Land improvements	-0-	\$ 53,397		53,397
Total capital assets not being depreciated	<u>919,918</u>	<u>53,397</u>	<u>\$ -0-</u>	<u>973,315</u>
Capital assets:				
Leasehold improvements	50,037			50,037
Total capital assets	<u>50,037</u>	<u>-0-</u>	<u>-0-</u>	<u>50,037</u>
Less: accumulated amortization				
Leasehold improvements	15,128	6,982		22,110
Total accumulated amortization	<u>\$ 15,128</u>	<u>\$ 6,982</u>	<u>\$ -0-</u>	<u>22,110</u>
Total net depreciable capital assets				<u>27,927</u>
Total net capital assets				<u>\$ 1,001,242</u>

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

Depreciation for the Town is recorded on the straight-line basis over the estimated useful lives, in years, of the respective assets.

The Town evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. During the year ended December 31, 2020, the Town has not recorded any such impairment loss.

D. PROPERTY HELD FOR RESALE

The Town is currently undergoing a major community revitalization program in the northern central part of the Town. Since 2008, the Town has been purchasing commercial properties with available surplus funds of the general and residential garbage funds, which has since been repaid with the issuance of authorized general obligation bonds. The Town is completing the pre-development work for the first phase ("Phase I") of the project which includes rezoning, securing necessary permits and community approvals, demolishing existing structures, and grading the projects. Phase I of the construction began in 2013 and specifically relates to the construction of new residential, retail, commercial and civic space in downtown Wyandanch. To date, four buildings have been completed of which three (residential unit buildings with ground floor retail space) were transferred to a third party. The fourth building is a five-story parking garage built by the MTA/LIRR. In connection with the completion of Phase I, which is expected to occur by the end of 2022, the remaining land purchased for the revitalization program will be sold to a private developer.

As of December 31, 2020, the Town issued \$28,722,921 of general obligation bonds for the cost of the revitalization program, which includes the purchase price of the properties held for resale, the cost of the surrounding areas that will be used by the Town for roads and parks, the properties sold to an outside developer, and the costs of maintaining the properties. The Town accounts for this program in the general fund and property held for resale is considered a noncurrent asset in the Statement of Net Position. The general fund's fund balance related to this program is classified as either nonspendable or restricted.

As of December 31, 2020, the Town's community development agency fund owned one property purchased with grant proceeds in the amount of \$61,397, for the purpose of resale to individuals in accordance with the Neighborhood Stabilization Program, under the Housing and Economic Recovery Act. The Town expects to sell this property in 2022 and therefore has classified this property held for resale as a noncurrent asset in the Statement of Net Position.

E. LONG-TERM DEBT

Guaranteed Assistance Contract Loan

The Town's guaranteed assistance contract loan payable at December 31, 2020 consists of a loan due to the U.S. Department of Housing and Urban Development issued under Section 108 of the Housing and Community Development Act of 1974. This loan dated December 2012, stipulates a maximum commitment amount of \$4,100,000 for a specific capital project. As of December 31, 2020, the Town received the full amount of the commitment, plus interest earnings in the aggregate amount of \$4,110,475, and spent \$3,802,996 of the loan proceeds. The remaining amount of \$307,479, inclusive of interest earnings, is reported as restricted fund balance. This loan bears interest at a fixed rate ranging from 2.540% to 3.635% and will mature in August 2032.

The loan is secured by all current and future community development block grant allocations and will be liquidated from the community development agency fund.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM DEBT (continued)

Guaranteed Assistance Contract Loan (continued)

The future principal and interest payments for the guaranteed assistance contract loan for the governmental activities are as follows:

Years Ending December 31,	Principal	Interest	Total Principal and Interest
2021	\$ 202,000	\$ 79,880	\$ 281,880
2022	211,000	74,689	285,689
2023	219,000	69,315	288,315
2024	228,000	63,581	291,581
2025	238,000	57,498	295,498
2026-2030	1,183,000	184,416	1,367,416
2031-2032	460,000	22,897	482,897
Total	\$ 2,741,000	\$ 552,276	\$ 3,293,276

Bond Anticipation Notes (BANs)

Bond anticipation notes (BANs) are generally used as a temporary means of financing various expenditures in the funds. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter. BANs are expected to be paid from the proceeds of future bond issues or renewal of the notes. The Town did not have any outstanding BANs during calendar year 2020.

Environmental Facilities Corporation (EFC) Note Payable

In March 2016, the New York State Environmental Facilities Corporation provided available financing in the amount of \$1,200,000 through a bond anticipation note in the Town's name to provide a portion of the funding for the new water system at Oak Beach. Due to all of the EFC requirements on using the note which would have significantly increased the construction costs, the Town decided not to use the funding during 2020. The Town will be using bonds to cover the balance of project costs.

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2020 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2020
Public Improvements	1993	\$ 750,000	November 2023	5.125-5.375%	\$ 75,000
Public Improvements	2009	27,780,000	November 2021	2.0-3.5	3,030,000
Public Improvements	2011	31,420,000	April 2029	2.00-4.50	17,590,000
NYS EFC - Wyandanch Sewer	2013	4,100,000	May 2043	0.26-4.76	10,475,000
Public Improvements	2013	26,010,000	September 2028	2.00-4.25	15,250,000
Public Improvements	2013	8,500,000	September 2032	4.00-5.25	5,770,000
Public Improvements	2014	12,570,000	August 2029	2.00-3.00	8,670,000
Public Improvements	2014	4,740,000	August 2029	2.00-3.00	3,075,000
Public Improvements	2015	13,640,000	July 2040	3.00-4.75	11,390,000
Public Improvements	2015	5,430,000	July 2029	3.00	4,020,000
Public Improvements	2016	14,200,000	June 2034	2.00-3.00	11,580,000
Public Improvements	2016	17,100,000	June 2036	2.00-3.00	14,895,000
Public Improvements	2017	7,420,000	November 2021	5.00	1,405,000
Various Purposes	2017	17,775,000	December 2035	2.25-3.00	15,210,000
Various Purposes	2018	14,508,350	November 2032	5.00	12,730,000
Various Purposes	2019	13,305,000	October 2034	1.375-5.000	12,655,000
Various Purposes	2020	16,730,000	August 2035	1.375-4.000	16,730,000
					\$ 164,550,000

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM DEBT (continued)

General Obligation Bonds Payable (continued)

Future principal and interest payments for general obligation bonds related to governmental activities are as follows:

Years Ending December 31,	Principal	Interest	Total Principal and Interest
2021	\$ 15,825,000	\$ 5,453,152	\$ 21,278,152
2022	11,665,000	4,906,719	16,571,719
2023	11,960,000	4,520,334	16,480,334
2024	12,285,000	4,105,053	16,390,053
2025	12,630,000	3,669,614	16,299,614
2026-2030	57,960,000	11,440,953	69,400,953
2031-2035	34,025,000	3,732,814	37,757,814
2036-2040	6,660,000	788,859	7,448,859
2041-2043	1,540,000	55,289	1,595,289
Total	\$ 164,550,000	\$ 38,672,787	\$ 203,222,787

There were no outstanding bonds payable for the business-type activities or the discretely presented non-major component unit as of December 31, 2020.

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended December 31, 2020 is as follows:

	Balance 1/1/20	Issued/ Additions	Maturities/ Reductions	Other Net Increase or (Decrease)	Balance 12/31/20	Liabilities Due Within One Year	Non-Current Liabilities
Governmental activities:							
General obligation bonds	\$ 163,090,000	\$ 16,730,000	\$ 15,270,000		\$ 164,550,000	\$ 15,825,000	\$ 148,725,000
Plus: premiums on issuance	3,897,818	1,751,965	487,242		5,182,541	522,989	4,659,562
General obligation bonds, net	166,987,818	18,481,965	15,737,242		189,732,541	16,347,989	153,384,552
Guaranteed assistance contract loans payable	2,936,000		195,000		2,741,000	202,000	2,539,000
Due to employees' retirement system	730,353		283,184		467,169	271,671	195,498
Compensated absences	5,077,460	3,648,326	2,476,633		6,249,153	3,890,000	2,359,153
Claims and judgments payable	7,719,589	258,500	414,621	\$ 95,931	7,659,399	383,009	7,276,390
Estimated liability for landfill closure and postclosure care costs	32,634,089		507,600	450,004	32,576,493	3,209,022	29,367,471
Net employees' retirement system pension liability - proportionate share	5,629,960	8,112,850	3,897,309	11,917,450	21,762,951		21,762,951
Total other postemployment benefits liability	179,228,597	18,041,034	10,333,993	11,867,464	198,803,102		198,803,102
Net length of service award programs plan liabilities	10,357,700	1,513,372	2,074,846	1,634,814	11,431,038		11,431,038
Length of service award programs total plan liabilities	1,591,383	186,641	40,492	400,880	2,138,412		2,138,412
Total Governmental Activities	412,892,948	50,242,688	35,940,922	26,366,543	453,561,258	24,303,691	429,257,567
Business-type activities:							
EFC note payable	1,200,000		1,200,000		-0-		-0-
Total other postemployment benefits liability	1,750,682	157,737	132,573		1,775,846		1,775,846
Total Business Type Activities	2,950,682	157,737	1,332,573	-0-	1,775,846	-0-	1,775,846
Total Primary Government	\$ 415,843,631	\$ 50,400,425	\$ 37,273,495	\$ 26,366,543	\$ 455,337,104	\$ 24,303,691	\$ 431,033,413

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM DEBT (continued)

Changes in Long-term Liabilities (continued)

Long-term liability activity for the discretely presented non-major component unit for the year ended December 31, 2020 is as follows

	Balance, as Restated, 1/1/20	Issued/ Additions	Maturities/ Reductions	Other Net Increase or (Decrease)	Balance 12/31/20	Liabilities Due Within One Year	Non-Current Liabilities
Discretely presented non-major component unit - Babylon IDA:							
Compensated absences	\$ 107,148	\$ -0-	\$ 107,148		\$ -0-		\$ -0-
Total other postemployment benefits liability	719,591	233,699	79,983		873,307		873,307
Net employees' retirement system pension liability- proportionate share	109,678	537,076	70,053		576,699		576,699
Total Discretely Presented Non-major Component Unit	\$ 936,415	\$ 770,775	\$ 257,184	\$ -0-	\$ 1,450,006	\$ -0-	\$ 1,450,006

A summary of current and long-term debt amounts as of December 31, 2020 is as follows:

	Noncurrent Liabilities due Within One Year	Noncurrent Liabilities	Balance at 12/31/20
Governmental activities:			
General obligation bonds	\$ 15,825,000	\$ 148,725,000	\$ 164,550,000
Plus: premiums on issuance	522,989	4,659,552	5,182,541
General obligation bonds, net	16,347,989	153,384,552	169,732,541
Guaranteed assistance contract loans payable	202,000	2,539,000	2,741,000
Due to employees' retirement system	271,671	195,498	467,169
Compensated absences	3,890,000	2,359,153	6,249,153
Claims and judgments payable	383,009	7,276,390	7,659,399
Estimated liability for landfill closure and postclosure care costs	3,209,022	29,367,471	32,576,493
Net employees' retirement system pension liability - proportionate share		21,762,951	21,762,951
Total other postemployment benefits liability		198,803,102	198,803,102
Net length of service award programs plan liabilities		11,431,038	11,431,038
Length of service award programs total plan liabilities		2,138,412	2,138,412
Total Governmental Activities	24,303,691	429,257,567	453,561,258
Business-type activities:			
EFC note payable		-0-	-0-
Total other postemployment benefits liability		1,775,846	1,775,846
Total Business Type Activities	-0-	1,775,846	1,775,846
Total Primary Government	\$ 24,303,691	\$ 431,033,413	\$ 455,337,104
Discretely presented non-major component unit - Babylon IDA:			
Total other postemployment benefits liability		\$ 873,307	\$ 873,307
Net employees' retirement system pension liability - proportionate share		576,699	576,699
Total Discretely Presented Non-major Component Unit	\$ -0-	\$ 1,450,006	\$ 1,450,006

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM DEBT (continued)

Other Long-Term Debt

The liabilities for compensated absences, amounts due to employees' retirement system, the Town's proportionate share of the net employees' retirement system pension liability and other postemployment benefits payable will be liquidated through future budgetary appropriations in the funds that gave rise to the liability. In most instances these amounts will be liquidated from the general fund, highway fund, and certain special revenue funds. Payments for estimated claims and judgments will be liquidated primarily from the general fund, and the residential and commercial garbage district funds. The estimated liability for landfill closure and postclosure care costs will be liquidated by the residential and commercial garbage district funds. Contributions to fund the length of service award programs liabilities will be liquidated by the special districts fund.

F. RETIREMENT SYSTEM

Plan Description

The Town and the Agency, a non-major discretely presented component unit, participate in the New York State and Local Employees' Retirement System (NYSERS) (the "System"), a cost-sharing multiple public employer defined benefit 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 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. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). 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 and the Agency also participate 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 <http://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, NY 12244-0001.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each's compensation used in the final average salary calculation is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% of the average of the previous four years.

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: 1) all retirees who have attained age 62 and have been retired for five years; 2) all retirees who have attained age 55 and have been retired for ten years; 3) all disability retirees, regardless of age, who have been retired for five years; 4) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 10 of the NYSRSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, 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 BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Contributions (continued)

The required contributions, for the primary government, for the current year and two preceding years were:

	Annual Required Contribution	Credits & Miscellaneous Adjustments	Amortization Payments	Prepayment Discount	Total Payment
2020	\$ 4,136,820	\$ (3,253)	\$ 287,437	\$ (34,988)	\$ 4,386,016
2019	3,928,377	2,296	287,437	(34,239)	4,183,871
2018	3,849,890	16,738	287,437	(33,700)	4,120,365

The actual contributions were equal to 100% of the actuarially required amounts. The credits and miscellaneous adjustments represent modifications made by the NYSERS to the prior year's contributions due to differences between estimated and actual salaries for the plan year. Amortization payments relate to the pension related debt, as discussed below.

The State, at various times, will enact laws which allow local employers to defer a portion of their retirement bill and enact laws authorizing local governments to make available various retirement incentive programs and amortize certain contribution costs. Below is a summary of these programs with which the Town opted to participate.

For years ending December 31, 2012 and 2013, the Town elected to defer a portion of its retirement bill under Chapter 57 of the Laws of 2010 of the State of New York, subject to certain stipulations. The amount deferred under Chapter 57 is payable in ten annual installments including a rate of interest ranging from 3.0% to 5.0%, set by the New York State Comptroller annually. At December 31, 2020 the amount due to the System related to this deferral is \$467,169.

Below are the stipulations contained in the law that allows local employers to amortize a portion of their retirement bill for 10 years:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending upon the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the Systems' average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

The Agency has not elected to amortize the contribution costs under Chapter 57 of the Laws of 2010 of the State of New York.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Contributions (continued)

The total principal and interest payments payable by the primary government for the aforementioned programs are as follows:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2021	\$ 271,671	\$ 14,629	\$ 286,300
2022	195,498	5,865	201,363
	\$ 467,169	\$ 20,494	\$ 487,663

Employees' Retirement System Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Employees' Retirement System Pension

At December 31, 2020, the Town and Agency reported a liability of \$21,762,951 and \$576,699, respectively for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The Town and Agency's proportion of the net pension liability was based on a projected contributions of all participating members, actuarially determined.

Below is the proportionate share of the net pension liability of the System and the related employer allocation percentage as of March 31, 2020:

	Net System Pension Liability	Allocation of the System's Total Net Pension Liability	Change in allocation of the System's Total Net Pension Liability since Prior Measurement Date
Town	\$ 21,762,951	0.0821846%	0.0027249%
Agency	576,699	0.0021778%	0.0006299%

There was no significant change in the Town and Agency's proportion from March 31, 2019 to March 31, 2020.

For the year ended December 31, 2020, the Town and Agency recognized pension expense of \$8,113,112 and \$201,005, respectively. At December 31, 2020, deferred outflows of resources related to the pension were reported from the following sources:

	Deferred Outflows of Resources	
	Town	Agency
Differences between expected and actual experience	\$ 1,280,838	\$ 33,941
Changes of assumptions	438,203	11,612
Net difference between projected and actual earnings on pension plan investments	11,156,747	295,644
Changes in proportion and differences between the employer contributions and proportionate share of contributions	1,511,486	41,547
Employer's contribution subsequent to the measurement date	3,074,789	40,285
Total Deferred Outflow - Pension System	\$ 17,462,063	\$ 423,029

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Employees' Retirement System Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Employees' Retirement System Pension (continued)

At December 31, 2020 deferred inflows of resources related to the pension were reported from the following sources:

	Deferred Inflows of Resources	
	Town	Agency
Changes of assumptions	\$ -0-	\$ 10,027
Net difference between projected and actual investment earnings on pension plan investment	378,381	
Changes in proportion and differences between the employer contributions and proportionate share of contributions	62,842	17,823
Total Deferred Inflow - Pension System	\$ 441,223	\$ 27,850

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Town	Agency
Years ending December 31, 2021	\$ 2,628,292	\$ 62,565
2022	3,570,890	89,666
2023	4,333,233	111,930
2024	3,413,636	90,733
	\$ 13,946,051	\$ 354,894

Actuarial Assumptions

The total pension liability as of the measurement date of March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Investment rate of return (net of investment expenses, including inflation)	6.8%
Salary increases	4.2%
inflation rate	2.5%
Cost of living adjustment	1.3%

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	36.0%	4.05%
International equity	14.0%	3.15%
Private equity	10.0%	6.75%
Real estate	10.0%	4.95%
Absolute return strategies*	2.0%	3.25%
Opportunistic portfolio	3.0%	4.65%
Real assets	3.0%	5.95%
Bonds and mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation indexed bonds	4.0%	0.50%
	100.0%	

The real rate of return is net of the long-term inflation assumption of 2.5%.

*Excludes equity-oriented long-only global funds of \$2.61 billion. For investment management purposes, these funds are included in domestic equity and international equity.

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

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

The following presents the Town's/Agency's proportionate share of the net System pension liability calculated using the discount rate of 6.8%, as well as what the Town's/Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
Town's proportionate share of the net System pension liability	\$ 39,941,161	\$ 21,762,951	\$ 5,020,744
Agency's proportionate share of the net System pension liability	\$ 1,058,405	\$ 576,699	\$ 133,045

Employees' Retirement System Pension Plan Fiduciary Net Position

The components of the current year net employees' retirement system pension liability of the employees as of the respective valuation date of April 1, 2019 were as follows (in thousands):

	(Dollars in Thousands) NYSERS
Valuation date	April 1, 2019
Employers' total pension liability	\$ 194,596,261
Plan Fiduciary Net Position	(168,115,682)
Employers' net pension liability	\$ 26,480,579
Ratio of plan fiduciary net position to the Employers' total pension liability	86.39%

Detailed information about the System pension plan's fiduciary net position is available in the System's separately issued financial statements.

G. OTHER POSTEMPLOYMENT BENEFITS

In the government wide financial statements, the cost of postemployment benefit healthcare benefits, like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of postemployment healthcare in the year when the employee services are received and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

The Town, as an agent multiple-employer defined benefit OPEB plan, per its contracts with employees, will pay the premium costs for medical insurance coverage (currently provided by through the New York State Empire Plan and HIP) and reimburse the Medicare Part B premiums at retirement for the retiree and covered spouse provided the employee has met certain eligibility requirements. The Agency, a non-major discretely presented component unit, has employees that participate in the OPEB plan. Eligibility and the Town's cost share vary upon employee designation and date of hire as described below. No assets are accumulated in a trust.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

The Town, as an agent multiple-employer defined benefit OPEB plan, per its contracts with employees, will pay the premium costs for medical insurance coverage (currently provided by through the New York State Empire Plan and HIP) and reimburse the Medicare Part B premiums at retirement for the retiree and covered spouse provided the employee has met certain eligibility requirements. The Agency, a non-major discretely presented component unit, has employees that participate in the OPEB plan. Eligibility and the Town's cost share vary upon employee designation and date of hire as described below. No assets are accumulated in a trust.

For Civil Service Employees Association members, eligibility requirements for coverage upon retirement are: ten consecutive years of service with the Town and has attained the age of 55 years. The Town will contribute 100% of the premium for these eligible employees hired prior to November 1, 2009 and 85% of the premium for those hired after November 1, 2009.

For defined administrative personnel, eligibility requirements for coverage upon retirement are: five consecutive years of service with the Town and has attained the age 55 for those hired prior to November 1, 2009 and for those hired after November 1, 2009 twenty-five years of service and has attained the age of 55 years. The Town will contribute 100% of the premium for eligible administrative personnel.

For members of Local 237, eligibility requirements for coverage upon retirement are: five consecutive years of service with the Town and has attained the age of 55 years for those hired prior to November 14, 2011 and for those hired after November 14, 2011 twenty-five years of service and has attained the age of 55 years. The Town will contribute 100% of the premium for eligible retired Local 237 employees hired prior to November 14, 2011 and 75%-85% of the premium, depending on the retiree's last salary, for those eligible employees hired after November 14, 2011.

The Town, as administrator of the plan, does not issue a separate report.

Employees Covered by Benefit Terms

The number of participants as of January 1, 2019 is as follows:

	Total	Town	Agency
Active employees	377	370	7
Retirees	321	319	2
Surviving spouses *	23	23	0
	<u>721</u>	<u>712</u>	<u>9</u>

*Surviving spouses are considered participants in the OPEB Plan but there is no benefit cost or OPEB liability for these individuals as the premiums paid by the Town and Agency are reimbursed 100%.

There have been no significant changes in the number of employees or the type of coverage since that date.

Total OPEB Liability

The Town's total OPEB liability of \$201,452,255, which includes the component unit ("Agency") OPEB liability of \$873,307, was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2019, with updating procedures used to rollforward the OPEB liability to each measurement date.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Funding Policy

The Town currently pays for other postemployment benefits on a pay-as-you-go basis.

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was calculated using the entry age normal actuarial cost method. The discount rate used in valuing the OPEB liability was 2.12% as of December 31, 2020, which is based on the Bond Buyer 20-Bond Index.

Mortality rates were based on sex-distinct mortality rates from tables 1 through 4, with a 60% weight to white-collar experiences and 40% to labor experience. Future mortality improvement were projects using the Society of Actuaries Mortality Projection Scale MP-2017. The valuation assumes an 8.0% healthcare cost trend for 2020, which an ultimate medial trend rate of 5% to be reached in 2025.

Changes in the Total OPEB Liability

The following table shows the components of the Town's/Agency's other postemployment benefits liability:

	Total	Town	Agency
Other Postemployment Liability at the Beginning of Year	\$ 181,698,870	\$ 180,979,279	\$ 719,591
Changes for the Year:			
Service Cost	6,859,760	6,762,804	96,956
Interest	5,085,827	5,063,849	21,978
Difference between expected and actual experience	(4,617,500)	(4,566,536)	(50,964)
Changes of Assumptions and Other Inputs	18,354,347	18,239,582	114,765
Benefit Payments	(5,929,049)	(5,900,030)	(29,019)
Net Changes	<u>19,753,385</u>	<u>19,599,669</u>	<u>153,716</u>
Other Postemployment Liability at the End of Year	<u>\$ 201,452,255</u>	<u>\$ 200,578,948</u>	<u>\$ 873,307</u>

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town/Agency, as well as what the Town's/Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1% Decrease (1.12%)		Current Discount Rate (2.12%)		1% Increase (3.12%)
Town \$	236,177,550	\$	200,578,948	\$	172,362,381
Agency \$	1,106,425	\$	873,307	\$	697,339

Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

Healthcare costs can be subject to considerable volatility over time. The following presents the effect on the total OPEB liability at December 31, 2020 of a 1% change in the initial (7.50%) and ultimate (5.00%) healthcare cost trend rates:

	1% Decrease (6.50% to 4.00%)		Health Care Trend Rates (7.50% to 5.00%)		1% Increase (8.50% to 6.00%)
Town \$	166,794,695	\$	200,578,948	\$	244,708,572
Agency \$	640,811	\$	873,307	\$	697,339

OPEB Expense, Deferred Inflows of Resources and Deferred Outflows of Resources

For the year ended December 31, 2020, the Town recognized an OPEB expense of \$13,761,649, which includes the component unit OPEB expense of \$100,395.

At December 31, 2020, the Town and Agency reported deferred outflows of resources related to OPEB as shown below:

	Deferred Outflows of Resources	
	Town	Agency
Differences between expected and actual experience	\$ -0-	\$ 241,983
Changes of assumptions or other inputs	34,725,153	-0-
Total Deferred Outflows - OPEB	\$ 34,725,153	\$ 241,983

At December 31, 2020, the Town and Agency reported deferred inflows of resources related to OPEB as shown below:

	Deferred Inflows of Resources	
	Town	Agency
Changes of assumptions or other inputs	\$ 20,659,167	\$ 94,488
Total Deferred Inflows - OPEB	\$ 20,659,167	\$ 94,488

The amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Town	Agency
For years ending December 31, 2021	\$ 1,695,349	\$ 10,480
2022	2,555,600	10,480
2023	5,230,623	10,480
2024	3,673,481	10,480
2025	910,933	10,480
Thereafter	-0-	95,095
	\$ 14,065,986	\$ 147,495

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAMS

Plan Descriptions

Firefighter Plans:

The Town sponsors five Volunteer Firefighters Workers Length of Service Award Programs (the "Firefighter Plans"): North Amityville, East Farmingdale, Wyandanch, North Babylon, and North Lindenhurst. All plans are single-employer defined benefit pension plans covering the Town's volunteer firefighters. The Firefighter Plans were established pursuant to Article 11-A of General Municipal Law. All Firefighter Plans, except for Wyandanch, are effective January 1, 1990 and are administered through a trust equivalent arrangement in which contributions from the Town and earnings on the contributions are irrevocable, plan assets are dedicated to providing pension benefits to plan members and the plan assets are legally protected from the creditors of the employer, nonemployer contributing entity, the plan administrator and the creditors of the plan members. These Firefighter Plans are reported in accordance with the requirements of GASB Statements No. 67, 68, and 73, as applicable.

The Wyandanch Firefighter Plan is effective February 1, 2005 and is administered through a grantor/rabbi trust, which is similar to the trust equivalent arrangement described above, however these plan assets are not legally protected from the creditors of the Town. Accordingly, this plan is reported in accordance with the requirements of GASB Statement No. 73, however this plan's assets are not accumulated in a trust that meets the criteria of GASB Statement No. 73 paragraph 4.

Ambulance Plan:

The Town also sponsors the Wyandanch Wheatley Heights Ambulance District Volunteer Ambulance Worker Service Award Program (the "Ambulance Plan"), a defined contribution plan covering the ambulance squad. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. The Ambulance Plan, effective January 1, 1994 was established pursuant to Article 11-AA of General Municipal Law under a contract with the New York State Comptroller. This Plan is administered through a grantor/rabbi trust account in which the plan assets are not legally protected from the Town's creditors. Therefore, this plan is reported in accordance with the requirements on GASB Statement No. 73, however this plan's assets are not accumulated in a trust that meets the criteria of GASB Statement No. 73 paragraph 4.

The Firefighter and Ambulance Plans provide municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters and ambulance squad members.

Participation, Vesting, Forfeitures, and Service Credit

Firefighter Plans:

Active volunteer firefighters who have reached the age of 18 on the last day of the year and who have completed one year of service are eligible to participate in the Firefighter Plans. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the Firefighter Plan's entitlement age while active or becoming totally and permanently disabled or upon death while an active member. The Firefighter Plan's entitlement age is the later of age 62 (or age 65 for members that terminated prior to 2015) or the age after the first year of service credit.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAMS (continued)

Participation, Vesting, Forfeitures, and Service Credit (continued)

Firefighter Plans: (continued)

In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the Firefighter Plans in which he or she becomes eligible to participate. A participant may also receive credit for five years of firefighting service (called "prior service") rendered prior to the establishment of the Firefighter Plans.

Ambulance Plan:

Active volunteer ambulance members who have reached the age of 18 on the last day of the year and who have completed one year of service are eligible to participate in the Ambulance Plan. Participants acquire a nonforfeitable right to a service award (100% vested) after being credited with five years of ambulance service or upon becoming totally and permanently disabled while an active member. The Ambulance Plan's entitlement age is 65. In general, an active volunteer ambulance member is credited with a year of service for each calendar year after the establishment of the Ambulance Plan in which he or she becomes eligible to participate. A Participant may also receive credit for five years of prior service rendered prior to the establishment of the Plan.

A participant who has not acquired a nonforfeitable right shall forfeit their service award upon ceasing to be a volunteer ambulance member or upon not having qualified for a year of service credit for five consecutive calendar years. Any forfeited participant balances are used to reduce the contribution amount to be paid by the Town.

Benefits

Firefighter Plans:

A participant's benefit under the Plan is the actuarial equivalent of a monthly payment for life equal to \$15 to \$20 (as determined by each Plan), multiplied by the participant's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty years (including prior service credits). Except in the case of disability or death, benefits are payable when the participant has attained the entitlement age of 62. The program provides statutorily mandated death and disability benefits. As defined by some of the Plans, an active firefighter is credited with a year of service for each calendar year after the establishment of the program in which they accumulate fifty points. Points are granted for the performance of certain activities in accordance with a system established by the Town of Babylon and the individual Firefighter Companies on the basis of a statutory list of activities and point values.

Ambulance Plan:

A participant's benefit under the Ambulance Plan is the amount resulting from the contributions made by the Town on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investment of contributions. Contributions in the amount of \$480 are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of ambulance service for which a participant may receive a contribution is forty years. Except in the case of disability or death, benefits are payable when a participant has acquired a nonforfeitable right to the service award and reaches entitlement age. The program provides statutorily mandatory disability and death benefits. As defined by the Ambulance Plan, an active ambulance member is credited with a year of service for each calendar year after the establishment of the program in which they accumulate fifty points. Points are granted for the performance of certain activities in accordance with a system established by the Town of Babylon on the basis of a statutory list of activities and point values.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAMS (continued)

Fiduciary Investment Control

Firefighter Plans:

Service credit is determined based on information certified by each Fire Company. Each Fire Company must maintain all required records related to the participants as required by the service award agreement entered into by the Town and the individual Firefighter Companies.

The Town Board has retained and designated Penflex, Inc. to assist in the administration of the Firefighter Plans. The designated Firefighter Plans administrators' functions include determination of the eligibility of each participant based on the records maintained by the individual Firefighter Companies, calculating the amount to be contributed at the end of each year based upon the criteria set forth in the Firefighter Plan documents, and calculation of participant benefits annually and at entitlement. Disbursements of Firefighter Plan assets for the payment of benefits or administrative expenses must be approved by the Trustees of the individual Firefighter Plans.

Firefighter Plan assets are required to be held in trust by Length of Service Award Program legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Plan.

Each Firefighter Plan has designated Trustees from the individual Fire Companies. Authority to invest Plan assets is vested in the Town Board, who designated the authority to RBC Wealth Management. Subject to restrictions in the Firefighter Plan document, Plan assets are invested in accordance with a statutory "prudent person" rule. The Town is required to retain an actuary to determine the amount of the Town's contributions to the plan, the related pension liabilities, and deferred inflows/outflows of resources. The actuary retained by the Town for this purpose is Penflex, Inc.

The Town has the right to amend the LOSAP plans subject to certain limitations and General Municipal Law.

Ambulance Plan:

Service credit is determined by the governing Board of the Town, based on information certified to the Town Board by the Ambulance Company. Each Ambulance Company must maintain all required records on forms prescribed by the Town Board.

The New York State Comptroller has retained and designated Penflex, Inc. to assist in the administration of the Ambulance Plan.

Plan assets are required to be held in trust by Length of Service Award Program legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Plan.

The Trustee of the Ambulance Plan, as designated by the New York State Comptroller, is Glen Falls National Bank and Trust Company. Authority to invest Ambulance Plan assets is vested in the Trustee. Subject to restrictions in the Ambulance Plan document and Article 11-AA of General Municipal Law, Ambulance Plan assets are invested in accordance with a statutory "prudent person" rule. As of the valuation date of December 31st, the Trustee must determine the fair market value of the Trust and allocate the net earnings or losses of the Trust for the year ended to the Town, based on account balances adjusted for all payments and distributions that occurred during the period.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAMS (continued)

Fiduciary Investment Control (continued)

Ambulance Plan: (continued)

The Town may amend the provisions of the adoption agreement, to be effective the following year, or terminate the participation in the program, provided the amendment and termination are in accordance with Article 11-AA of General Municipal Law. The administrator may amend the program agreement with the approval of the New York State Comptroller.

Contributions and Administration Fees

Firefighter Plans:

The Town must provide an annual contribution to fund the Firefighter Plans, which is based on an actuarial valuation as of the beginning of the Firefighter Plan year, that satisfies the funding policy and method of the plan. The volunteers of Firefighter Plans do not contribute to the plans.

For year ended December 31, 2020, the Town contributed the following amounts to the individual Firefighter Plans:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Plan year ending	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Amount of contribution recommended by actuary*:					
Minimum	\$ 387,897	\$ 85,407	\$ 485,459	\$ 328,956	\$ 74,488
Maximum	\$ 387,897	\$ 85,407	\$ 485,459	\$ 328,956	\$ 74,488
Actual contribution	\$ 387,897	\$ 85,407	\$ 485,459	\$ 328,956	\$ 74,488

*Recommended contribution includes the normal costs and amortization of unfunded liability for prior services.

Prior service costs for the Firefighter Plans are being amortized over 20 years at a discount rate of 5.25%.

The Town paid the following administration fees during the year ended December 31, 2020:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Administration Fees:					
Paid to Plan Administrator by:					
Sponsor	\$ 8,706	\$ 5,908	\$ 10,544	\$ 8,212	\$ 5,782
Plan	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Paid to Trustee	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Ambulance Plan:

The Town contributes an annual amount of \$480 on behalf of each participant who is credited with a year of service and an additional \$480 for those eligible for a prior service contribution. The Town has elected to pay prior service contributions in five annual installments, beginning in the year the participant is determined to be eligible. For the plan year ended December 31, 2020, the Town contributed \$12,960, of which \$3,679 was participant account forfeitures into the Ambulance Plan.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM (continued)

Participants

As of the measurement date, the following participants were covered by the benefit terms for the Firefighter Plans:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Measurement date	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Inactive participants (or beneficiaries) currently receiving benefit payments	59	21	63	49	12
Inactive participants entitled to but not yet receiving benefits	71	31	125	60	9
Active participants	106	26	145	100	58
Total	236	78	333	209	79

Actuarial Assumptions

Firefighter Plans:

The total pension liability was based on an actuarial valuation using the following assumptions:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Measurement date	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Actuarial valuation date	1/1/2021	1/1/2021	1/1/2021	1/1/2021	1/1/2021
Actuarial cost method	Entry Age Normal				
Inflation rate	2.25%	2.25%	2.25%	2.25%	2.25%
Mortality tables	RP-2014 Male, no projection				
Salary increase	N/A	N/A	N/A	N/A	N/A
Discount rate	3.59%	5.25%	4.53%	4.21%	1.93%
Long-term expected return on investments	5.25%	5.25%	5.25%	5.25%	N/A

Ambulance Plan:

There are no actuarial assumptions for the Ambulance Plan as this is a defined contribution plan.

Discount Rate

Firefighter Plans:

In accordance with GASB Statement No. 68, the Town used a discount rate ranging from 1.93% to 5.25% for the East Farmingdale, North Amityville, North Babylon and North Lindenhurst Firefighter Plans based on the following methodologies:

North Amityville Firefighter Plans: The projection of cash flows used to determine the discount rate assumes that contributions from the Town will be made based on the recommended contribution amounts determined by the actuarial valuation for funding purposes. Based on that assumption, the plan assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all period of projected benefit payments to determine the total pension liability.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM (continued)

Discount Rate (continued)

East Farmingdale, North Babylon and North Lindenhurst Firefighter Plans: The projection of cash flows used to determine the discount rate assumes that contributions from the Town will be made based on the recommended contribution amounts determined by the actuarial valuation for funding purposes. The most recent five-year history of actual contributions made by the Town in relation to the recommended contribution amounts was used as an indicator of future contribution amounts. Based on these assumptions, the plan assets were not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate was based on a blend of the long-term expected rate of return on plan investments and the index rate for 20-year, tax exempt general obligation municipal bonds. The S&P Municipal Bond 20 Year High Grade Rate Index of 1.93% as of December 31, 2020 was used.

The annual money-weighted rate of return on the LOSAP investments, net of pension plan investment expense ranged from 4.48% to 8.12%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the total pension liability for the Wyandanch Firefighter Plan was 1.93%. In accordance with GASB 73 this was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Ambulance Plan:

There is no discount rate required for the Ambulance Plan as this is a defined contribution plan.

Sensitivity of the Total / Net LOSAP Plan Liability to the Discount Rate Assumption

The following presents the Town's total / net pension LOSAP plan liability calculated using the discount rate as of the measurement date, as well as what the Town's proportionate share of the total/ net pension LOSAP plan 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:

	1% Decrease	Current Assumption	1% Increase
Firefighter Plans:			
East Farmingdale			
Discount Rate	2.59%	3.59%	4.59%
Net Pension Liability	\$ 5,434,785	\$ 3,977,757	\$ 2,790,584
North Amityville			
Discount Rate	4.25%	5.25%	6.25%
Net Pension Liability	\$ 723,395	\$ 408,006	\$ 148,461
North Babylon			
Discount Rate	3.53%	4.53%	5.53%
Net Pension Liability	\$ 6,015,993	\$ 4,489,754	\$ 3,254,546
North Lindenhurst			
Discount Rate	3.21%	4.21%	5.21%
Net Pension Liability	\$ 3,478,915	\$ 2,555,521	\$ 1,805,103
Wyandanch			
Discount Rate	0.93%	1.93%	2.93%
Total Pension Liability	\$ 2,146,403	\$ 1,763,623	\$ 1,461,104

The ambulance plan is not included in the above as the plan liability equals the plan assets.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM (continued)

Investments - Plan Assets

Firefighter Plans:

The Firefighter Plan assets at December 31, 2020 were as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Cash and cash equivalents	\$ 420,943	\$ 84,643	\$ 648,337	\$ 355,819	\$ 195,092
Guaranteed annuity contracts	2,234,280	1,545,094	2,143,618	1,606,856	
Cash value of life insurance contracts	892,738				
Equities	689,423	126,205	973,657	593,112	356,599
Fixed income	834,281	126,774	1,162,886	718,085	443,910
Total Firefighter Plan assets	\$ 5,071,665	\$ 1,882,716	\$ 4,928,498	\$ 3,273,872	\$ 995,601

East Farmingdale, North Amityville, North Babylon and North Lindenhurst LOSAP plan assets are reported in the Fiduciary Funds Statement of Fiduciary Net Position. The Wyandanch LOSAP plan assets are reported in the special districts fund's Balance Sheet and the governmental activities in the Statement of Net Position. The cash and cash equivalents balances are covered by depository insurance; however, the guaranteed annuity and cash value of life insurance contracts are not, therefore subject to custodial risk in the event of the failure of the custodian holding the investments.

The Town's investments in certain annuities and life insurance contracts exceeds 5% of the LOSAP Plan's fiduciary net position.

Ambulance Plan:

The Ambulance Plan is part of an external investment pool, of which the Town's portion of the investments at December 31, 2020 is \$374,789. The pool is not registered with the SEC or rated and is overseen by the New York State Comptroller. The external investment pool consists of money market funds, corporate and foreign bonds, common equity securities, equity mutual funds and fixed income mutual funds, which are reported at fair value. The fair value of the position in the pool is the same value as the value of pool shares. The assets are the subject to custodial risk in the event of the failure of the custodian holding the investments.

Custodial Credit Risk – LOSAP Investments

Credit Risk – State law and Town law limit investments to those authorized by State statutes. The Town currently does not have a written investment policy for the LOSAP Firefighter and Ambulance Plan Assets.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM (continued)

Changes in Total / Net LOSAP Plan Liability

The change in the Firefighter Plan assets, the total LOSAP plan liability and the net LOSAP plan liability for the year ended December 31, 2020 is as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Total LOSAP Plan Liabilities					
Service cost	\$ 139,188	\$ 22,572	\$ 146,330	\$ 106,169	\$ 83,018
Interest	336,302	117,604	398,432	246,775	43,520
Change in benefit terms					
Differences between expected and actual experience	135,210	(14,625)	375,367	(36,379)	12,850
Benefit payments, including refunds of member contributions	(345,701)	(127,248)	(318,504)	(260,313)	(31,471)
Changes of assumptions or other inputs	878,328		162,133	272,438	388,030
Net change in total LOSAP plan liability	1,143,327	(1,695)	763,758	328,690	495,947
Total LOSAP plan liability - beginning of year (a)	7,906,095	2,292,417	8,654,494	5,500,703	1,267,676
Total LOSAP plan liability - end of year (c)	9,049,422	2,290,722	9,418,252	5,829,393	1,763,623
LOSAP - Pension Trust Fund Net Position / Plan Assets					
Contributions - employer	402,597	94,600	517,405	330,152	82,529
Investment income	230,751	80,007	257,622	167,409	75,155
Change in insurance contracts value	137,658				
Benefit payments, including refunds of member contributions	(347,216)	(128,187)	(320,166)	(261,770)	(32,849)
Administrative fees and other charges					
Net change in LOSAP fiduciary net position / plan assets	423,790	46,420	454,741	235,791	134,835
Plan fiduciary net position - beginning of year (b)	4,647,875	1,835,298	4,473,757	3,038,081	N/A
Plan fiduciary net position - end of year (d)	5,071,665	1,882,716	4,928,498	3,273,872	N/A
LOSAP plan assets - beginning of year	N/A	N/A	N/A	N/A	860,766
LOSAP plan assets - end of year	N/A	N/A	N/A	N/A	\$ 995,601
Net LOSAP plan liability - beginning of year (a) - (b)	3,258,220	456,121	4,180,737	2,462,622	N/A
Net LOSAP plan liability - end of year (c) - (d)	\$ 3,977,757	\$ 408,006	\$ 4,489,754	\$ 2,555,521	N/A

LOSAP Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP Plans

For the year ended December 31, 2020, the Town recognized LOSAP pension expense of \$1,468,655, related to Town sponsored Firefighter Plans and \$60,103 related to the Ambulance Plan. At December 31, 2020, deferred outflows of resources related to LOSAP Firefighter Plans were reported from the following sources:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Deferred Outflows of Resources:					
Differences between expected and actual experience	\$ 304,332	\$ 34,697	\$ 417,933	\$ 188,138	\$ 18,837
Differences due to return on assets	66,574	40,973	32,126	27,560	
Changes of assumptions or other inputs	1,299,217	31,353	322,499	507,782	444,472
Total Deferred Outflows of Resources - LOSAP	\$ 1,670,123	\$ 107,023	\$ 772,558	\$ 723,480	\$ 463,309

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM (continued)

LOSAP Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP Plans (continued)

At December 31, 2020, deferred inflows of resources related to LOSAP Firefighter Plans were reported from the following sources:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Deferred inflows of Resources:					
Differences between expected and actual experience		\$ 10,193		\$ 139,517	\$ 13,441
Differences due to return on assets		1,812	\$ 13,978	8,172	
Changes of assumptions or other inputs	\$ 34,272	53,655	74,135		88,808
Total Deferred Inflows of Resources - LOSAP	\$ 34,272	\$ 65,660	\$ 88,113	\$ 147,689	\$ 102,249

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP Plans will be recognized as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Plan Years Ending:	December 31	December 31	December 31	December 31	December 31
2021	\$ 266,618	\$ 12,744	\$ 140,696	\$ 81,764	\$ 27,543
2022	258,587	14,556	128,804	81,215	27,543
2023	237,306	9,102	122,778	67,710	27,543
2024	235,903	4,961	120,051	68,803	27,543
2025	232,960		124,139	70,026	27,543
Thereafter	404,477		47,977	206,273	223,345
	\$ 1,635,851	\$ 41,363	\$ 684,445	\$ 575,791	\$ 361,060

The Ambulance Plan does not report any deferred outflows of resources or deferred inflows of resources since it is a defined contribution plan.

The Town, as Plan Sponsor of Firefighter and Ambulance Plans, does not issue separate financial statements.

I. COMPENSATED ABSENCES

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2020, the value of the accumulated vacation time and sick leave of the primary government was \$6,249,153.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

J. COPIAGE FAÇADE RENOVATION GRANT PROGRAM

The Town of Babylon established the downtown Copiague facade renovation grant program to revitalize the downtown area of Copiague, New York. In 2018, the Town board appointed and authorized the Corporation to administer the downtown Copiague program for which the purpose is to improve downtown structures in need of facade and/or sign renovations. In 2018, the Town transferred \$209,250 of the funds associated with the downtown Copiague facade improvement program to the Corporation. Funds are to be distributed to various companies that have applied and been awarded grant assistance in the renovation of their building's facade. As of December 31, 2020, the Corporation disbursed \$129,000 of the funding including related fees of \$13,636 and the remaining funds will be disbursed in 2021. The revenues and expenses related to the Copiague Facade Downtown grant program are reported as non-operating revenues and expenses.

K. COMMUNITY BENEFIT AGREEMENT

In 2018, the Town of Babylon Local Development Corporation entered into a Community Benefit Agreement (the "Agreement") with a third-party, who is working on a development project involving the acquisition and construction of a multi-phased, multi-family, residential units located in Amityville, New York. As a condition of receiving financial assistance for the project through the Town of Babylon Industrial Development Agency, the third party, will deposit certain funds based on the completion the phases of the project, as defined in the Agreement. These funds are designated to be used for an Economic Development fund and an Affordable Housing Fund, of which the specific activities as defined in the Agreement. The Corporation administers the funds as prescribed in the Agreement. During the year ended December 31, 2018, the Corporation received affordable housing funds of \$962,500 and economic development funds of \$962,500. During the years ended December 31, 2020 and 2019, the Corporation disbursed affordable housing funds of \$-0 and \$58,692, respectively, and economic development funds of \$431,443 and \$58,692, respectively. These funds plus interest earned less any related costs, have been reported as restricted in the Statement of Net Position. The amounts received related to the Agreement are reported as non-operating revenue.

In 2020, the Corporation launched the Babylon Is Back programs consisting of the Emergency Assistance Program and Fraternal & Civic Assistance Program. These programs, approved by New York State, provide temporary authority to the Corporation to issue grants and loans to businesses and small not-for-profit corporations negatively impacted by COVID-19 Pandemic. The Corporation also launched Babylon Citizens Council on the Arts/Babylon Together Program (BACCA), New York Forward Loan Program and Economic Inclusion Program. These programs are aimed to assist small businesses including landlords, revitalization activity and minority disadvantaged communities in the Town of Babylon to reopen after the government shutdowns due to COVID-19 pandemic. The Corporation's Board authorized the allocation of the economic development funds to be used for these new programs as follows, \$375,000 to the emergency assistance program of which \$82,652 were disbursed in 2020, \$155,000 of which \$152,950 were disbursed in 2020, \$100,000 to BACCA program of which \$23,115 were disbursed in 2020, \$125,000 to the New York Forward Program which all was disbursed in 2020 and \$53,372 to the Economic Inclusion Program of which \$38,165 related to professional fees distribution and \$15,207 allocated to pay rent for two leases the Corporation entered into on behalf of minority businesses in the Town of Babylon impacted by COVID-19. Amounts received in 2020 are reported as non-operating revenue. These funds plus interest earned less any related costs, have been reported as restricted in the Statement of Net Position.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

L. WYANDANCH ECONOMIC DEVELOPMENT FUND

In 2020, the Town of Babylon Local Development Corporation (the "Corporation") entered into a Community Benefit Agreement (the "Agreement") with a third-party, who is working on a development project involving the acquisition and construction of an affordable senior residential housing facility located in Wyandanch, New York. As a condition of receiving financial assistance for the project through the Town of Babylon Industrial Development Agency, the third-party deposited certain funds based on the date of project closing, as defined in the Agreement. These funds are designated to be used for the "Wyandanch Economic Development Fund", of which the specific activities as defined in the Agreement. The Corporation administers the funds as prescribed in the Agreement. During the year ended December 31, 2020, the Corporation received \$350,000 and these funds have been reported as restricted in the Statement of Net Position.

M. TAX ABATEMENT PROGRAMS

The Town is subject to real estate tax abatements granted by the Suffolk County Industrial Development Agency and the Town of Babylon Industrial Development Agency, a discretely presented component unit of the Town. The purpose of the real estate tax abatements is to offer tax saving incentives to stimulate economic development and revitalization within the Town. This growth promotes job creation, additional economic activity for local businesses, Town beautification, rising property values, and a higher quality of life for all residents and businesses in the Town.

Town of Babylon Industrial Development Agency Tax Abatement Programs

Local businesses apply to the Town of Babylon Industrial Development Agency for financial assistance. The assistance generally includes exemptions from real property tax, mortgage recording tax, and sales and use tax and issuance of low interest revenue bonds (not an obligation of the Town of Babylon Industrial Development Agency or the Town). As part of the transaction, the Town of Babylon Industrial Development Agency takes title to the project's real property. In doing so, under the provisions of Article 18-A of General Municipal Law ("GML"), the Town of Babylon Industrial Development Agency is not required to pay real estate taxes or assessments on any of the property acquired by or under the jurisdiction, control or supervision of the Town of Babylon Industrial Development Agency's activities. A portion of the real estate tax exemption is usually recaptured in the form of payments in lieu of taxes, which are less significant than the real property taxes that are abated.

The Town of Babylon Industrial Development Agency has a Board adopted Uniform Tax Exemption Policy, which outlines how the local businesses' real estate taxes are reduced and how the amount of the real estate abatement is determined. During the term of the agreements, the local business must operate and maintain the property consistent with the terms of the agreement. If the local business does not comply, financial penalties may be imposed, such as the recapture of the benefits received, depending upon the severity of the noncompliance.

For the year ended December 31, 2020, the Town's property tax revenues were reduced by \$4,940,665 and payments in lieu of taxes, including recapture payments, were collected in the amount of \$2,788,082 under the agreements entered into by the Town of Babylon Industrial Development Agency. The amount of the abated taxes reported is based on the assessed value of property per the official assessment tax rolls and tax rates in effect on December 1, 2019, the tax lien date.

Suffolk County Industrial Development Agency Tax Abatement Programs

Similar to the Town of Babylon Industrial Development Agency, the Suffolk County Industrial Development Agency offers several abatement programs on certain qualified projects to promote, encourage, attract and develop job and recreational opportunities and economically-sound commerce and industry in Suffolk County. The Suffolk County Industrial Development Agency operates under the same provisions of GML and has adopted its own Uniform Tax Exempt Policy.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DETAILED NOTES ON ALL FUNDS (continued)

M. TAX ABATEMENT PROGRAMS (continued)

For the year ended December 31, 2020, the Town's property tax revenues were reduced by \$152,819 and payments in lieu of taxes were billed in the amount of \$101,564 under the agreements entered into by the Suffolk County Industrial Development Agency. The amount of the abated taxes reported is based on the assessed value of property per the official assessment tax rolls and tax rates in effect on December 1, 2019, the tax lien date.

4. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

In common with other municipalities, the Town receives numerous notices of claims. The Town carries excess liability insurance coverage of \$5,000,000 per occurrence with a \$5,000,000 annual aggregate, excess of a \$1,000,000 self-insured retention, except for Public Officials and Employment Practices claims, which are subject to a \$100,000 self-insured retention. The Town established a self-insurance program for its general and auto liability coverage. This program is administered by an independent company, which furnishes claims review and processing. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney and the independent company have estimated unsettled claims and litigation to be \$6,612,062. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town procures "All Risk" property protection, subject to a deductible of \$50,000 per loss. The perils of earthquake and flood are limited at \$1,000,000.

The Town ceased being self-insured for workers' compensation in June of 1999 and purchased an insurance policy for the workers' compensation coverage in order to minimize the costs. Any open claims prior to June 1999 have been reserved for as reported below.

There have been no significant reductions in insurance coverage as compared to the prior year and there were no settlements in excess of insurance coverage over the last three years. The Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims. The schedule below presents the changes in claims liabilities for the past two years for workers' compensation and general liability and includes an estimate of claims that have been incurred but not yet reported:

	General & Auto Liability Coverage		Workers' Compensation	
	2020	2019	2020	2019
Beginning balances of claims liabilities at January 1	\$ 6,510,296	\$ 6,439,306	\$ 1,209,293	\$ 1,434,980
Claims incurred	258,500	911,250	-0-	-0-
Claims payments	(196,879)	(117,171)	(217,742)	(294,015)
Change to prior year estimates	40,145	(723,089)	55,786	68,328
Ending balance of claims liabilities at December 31	<u>\$ 6,612,062</u>	<u>\$ 6,510,296</u>	<u>\$ 1,047,337</u>	<u>\$ 1,209,293</u>

B. GENERAL LITIGATION

Consistent with other municipalities, the Town has been named a defendant in various legal actions in the course of ordinary operations. The Town has accrued for all estimated and probable contingent losses. The Town primarily funds settlements of legal actions through current operating funds; however, the Town has the ability to fund settlements through bonding if deemed necessary. An estimate cannot be made on certain legal actions that have possible unfavorable outcome against the Town. In the opinion of the Town Attorney, the potential loss on all claims is not expected to materially affect the Town's financial position.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. COMMITMENTS AND CONTINGENCIES (continued)

C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid near or after the date that each landfill stops accepting waste, the Town reports a portion of these closure and postclosure care costs as a program expense based on the landfill capacity used as of year end. The Town has accrued \$32,576,493 at December 31, 2020, which represents the cumulative amount based on the use of 100% of the solid waste landfill, 100% of the estimated capacity of the northern ash landfill and 78.36% of the estimated capacity of the southern ash landfill. The Town will recognize the remaining estimated cost of closure and postclosure care of \$4,265,105 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care costs in 2020 dollars. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The solid waste landfill was closed in 1997 and the Town expects to close the northern ash landfill and southern ash landfill in 2022 and 2033, respectively.

The majority of the closure and postclosure care costs will be funded through the issuance of bonds and surplus earnings in the garbage district funds. The Town complies with State and Federal law requirements for owners to demonstrate financial assurance for closure and postclosure costs, and/or federal action (if applicable).

D. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS INCLUDING ENCUMBRANCES

The Town is committed to capital improvements to its various facilities and infrastructure. At December 31, 2020, these commitments, reported in the capital projects fund, amounted to \$5,210,374.

E. POLLUTION REMEDIATION OBLIGATION

The Town's policy is to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. Obligating events include the following:

- Is compelled to take remediation action because of imminent endangerment
- Violates a pollution related permit or license
- Is named or will be named as a responsible party or potentially responsible party for a remediation
- Is named, or will be named in a lawsuit to compel pollution remediation
- Commences or obligates itself to remediate pollution

The Town has purchased properties throughout the Town with the intent to redevelop and sell to eligible buyers (see Note 3.D). Upon entering into a contract to purchase these properties, an engineer hired by the Town performs a Phase 1 environmental site assessment of the property. If this site assessment reveals anything of concern, the engineer will then conduct a Phase II site assessment where samples are taken from the property and analyzed. In the event the Phase II reveals contamination at the property, the Town attempts to negotiate remediation costs with the seller. Prior to January 1, 2017, if a potential liability exists, the seller of the property placed the estimated costs for the cleanup in a third-party escrow account to fund these future costs. There were no additional properties purchased after that date. Therefore, while certain Town owned properties have been identified as having contaminated land as of December 31, 2020, the Town does not have any liability related to these future costs and has not reported a liability on the government-wide statements.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. COMMITMENTS AND CONTINGENCIES (continued)

F. RESOURCE RECOVERY FACILITY

The Town has entered into an agreement, expiring in 2035, with Covanta Babylon, Inc. ("Covanta") which operates a resource recovery facility (the "Facility") in the Town. Under this service agreement, the Town has committed to deliver certain tonnages of municipal solid waste ("MSW") to Covanta. The MSW is used to generate electricity at the Facility which is sold to the Public Service Enterprise Group (formerly the Long Island Power Authority) pursuant to an Electricity Agreement. Additionally, Covanta reclaims and sells recoverable materials from the Facility's Ash residue.

Under the terms of the agreement, the Town has obligated itself to pay service fees for the processing of the Town's municipal waste. As mentioned in Note 3.E Conduit Debt Obligations, one component of the service fee charged to the Town is the amount of Covanta's debt service requirements. However, the Town receives certain credits to be applied against the service fee as follows: approximately 31% of revenues Covanta receives from the sale of electricity to Public Service Enterprise Group.

G. FUTURE MINIMUM OPERATING LEASES

The Town leases various buildings and land to various parties under operating lease agreements with remaining terms ranging from one year to forty-seven years. The leases generally require the lessees to pay repairs and maintenance and utilities. Future minimum rentals under existing operating leases at December 31, 2020 are as follows:

Years Ending December 31, 2021	\$ 1,048,561
2022	1,034,288
2023	613,427
2024	542,007
2025	380,494
Thereafter	4,014,830
	<u>\$ 7,633,607</u>

The Town is party to various leases with individuals for certain Town owned beach front properties. In October 1996, the Town entered into a sublease agreement with a third party which transferred the Town's rights including the right to receive and retain future rental income from these beach front properties. The sublease agreement commenced January 1997 and expires in December 2021. Under the terms of the sublease agreement, the Town has guaranteed the future rents due under the terms of the lease at the discounted present value.

The Town leases equipment accounted for as operating leases. Total rental expenditures on such leases for the year ended December 31, 2020 approximated \$268,000. The maximum future non-cancelable operating lease payments are as follows:

Years Ending December 31, 2021	\$ 176,174
2022	563,589
2023	521,898
2024	506,700
2025	492,301
	<u>\$ 2,260,662</u>

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. COMMITMENTS AND CONTINGENCIES (continued)

H. SERVICE CONCESSION ARRANGEMENT

Pursuant to an agreement dated October 2010, the Town is leasing the East Farmingdale Water Plant to the Suffolk County Water Authority ("SCWA"). Under the terms of the agreement, SCWA will operate and maintain the water plant as well as provide retail sales of water to the East Farmingdale Water District's residents using rates established by the Town Board. The cost and net book value of the leased water plant is \$8,517,990 and \$5,24,357, respectively. In consideration, SCWA paid the East Farmingdale Water District an upfront payment of \$3 million which is being amortized over the forty year term of the agreement. As of December 31, 2020, the Town reported a deferred inflow of resources in the amount of \$2,237,500 in the enterprise fund and government-wide financial statements. As mentioned previously, the authority to set the water billing rates resides with the Town Board. However, pursuant to the lease agreement, SCWA is entitled to receive management fee revenue equal to the revenues it would have received if the SCWA rates were billed. The differential between revenues earned from the actual billings (using East Farmingdale Water District's set rates) and the management fee (calculated using SCWA rates) is billed quarterly. The East Farmingdale Water District paid \$230,614 of management fees to SCWA during the year ended December 31, 2020. Any billings in excess of the SCWA management fee will be remitted back to the East Farmingdale Water District.

I. CORONAVIRUS

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and towns by amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and town aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority. Such measures have already impacted the state aid revenues reported by the Town for the year ended December 31, 2020.

In addition to these New York State actions, the Town's economically sensitive revenues (i.e., mortgage tax, interest earnings, charges for services) are being negatively impacted. Meanwhile, the Town's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support a safe working environment) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Town's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. COMMITMENTS AND CONTINGENCIES (continued)

I. CORONAVIRUS (continued)

The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the Town. The Town is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the Town's future financial position at this time.

J. OTHER COMMITMENTS

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

5. FAIR VALUE MEASUREMENTS – LOSAP INVESTMENTS

The Town categorizes the fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect the Town's own assumptions about the assumptions that market participants would use in pricing an asset.

The fair value measurement level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following methods and assumptions were used in estimating the fair value assets for the LOSAP plan assets:

Cash and Cash Equivalents, Held for Investment

The carrying amount of cash and cash equivalents approximate their fair values based on the short-term nature of the assets.

Guaranteed Annuity Contracts

The carrying amounts of guaranteed annuity contracts are reported at amortized cost which approximates fair value. These are considered unallocated insurance contracts.

Cash Value of Life Insurance Contracts

The carrying amount represents the cash surrender value of each individual life insurance policy in the group.

External Investment Pool

The carrying amount of the external investment pools, consisting primarily of equity securities and corporate debt securities are based on quoted market prices.

TOWN OF BABYLON
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

5. FAIR VALUE MEASUREMENTS – LOSAP INVESTMENTS (continued)

The following summarizes the Town's LOSAP investments and categorization as of December 31, 2020:

	December 31, 2020	Level 1	Level 2	Level 3
<i>Investments by fair value level:</i>				
Cash and cash equivalents	\$ 1,704,834	\$ 1,704,834	\$ -0-	\$ -0-
Equities	2,738,996	2,738,996	-0-	-0-
Fixed income	3,285,936	-0-	3,285,936	-0-
External investment pool	374,789	374,789	-0-	-0-
Total investments by fair value	\$ 8,104,555	\$ 4,818,619	\$ 3,285,936	\$ -0-
<i>Investments measured at amortized cost / cash surrender value</i>				
Guaranteed annuity contracts	\$ 7,529,848			
Cash value of life insurance	892,738			
Total investments by amortized cost/ cash surrender value	\$ 8,422,586			
Total LOSAP investments	\$ 16,527,141			

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Bond Issuances

In March 2021, the Town issued general obligation bonds in the amount of \$14,385,000. Bond proceeds will be used for various improvements throughout the Town. These obligation bonds will mature on March 15, 2040, and bear interest rates ranging from 2.00% to 5.00%. In March 2021, the Town also issued refunding bonds in the amount of \$16,290,000. These refunding bonds will mature on April 1, 2029, and bears interest of 5.00%.

Installment Purchase Agreement

In July 2021, the Town entered into an installment purchase agreement for LED lighting equipment in the amount of \$1,670,000 with annual interest charged at a fixed rate of 1.39%. The Town has the option to purchase the equipment for \$1 at the end of the lease in June 2024.

7. NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following Statements that may have an impact on the Town's financial reporting:

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER
THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

**Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Major Governmental Funds and Schedules**

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The capital projects and special grant funds (non-major funds) are budgeted on a project or grant basis.

The Town adopts the budget and establishes legal level of control of the budget at the object level expenditures. The object level identifies expenditures by the article purchased or service obtained to carry out a function.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 37,197,996	\$ 37,197,996	\$ 37,197,996	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	900,000	900,000	994,750	94,750
Interest and penalties on real property taxes	250,000	250,000	278,846	28,846
Total Other Real Property Tax Items	1,150,000	1,150,000	1,273,596	123,596
NON-PROPERTY TAX ITEMS				
Franchise fees	3,400,000	3,400,000	3,343,742	(56,258)
Other non-property tax items	1,100,000	1,100,000	1,937,705	837,705
Total Non-Property Tax Items	4,500,000	4,500,000	5,281,447	781,447
DEPARTMENTAL INCOME				
Assessor's fees	15,000	15,000	30,000	15,000
Town Clerk's fees	550,000	550,000	688,925	138,925
Public health fees	650,000	650,000	456,548	(193,452)
Public pound fees and dog control service	40,000	40,000	35,860	(4,140)
Wyandanch program fees	75,000	75,000	28,765	(46,235)
Parking permits			30,680	30,680
Park and recreation charges and fees	2,400,000	2,400,000	1,098,604	(1,301,396)
Total Departmental Income	3,730,000	3,730,000	2,369,382	(1,360,618)
USE OF MONEY AND PROPERTY				
Interest and earnings	400,000	400,000	186,099	(213,901)
Rental of real property	3,000,000	3,000,000	2,844,886	(155,114)
Total Use of Money and Property	3,400,000	3,400,000	3,030,985	(369,015)
LICENSES AND PERMITS				
Bingo licenses	10,000	10,000	1,794	(8,206)
Dog licenses	11,000	11,000	13,057	2,057
Plumbing permits	45,000	45,000	36,735	(8,265)
Impact fees			250	250
Permits - other	55,000	55,000	38,310	(16,690)
Total Licenses and Permits	121,000	121,000	90,146	(30,854)
FINES AND FORFEITURES				
Fines and forfeited bail	1,100,000	1,100,000	634,461	(465,539)
Forfeitures of deposits	10,000	10,000	4,800	(5,200)
Total Fines and Forfeitures	1,110,000	1,110,000	639,261	(470,739)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of scrap and excess materials	5,000	5,000	2,198	(2,802)
Sale of real property			219,458	219,458
Sale of equipment	175,000	175,000	154,772	(20,228)
Insurance recoveries	5,000	5,000	12,053	7,053
Total Sale of Property and Compensation for Loss	185,000	185,000	388,481	203,481
INTERFUND REVENUE				
Interfund revenue	100,000	100,000	35,576	(64,424)
MISCELLANEOUS LOCAL SOURCES				
Gifts and donations	100,000	100,000	65,600	(34,400)
Refunds of prior years' expenditures	30,000	30,000	88,873	58,873
Grants from local governments	10,000	10,000	18,174	8,174
Miscellaneous local sources	75,000	75,000	96,306	21,306
Narcotics guidance counsel - local aid	75,000	75,000	85,875	10,875
Youth project S.A.F.E - local aid	16,383	16,383	16,383	-
Youth programs - local aid	285,650	285,650	280,459	(5,191)
Residential repair - local aid	2,400	2,400	2,484	84
Wyandanch nutrition program - local aid	30,000	30,000	14,281	(15,719)
Other miscellaneous revenue	25,000	25,000	71,095	46,095
Total Miscellaneous Local Sources	649,433	649,433	739,530	90,097

(continued)

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES (continued)				
STATE AID				
Mortgage tax	4,000,000	4,000,000	7,408,145	3,408,145
Youth programs	140,000	140,000	141,467	1,467
Youth project S.A.F.E.	18,279	18,279	18,279	-
Therapeutic recreation and senior day training program	57,535	57,535	32,062	(25,473)
State grants - other	0	15,000	159,469	144,469
Total State Aid	4,215,814	4,230,814	7,759,422	3,528,608
FEDERAL AID				
General government aid			24,268	24,268
Narcotics guidance counsel	325,000	325,000	366,098	41,098
Residential repair	20,000	20,000	22,360	2,360
Wyandanch nutrition program	210,000	210,000	200,000	(10,000)
Total Federal Aid	555,000	555,000	612,726	57,726
Total Revenues	56,914,243	56,929,243	59,418,548	2,489,305
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Town Board	538,018	537,018	525,430	11,588
Municipal court	1,000	1,000	692	308
Traffic violations bureau	154,925	154,047	112,172	41,875
Town Supervisor	1,515,378	1,455,311	1,421,722	33,589
Comptroller	794,367	794,367	782,248	12,119
Auditor	219,000	219,000	207,000	12,000
Receiver of taxes	794,723	813,215	811,167	2,048
Purchasing	404,799	421,517	420,998	519
Assessor	1,544,605	1,542,869	1,441,244	101,625
Town Clerk	671,965	714,660	714,660	-
Town Attorney	1,789,751	2,116,930	2,044,778	72,152
Personnel	296,901	338,288	327,799	10,489
Engineering	400,050	429,653	429,603	50
Board of ethics	1,500	1,500	1,200	300
Records management	112,597	107,782	107,782	-
Public works administration	294,599	315,855	315,805	50
Buildings	3,999,809	3,999,420	3,602,191	397,229
Central garage and central fuel facility	1,682,311	1,496,264	1,140,126	356,138
Central printing and mailing	652,375	629,485	582,856	46,629
Central data processing	1,298,892	1,331,199	1,207,904	123,295
Unallocated insurance	1,100,000	617,651	612,032	5,619
Municipal association dues	2,000	2,000	-	2,000
Taxes and assessments on municipal property	5,000	5,000	2,132	2,868
Contingencies - contractual and other	300,000	-	-	-
Other general government support	75,000	75,000	31,669	43,331
Total General Government Support	18,649,565	18,119,031	16,843,210	1,275,821
PUBLIC SAFETY				
Traffic control	871,607	866,598	832,301	34,297
Control of animals	1,461,583	1,473,785	1,339,868	133,917
Examining boards	60,500	60,500	55,062	5,438
Civil defense	10,000	10,000	9,884	116
Total Public Safety	2,403,690	2,410,883	2,237,115	173,768
HEALTH				
Narcotics addiction control	1,318,534	1,310,428	1,259,343	51,085
Therapeutic recreation program	225,000	225,000	191,357	33,643
Nutrition program	806,908	818,586	773,731	44,855
Youth Institute CCS	945,521	945,522	945,522	-
Other public health	328,156	347,425	346,703	722
Total Health	3,624,119	3,646,961	3,516,656	130,305

(continued)

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES (continued)				
TRANSPORTATION				
Off-street parking		1,370	1,358	12
ECONOMIC ASSISTANCE AND OPPORTUNITY				
Promotion of industry	79,429	79,429	74,765	4,664
Veterans' services	5,000	5,000	0	5,000
Programs for the aging	35,219	35,219	28,058	7,161
Total Economic Assistance and Opportunity	<u>119,648</u>	<u>119,648</u>	<u>102,823</u>	<u>16,825</u>
CULTURE AND RECREATION				
Council on the arts	10,000	10,000	10,000	-0-
Parks and recreation administration	1,197,698	1,492,402	1,395,205	97,197
Parks	5,731,288	5,892,685	5,650,490	242,195
Playground and recreation centers	544,887	428,525	166,536	261,989
Special recreation facilities	2,846,890	2,656,890	2,432,915	223,975
Youth programs	769,247	807,813	805,889	1,924
Town historian	101,326	111,601	99,711	11,890
Adult recreation	902,206	1,017,779	918,580	99,199
Total Culture and Recreation	<u>12,103,542</u>	<u>12,417,695</u>	<u>11,479,326</u>	<u>938,369</u>
HOME AND COMMUNITY SERVICES				
Environmental control	1,489,038	1,339,032	1,200,127	138,905
Other home and community services	350,000	744,736	744,736	-0-
Total Home and Community Services	<u>1,839,038</u>	<u>2,083,768</u>	<u>1,944,863</u>	<u>138,905</u>
EMPLOYEE BENEFITS				
Retirement system	2,646,311	2,622,795	1,956,686	666,109
Social security	1,791,173	1,783,200	1,781,221	1,979
Workers' compensation	656,412	547,128	469,499	77,629
Life insurance	21,103	21,103	20,155	948
Unemployment benefits	75,000	136,002	136,002	-0-
Disability benefits	23,784	23,784	20,850	2,934
Hospital, medical, vision and dental	7,319,028	7,203,806	6,817,746	386,060
Other employee benefits	481,853	481,853	481,306	547
Total Employee Benefits	<u>13,014,664</u>	<u>12,819,671</u>	<u>11,683,465</u>	<u>1,136,206</u>
DEBT SERVICE				
Principal	6,851,389	6,851,389	6,851,389	-0-
Interest	2,833,837	2,833,837	2,833,837	-0-
Bond issuance costs	110,000	110,000	29,381	80,619
Total Debt Service	<u>9,795,226</u>	<u>9,795,226</u>	<u>9,714,607</u>	<u>80,619</u>
Total Expenditures	<u>61,549,492</u>	<u>61,414,253</u>	<u>57,523,423</u>	<u>3,890,818</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,635,249)</u>	<u>(4,485,010)</u>	<u>1,895,125</u>	<u>6,380,123</u>
OTHER FINANCING SOURCES (USES)				
Principal amount of bond proceeds			455,102	455,102
Premium on obligations	100,000	100,000	82,440	(17,560)
Operating transfers in			232,870	232,870
Operating transfers out	(2,500,000)	(2,650,000)	(2,650,000)	-0-
Total Other Financing Sources (Uses)	<u>(2,400,000)</u>	<u>(2,550,000)</u>	<u>(1,879,588)</u>	<u>670,412</u>
Net Change in Fund Balance	<u>\$ (7,035,249)</u>	<u>\$ (7,035,010)</u>	<u>15,537</u>	<u>\$ 7,050,547</u>
Fund Balance at Beginning of Year			<u>57,920,977</u>	
Fund Balance at End of Year			<u>\$ 57,936,514</u>	

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
RESIDENTIAL GARBAGE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 16,857,021	\$ 16,857,018	\$ 16,857,018	\$ -0-
DEPARTMENTAL INCOME				
Refuse and garbage fees	4,998,481	4,998,481	3,610,518	(1,387,963)
Long Island Green Homes	1,350,000	1,350,003	1,271,964	(78,039)
Total Departmental Income	<u>6,348,481</u>	<u>6,348,484</u>	<u>4,882,482</u>	<u>(1,466,002)</u>
USE OF MONEY AND PROPERTY				
Interest earnings	375,000	375,000	197,577	(177,423)
Total Use of Money and Property	<u>375,000</u>	<u>375,000</u>	<u>197,577</u>	<u>(177,423)</u>
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenues			10,095	10,095
Total Miscellaneous Local Sources	<u>-0-</u>	<u>-0-</u>	<u>10,095</u>	<u>10,095</u>
STATE AID				
Home and community services aid			41,260	41,260
Total State Aid	<u>-0-</u>	<u>-0-</u>	<u>41,260</u>	<u>41,260</u>
Total Revenues	<u>23,580,502</u>	<u>23,580,502</u>	<u>21,988,432</u>	<u>(1,592,070)</u>
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	21,120,772	20,960,475	19,768,151	1,192,324
Landfill closure/postclosure costs	126,300	147,294	83,851	63,443
Long Island Green Homes	1,000,000	1,090,425	1,090,425	-0-
Unallocated insurance	50,000	50,000	21,887	28,113
Total Home and Community Services	<u>22,297,072</u>	<u>22,248,194</u>	<u>20,964,314</u>	<u>1,283,880</u>
EMPLOYEE BENEFITS				
Retirement system	120,123	157,578	108,945	48,633
Social security	92,846	92,846	90,339	2,507
Workers' compensation	67,312	93,208	93,208	-0-
Life insurance	874	874	769	105
Unemployment benefits	1,000	1,000		1,000
Disability benefits	1,500	1,500	1,072	428
Hospital, medical, vision and dental	257,809	257,809	253,059	4,750
Union welfare benefits	27,236	28,194	28,194	-0-
Total Employee Benefits	<u>568,700</u>	<u>633,009</u>	<u>575,586</u>	<u>57,423</u>
DEBT SERVICE				
Principal	85,350	85,350	85,350	-0-
Interest	37,586	37,585	37,585	-0-
Bond issuance costs	2,500	2,500		2,500
Total Debt Service	<u>125,436</u>	<u>125,435</u>	<u>122,935</u>	<u>2,500</u>
Total Expenditures	<u>22,991,208</u>	<u>23,006,638</u>	<u>21,662,835</u>	<u>1,343,803</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>589,294</u>	<u>573,864</u>	<u>325,597</u>	<u>(248,267)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(3,997,038)	(3,997,038)	(3,997,038)	-0-
Total Other Financing Sources (Uses)	<u>(3,997,038)</u>	<u>(3,997,038)</u>	<u>(3,997,038)</u>	<u>-0-</u>
Net Change in Fund Balance	<u>\$ (3,407,744)</u>	<u>\$ (3,423,174)</u>	<u>(3,671,441)</u>	<u>\$ (248,267)</u>
Fund Balance at Beginning of Year			<u>10,951,004</u>	
Fund Balance at End of Year			<u>\$ 7,279,563</u>	

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
COMMERCIAL GARBAGE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 5,792,065	\$ 5,792,065	\$ 5,792,065	\$ -0-
DEPARTMENTAL INCOME				
Refuse and garbage fees	8,347,983	8,347,983	9,714,976	1,366,993
USE OF MONEY AND PROPERTY				
Interest earnings	280,000	280,000	62,090	(217,910)
Total Revenues	<u>14,420,048</u>	<u>14,420,048</u>	<u>15,569,131</u>	<u>1,149,083</u>
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	13,495,989	13,460,792	11,149,585	2,311,207
Landfill closure/postclosure costs	160,000	160,000	59,035	100,965
Unallocated insurance	40,000	40,000	17,957	22,043
Total Home and Community Services	<u>13,695,989</u>	<u>13,660,792</u>	<u>11,226,577</u>	<u>2,434,215</u>
EMPLOYEE BENEFITS				
Retirement system	105,341	137,672	126,060	11,612
Social security	94,919	94,919	89,394	5,525
Workers' compensation	79,293	79,293	58,219	21,074
Life insurance	383	406	406	-0-
Unemployment benefits	1,000	1,000		1,000
Disability benefits	1,750	2,088	2,088	-0-
Hospital, medical, vision and dental	208,007	208,410	205,491	2,919
Union welfare benefits	10,300	12,403	12,403	-0-
Total Employee Benefits	<u>500,993</u>	<u>536,191</u>	<u>494,061</u>	<u>42,130</u>
DEBT SERVICE				
Principal	67,450	67,450	67,450	-0-
Interest	24,908	24,907	24,907	-0-
Total Debt Service	<u>92,358</u>	<u>92,357</u>	<u>92,357</u>	<u>-0-</u>
Total Expenditures	<u>14,289,340</u>	<u>14,289,340</u>	<u>11,812,995</u>	<u>2,476,345</u>
Excess of Revenues Over Expenditures	<u>130,708</u>	<u>130,708</u>	<u>3,756,136</u>	<u>3,625,428</u>
OTHER FINANCING USES				
Operating transfers out	(5,000,000)	(5,000,000)	(5,000,000)	-0-
Total Other Financing Uses	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>-0-</u>
Net Change in Fund Balance	<u>\$ (4,869,292)</u>	<u>\$ (4,869,292)</u>	<u>(1,243,864)</u>	<u>\$ 3,625,428</u>
Fund Balance at Beginning of Year			<u>27,945,439</u>	
Fund Balance at End of Year			<u>\$ 26,701,575</u>	

TOWN OF BABYLON
 REQUIRED SUPPLEMENTARY INFORMATION
 HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 22,446,388	\$ 22,446,388	\$ 22,446,388	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	675,000	675,000	773,407	98,407
USE OF MONEY AND PROPERTY				
Interest earnings	150,000	150,000	63,457	(86,543)
LICENSES AND PERMITS				
Street inspection fees	125,000	125,000	231,053	106,053
Other permits	15,000	15,000	7,952	(7,048)
Total Licenses and Permits	140,000	140,000	239,005	99,005
MISCELLANEOUS LOCAL SOURCES				
Refund of prior years' expenditures			14,977	14,977
Other miscellaneous revenue			570	570
Total Miscellaneous Local Sources	-0-	-0-	15,547	15,547
STATE AID				
Consolidated local street and highway improvement program	1,200,000	1,591,509	1,171,333	(420,176)
PAVE-NY program			235,321	235,321
Extreme Winter Recovery			184,855	184,855
Total State Aid	1,200,000	1,591,509	1,591,509	-0-
Total Revenues	24,611,388	25,002,897	25,129,313	126,416
EXPENDITURES				
TRANSPORTATION				
Street administration	713,999	666,299	607,181	59,118
Maintenance of streets	4,791,394	4,760,394	4,260,205	500,189
Permanent improvements	1,310,000	1,701,509	1,627,331	74,178
Machinery	1,394,530	1,394,530	1,221,720	172,810
Brush and weeds	100,000	699,379	693,577	5,802
Snow removal	1,675,000	1,120,621	427,981	692,640
Unallocated insurance	50,000	50,000	36,935	13,065
Waterways navigation		33,700	31,100	2,600
Total Transportation	10,034,923	10,426,432	8,906,030	1,517,802
EMPLOYEE BENEFITS				
Retirement system	754,764	742,551	564,732	177,819
Social security	532,702	532,702	455,623	77,079
Workers' compensation	886,971	886,971	868,067	18,904
Life insurance	545	545	482	63
Unemployment benefits	25,000	45,000	44,365	835
Disability benefits	1,000	1,000	734	266
Hospital, medical, vision and dental	2,441,440	2,433,653	2,141,508	292,145
Union welfare benefits	124,159	124,159	115,038	9,121
Total Employee Benefits	4,766,581	4,766,581	4,190,549	576,032
DEBT SERVICE				
Principal	7,746,227	7,746,227	7,746,227	-0-
Interest	2,278,779	2,278,779	2,278,779	-0-
Bond issuance costs	90,000	90,000	50,029	39,971
Total Debt Service	10,115,006	10,115,006	10,075,035	39,971
Total Expenditures	24,916,510	25,308,019	23,171,614	2,133,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	(305,122)	(305,122)	1,957,699	2,260,221
OTHER FINANCING SOURCES				
Premium on obligations			63,923	63,923
Total Other Financing Sources	-0-	-0-	63,923	63,923
Net Change in Fund Balance	\$ (305,122)	\$ (305,122)	2,021,622	\$ 2,326,744
Fund Balance at Beginning of Year			13,430,210	
Fund Balance at End of Year			\$ 15,451,832	

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 18,793,227	\$ 18,793,227	\$ 18,793,227	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	610,371	610,371	747,649	137,278
USE OF MONEY AND PROPERTY				
Interest earnings	33,000	33,000	9,665	(23,335)
Investment income - Length of service award programs			125,977	125,977
Total Use of Money and Property	33,000	33,000	135,642	102,642
MISCELLANEOUS LOCAL SOURCES				
Other miscellaneous revenue			62,329	62,329
Total Revenues	19,436,598	19,436,598	19,738,847	302,249
EXPENDITURES				
PUBLIC SAFETY				
Fire protection districts	17,575,571	17,566,550	17,474,107	92,443
HEALTH				
Ambulance districts	1,861,027	1,870,048	1,859,210	10,838
Total Expenditures	19,436,598	19,436,598	19,333,317	103,281
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	405,530	<u>\$ 405,530</u>
Fund Balance at Beginning of Year			<u>3,943,093</u>	
Fund Balance at End of Year			<u>\$ 4,348,623</u>	

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIO
Year Ended December 31, 2020

	2020			2019			2018		
	Total	Town	Agency	Total	Town	Agency	Total	Town	Agency
Total OPEB Liability									
Other Postemployment Liability at the Beginning of the Year, as reported	\$181,698,870	\$180,079,279	\$ 719,591	\$161,690,156	\$161,185,988	\$ 504,168	\$ 70,423,188	\$ 69,805,189	\$ 617,999
Cumulative Effect of Implementation of GASB #75	-0-			-0-			101,822,521	101,840,510	(117,989)
Other Postemployment Liability at the Beginning of Year, as restated	-0-			-0-			172,245,709	171,745,699	500,010
Changes for the Year:									
Service Cost	6,859,760	6,762,804	96,956	4,605,513	4,544,100	61,323	5,693,554	5,631,629	61,925
Interest	5,085,827	5,063,849	21,978	5,988,861	5,967,027	21,834	6,031,219	6,012,098	19,121
Differences between expected and actual experience	(4,617,500)	(4,566,536)	(50,964)	(17,144,627)	(17,155,632)	11,005	-0-		
Changes of assumptions and other inputs	18,354,347	18,239,582	114,765	31,956,368	31,808,593	147,775	(17,009,492)	(16,944,907)	(64,585)
Benefit Payments	(5,929,048)	(5,900,030)	(29,018)	(5,397,401)	(5,370,887)	(26,514)	(5,270,834)	(5,258,531)	(12,303)
Not Changes	19,753,385	19,599,669	153,716	20,008,714	19,793,291	215,423	(10,555,553)	(10,559,711)	4,158
Other Postemployment Liability at the End of Year	\$201,452,255	\$200,578,948	\$ 873,307	\$181,698,870	\$180,979,279	\$ 719,591	\$ 181,690,156	\$181,185,988	\$ 504,168
Covered employee payroll	\$ 32,210,217			\$ 28,089,017			\$ 27,177,083		
Total OPEB Liability, as a percentage of covered payroll	625.43%			824.63%			594.95%		

Note: This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other data prior to 2018 is available. However, additional years will be included as they become available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay other postemployment benefits (OPEB). The Town currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes in Benefit Terms

None

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.12%
2019	2.74%
2018	4.10%
2017	3.44%

Changes in Health Care Trend Rates

The non-Medicare eligible health care cost trend was reset to 7.5% in 2020, grading down 0.5% annum to an ultimate trend rate of 5.0% in years 2025 and later.

Change in Demographic Assumptions

The demographic (mortality, retirement, disability, and other termination of employment) assumptions were updated to the rates developed in the report, "Development of Recommended Actuarial Assumptions" for New York/SUNY GASB 45 Valuation prepared by the AON Hewitt dated September 2016. The impact of the Total OPEB Liability is shown above.

See independent auditors' report.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - EMPLOYEE RETIREMENT SYSTEM
December 31, 2020

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the collective net pension liability	0.0821846%	0.0794597%	0.0803200%	0.0797627%	0.0840236%	0.0809617%	0.0809617%
Town's proportionate share of the net collective pension liability	\$21,762,951	\$ 5,629,960	\$ 2,592,297	\$ 7,494,679	\$ 13,486,025	\$ 2,735,085	\$ 3,658,547
Town's covered-employee payroll	\$29,976,859	\$28,123,852	\$26,820,806	\$25,944,546	\$ 25,415,483	\$25,090,978	\$ 24,462,213
Town's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	72.60%	20.02%	9.67%	28.89%	53.06%	10.90%	14.96%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	86.39%	96.27%	98.24%	94.70%	90.68%	97.90%	97.20%

Notes:

Information prior to 2014 was not available. Additional years will be included as information becomes available.

Amounts presented above were determined as of the System's measurement date of March 31st.

There were no significant changes in benefits for the years presented above.

Changes in assumptions from the March 31, 2016 to March 31, 2017 System plan year were as follows:

- a) The interest (discount) rate was lowered from 7.5% to 7.0% in the actuarial valuation used in the System's March 31, 2016 financial statement.
- b) The inflation rate was lowered from 2.7% to 2.5% in the actuarial valuation used in the System's March 31, 2016 financial statement.

Changes in assumptions from the March 31, 2019 to March 31, 2020 System plan year were as follows:

- a) The interest (discount) rate was lowered from 7.0% to 6.8% in the actuarial valuation used in the System's March 31, 2020 financial statement.

The increase in proportionate share of the net pension liability is mainly attributable to the decrease in the plan fiduciary net position due to investment losses.

See independent auditors' report.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - EMPLOYEE RETIREMENT SYSTEM
December 31, 2020

	NYSERS									
	Years Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 4,099,716	\$ 3,897,571	\$ 3,834,065	\$ 3,793,997	\$ 3,913,352	\$ 4,531,827	\$ 4,685,568	\$ 4,986,312	\$ 4,170,015	\$ 3,001,407
Contributions in relation to the contractually required contribution	\$ 4,099,716	\$ 3,897,571	\$ 3,834,065	\$ 3,793,997	\$ 3,913,352	\$ 4,531,827	\$ 4,685,568	\$ 4,986,312	\$ 2,452,354	\$ 2,303,832
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,717,861	\$ 697,575
Town's covered-employee payroll	\$ 31,662,386	\$ 29,825,382	\$ 27,659,807	\$ 26,719,014	\$ 26,625,919	\$ 25,739,585	\$ 24,718,125	\$ 24,096,222	\$ 23,920,750	\$ 23,443,413
Contributions as a percentage of covered-employee payroll	12.95%	13.07%	13.86%	14.20%	14.70%	17.61%	18.96%	20.69%	10.25%	9.83%

Notes:

Amounts presented for each year were determined as of December 31st and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System. The Plan used the April 1, 2019 actuarial valuation to determine the employer rates for contributions payable to the Plan's year ended March 31, 2020.

There was a change in assumption for the pensioner mortality improvement in the April 1, 2014 actuarial valuation from the Society of Actuaries Scale AA to Scale MP-2014.

There was a change in assumption for the pensioner mortality improvement in the April 1, 2018 actuarial valuation from the Scale MP-2014 to Scale MP-2018.

See independent auditors' report.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAMS' NET PENSION LIABILITY
Year Ended December 31, 2020

	East Farmingdale Firefighter Plan			
	2020	Years Ended December 31,		2017
	2019	2018		
Total LOSAP Plan Liabilities				
Service cost	\$ 139,188	\$ 146,833	\$ 155,475	\$ 109,504
Interest	336,302	323,923	282,336	316,990
Differences between expected and actual experience	135,210	94,736	115,449	59,751
Benefit payments, including refunds of member contributions	(345,701)	(253,364)	(168,212)	(157,769)
Changes of assumptions or other inputs	<u>878,328</u>	<u>(45,327)</u>	<u>635,792</u>	<u>173,186</u>
Net change in total LOSAP plan liability	1,143,327	266,801	1,020,840	501,662
Total LOSAP plan liability - beginning of year (a)	<u>7,906,095</u>	<u>7,639,294</u>	<u>6,618,454</u>	<u>6,116,792</u>
Total LOSAP plan liability - end of year (c)	<u>9,049,422</u>	<u>7,906,095</u>	<u>7,639,294</u>	<u>6,618,454</u>
LOSAP - Pension Trust Fund Net Position				
Contributions - Employer	402,597	396,073	253,750	106,000
Investment Income	230,751	220,126	106,632	106,073
Change in insurance contracts value	137,658	30,203	42,930	41,796
Benefit payments, including refunds of member contributions	<u>(347,216)</u>	<u>(253,855)</u>	<u>(168,212)</u>	<u>(157,769)</u>
Net Change in LOSAP fiduciary net position	423,790	392,547	235,100	96,100
Plan fiduciary net position - beginning of year, (b)	<u>4,647,875</u>	<u>4,255,328</u>	<u>4,020,228</u>	<u>3,924,128</u>
Plan fiduciary net position - end of year (d)	<u>5,071,665</u>	<u>4,647,875</u>	<u>4,255,328</u>	<u>4,020,228</u>
Net LOSAP plan liability - beginning of year (a) - (b)	<u>3,258,220</u>	<u>3,383,966</u>	<u>2,598,226</u>	<u>2,192,664</u>
Net LOSAP plan liability - end of year (c) - (d)	<u>\$ 3,977,757</u>	<u>\$ 3,258,220</u>	<u>\$ 3,383,966</u>	<u>\$ 2,598,226</u>
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	56.0%	58.8%	55.7%	60.7%
Covered-employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	9	8	9	11

Notes:

Information prior to the December 31, 2017 measurement date was not available. Additional years will be included as information becomes available.

This schedule is presented for the defined benefit LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The net pension liability as a percentage of covered payroll is also not applicable.

Changes of assumptions were as follows:

a) The January 1, 2016 LOSAP plan liabilities were based on the RP 2000 Combined- Projected to 2015 mortality table and a 2.00% inflation rate and then changed to RP-2000 Combined - Projected to 2018 mortality table and 2.20% inflation rate for the December 31, 2017 valuation. For the December 31, 2018 the plan liabilities were based on the RP 2014 - no projection mortality tables and a 2.25% inflation rate.

b) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	3.59%
2019	4.31%
2018	4.27%
2017	5.25%

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAMS' NET PENSION LIABILITY
Year Ended December 31, 2020

	North Amityville Firefighter Plan Years Ended December 31,			
	2020	2019	2018	2017
Total LOSAP Plan Liabilities				
Service cost	\$ 22,572	\$ 23,816	\$ 25,921	\$ 32,673
Interest	117,604	116,480	120,276	112,893
Differences between expected and actual experience	(14,625)	11,626	23,220	39,883
Benefit payments, including refunds of member contributions	(127,246)	(132,530)	(130,487)	(128,573)
Changes of assumptions or other inputs			(109,161)	71,757
Net change in total LOSAP plan liability	(1,695)	19,392	(70,231)	128,633
Total LOSAP plan liability - beginning of year (a)	2,292,417	2,273,025	2,343,256	2,214,623
Total LOSAP plan liability - end of year (c)	2,290,722	2,292,417	2,273,025	2,343,256
LOSAP - Pension Trust Fund Net Position				
Contributions - Employer	94,600	93,437	59,200	112,450
Investment income	80,007	70,481	57,075	55,559
Change in insurance contracts value		(10,841)	27,367	49,028
Benefit payments, including refunds of member contributions	(128,187)	(132,870)	(130,487)	(128,573)
Net Change in LOSAP fiduciary net position	46,420	20,207	13,155	88,464
Plan fiduciary net position - beginning of year, restated (b)	1,836,296	1,816,089	1,802,934	1,714,470
Plan fiduciary net position - end of year (d)	1,882,716	1,836,296	1,816,089	1,802,934
Net LOSAP plan liability - beginning of year (a) - (b)	456,121	456,936	540,322	500,153
Net LOSAP plan liability - end of year (c) - (d)	\$ 408,006	\$ 456,121	\$ 456,936	\$ 540,322
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	82.2%	80.1%	79.9%	76.9%
Covered-employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	3	4	6	7

Notes:

Information prior to the December 31, 2017 measurement date was not available. Additional years will be included as information becomes available.

This schedule is presented for the defined benefit LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The net pension liability as a percentage of covered payroll is also not applicable.

Changes of assumptions were as follows:

a) The January 1, 2016 LOSAP plan liabilities were based on the RP 2000 Combined- Projected to 2015 mortality table and a 2.00% inflation rate and then changed to RP-2000 Combined - Projected to 2018 mortality table and 2.20% inflation rate for the December 31, 2017 valuation. For December 31, 2018 the plan liabilities were based on the RP 2014 - no projection mortality tables and a 2.25% inflation rate. There were no changes for the December 31, 2019 and 2020 valuations.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAMS' NET PENSION LIABILITY
Year Ended December 31, 2020

	North Babylon Firefighter Plan Years Ended December 31,			
	2020	2019	2018	2017
Total LOSAP Plan Liabilities				
Service cost	\$ 146,330	\$ 132,718	\$ 145,303	\$ 119,912
Interest	398,432	386,378	379,907	378,287
Differences between expected and actual experience	375,367	50,039	19,824	94,643
Benefit payments, including refunds of member contributions	(318,504)	(355,955)	(318,481)	(265,615)
Changes of assumptions or other inputs	162,133	(51,615)	(61,148)	316,856
Net change in total LOSAP plan liability	763,758	161,565	165,405	644,083
Total LOSAP plan liability - beginning of year (a)	8,654,494	8,492,929	8,327,524	7,683,441
Total LOSAP plan liability - end of year (c)	9,418,252	8,654,494	8,492,929	8,327,524
LOSAP - Pension Trust Fund Net Position				
Contributions - Employer	517,405	510,247	363,700	358,000
Investment income	257,522	205,561	101,949	96,060
Change in insurance contracts value		16,149	81,848	38,281
Benefit payments, including refunds of member contributions	(320,186)	(359,244)	(318,481)	(265,615)
Net Change in LOSAP fiduciary net position	454,741	372,713	229,016	226,726
Plan fiduciary net position - beginning of year, restated (b)	4,473,757	4,101,044	3,872,028	3,645,302
Plan fiduciary net position - end of year (d)	4,928,498	4,473,757	4,101,044	3,872,028
Net LOSAP plan liability - beginning of year (a) - (b)	4,180,737	4,391,885	4,455,496	4,038,139
Net LOSAP plan liability - end of year (c) - (d)	\$ 4,489,754	\$ 4,180,737	\$ 4,391,885	\$ 4,455,496
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	52.3%	51.7%	48.3%	46.5%
Covered-employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	6	7	8	10

Notes:

Information prior to the December 31, 2017 measurement date was not available. Additional years will be included as information becomes available.

This schedule is presented for the defined benefit LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The net pension liability as a percentage of covered payroll is also not applicable.

Changes of assumptions were as follows:

a) The January 1, 2016 LOSAP plan liabilities were based on the RP 2000 Combined- Projected to 2015 mortality table and a 2.00% inflation rate and then changed to RP-2000 Combined - Projected to 2018 mortality table and 2.20% inflation rate for the December 31, 2017 valuation. For the December 31, 2018 the plan liabilities were based on the RP 2014 - no projection mortality tables and a 2.25% inflation rate.

b) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	4.53%
2019	4.65%
2018	4.61%
2017	4.94%

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAMS' NET PENSION LIABILITY
Year Ended December 31, 2020

	North Lindenhurst Firefighter Plan Years Ended December 31,			
	2020	2019	2018	2017
Total LOSAP Plan Liabilities				
Service cost	\$ 106,169	\$ 85,989	\$ 89,135	\$ 83,593
Interest	246,775	241,855	229,550	235,903
Differences between expected and actual experience	(36,379)	114,562	148,896	(168,767)
Benefit payments, including refunds of member contributions	(260,313)	(232,081)	(200,562)	(166,225)
Changes of assumptions or other inputs	272,438	209,981	5,067	142,193
Net change in total LOSAP plan liability	328,690	420,306	272,086	126,697
Total LOSAP plan liability - beginning of year (a)	5,500,703	5,080,397	4,808,311	4,681,614
Total LOSAP plan liability - end of year (c)	5,829,393	5,500,703	5,080,397	4,808,311
LOSAP - Pension Trust Fund Net Position				
Contributions - Employer	330,152	326,693	192,600	203,000
Investment income	167,409	153,341	71,390	68,976
Change in insurance contracts value		21,059	51,543	59,917
Benefit payments, including refunds of member contributions	(261,770)	(232,606)	(200,562)	(166,225)
Net Change in LOSAP fiduciary net position	235,791	268,487	114,971	165,668
Plan fiduciary net position - beginning of year, restated (b)	3,038,081	2,769,594	2,654,623	2,488,955
Plan fiduciary net position - end of year (d)	3,273,872	3,038,081	2,769,594	2,654,623
Net LOSAP plan liability - beginning of year (a) - (b)	2,462,622	2,310,803	2,153,688	2,192,659
Net LOSAP plan liability - end of year (c) - (d)	\$ 2,555,521	\$ 2,462,622	\$ 2,310,803	\$ 2,153,688
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	56.0%	55.2%	54.5%	55.2%
Covered-employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	9	10	9	11

Notes:

Information prior to the December 31, 2017 measurement date was not available. Additional years will be included as information becomes available.

This schedule is presented for the defined benefit LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The net pension liability as a percentage of covered payroll is also not applicable.

Changes of assumptions were as follows:

a) The January 1, 2016 LOSAP plan liabilities were based on the RP 2000 Combined- Projected to 2015 mortality table and a 2.00% inflation rate and then changed to RP-2000 Combined - Projected to 2018 mortality table and 2.20% inflation rate for the December 31, 2017 valuation. For the December 31, 2018 the plan liabilities were based on the RP 2014 - no projection mortality tables and a 2.25% inflation rate.

b) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	4.21%
2019	4.55%
2018	4.83%
2017	5.13%

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LENGTH OF SERVICE AWARD PROGRAMS PENSION CONTRIBUTIONS AND INVESTMENT RETURNS
Year Ended December 31, 2020

	East Farmingdale Firefighter Plan			
	Years Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 387,897	\$ 396,073	\$ 292,721	\$ 275,945
Contributions in relation to the actuarially determined contribution	<u>\$ 387,897</u>	<u>\$ 396,073</u>	<u>\$ 253,750</u>	<u>\$ 106,000</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 38,971</u>	<u>\$ 169,945</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	8.12%	5.23%	2.29%	4.22%

Notes:

The above information was not available prior to the January 1, 2017 valuation. Additional years will be included as information becomes available.

The Plan Administrator provides a range for the actuarially determined contribution. The schedule above presents the minimum amount of the actuarially determined contribution for the LOSAP plan year ended December 31, 2020, 2019, 2018 and 2017.

This schedule is presented for LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67 ,68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The contribution as a percentage of covered payroll is also not applicable.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LENGTH OF SERVICE AWARD PROGRAMS
PENSION CONTRIBUTIONS AND INVESTMENT RETURNS
Year Ended December 31, 2020

	North Amityville Firefighter Plan			
	Years Ended			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 85,407	\$ 93,437	\$ 53,548	\$ 70,398
Contributions in relation to the actuarially determined contribution	<u>\$ 85,407</u>	<u>\$ 93,437</u>	<u>\$ 59,200</u>	<u>\$ 112,450</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (5,652)</u>	<u>\$ (42,052)</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	4.48%	3.32%	3.87%	5.78%

Notes:

The above information was not available prior to the January 1, 2017 valuation. Additional years will be included as information becomes available.

The Plan Administrator provides a range for the actuarially determined contribution. The schedule above presents the minimum amount of the actuarially determined contribution for the LOSAP plan year ended December 31, 2020, 2019, 2018 and 2017.

This schedule is presented for LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The contribution as a percentage of covered payroll is also not applicable.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LENGTH OF SERVICE AWARD PROGRAMS
PENSION CONTRIBUTIONS AND INVESTMENT RETURNS
Year Ended December 31, 2020

	North Babylon Firefighter Plan			
	Years Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 485,459	\$ 510,247	\$ 382,553	\$ 397,918
Contributions in relation to the actuarially determined contribution	<u>\$ 485,459</u>	<u>\$ 510,247</u>	<u>\$ 363,700</u>	<u>\$ 358,000</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,853</u>	<u>\$ 39,918</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	5.87%	5.39%	3.21%	3.64%

Notes:

The above information was not available prior to the January 1, 2017 valuation. Additional years will be included as information becomes available.

The Plan Administrator provides a range for the actuarially determined contribution. The schedule above presents the minimum amount of the actuarially determined contribution for the LOSAP plan year ended December 31, 2020, 2019, 2018 and 2017.

This schedule is presented for LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The contribution as a percentage of covered payroll is also not applicable.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LENGTH OF SERVICE AWARD PROGRAMS
PENSION CONTRIBUTIONS AND INVESTMENT RETURNS
Year Ended December 31, 2020

	North Lindenhurst Firefighter Plan			
	Years Ended December 31,			
	2020	2019	2018	2017
Actuarially determined contribution	\$ 328,956	\$ 326,693	\$ 240,706	\$ 223,886
Contributions in relation to the actuarially determined contribution	<u>\$ 328,956</u>	<u>\$ 326,693</u>	<u>\$ 192,600</u>	<u>\$ 203,000</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 48,106</u>	<u>\$ 20,886</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	5.71%	6.29%	3.59%	5.14%

Notes:

The above information was not available prior to the January 1, 2017 valuation. Additional years will be included as information becomes available.

The Plan Administrator provides a range for the actuarially determined contribution. The schedule above presents the minimum amount of the actuarially determined contribution for the LOSAP plan year ended December 31, 2020, 2019, 2018 and 2017.

This schedule is presented for LOSAP Firefighter Plans that meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The contribution as a percentage of covered payroll is also not applicable.

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN THE LENGTH OF SERVICE AWARD PROGRAM TOTAL PENSION LIABILITY
Year Ended December 31, 2020

	Firefighter Plan - Wyandanch Year Ended December 31,			
	2020	2019	2018	2017
Total LOSAP Pension Liability				
Service cost	\$ 83,018	\$ 75,596	\$ 78,513	\$ 71,488
Interest	43,520	42,622	37,737	39,459
Differences between expected and actual experience	12,850	(15,574)	8,591	
Benefit payments, including refunds of member contributions	(31,471)	(30,648)	(37,688)	(40,493)
Changes of assumptions or other inputs	388,030	85,006	(111,012)	17,715
Net Change in total LOSAP Pension Liability	495,947	157,002	(23,859)	88,169
Total LOSAP Pension Liability - beginning of year	1,267,676	1,110,674	1,134,533	1,046,364
Total LOSAP Pension Liability - end of year	\$ 1,763,623	\$ 1,267,676	\$ 1,110,674	\$ 1,134,533
Covered-employee payroll	N/A	N/A	N/A	N/A
LOSAP Pension Liability as a percentage of the covered-employee payroll	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	9	15	15	9

Notes:

The above information was not available prior to the December 31, 2017 measurement date. Additional years will be included as information becomes available.

This schedule is presented for the defined benefit LOSAP Firefighter Plan that does not meet the requirements of a trust or trust equivalent as prescribed by GASB Statement No. 67, 68 and 73 paragraph 4.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Covered-employee payroll is not applicable to the above LOSAP plans since the participants are volunteer firefighters. The pension liability as a percentage of covered-employee payroll is also not applicable.

There was a change of assumption as follows:

a) The January 1, 2017 LOSAP plan liability was based on the RP-2000 MF with improvement mortality table and then changed to the RP-2014 MF with improvement mortality table for the January 1, 2018 valuation.

b) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	1.93%
2019	3.26%
2018	3.64%
2017	3.83%

