

TOWN OF BABYLON, NEW YORK

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT)**

Year Ended December 31, 2021

TOWN OF BABYLON, NEW YORK

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of another auditor, the accompanying 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, 2021, 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.

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%, respectively of the assets and revenues of the governmental activities and the governmental funds as of and for the year ended December 31, 2021. 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, 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. 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*.

PKF O'Connor Davies, LLP

Hauppauge, New York
August 23, 2022

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

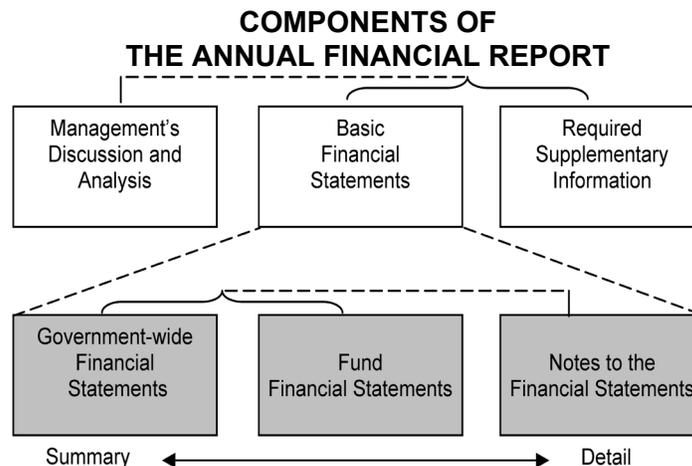
As management of the Town of Babylon, New York (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- Pursuant to the American Rescue Plan Act, the Town was awarded \$27.8 million in Coronavirus State and Local Fiscal Recovery awards, and of which \$3.9 million has been recognized as revenue in 2021 based on costs incurred for eligible projects and programs. The remaining revenue will be recognized in future years as eligible expenses/expenditures are incurred.
- 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 2021 by \$33,063,383 (net position) of which \$27,607,286 was related to the governmental activities and \$5,456,097 was related to the business-type activities.
- The Town's net position related to governmental activities increased by \$6,994,012, or 33.93%, from the current year activity.
- The Town's business-type activities reported an increase in net position of \$14,365, or 0.26% from the current year activity.
- As of the close of 2021, the Town's governmental funds reported combined ending fund balances of \$163,142,874. Of this amount, \$9,797,790 is not in spendable form or is required to remain intact. The remaining \$153,345,084 or 94.00% 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 2021, the Town's total fund balance for the general fund was \$63,481,733, an increase of \$5,545,219 or 9.57% from the prior year. The unassigned fund balance for the general fund was \$41,534,720.
- The Town's total bonded debt (inclusive of general obligation bonds, exclusive of premiums) was \$160,610,000 for the Town's governmental and business-type activities. The total bonded debt decreased by 2.40% from the prior year.
- Notable portions of restricted total fund balances are as follows: \$9.5 million for property held for resale and \$10.0 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

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

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 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

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 \$27,607,286 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	
	2021	2020	2021	2020
Assets				
Current assets	\$ 273,032,101	\$ 250,596,246	\$ 4,085,142	\$ 3,777,417
Capital assets	293,079,288	280,371,890	5,525,684	6,005,069
Other noncurrent assets	27,533,488	28,406,419	36,700	3,700
Total Assets	<u>593,644,877</u>	<u>559,374,555</u>	<u>9,647,526</u>	<u>9,786,186</u>
Deferred outflows of resources	<u>68,280,951</u>	<u>55,945,828</u>	<u>-0-</u>	<u>-0-</u>
Liabilities				
Current liabilities	50,394,723	40,292,728	205,393	311,738
Noncurrent liabilities	440,577,854	435,671,197	1,823,536	1,775,846
Total Liabilities	<u>490,972,577</u>	<u>475,963,925</u>	<u>2,028,929</u>	<u>2,087,584</u>
Deferred inflows of resources	<u>143,345,965</u>	<u>118,743,184</u>	<u>2,162,500</u>	<u>2,256,870</u>
Net Position				
Net investment in capital assets	157,466,806	144,346,629	5,525,684	5,883,745
Restricted	17,390,864	12,442,436	2,190,943	1,818,369
Unrestricted	<u>(147,250,384)</u>	<u>(136,175,791)</u>	<u>(2,260,530)</u>	<u>(2,260,382)</u>
Total Net Position	<u>\$ 27,607,286</u>	<u>\$ 20,613,274</u>	<u>\$ 5,456,097</u>	<u>\$ 5,441,732</u>

Total assets and deferred outflows of resources of the Town's governmental activities, as of December 31, 2021 were \$661,925,828, an increase of \$46,605,445. Total liabilities and deferred inflows of resources as of December 31, 2021 were \$634,318,542, an increase of \$39,611,433. This results in a total net position balance of \$27,607,286 for the year ended 2021, an increase of \$6,994,012. Of the Town's net position balance, \$157,466,806 was the net investment in capital assets, while \$17,390,864 was restricted by statute or other specific purposes leaving a \$147,250,384 unrestricted deficit net position.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The largest portion of the Town's governmental activities net position, \$157,466,806, 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, 2021, were \$9,647,526, a decrease of \$138,660. Total liabilities and deferred inflows of resources as of December 31, 2021 were \$4,191,429, a decrease of \$153,025. This results in a total net position balance of \$5,456,097 for 2021, an increase of \$14,365. Of the business-type activities net position balance, \$5,525,684 was the net investment in capital assets, \$2,190,943 was restricted by statute or other specific purposes, leaving a \$2,260,530 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	
	2021	2020	2021	2020
Program Revenue				
Charges for services	\$ 50,444,477	\$ 47,580,012	\$ 76,500	\$ 115,000
Operating grants and contributions	22,165,197	16,710,198	1,087,000	475,000
Capital grants and contributions	8,949,094	5,270,162		222,858
Total Program Revenues	81,558,768	69,560,372	1,163,500	812,858
General Revenues				
Real property taxes	90,992,705	82,737,043	70,697	
Other real property tax items	3,367,488	2,943,763		
Non-property tax items	4,733,766	5,281,448		
Interest earnings	384,490	760,683	5,179	16,682
State and local aid - unrestricted	11,398,457	9,196,920		
Other	532,164	767,864	381,195	358,120
Transfers	256,549		(256,549)	
Total General Revenues and Transfers	111,665,619	101,687,721	200,522	374,802
Total Revenues	193,224,387	171,248,093	1,364,022	1,187,660

(continued)

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

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	
	2021	2020	2021	2020
Program Expenses				
General government support	29,361,010	27,008,872		
Public safety	27,734,855	27,681,366		
Health	7,573,193	8,101,685		
Transportation	27,641,482	26,411,477		
Economic assistance and opportunity	4,084,637	172,144	742,432	924,253
Culture and recreation	23,824,693	25,260,861		
Home and community services	61,226,496	57,233,686	607,225	548,521
Interest on debt	4,784,009	5,118,281		
Total Program Expenses	186,230,375	176,988,372	1,349,657	1,472,774
Change in net position	6,994,012	(5,740,279)	14,365	(285,114)
Net position, beginning of year	20,613,274	26,353,553	5,441,732	5,726,846
Net position, end of year	<u>\$ 27,607,286</u>	<u>\$ 20,613,274</u>	<u>\$ 5,456,097</u>	<u>\$ 5,441,732</u>

Net position from all governmental activities increased by \$6,994,012 in the current year. Key elements of the governmental activities are:

- Overall program revenues increased by \$11,998,396 from the prior year, which is discussed below in detail.
- There was an increase of \$2,864,465 in charges for services, of which \$1,171,035 of this increase is parks and recreation charges attributable to the impact of COVID-19 as the Town did not hold any in person programs or classes in 2020. There was also an increase in rental of real property of \$660,447 attributable to an increase in the Town's beach concessions due to the lifting of COVID-19 restrictions. Additionally, the Town experienced an increase in refuse and garbage charges of \$814,124.
- Operating grants and contributions increased by \$5,454,999 from the prior year, primarily due to an increase in recognized revenue related to the Coronavirus State and Local Recovery Fund in the amount of \$3,915,937. Additional increase is attributable to an increase in grant revenues related to the Housing Assistance Agency and the Community Development Agency of \$1,050,561 and \$418,927, respectively.
- Capital grants and contributions increased by \$3,678,932 compared to the prior year primarily related to the timing of certain projects and the related reimbursements. The Town recognized more grant revenues related to the Community Development Block Grant Disaster Recovery (CDBG-DR) program (\$2,335,582), New York State Department of Transportation ("NYSDOT") Consolidated Local Street and Highway Improvement Program grant (\$627,826), NYS DOT PAVE-NY grant (\$231,736) and the NYSDOT Extreme Winter Recovery grant (\$215,993).
- General revenues increased by \$9,977,898 from the prior year, primarily due to an increase in real property taxes in the amount of \$8,255,662 attributable to the Town's approval to pierce the 2% tax cap for the 2021 budget. Additional increase is attributable to an increase mortgage tax of \$2,201,537. This increase was offset by a decrease in non-property tax items of \$547,682.
- Overall program expenses increased by \$9,242,003 from the prior year, which is discussed below in detail.
- Economic assistance and opportunity expenses increased from the prior year by \$3,912,493, a result of the Coronavirus State and Local Fiscal Recovery awards expended.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

- Home and community expenses increased from the prior year by \$3,992,810, primarily a result of an increase in CDBG-DR program expenditures of \$2,335,582, Housing Assistance Agency grant expenditures of \$927,683 and Community Development Block Agency COVID funding related to rental arrears assistance expenditures of \$364,032.
- General government support expenses increased from the prior year by \$2,352,138 primarily a result of an increase in judgment and claims expenditures of \$2,557,637 due to ongoing litigation.
- Transportation expenses increased from the prior year by \$1,230,005, a result of an increase in employee benefits of \$383,491, depreciation of \$221,171 and program operations of \$251,046.
- Culture and recreation expenses decreased \$1,436,168 from the prior year, attributable to a decrease in employee benefits of \$1,278,893.

Net position from the business-type activities increased by \$14,365 in the current year. The current year total revenues increased by \$176,362, primarily due to an increase in operating grants received by the Local Development Corporation. Program expenses decreased slightly over the prior year by \$123,117, and transfers out increased by \$256,549 due to the change in funding source for capital projects.

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

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
General government support	\$ 29,361,010	\$ 27,008,872	\$ 2,733,243	\$ 2,605,859	\$ (26,627,767)	\$ (24,403,013)
Public safety	27,734,855	27,681,366	3,547,773	3,957,141	(24,187,082)	(23,724,225)
Health	7,573,193	8,101,685	2,337,886	1,923,684	(5,235,307)	(6,178,001)
Transportation	27,641,482	26,411,477	8,414,360	4,590,952	(19,227,122)	(21,820,525)
Economic assistance and opportunity	4,084,637	172,144	25,350	40,700	(4,059,287)	(131,444)
Culture and recreation	23,824,693	25,260,861	5,615,452	3,791,092	(18,209,241)	(21,469,769)
Home and community services	61,226,496	57,233,686	58,884,704	52,650,944	(2,341,792)	(4,582,742)
Interest on debt	4,784,009	5,118,281			(4,784,009)	(5,118,281)
	<u>\$ 186,230,375</u>	<u>\$ 176,988,372</u>	<u>\$ 81,558,768</u>	<u>\$ 69,560,372</u>	<u>\$ (104,671,607)</u>	<u>\$ (107,428,000)</u>

The total cost of all governmental activities this year was \$186,230,375. The net cost of these services after being subsidized by program revenues of \$81,558,768 was \$104,671,607.

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.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

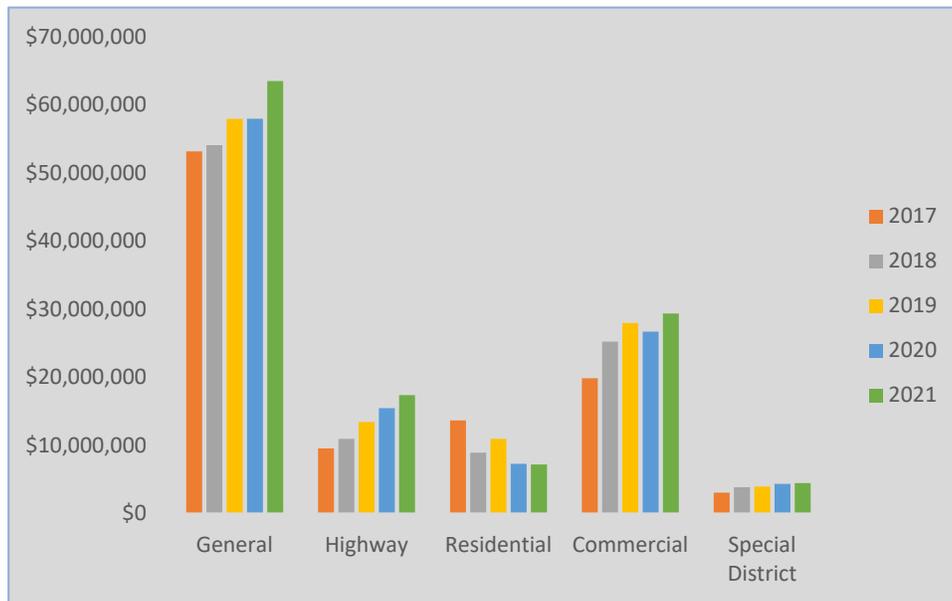
FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

At December 31, 2021, the Town's governmental funds reported total ending fund balances of \$163,142,874 an increase of \$8,358,030 in comparison with the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$9,797,790 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$44,473,981 (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** - \$67,409,552 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
- **Unassigned fund balance** - \$41,461,551, (residual net resources) is the remaining fund balance in the general fund in excess of nonspendable, restricted and assigned fund balance, net of the fund deficit shown in the capital projects fund.

Below is a summary of the Town's major funds' fund balances for 2017 through 2021.



The Town began the year with an anticipated overall \$8,533,632 decrease resulting from the appropriation of fund balance for the 2021 budget (including prior year encumbrances of \$419,791). Total revenues increased from the prior year by \$21,924,920 primarily a result of the increase in real property taxes of \$8,280,197 attributable to the Town Board approving the tax cap override in 2021. Additional increase is attributable to and an increase in state and federal aid of \$11,103,043 due to the Coronavirus State and Local Fiscal Recovery award in the amount of \$3,915,937, an increase in revenue recognized related to the Community Development Block Grant – Disaster Recovery program in the amount of \$2,335,582, an increase in mortgage tax of \$2,116,123 and an increase in Housing Assistance Agency awards of \$1,050,560.

Overall, governmental expenditures increased in line with revenues by \$20,646,638 from the prior year, a result of an increase nearly across all functions. Capital outlay and transportation costs increased in the amounts of \$5,133,463 and \$4,046,992, respectively. Economic assistance and opportunity increased \$3,922,913 as it relates to the Coronavirus State and Local Fiscal Recovery award noted above. Home and community, employee benefits and culture and recreation increased as well in the amounts of \$2,507,081, \$1,604,337 and \$1,106,351, respectively.

Net other financing sources (net) decreased slightly by \$616,857 compared to prior year.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (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 \$63,481,733, increasing \$5,545,219 or 9.57% from the prior year. Of this amount, \$8,179,256 is not in spendable form (property held for resale, prepaids and inventory) and \$10,989,915 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 \$44,312,562, \$2,510,663 has been assigned by the Town Board for the subsequent year's budget, \$267,179 has been assigned for purchase orders by the Town Comptroller and \$41,534,720 is shown as unassigned fund balance.

The key elements of the fund balance increase of \$5,545,219 are as follows:

- Overall actual revenues exceeded the original budgeted expectations by \$11,044,087, due to State Aid-mortgage tax, which was over the budget by \$5,524,267, due to an increase in home sales within the Town. Additional increase is attributable to an increase in rental of real property of \$925,858, due to the Town lifting COVID-19 restrictions that were in place in 2020. Actual federal aid also exceeded budget by \$4,004,705 due to funds received pursuant to the American Rescue Plan Act of \$3,915,937.
- Actual revenues increased by \$13,915,123 compared to prior year, which is primarily related to the Town overriding the tax cap and real estate taxes increasing \$6,085,722. Additionally, there was an increase in federal aid recognized of \$4,054,248 which is attributable to the previously mentioned American Rescue Plan Act awards recognized as revenue in 2021 in the general fund related to the Coronavirus State and Local Fiscal Recovery Funds. There was also an increase in state aid recognized.
- Overall expenditures exceeded the original budget in the amount of \$1,619,007. This is primarily due to costs associated with the American Rescue Plan Act, as the Town used these funds as a grant to local small businesses in an aggregate amount of \$3,909,513. This was offset by less than anticipated expenditures in general government support costs of \$2,328,837, which were most significant in insurance, municipal court and contingency costs.
- Actual expenditures increased by \$7,987,554 compared to the prior year, which is primarily attributable to an increase in grant expenditures of \$3,915,937 related to the Coronavirus State and Local Fiscal Recovery Funds received. Additional increases are attributable to an increase in personnel expenditures of \$1,046,357 and employee benefits of \$1,134,221 due to the increase in New York State retirement costs.
- Other financing sources exceeded the original budget in the amount of \$9,895,445, primarily attributable to refunding bond proceeds in the amount of \$8,470,800 as well as premiums on refunding debt of \$1,319,387.
- Other financing uses exceeded the original budget by \$9,772,920, primarily attributable to the payments made to refunded bond escrow agent to pay down the outstanding debt.
- Net other financing uses increased by \$397,887 due to an overall increase in bond proceeds (including premiums and refunding bonds) of \$121,987 as well as an increase in operating transfers in of \$127,612.

Residential Garbage District Fund

At the end of the current year, the total fund balance of the residential garbage district fund was \$7,186,140, decreasing \$93,423 or 1.28% from the prior year. Total fund balance is as follows: \$56,391 is not in spendable form for prepaid items, \$181,356 has been assigned for purchase orders by the Town Comptroller and \$6,948,393 is assigned for residential garbage district purposes.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Residential Garbage District Fund (continued)

The key elements of the fund balance decrease of \$93,423 are as follows:

- Total revenues did not meet budgeted expectations by \$1,514,035, a result of a shortfall in departmental income of \$1,678,792, primarily attributable to less than anticipated refuse and garbage fees of \$1,542,408.
- Overall actual revenues remained fairly consistent over the prior year, decreasing by \$202,982 or 1% compared to the prior year, a result of a decrease in departmental income of \$144,772 and a decrease in use of money and property of \$36,011.
- Total expenditures were less than original budget by \$1,508,217, primarily due to less refuse and garbage in the amount of \$1,268,558, resulting from underrealized professional and technical services (\$1,032,677) and equipment costs (\$165,350).
- Actual expenditures also remained fairly consistent from the prior year, decreasing by \$63,962 mostly due to a decrease in program operations of \$252,263 offset by an increase in the purchase of equipment of \$233,969.
- Other financing uses remained in line with budgeted expectations.
- Actual other financing uses decreased from the prior year in the amount of \$3,717,038, 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 \$29,363,084 increasing \$2,661,509 or 9.97% from the prior year. Total fund balance is as follows: \$15,203 is not in spendable form for prepaid items, \$10,006,703 is restricted for the Solid Waste Management Reserve, \$150,347 has been assigned by the Town Board for the subsequent year's budget, \$128,030 is assigned for purchase orders by the Town Comptroller and \$19,062,801 is assigned for commercial garbage district purposes.

The key elements of the fund balance increase of \$2,661,509 are as follows:

- Overall revenues were slightly over original budget by \$463,224, a result of more than anticipated refuse and garbage fees of \$477,412.
- Actual revenues increased by \$783,216 compared to the prior year due to an increase in departmental income of \$814,124 offset by a decrease in use of money and property of \$47,478.
- Total expenditures were under original budget by \$2,269,759 due to less than anticipated refuse and garbage expenditures in the amount of \$2,225,904, resulting from unrealized professional and technical service fees (\$1,595,158) and equipment costs (\$404,508).
- Actual expenditures increased from the prior year in the amount of \$915,673, primarily a result of an increase in professional and technical services of \$560,894 due to increase in energy credits received by the Town, an increase in equipment purchased of \$153,033 an increase in personnel expenditures of \$92,394 and an increase in employee benefits of \$49,480.
- Other financing uses remained in line with budgeted expectations.
- Actual other financing uses decreased \$4,037,830 from the prior year primarily due to the timing of operating transfers to the capital projects fund to fund ongoing projects.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$17,369,138, increasing \$1,917,306 or 12.41%, from the prior year. Of this amount, \$566,507 is not in spendable form (inventory and prepaids), \$50,138 has been restricted for debt service, \$13,490 has been assigned by the Town Board for the subsequent year's budget, \$18,302 has been assigned for purchase orders by the Town Comptroller and the remaining \$16,720,701 is assigned for highway purposes.

The key elements of the fund balance increase of \$1,917,306 are as follows:

- Total revenues exceeded original budgeted expectations by \$1,690,869, primarily a result of state aid from the New York State Department of Transportation being more than originally anticipated in the amount of \$1,467,064.
- Actual revenues increased by \$1,100,890 over the prior year, primarily attributable to an increase in state aid recognized of \$1,075,555 due to an increase in funding received from the New York State Department of Transportation.
- Total expenditures were under original budget by \$1,128,671 due to unrealized employee benefit and debt service expenditures of \$515,051 and \$426,120, respectively. Additionally, transportation costs were less than originally anticipated in the amount of \$187,500.
- Actual expenditures increased over the prior year by \$1,252,005, primarily due to an increase in construction services related to the increase in New York State Department of Transportation funding received as noted above of \$1,075,555 as well as an increase in program operations of \$294,360 due to an increase in snowfall during 2021. This increase was offset by a decrease in personnel expenditures of \$154,199.
- Net other financing sources exceeded original budgeted expectations in the amount of \$110,722 attributable to premiums on bond obligations recognized.
- Actual other financing sources increased slightly from the prior year by \$46,799.

Capital Projects Fund

At the end of the current year, the capital projects fund had a total fund balance of \$29,338,074 a decrease of \$2,164,076, or 6.87%. Of this amount, \$4,089,044 has been restricted for purchase orders or contractual obligations by the Town Comptroller and \$13,419,066 was restricted to specific capital project expenditures. The remaining balance of \$11,829,964 includes an amount of \$8,695,773 which is assigned for capital projects costs and outstanding amounts for purchases orders or contractual obligations in the amount of \$3,207,360 offset by an unassigned (negative) fund balance related to the Oak Beach Water Distribution System project in the amount of \$73,169. This is the result of a bond that was authorized but not yet issued as of year-end.

The fund balance decreased in the capital projects fund by \$2,164,076, 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

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 \$4,445,817, an increase of \$97,197, or 2.24%, from the prior year. Of this amount, \$675,764 is not in spendable form (prepaid items), \$1,463,989 is restricted for length of service award program plan benefits, \$36,165 is assigned by the Town Board for the subsequent year's budget and the remaining \$2,269,899, is assigned for the special districts fund.

The key elements of the fund balance increase of \$97,194 is as follows:

- Total actual revenues exceeded budgeted expectations by \$255,676, a result of investment income related to length of service aware program plan assets (\$113,356) that was not budgeted, and additional payments in lieu of taxes collected higher than anticipated (\$99,785).
- Actual revenues increased by \$228,608 compared to the prior year, primarily a result of an increase in real property taxes assessed in the amount of \$235,429.
- Total expenditures exceeded the original budget by \$138,405, a result of higher than anticipated fire protection district expenditures of \$131,526.
- Actual expenditures increased by \$536,944 compared to prior year, primarily a result of higher program operation costs for the fire protection districts (\$481,993) and the ambulance district (\$54,951).

Non-major Governmental Funds

The net change in fund balances was an increase of \$394,301.

- The part-town fund's fund balance was \$6,066,001 at December 31, 2021, which is an increase of \$282,335 from the prior year. Total revenues in the part-town fund of \$9,065,671 increased by \$1,600,966 from the prior year, a result of an increase in real property taxes of \$1,893,393 due to the Town agreeing to pierce the tax cap for the 2021 year. Actual revenues were less than budgeted expectations by \$381,255, primarily relating to unrealized safety inspection fees of \$414,316. Overall, total expenditures were \$8,779,237 for 2021, an increase of \$392,885 from the prior year. The increase is primarily attributable to an overall increase in personnel costs of \$269,670 as well as an increase in employee benefits of \$159,913. Actual expenditures were lower than final budgeted amounts by \$667,692 primarily attributable to actual salaries and employee benefits being less than budgeted in the amounts of amounting to \$280,380 and \$118,244, respectively. Additionally, planning and division contractual costs were less than anticipated by \$108,360.
- The total fund balance of the housing assistance agency fund at December 31, 2021 was \$1,795,908, an increase of \$358,047 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.
- The total fund balance of the human and therapeutic fund at December 31, 2021 was \$342,675, an increase of \$130,995 from the prior year, which is primarily a result of an increase in revenues of \$80,810 as well as a decrease in expenditures of \$44,954.
- The total fund balance in the lighting district fund at December 31, 2021 was \$1,437,761, which was a decrease of \$371,616 from the prior year, which is primarily a result of an increase in expenditures of \$394,040, specifically debt service payments related to the new installment purchase debt, where revenues remained fairly consistent.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

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, 2021 and 2020, the amount of the change and percentage change in relation to the prior year.

	2021	2020	\$ Change	% Change
Revenues (in Millions)				
Real property taxes	\$113.7	\$105.4	\$8.3	7.87%
Other real property tax items	3.4	2.9	0.5	17.24%
Non-property tax items	4.7	5.3	-0.6	-11.32%
Department income	23.3	21.3	2.0	9.39%
Use of money and property	3.9	3.7	0.2	5.41%
Licenses and permits	0.3	0.3	0.0	0.00%
Fines and forfeitures	0.9	0.6	0.3	50.00%
Sale of property and compensation for loss	0.3	0.5	-0.2	-40.00%
Interfund revenue	0.2	0.0	0.2	100.00%
Miscellaneous local sources	3.7	3.5	0.2	5.71%
State aid	17.1	10.1	7.0	69.31%
Federal aid	22.7	18.6	4.1	22.04%
Total Governmental Fund Revenues	\$194.2	\$172.2	\$22.0	12.78%
Expenditures (in Millions)				
	2021	2020	\$ Change	% Change
General government support	\$18.2	\$17.1	\$1.1	6.43%
Public safety	23.9	23.2	0.7	3.02%
Health	7.0	7.2	-0.2	-2.78%
Transportation	16.5	12.5	4.0	32.00%
Economic assistance and opportunity	4.0	0.1	3.9	3900.00%
Culture and recreation	12.7	11.6	1.1	9.48%
Home and community services	52.8	50.3	2.5	4.97%
Employee benefits	21.8	20.2	1.6	7.92%
Capital outlay	24.8	19.7	5.1	25.89%
Debt Service:				
Principal	16.3	15.5	0.8	5.16%
Interest	5.5	5.5	0.0	0.00%
Bond issuance costs	0.2	0.1	0.1	100.00%
Total Governmental Fund Expenditures	\$203.7	\$183.0	\$20.7	11.31%

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2021 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 \$4,049,263, increased the original budget for total expenditures by \$4,155,945 and decreased the original budget for net other financing uses by \$102,203. The main components of the overall increase in the Town's appropriations were increases in economic assistance and opportunity of \$3,915,937 attributable to funding received and expended related to the Coronavirus State and Local Fiscal Recovery award. 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, 2021 amounted to \$293,079,288 and \$5,525,684, respectively. The Town's capital assets include land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges and the water system infrastructure.

In 2021, the Town of Babylon's major capital expenditures were as follows:

Various highway road improvements	\$	8,608,804
Ashfill Expansion		7,768,453
Reconstruction of Town buildings		3,505,339
Consolidated Local Street and Highway Improvement Program		2,667,063
Various park improvements		1,537,753
Acquisition of Machinery		1,277,382

Capital Assets at December 31, 2021 and 2020
(Net of depreciation)

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Land	\$ 26,366,839	\$ 26,407,812	\$ 414,422	\$ 414,422
Construction in progress	34,911,669	25,154,096		326,290
Building and improvements	85,269,219	87,470,204	330,431	349,371
Machinery and equipment	13,853,648	14,387,595		
Infrastructure	132,677,913	126,952,183	4,780,931	4,914,986
Totals	\$ 293,079,288	\$ 280,371,890	\$ 5,525,784	\$ 6,005,069

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

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 \$160,610,000. The entire debt is backed by the full faith and credit of the Town. The Town also has \$2,539,000 outstanding in guaranteed assistance contract loans payable.

Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General obligation bonds payable *	\$ 160,610,000	\$ 164,550,000
Guaranteed assistance contract loans payable	<u>2,539,000</u>	<u>2,741,000</u>
	<u>\$ 163,149,000</u>	<u>\$ 167,291,000</u>

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

In 2021 the Town's general obligation bonds payable above decreased by \$3,940,000 or 2.39% which is a net change in new borrowings and debt retired.

During July 2021, Standard and Poor's Corporation reaffirmed the Town's credit rating of AA+ and during March 2021, 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 \$1,657,094,137. The percentage of debt contracting exhausted at December 31, 2021 was 9.1% 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 undertaken 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 General Municipal Law. The redevelopment is focused on the Wyandanch area which surrounds the existing railroad station of the same name (which has been completely re-built) and included pre-development work including property purchases, re-zoning, securing necessary permits, community approval, demolishing existing structures and grading the properties, some of which is on-going. Phase I of the construction, handled by a private developer contracted by the Town through a request for proposal process.

Phase I began in the Summer of 2013, and included the construction of building A and Building B, which contain 177 residential units that are fully occupied. The construction of the Intermodal Plaza, which includes green space, ice rink and other amenities, were completed in 2016. The MTA has also constructed a new train station with platforms and sidewalks. Along with this redevelopment, the Metropolitan Transit Authority (MTA) constructed a five-story parking garage. Building D, the "liner" building, located at 11 Park Drive, surrounding the north and west sides of the parking garage, and intended to improve the aesthetics of same, along with activating the streetscape, is complete. This building will be a senior living residential building, operated by the non-profit group Self Help. Building E, containing 124 residential units totaling 124,000 square feet, was completed in 2021. Building C, an approximately 90,000 square foot health and wellness center, will contain the YMCA and Hudson River Health Center. Funding sources are currently being finalized. A 1,260 square foot building for the new Wyandanch Community Resource Center which contains two offices, an open office, area and a conference room, all of which will better facilitate the Resource Center's operations, and the health and wellness center, described above was also just recently completed.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

WYANDANCH RISING COMMUNITY REDEVELOPMENT PROJECT (continued)

Pre-development work has started for Phase II of the Wyandanch Rising revitalization initiative, which is slated to include four buildings with 34,200 square feet of commercial units and an additional 264 residential housing units, including a mix of varying-sized dwelling units, and townhouses. Phase II is comprised of approximately 12.9 acres and is located at the southeast corner of Long Island Avenue and Straight Path, stretching east to Doe Street. The proposed development includes the continuation of the Wyandanch Village transit-oriented development along the Straight Path corridor, while connecting and transitioning to the existing Wyandanch community.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town's elected and appointed officials considered many factors when setting the upcoming 2022 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 2022 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 current economic environment, 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 elected to exceed the 2% cap in 2022.
- On November 17, 2021, the Board adopted Local Law No. 11 of 2021, Tax Cap Override, via resolution number 744, to allow the Town to adopt a budget for the fiscal year commencing January 1, 2022, 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 2022 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.

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, 2021**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 172,393,933	\$ 3,593,305	\$ 175,987,238
Cash with fiscal agent	290,030		290,030
Restricted cash	10,286,598	350,000	10,636,598
Accounts receivable, net	5,640,371	128,678	5,769,049
Taxes receivable	72,404,126		72,404,126
Long Island Green Homes receivable, net	699,299		699,299
Due from other governments, net	8,554,523		8,554,523
Inventory	816,757		816,757
Prepaid items	1,885,067	13,159	1,898,226
Property held for resale	61,397		61,397
Total Current Assets	273,032,101	4,085,142	277,117,243
Noncurrent Assets:			
Accounts receivable, noncurrent portion	6,026,649		6,026,649
Long Island Green Homes receivable, noncurrent portion	2,762,097		2,762,097
Due from other governments, noncurrent portion	676,422		676,422
Property held for resale	16,604,331		16,604,331
Non-depreciable capital assets	61,278,508	414,422	61,692,930
Capital assets, net	231,800,780	5,111,262	236,912,042
Length of service award program plan assets	1,463,989		1,463,989
Security deposit		3,700	3,700
Loans receivable		33,000	33,000
Total Noncurrent Assets	320,612,776	5,562,384	326,175,160
Total Assets	593,644,877	9,647,526	603,292,403
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	124,038		124,038
Pension - employees' retirement system	22,119,357		22,119,357
Length of service award programs	3,319,349		3,319,349
Other postemployment benefits	42,718,207		42,718,207
Total Deferred Outflows of Resources	68,280,951	-0-	68,280,951
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	14,771,215	180,471	14,951,686
Accrued interest payable	1,666,816		1,666,816
Due to other governments, net	1,132,512	24,922	1,157,434
Unearned revenues	11,717,403		11,717,403
Guaranty and bid deposits	680,795		680,795
Long-term obligations due within one year	20,425,982		20,425,982
Total Current Liabilities	50,394,723	205,393	50,600,116
Noncurrent Liabilities:			
Due to other governments	6,026,649		6,026,649
Long-term obligations due in more than one year	434,551,205	1,823,536	436,374,741
Total Noncurrent Liabilities	440,577,854	1,823,536	442,401,390
Total Liabilities	490,972,577	2,028,929	493,001,506
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	96,981,153		96,981,153
Deferred service concession arrangement		2,162,500	2,162,500
Pension - employees' retirement system	24,842,353		24,842,353
Length of service award programs	2,665,512		2,665,512
Other postemployment benefits	18,856,947		18,856,947
Total Deferred Inflows of Resources	143,345,965	2,162,500	145,508,465
NET POSITION			
Net investment in capital assets	157,466,806	5,525,684	162,992,490
Restricted			
Solid waste management	10,006,703		10,006,703
Debt service	1,531,688		1,531,688
Length of service award programs	1,463,989		1,463,989
General government support	50,000		50,000
Public safety	28,231		28,231
Health	575,804		575,804
Transportation	58,000		58,000
Economic assistance and opportunity	7,035	2,190,943	2,197,978
Culture and recreation	210,320		210,320
Home and community services	3,459,094		3,459,094
Unrestricted	(147,250,384)	(2,260,530)	(149,510,914)
Total Net Position	\$ 27,607,286	\$ 5,456,097	\$ 33,063,383

See notes to the financial statements.

TOWN OF BABYLON

GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Function/ Program	Expenses	Program Revenues			Total Program Revenues	Net (Expenses) Revenues and Changes in Net Position			Non-major Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:									
Governmental Activities:									
General government support	\$ 29,361,010	\$ 2,667,251	\$ 50,000	\$ 15,992	\$ 2,733,243	\$ (26,627,767)		\$ (26,627,767)	
Public safety	27,734,855	3,547,773			3,547,773	(24,187,082)		(24,187,082)	
Health	7,573,193	745,862	1,592,024		2,337,886	(5,235,307)		(5,235,307)	
Transportation	27,641,482	239,542		8,174,818	8,414,360	(19,227,122)		(19,227,122)	
Economic assistance and opportunity	4,084,637	350	25,000		25,350	(4,059,287)		(4,059,287)	
Culture and recreation	23,824,693	4,778,668	292,007	544,777	5,615,452	(18,209,241)		(18,209,241)	
Home and community services	61,226,496	38,465,031	20,206,166	213,507	58,884,704	(2,341,792)		(2,341,792)	
Interest on debt	4,784,009				-0-	(4,784,009)		(4,784,009)	
Total Governmental Activities	186,230,375	50,444,477	22,165,197	8,949,094	81,558,768	(104,671,607)	\$ -0-	(104,671,607)	
Business-type Activities:									
Town of Babylon L.D. Corporation II	742,432	1,500	1,087,000		1,088,500		346,068	346,068	
East Farmingdale Water District	607,225	75,000			75,000		(532,225)	(532,225)	
Total Business-type Activities	1,349,657	76,500	1,087,000		1,163,500	-0-	(186,157)	(186,157)	
Total Primary Government	\$ 187,580,032	\$ 50,520,977	\$ 23,252,197	\$ 8,949,094	\$ 82,722,268	(104,671,607)	(186,157)	(104,857,764)	
NON-MAJOR COMPONENT UNIT:									
Economic assistance and opportunity	\$ 1,601,780	\$ 1,970,416							\$ 368,636
Total Component Units	\$ 1,601,780	\$ 1,970,416							368,636
GENERAL REVENUES:									
Real property taxes						90,992,705	70,697	91,063,402	
Other real property tax items						3,367,488		3,367,488	
Non-property tax items						4,733,766		4,733,766	
Interest and investment earnings						384,490	5,179	389,669	8,142
State and local aid - unrestricted						11,398,457		11,398,457	
Other						532,164	381,195	913,359	
TRANSFERS IN (OUT)						256,549	(256,549)	-0-	
Total General Revenues and Transfers						111,665,619	200,522	111,866,141	8,142
Change in Net Position						6,994,012	14,365	7,008,377	376,778
Net Position at Beginning of Year						20,613,274	5,441,732	26,055,006	3,760,071
Net Position at End of Year						\$ 27,607,286	\$ 5,456,097	\$ 33,063,383	\$ 4,136,849

See notes to the financial statements.

TOWN OF BABYLON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	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	\$ 62,553,391	\$ 14,090,496	\$ 20,912,500	\$ 21,169,082	\$ 33,216,787	\$ 6,462,078	\$ 158,404,334	\$ 13,989,599	\$ 172,393,933
Cash with fiscal agent	239,892			50,138			290,030		290,030
Restricted cash			10,006,703				10,006,703	279,895	10,286,598
Accounts receivable	3,457,703	461,952	1,248,086	235		6,614	5,174,590	6,492,430	11,667,020
Taxes receivable	35,803,787			16,659,804		15,186,422	67,650,013	4,754,113	72,404,126
Long Island Green Homes receivable		3,461,396					3,461,396		3,461,396
Due from other funds	343,739			263,588			607,327		607,327
Due from other governments	5,618,520	37,261		9,413	808,677	16,749	6,490,620	2,740,325	9,230,945
Inventory	311,297			376,200			687,497	129,260	816,757
Prepaid items	771,993	56,391	15,203	190,307		675,764	1,709,658	175,409	1,885,067
Property held for resale	16,604,331						16,604,331	61,397	16,665,728
Length of service award program plan assets						1,463,989	1,463,989		1,463,989
Total Assets	<u>\$ 125,704,653</u>	<u>\$ 18,107,496</u>	<u>\$ 32,182,492</u>	<u>\$ 38,718,767</u>	<u>\$ 34,025,464</u>	<u>\$ 23,811,616</u>	<u>\$ 272,550,488</u>	<u>\$ 28,622,428</u>	<u>\$ 301,172,916</u>
LIABILITIES									
Accounts payable and accrued liabilities	\$ 1,676,519	\$ 2,777,513	\$ 1,884,411	\$ 304,962	\$ 4,352,023	\$ 182,310	\$ 11,177,738	\$ 2,885,275	\$ 14,063,013
Due to other funds					332,294		332,294	275,033	607,327
Due to other governments	3,906				3,073		6,979	7,152,182	7,159,161
Unearned revenue	11,615,851	101,552					11,717,403		11,717,403
Guaranty and bid deposits	680,795						680,795		680,795
Liabilities payable from restricted cash							-0-	279,895	279,895
Total Liabilities	<u>13,977,071</u>	<u>2,879,065</u>	<u>1,884,411</u>	<u>304,962</u>	<u>4,687,390</u>	<u>182,310</u>	<u>23,915,209</u>	<u>10,592,385</u>	<u>34,507,594</u>
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue- property taxes	45,227,347	4,580,895	934,997	21,044,667		19,183,489	90,971,395	6,009,758	96,981,153
Unavailable revenue	3,018,502	3,461,396					6,479,898	61,397	6,541,295
Total Deferred Inflows of Resources	<u>48,245,849</u>	<u>8,042,291</u>	<u>934,997</u>	<u>21,044,667</u>	<u>-0-</u>	<u>19,183,489</u>	<u>97,451,293</u>	<u>6,071,155</u>	<u>103,522,448</u>
FUND BALANCES									
Nonspendable	8,179,256	56,391	15,203	566,507		675,764	9,493,121	304,669	9,797,790
Restricted	10,989,915		10,006,703	50,138	17,508,110	1,463,989	40,018,855	4,455,126	44,473,981
Assigned	2,777,842	7,129,749	19,341,178	16,752,493	11,903,133	2,306,064	60,210,459	7,199,093	67,409,552
Unassigned	41,534,720				(73,169)		41,461,551		41,461,551
Total Fund Balances	<u>63,481,733</u>	<u>7,186,140</u>	<u>29,363,084</u>	<u>17,369,138</u>	<u>29,338,074</u>	<u>4,445,817</u>	<u>151,183,986</u>	<u>11,958,888</u>	<u>163,142,874</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 125,704,653</u>	<u>\$ 18,107,496</u>	<u>\$ 32,182,492</u>	<u>\$ 38,718,767</u>	<u>\$ 34,025,464</u>	<u>\$ 23,811,616</u>	<u>\$ 272,550,488</u>	<u>\$ 28,622,428</u>	<u>\$ 301,172,916</u>

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, 2021**

Total Fund Balance - Governmental Funds \$ 163,142,874

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	\$ 61,278,508	
Capital assets - depreciable	694,880,286	
Accumulated depreciation	<u>(463,079,506)</u>	293,079,288

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	3,461,396	
Due from other governments	3,018,502	
Assets held for resale	<u>61,397</u>	6,541,295

Deferred outflows of resources are included in the Statement of Net Position.

Deferred charges on refunding	124,038	
Pension related amounts - employees' retirement system	22,119,357	
Length of service award plan program amounts	3,319,349	
Other postemployment benefits	<u>42,718,207</u>	68,280,951

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	(169,006,558)	
Installment purchase debt	(1,394,968)	
Guaranteed assistance contract loans payable	(2,539,000)	
Due to employees' retirement system	(195,498)	
Compensated absences	(5,867,890)	
Claims and judgments payable	(10,400,232)	
Estimated liability for landfill closure and postclosure care costs	(35,673,668)	
Net employees' retirement system pension liability - proportionate share	(85,385)	
Net length of service award programs plan liabilities	(8,864,528)	
Other postemployment benefits payable (OPEB)	(218,864,092)	
Length of service award program plan liabilities	<u>(2,085,368)</u>	(454,977,187)

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. (2,095,123)

Deferred inflows of resources are included in the Statement of Net Position.

Pension related amounts - employees' retirement system	(24,842,353)	
Length of service award plan program amounts	(2,665,512)	
Other postemployment benefits	<u>(18,856,947)</u>	(46,364,812)

Net Position of Governmental Activities \$ 27,607,286

See notes to the financial statements.

TOWN OF BABYLON

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2021**

	MAJOR 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	Total Major Governmental Funds		
REVENUES									
Real property taxes	\$ 43,283,718	\$ 16,864,983	\$ 5,808,635	\$ 22,486,334		\$ 19,028,656	\$ 107,472,326	\$ 6,193,997	\$ 113,666,323
Other real property tax items	1,582,819			789,003		778,108	3,149,930	217,558	3,367,488
Non-property tax items	4,733,766						4,733,766		4,733,766
Departmental income	3,692,219	4,737,710	10,529,100				18,959,029	4,376,663	23,335,692
Use of money and property	3,552,811	161,566	14,612	11,590	\$ 73,589	115,110	3,929,278	16,150	3,945,428
Licenses and permits	107,522			239,542			347,064		347,064
Fines and forfeitures	881,308						881,308		881,308
Sale of property and compensation for loss	234,551				6,500		241,051		241,051
Interfund revenue	153,470						153,470		153,470
Miscellaneous local sources	769,803	1,043		36,670	423,474	45,581	1,276,571	2,408,293	3,684,864
State aid	9,756,979	10,092		2,667,064	164,450		12,598,585	4,540,615	17,139,200
Federal aid	4,584,705	10,056					4,594,761	18,059,100	22,653,861
Total Revenues	73,333,671	21,785,450	16,352,347	26,230,203	668,013	19,967,455	158,337,139	35,812,376	194,149,515
EXPENDITURES									
Current:									
General government support	17,889,392						17,889,392	276,477	18,165,869
Public safety	2,264,257					17,956,100	20,220,357	3,639,665	23,860,022
Health	3,610,973					1,914,161	5,525,134	1,446,784	6,971,918
Transportation	3,090			10,206,263			10,209,353	6,324,995	16,534,348
Economic assistance and opportunity	4,025,736						4,025,736		4,025,736
Culture and recreation	12,217,066						12,217,066	442,397	12,659,463
Home and community services	2,157,352	20,786,286	12,092,324				35,035,962	17,776,707	52,812,669
Employee benefits	12,817,686	689,702	543,542	4,246,477			18,297,407	3,474,539	21,771,946
Capital Outlay					24,837,346		24,837,346		24,837,346
Debt Service:									
Principal	7,622,199	87,550	69,250	7,557,635			15,336,634	970,398	16,307,032
Interest	2,817,476	35,335	23,552	2,325,714			5,202,077	333,136	5,535,213
Bond issuance costs	85,750			87,530			173,280	1,751	175,031
Total Expenditures	65,510,977	21,598,873	12,728,668	24,423,619	24,837,346	19,870,261	168,969,744	34,686,849	203,656,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,822,694	186,577	3,623,679	1,806,584	(24,169,333)	97,194	(10,632,605)	1,125,527	(9,507,078)
OTHER FINANCING SOURCES (USES)									
Installment purchase debt					1,670,000		1,670,000		1,670,000
Principal amount of bond proceeds					14,385,000		14,385,000		14,385,000
Refunding bond proceeds	8,470,800			7,656,300			16,127,100	162,900	16,290,000
Premium on obligations	1,419,387			1,283,372	1,318,500		4,021,259	27,300	4,048,559
Payments to refunded bond escrow agent	(9,768,200)			(8,828,950)			(18,597,150)	(187,850)	(18,785,000)
Operating transfers in	105,258				4,757,561		4,862,819	20,546	4,883,365
Operating transfers out	(2,504,720)	(280,000)	(962,170)		(125,804)		(3,872,694)	(754,122)	(4,626,816)
Total Other Financing Sources (Uses)	(2,277,475)	(280,000)	(962,170)	110,722	22,005,257	-0-	18,596,334	(731,226)	17,865,108
Net Change in Fund Balances	5,545,219	(93,423)	2,661,509	1,917,306	(2,164,076)	97,194	7,963,729	394,301	8,358,030
Fund Balances at Beginning of Year	57,936,514	7,279,563	26,701,575	15,451,832	31,502,150	4,348,623	143,220,257	11,564,587	154,784,844
Fund Balances at End of Year	\$ 63,481,733	\$ 7,186,140	\$ 29,363,084	\$ 17,369,138	\$ 29,338,074	\$ 4,445,817	\$ 151,183,986	\$ 11,958,888	\$ 163,142,874

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, 2021**

Net Change in Fund Balance \$ 8,358,030

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	\$ 31,078,543	
Depreciation expense	(18,189,197)	
Net loss on disposal of capital assets	<u>(181,948)</u>	12,707,398

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. (462,099)

Mortgage tax revenues are reported in the governmental funds when considered "available" and in the Statement of Activities when "earned." 758,539

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

Deferred charges on refunding	101,919	
Pension related amounts - employees' retirement system	4,657,294	
Length of service award plan program amounts	(417,144)	
Other postemployment benefits	<u>7,993,054</u>	12,335,123

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:

Refunding bonds issued	(16,290,000)	
Payment to escrow agent for refunding	18,785,000	
Bonds issued	(14,385,000)	
Repayment of bond principal	15,830,000	
Premiums received	(4,048,559)	
Amortization of bond premiums	834,542	
Installment purchase debt issued	(1,670,000)	
Repayment of installment purchase debt	275,032	
Repayment of guarantee assistance contract loans	202,000	
Employees' retirement system	271,671	
Compensated absences	381,263	
Claims and judgments	(2,740,833)	
Estimated liability for landfill closure and postclosure care costs	(3,097,175)	
Net employees' retirement system pension liability - proportionate share	21,677,566	
Net length of service award programs plan liabilities	2,566,510	
Other postemployment benefits payable	(20,060,990)	
Length of service award program liabilities	<u>53,044</u>	(1,415,929)

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. (205,939)

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. (254,672)

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

Pension related amounts - employees' retirement system	(24,401,130)	
Length of service award plan program amounts	(2,227,529)	
Other postemployment benefits	<u>1,802,220</u>	(24,826,439)

Change in Net Position of Governmental Activities \$ 6,994,012

See notes to the financial statements.

TOWN OF BABYLON

STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2021

	Farmingdale Water District	Oak Beach Water District	Babylon L.D. Corporation II	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,588,210		\$ 2,005,095	\$ 3,593,305
Cash in escrow - restricted			350,000	350,000
Accounts receivable, net	128,678			128,678
Prepaid expenses			13,159	13,159
Total Current Assets	<u>1,716,888</u>		<u>2,368,254</u>	<u>4,085,142</u>
Noncurrent Assets:				
Non-depreciable capital assets	194,964		219,458	414,422
Capital assets, net	5,111,262			5,111,262
Security deposits			3,700	3,700
Loans receivable			33,000	33,000
Total Noncurrent Assets	<u>5,306,226</u>	<u>-0-</u>	<u>256,158</u>	<u>5,562,384</u>
Total Assets	<u>7,023,114</u>	<u>-0-</u>	<u>2,624,412</u>	<u>9,647,526</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	60,550		119,921	180,471
Due to other government			24,922	24,922
Total Current Liabilities	<u>60,550</u>	<u>-0-</u>	<u>144,843</u>	<u>205,393</u>
Noncurrent Liabilities:				
Long-term obligations due in more than one year	1,823,536			1,823,536
Total Noncurrent Liabilities	<u>1,823,536</u>	<u>-0-</u>	<u>-0-</u>	<u>1,823,536</u>
Total Liabilities	<u>1,884,086</u>		<u>144,843</u>	<u>2,028,929</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement	2,162,500			2,162,500
Total Deferred Inflows of Resources	<u>2,162,500</u>	<u>-0-</u>	<u>-0-</u>	<u>2,162,500</u>
NET POSITION				
Investment in capital assets	5,306,226		219,458	5,525,684
Restricted				
Copiague façade renovation grant program			29,854	29,854
Affordable housing			1,374,827	1,374,827
Economic development			436,262	436,262
Wyandanch economic development fund			350,000	350,000
Unrestricted	<u>(2,329,698)</u>		<u>69,168</u>	<u>(2,260,530)</u>
Total Net Position	<u>\$ 2,976,528</u>	<u>\$ -0-</u>	<u>\$ 2,479,569</u>	<u>\$ 5,456,097</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, 2021

	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			\$ 1,500	1,500
Total Operating Revenues	<u>75,000</u>	<u>\$ -0-</u>	<u>1,500</u>	<u>76,500</u>
OPERATING EXPENSES				
Retiree benefits	154,908			154,908
Management and administration fees	286,812		122,925	409,737
Depreciation	153,095			153,095
Insurance	12,410			12,410
Office expense			2,783	2,783
Rent			1,000	1,000
Total Operating Expenses	<u>607,225</u>	<u>-0-</u>	<u>126,708</u>	<u>733,933</u>
Loss from Operations	<u>(532,225)</u>	<u>-0-</u>	<u>(125,208)</u>	<u>(657,433)</u>
NON-OPERATING REVENUE (EXPENSE)				
Rental income	359,195		22,000	381,195
Real property taxes		70,697		70,697
Interest income	871		4,308	5,179
Inter-agency funds			125,000	125,000
Economic development expenses			(253,595)	(253,595)
Wyandanch resource center			(325,369)	(325,369)
Community benefit agreement income			962,000	962,000
Copiague façade renovation grant program			(35,000)	(35,000)
Copiague façade renovation grant program fees			(1,760)	(1,760)
Transfer out		(256,549)		(256,549)
Total Non-Operating Revenue (Expense)	<u>360,066</u>	<u>(185,852)</u>	<u>497,584</u>	<u>671,798</u>
Change in Net Position	<u>(172,159)</u>	<u>(185,852)</u>	<u>372,376</u>	<u>14,365</u>
Net Position - Beginning of Year	<u>3,148,687</u>	<u>185,852</u>	<u>2,107,193</u>	<u>5,441,732</u>
Net Position - End of Year	<u>\$ 2,976,528</u>	<u>\$ -0-</u>	<u>\$ 2,479,569</u>	<u>\$ 5,456,097</u>

See notes to the financial statements.

TOWN OF BABYLON

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 2021**

	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			\$ 1,500	\$ 1,500
Cash paid to third party management and others	\$ (294,763)	\$ (11,268)		(306,031)
Cash paid on behalf of retirees	(107,218)			(107,218)
Cash paid for contractual expenses			(270,398)	(270,398)
Net Cash from Operating Activities	<u>(401,981)</u>	<u>(11,268)</u>	<u>(268,898)</u>	<u>(682,147)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Real property taxes and tax items		51,327		51,327
Cash received from inter-agency funds			125,000	125,000
Cash received from rental income			22,000	22,000
Cash received from community benefit agreement			962,000	962,000
Payments of Wyandanch resource center			(325,369)	(325,369)
Payments of economic development			(253,595)	(253,595)
Payments of Copiague facade renovation program			(36,760)	(36,760)
Net Cash from Noncapital Financing Activities	<u>-0-</u>	<u>51,327</u>	<u>493,276</u>	<u>544,603</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(7,550)		(7,550)
Capital grant		256		256
Due to other fund		(32,765)		(32,765)
Net Cash from Capital and Related Financing Activities	<u>-0-</u>	<u>(40,059)</u>	<u>-0-</u>	<u>(40,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Rental income from cell towers	358,404			358,404
Interest income	872		4,308	5,180
Net Cash from Investing Activities	<u>359,276</u>	<u>-0-</u>	<u>4,308</u>	<u>363,584</u>
Net change in cash and cash equivalents	(42,705)	-0-	228,686	185,981
Cash and Cash Equivalents at Beginning of Year	1,630,915	-0-	2,126,409	3,757,324
Cash and Cash Equivalents at End of Year	<u>\$ 1,588,210</u>	<u>\$ -0-</u>	<u>\$ 2,355,095</u>	<u>\$ 3,943,305</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES				
Loss from operations	\$ (532,225)	\$ -0-	\$ (125,208)	\$ (657,433)
Adjustments to reconcile loss from operations to net cash from operating activities:				
Depreciation expense	153,095			153,095
(Increase) decrease in:				
Prepaid expenses			(11,153)	(11,153)
Inventory of materials and supplies			(33,000)	(33,000)
Increase (decrease) in:				
Accounts payable	4,459	(11,268)		(6,809)
Deferred service concession arrangement receipts	(75,000)			(75,000)
Other postemployment benefits payable	47,690		119,921	167,611
Due to other governments			(219,458)	(219,458)
Net Cash from Operating Activities	<u>\$ (401,981)</u>	<u>\$ (11,268)</u>	<u>\$ (268,898)</u>	<u>\$ (682,147)</u>
NONCASH FINANCING ACTIVITIES				
Transfer of capital assets	\$ -0-	\$ 333,840	\$ -0-	\$ 333,840
Due to other funds		(333,840)		(333,840)
Net Cash	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See notes to the financial statements.

TOWN OF BABYLON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021

	Length of Service Award Programs - Pension Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 532,476	\$ 26,381,521
Guaranteed annuity contracts	7,062,522	
Investments - Equities	3,189,147	
Investments - Fixed income	4,582,303	
Other assets	458,821	
	Total Assets	\$ 26,381,521
LIABILITIES		
Due to school districts		\$ 23,000,810
Due to fire districts		2,231,696
Due to other Counties for tuition tax		804,013
Other liabilities		345,002
	Total Liabilities	\$ -0-
FIDUCIARY NET POSITION		
Net position held in trust for length of service award programs	\$ 15,825,269	

See notes to the financial statements.

TOWN OF BABYLON

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2021**

	Length of Service Award Programs - Pension Trust Funds	Custodial Fund
ADDITIONS		
Plan contributions *	\$ 1,287,719	
Investment income:		
Investment earnings	1,443,626	
Net decrease in cash surrender value of investments	(892,738)	
Total investment income	550,888	
Real property taxes collected for other governments		\$ 565,042,141
Total Additions	1,838,607	565,042,141
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries	1,170,089	
Payments of real property taxes to other governments		565,042,141
Total Deductions	1,170,089	565,042,141
Change in Fiduciary Net Position	668,518	-0-
Fiduciary Net Position - Beginning of Year	15,156,751	-0-
Fiduciary Net Position - End of Year	\$ 15,825,269	\$ -0-

* From the Town of Babylon Special Districts Fund

See notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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, 2021

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Units: (continued)

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. CASH AND CASH EQUIVALENTS (continued)

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, 2021 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 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, 2021 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 February of 2032.

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, 2021

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 2022 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, 2021

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 2022.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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 assets 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 \$124,000 for a deferred charge on refunding bonds, \$22,119,000 for pension related activities, \$42,718,000 for other postemployment benefits, and \$3,319,000 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 assets 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 2022 real estate taxes of approximately \$96,981,000 and unavailable revenues of approximately \$6,541,000, 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 \$24,842,000 related to pension related activities, approximately \$18,857,000 for other postemployment benefits, and approximately \$2,666,000 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 \$2,163,000 resulting from lease income received in advance in a service concession arrangement which is being amortized and recognized in revenue over the lease term.

10. LONG-TERM OBLIGATIONS

In the government-wide and proprietary fund financial statements, liabilities for long-term obligations consisting of general obligation bonds, installment purchase debt, 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, 2021

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, 2021

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, 2021

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, 2021

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. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available for issuance.

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.
- 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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

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. During 2021, the Town exceeded the 2% property tax cap with proper authority by the governing body.

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	\$ 7,095,966							\$ 7,095,966
Prepaid items	771,993	\$ 56,391	\$ 15,203	\$ 190,307		\$ 675,764	\$ 175,409	1,885,067
Inventory	311,297			376,200			129,260	816,757
Total Nonspendable	8,179,256	56,391	15,203	566,507	\$ -0-	675,764	304,669	9,797,790
Restricted for:								
Debt service	1,481,550			50,138				1,531,688
Property held of resale	9,508,365							9,508,365
Capital projects					13,419,066			13,419,066
Solid Waste management reserve			10,006,703					10,006,703
Purchases on order or contractual obligations					4,089,044			4,089,044
Grantors and donors restrictions							4,146,459	4,146,459
Length of service award program investments to be used for benefits						1,463,989		1,463,989
Guaranteed assistance contract							308,667	308,667
Total Restricted	10,989,915	-0-	10,006,703	50,138	17,508,110	1,463,989	4,455,126	44,473,981
Assigned to:								
Subsequent year's budget	2,510,663		150,347	13,490		36,165	1,473,448	4,184,113
Capital projects					8,695,773			8,695,773
Purchases on order or contractual obligations	267,179	181,356	128,030	18,302	3,207,360		19,176	3,821,403
Special revenue funds		6,948,393	19,062,801	16,720,701		2,269,899	5,706,469	50,708,263
Total Assigned	2,777,842	7,129,749	19,341,178	16,752,493	11,903,133	2,306,064	7,199,093	67,409,552
Unassigned	41,534,720				(73,169)			41,461,551
Total Unassigned	41,534,720	-0-	-0-	-0-	(73,169)	-0-	-0-	41,461,551
Total Fund Balances	\$ 63,481,733	\$ 7,186,140	\$ 29,363,084	\$ 17,369,138	\$ 29,338,074	\$ 4,445,817	\$ 11,958,888	\$ 163,142,874

C. FUND DEFICIT

The Capital Projects Fund, unassigned fund balance deficit of \$73,169 at December 31, 2021 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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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's investments are discussed in Note 5.

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, 2021 the Town's cash book balance was \$210,419,598. This amount is inclusive of Custodial fund deposits of \$26,381,521 cash with fiscal agent of \$290,030 and restricted cash of \$10,636,598 exclusive of petty cash of \$5,530 and blended component unit cash of \$2,870,259. This also excludes the LOSAP's cash balance. The Town's available bank balance was \$219,492,240 excluding the blended component units. Of the Town's available bank balance, \$2,320,509 was covered by Federal deposit insurance, and \$217,171,731 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 \$2,531,365, of which \$675,747 was covered by Federal deposit insurance and \$1,762,944 was covered by collateral held by the blended component unit's agent, a third-party financial institution. The remaining balance of \$92,674 was under collateralized.

At December 31, 2021 the Town's discretely presented component unit's bank balance was \$6,610,780. Of this balance, \$250,000 was covered by Federal deposit insurance and \$6,360,780 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 – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. 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 – Concentration 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, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND CASH EQUIVALENTS (continued)

As of December 31, 2021, 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, 2021, 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	\$ 343,739	
Highway Fund	263,588	
Capital Projects Fund		\$ 332,294
Non-major Funds		275,033
Total	\$ 607,327	\$ 607,327

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: Enterprise Funds			
	General Fund	Residential Garbage District Fund	Commercial Garbage District Fund	Capital Projects Fund	Other Governmental Funds	Oak Beach Water District	
Transfers in:							
Governmental Funds:							
Major Funds:							
General Fund				\$ 105,258			\$ 105,258
Capital Projects Fund	\$ 2,504,720	\$ 280,000	\$ 962,170		\$ 754,122	\$ 256,549	4,757,561
Non-major Fund:							
Other Governmental Funds				20,546			20,546
Total	\$ 2,504,720	\$ 280,000	\$ 962,170	\$ 125,804	\$ 754,122	\$ 256,549	\$ 4,883,365

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

Capital assets activity for the governmental activities for the year ended December 31, 2021 is as follows:

	Balance 1/1/21	Increases	Increase (Decreases) Reclassifications	Balance 12/31/21
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 26,407,812	\$ 10	\$ (40,983)	\$ 26,366,839
Construction in progress	25,154,096	16,538,697	(6,781,124)	34,911,669
Total capital assets not being depreciated	51,561,908	16,538,707	(6,822,107)	61,278,508
Depreciable capital assets:				
Building and improvements	144,741,155	2,653,395	(232,916)	147,161,634
Machinery and equipment	44,706,548	2,299,212	(1,303,159)	45,702,601
Infrastructure	485,647,699	16,368,353		502,016,052
Total depreciable capital assets	675,095,402	21,320,960	(1,536,075)	694,880,287
Less: accumulated depreciation				
Buildings and improvements	57,270,951	4,717,604	(96,140)	61,892,415
Machinery and equipment	30,318,953	2,828,970	(1,298,970)	31,848,953
Infrastructure	358,695,516	10,642,623		369,338,139
Total accumulated depreciation	\$ 446,285,420	\$ 18,189,197	\$ (1,395,110)	463,079,507
Total net depreciable capital assets				231,800,780
Total net capital assets				\$ 293,079,288

Depreciation was charged to functions and programs as follows:

General government support	\$ 492,634
Public safety	301,285
Health	103,459
Transportation	11,028,308
Culture and recreation	4,723,475
Home and community services	1,540,036
Total depreciation expense - governmental activities	\$18,189,197

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021 is as follows:

	Balance 1/1/21	Increases	Increase (Decreases) Reclassifications	Balance 12/31/21
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 414,422			\$ 414,422
Construction in progress	326,290	\$ 7,550	\$ (333,840)	-0-
Total capital assets not being depreciated	740,712	7,550	(333,840)	414,422
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	8,517,990	-0-	-0-	8,517,990
Less: accumulated depreciation				
Buildings and improvements	956,956	18,940		975,896
Machinery and equipment	351,670			351,670
Infrastructure	1,945,007	134,155		2,079,162
Total accumulated depreciation	\$ 3,253,633	\$ 153,095	\$ -0-	3,406,728
Total net depreciable capital assets				5,111,262
Total net capital assets				\$ 5,525,684

Depreciation expense in the amount of \$153,095 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, 2021 is as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<u>Discretely Presented Non-major Component Unit- Babylon IDA:</u>				
Capital assets not being depreciated:				
Land	\$ 919,918			\$ 919,918
Land improvements	53,397	\$ 154,873		208,270
Total capital assets not being depreciated	973,315	154,873	\$ -0-	1,128,188
Capital assets:				
Leasehold improvements	50,037			50,037
Machinery and equipment	-0-	16,418		16,418
Total capital assets	50,037	16,418	-0-	66,455
Less: accumulated amortization				
Leasehold improvements	22,110	6,982		29,092
Machinery and equipment	-0-	2,869		2,869
Total accumulated amortization	\$ 22,110	\$ 9,851	\$ -0-	31,961
Total net depreciable capital assets				34,494
Total net capital assets				\$ 1,162,682

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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, 2021, the Town has not recorded any such impairment loss.

D. PROPERTY HELD FOR RESALE

The Town has undertaken 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 General Municipal Law. The redevelopment is focused on the Wyandanch area which surrounds the existing railroad station of the same name (which has been completely re-built) and included pre-development work including property purchases, re-zoning, securing necessary permits, community approval, demolishing existing structures and grading the properties, some of which is on-going.

As of December 31, 2021, 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, 2021, 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 current 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, 2021 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, 2021, the Town received the full amount of the commitment, plus interest earnings in the aggregate amount of \$4,111,663, and spent \$3,802,996 of the loan proceeds. The remaining amount of \$308,667, 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, 2021

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
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	247,000	50,982	297,982
2027-2031	1,166,000	148,660	1,314,660
2032	230,000	7,671	237,671
Total	<u>\$ 2,539,000</u>	<u>\$ 472,396</u>	<u>\$ 3,011,396</u>

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 2021.

Installment Purchase Debt

In July 2021, the Town entered into a capital lease for street lighting equipment. The agreement calls for annual payments of \$568,061 for three years and includes principal and interest. Annual interest is charged at a fixed rate of 1.39%. The Town has the option to purchase the equipment for \$1 upon the expiration of the agreement in June 2024. The Town has determined that this lease meets the definition of a capital lease as defined by GASB guidance. The balance due at December 31, 2021 was \$1,394,968.

The future principal and interest payments for the installment purchase debt for the governmental activities are as follows:

Years Ending December 31,	Principal	Interest	Total Principal and Interest
2022	\$ 552,180	\$ 15,881	\$ 568,061
2023	559,905	8,157	568,062
2024	282,883	1,148	284,031
Total	<u>\$ 1,394,968</u>	<u>\$ 25,186</u>	<u>\$ 1,420,154</u>

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM DEBT (continued)

General Obligation Bonds Payable

The Town borrows money to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term direct obligation liabilities, which are backed by the full faith and credit of the Town, including bonds of the Town Special Districts which are payable from tax revenues of the areas benefits, bear interest at various rates from .26% to 5.375% and have various maturity dates through 2043. The original amount borrowed for debt currently outstanding is \$200,033,350.

General obligation bonds payable at December 31, 2021 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2021
Public Improvements	1993	\$ 750,000	November 2023	5.125-5.375%	\$ 50,000
NYS EFC - Wyandanch Sewer	2013	4,100,000	May 2043	0.26-4.76	10,085,000
Public Improvements	2013	26,010,000	September 2028	2.00-4.25	13,355,000
Public Improvements	2013	8,500,000	September 2032	4.00-5.25	5,340,000
Public Improvements	2014	12,570,000	August 2029	2.00-3.00	7,815,000
Public Improvements	2014	4,740,000	August 2029	2.00-3.00	2,780,000
Public Improvements	2015	13,640,000	July 2040	3.00-4.75	10,910,000
Public Improvements	2015	5,430,000	July 2029	3.00	3,630,000
Public Improvements	2016	14,200,000	June 2034	2.00-3.00	10,875,000
Public Improvements	2016	17,100,000	June 2036	2.00-3.00	14,120,000
Various Purposes	2017	17,775,000	December 2035	2.25-3.00	14,340,000
Various Purposes	2018	14,508,350	November 2032	5.00	11,815,000
Various Purposes	2019	13,305,000	October 2034	1.375-5.000	11,990,000
Various Purposes	2020	16,730,000	August 2035	1.375-4.000	15,865,000
Public Improvements	2021	14,385,000	March 2040	2.000-5.000	14,385,000
Public Improvements - Refunding	2021	16,290,000	April 2029	5.000	13,255,000
					\$ 160,610,000

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
2022	\$ 11,665,000	\$ 5,474,268	\$ 17,139,268
2023	12,200,000	4,857,157	17,057,157
2024	12,555,000	4,416,084	16,971,084
2025	12,930,000	3,955,684	16,885,684
2026	13,330,000	3,473,901	16,803,901
2027-2031	55,710,000	10,382,783	66,092,783
2032-2036	32,460,000	3,389,006	35,849,006
2037-2041	8,725,000	719,778	9,444,778
2042-2044	1,035,000	24,672	1,059,672
Total	\$ 160,610,000	\$ 36,693,333	\$ 197,303,333

There were no outstanding bonds payable for the business-type activities or the discretely presented non-major component unit as of December 31, 2021.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM DEBT (continued)

Current Refunding of Bonds

On March 15, 2021, the Town issued \$16,290,000 in public improvement refunding bonds (issued as 2021 Series B) with an interest rate of 5%. The proceeds were used to current refund 2009 Public Improvement Bonds of \$3,030,000 with an average interest rate of 2.75% and 2011 Public Improvement Bonds of \$15,755,000 with an average interest rate of 3.25%.

The net proceeds of \$18,921,869 (the par amount plus the refunding premium of \$2,727,620 less underwriting fees, and other issuance costs of \$95,751) were used to purchase U.S. Government Securities. These securities were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds.

The reacquisition price exceeded the net carrying amount of the old debt by \$136,869. This amount is included in the governmental activities deferred outflows of resources in the Statement of Net Position. The redemption date of the refunded bonds is May 14, 2021, and therefore, at December 31, 2021, such bonds are no longer outstanding.

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended December 31, 2021 is as follows:

	Balance 1/1/21	Issued/ Additions	Maturities/ Reductions	Other Net Increase or (Decrease)	Balance 12/31/21	Liabilities Due Within One Year	Non-Current Liabilities
Governmental activities:							
General obligation bonds	\$ 164,550,000	\$ 30,675,000	\$ 34,615,000		\$ 160,610,000	\$ 11,665,000	\$ 148,945,000
Plus: premiums on issuance	5,182,541	4,048,559	834,542		8,396,558	797,567	7,598,991
General obligation bonds, net	169,732,541	34,723,559	35,449,542		169,006,558	12,462,567	156,543,991
Installment purchase debt	-0-	1,670,000	275,032		1,394,968	552,180	842,788
Guaranteed assistance contract loans payable	2,741,000		202,000		2,539,000	211,000	2,328,000
Due to employees' retirement system	467,169		271,671		195,498	195,498	-0-
Compensated absences	6,249,153	3,586,245	3,967,508		5,867,890	3,625,000	2,242,890
Claims and judgments payable	7,659,399	695,000	382,266	\$ 2,428,099	10,400,232	354,931	10,045,301
Estimated liability for landfill closure and postclosure care costs	32,576,493		568,500	3,665,675	35,673,668	3,024,806	32,648,862
Net employees' retirement system pension liability - proportionate share	21,762,951	2,719,075	4,099,684	(20,296,957)	85,385		85,385
Total other postemployment benefits liability	198,803,102	24,064,584	13,798,868	9,795,274	218,864,092		218,864,092
Net length of service award programs plan liabilities	11,431,038	1,574,014	3,002,852	(1,137,672)	8,864,528		8,864,528
Length of service award programs total plan liabilities	2,138,412	163,553	20,289	(196,308)	2,085,368		2,085,368
Total Governmental Activities	453,561,258	69,196,030	62,038,212	(5,741,889)	454,977,187	20,425,982	434,551,205
Business-type activities:							
Total other postemployment benefits liability	1,775,846	208,240	160,550		1,823,536		1,823,536
Total Business Type Activities	1,775,846	208,240	160,550	-0-	1,823,536	-0-	1,823,536
Total Primary Government	\$ 455,337,104	\$ 69,404,270	\$ 62,198,762	\$ (5,741,889)	\$ 456,800,723	\$ 20,425,982	\$ 436,374,741

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021 is as follows:

	Balance 1/1/21	Issued/ Additions	Maturities/ Reductions	Other Net Increase or (Decrease)	Balance 12/31/21	Liabilities Due Within One Year	Non-Current Liabilities
Discretely presented non-major component unit - Babylon IDA:							
Total other postemployment benefits liability	\$ 873,307	\$ 67,543	\$ 259,802		\$ 681,048		\$ 681,048
Net employees' retirement system pension liability - proportionate share	576,699	14,841	590,313		1,227		1,227
Total Discretely Presented Non-major Component Unit	<u>\$ 1,450,006</u>	<u>\$ 82,384</u>	<u>\$ 850,115</u>	<u>\$ -0-</u>	<u>\$ 682,275</u>	<u>\$ -0-</u>	<u>\$ 682,275</u>

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.

Benefits Provided

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

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

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.

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
2021	\$ 4,874,260	\$ 2,894	\$ 287,437	\$ (41,078)	\$ 5,123,513
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

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

Contributions (continued)

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, 2021 the amount due to the System related to this deferral is \$195,498.

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.

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

	Principal	Interest	Total Principal and Interest
Year Ending December 31, 2022	\$ 195,498	\$ 4,754	\$ 200,252

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

At December 31, 2021, the Town and Agency reported a liability of \$85,385 and \$1,227, respectively for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. The Town and Agency's proportion of the net pension liability was based on a projected contributions of all participating members, actuarially determined.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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)

Below is the proportionate share of the net pension liability of the System and the related employer allocation percentage as of March 31, 2021:

	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	\$ 85,385	0.0857499%	0.0035653%
Agency	1,227	0.0012297%	-0.0009481%

There was no significant change in the Town and Agency's proportion from March 31, 2020 to March 31, 2021.

For the year ended December 31, 2021, the Town and Agency recognized pension expense of \$2,719,107 and \$14,841, respectively. At December 31, 2021, 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	\$ 1,042,777	\$ 14,954
Changes of assumptions	15,699,472	225,139
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between the employer contributions and proportionate share of contributions	1,749,198	31,599
Employer's contribution subsequent to the measurement date	3,627,910	49,511
Total Deferred Outflow - Pension System	\$ 22,119,357	\$ 321,203

At December 31, 2021 deferred inflows of resources related to the pension were reported from the following sources:

	Deferred Inflows of Resources	
	Town	Agency
Changes of assumptions	\$ 296,097	\$ 4,246
Net difference between projected and actual investment earnings on pension plan investment	24,527,482	351,737
Changes in proportion and differences between the employer contributions and proportionate share of contributions	18,774	97,415
Total Deferred Inflow - Pension System	\$ 24,842,353	\$ 453,398

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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)

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

	Town	Agency	
Years ending December 31, 2022	\$ (823,198)	\$ (34,979)	
2023	(22,137)	(23,013)	
2024	(975,592)	(35,206)	
2025	(4,529,979)	(88,508)	
	\$ (6,350,906)	\$ (181,706)	

Actuarial Assumptions

The total pension liability as of the measurement date of March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, 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, 2021
Actuarial valuation date	April 1, 2020
Investment rate of return (net of investment expenses, including inflation)	5.9%
Salary increases	4.4%
Inflation rate	2.7%
Cost of living adjustment	1.4%

Annuitant mortality rates are based on the April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1, 2010 - March 31, 2015 System experience, mortality improvements based on the Society of Actuaries MP-2018, inflation of 2.5%, cost-of-living adjustments of 1.3%, salary increases of 4.5% and investment rate of return of 6.8%.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity:		
Domestic equity	32.0%	4.05%
International equity	15.0%	6.30%
Private equity	10.0%	6.75%
Alternatives:		
Real estate	9.0%	4.95%
Opportunistic/Absolute Return Strategy	3.0%	4.50%
Credit	4.0%	3.63%
Real assets	3.0%	5.95%
Fixed income	23.0%	0.00%
Cash	1.0%	0.50%
	100.0%	

The real rate of return is net of the long-term inflation assumption of 2.7%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% 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.

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 5.9%, as well as what the Town's/Agency's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Town's proportionate share of the net System pension liability/(asset)	\$ 23,699,459	\$ 85,385	\$ (21,692,318)
Agency's proportionate share of the net System pension liability/(asset)	\$ 339,863	\$ 1,227	\$ (311,080)

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Employees' Retirement System Pension Plan Fiduciary Net Position

The components of the current year net employees' retirement system pension liability of the employers as of the respective valuation date of April 1, 2020 were as follows (in thousands):

	(Dollars in Thousands)
	NYSERS
Valuation date	April 1, 2020
Employers' total pension liability	\$ (220,680,157)
Plan Fiduciary Net Position	220,580,583
Employers' net pension liability	\$ (99,574)
Ratio of plan fiduciary net position to the Employers' total pension liability	99.95%

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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, 2021 is as follows:

	Total	Town	Agency
Active employees	395	390	5
Retirees	327	325	2
Surviving spouses *	25	25	0
	747	740	7

*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 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 \$221,368,676, which includes the component unit (“Agency”) OPEB liability of \$681,048, was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2021, with updating procedures used to roll forward the OPEB liability to each measurement date.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions (continued)

The total OPEB liability was calculated using the entry age normal actuarial cost method. The discount rate used in valuing the OPEB liability was 2.06% as of December 31, 2021, which is based on the Bond Buyer 20-Bond Index.

Mortality rates were based on unisex pre-retirement mortality rates from the Development of Recommended Actuarial Assumptions report (combined accidental and all other death rates) and postretirement mortality rates for healthy participants using projection scale MP 2020. The valuation assumes a 7.0% healthcare cost trend for 2021, which an ultimate medial trend rate of 5.0% 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	\$ 201,452,255	\$ 200,578,948	\$ 873,307
Changes for the Year:			
Service Cost	8,450,050	8,396,653	53,397
Interest	4,615,355	4,601,209	14,146
Changes in Benefit Terms	(1,045,096)	(967,350)	(77,746)
Difference between expected and actual experience	20,922,566	21,070,236	(147,670)
Changes of Assumptions and Other Inputs	(7,012,532)	(6,994,130)	(18,402)
Benefit Payments	(6,013,922)	(5,997,938)	(15,984)
Net Changes	19,916,421	20,108,680	(192,259)
Other Postemployment Liability at the End of Year	\$ 221,368,676	\$ 220,687,628	\$ 681,048

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 (1.06%) or 1-percent-point higher (3.06%) than the current discount rate:

	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Town \$	259,633,042	\$ 220,687,628	\$ 189,685,275
Agency \$	828,048	\$ 681,048	\$ 566,861

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2021 of a 1% change in the initial (7.00%) and ultimate (5.00%) healthcare cost trend rates:

	<u>1% Decrease (6.00% to 4.00%)</u>		<u>Health Care Trend Rates (7.00% to 5.00%)</u>		<u>1% Increase (8.00% to 6.00%)</u>
Town	\$ 186,058,245	\$	220,687,628	\$	265,555,527
Agency	\$ 542,723	\$	681,048	\$	874,729

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

For the year ended December 31, 2021, the Town recognized an OPEB expense of \$16,298,007, which includes the component unit OPEB expense of \$29,321.

At December 31, 2021, the Town and Agency reported deferred outflows of resources related to OPEB as shown below:

	<u>Deferred Outflows of Resources</u>	
	<u>Town</u>	<u>Agency</u>
Differences between expected and actual experience	\$ 17,211,338	\$ 8,599
Changes of assumptions or other inputs	25,506,869	213,387
Total Deferred Outflows - OPEB	<u>\$ 42,718,207</u>	<u>\$ 221,986</u>

At December 31, 2021, the Town and Agency reported deferred inflows of resources related to OPEB as shown below:

	<u>Deferred Inflows of Resources</u>	
	<u>Town</u>	<u>Agency</u>
Differences between expected and actual experience	\$ 10,461,209	\$ 179,039
Changes of assumptions or other inputs	8,395,738	58,390
Total Deferred Inflows - OPEB	<u>\$ 18,856,947</u>	<u>\$ 237,429</u>

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

	<u>Town</u>	<u>Agency</u>
For years ending December 31, 2022	\$ 5,018,756	\$ (3,134)
2023	7,693,779	(3,134)
2024	6,136,637	(3,134)
2025	3,374,089	(3,134)
2026	1,637,999	(3,134)
Thereafter	-0-	227
	<u>\$ 23,861,260</u>	<u>\$ (15,443)</u>

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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, 2021

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, 2021

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, 2021

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, which 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, 2021, 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	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Amount of contribution recommended by actuary*:					
Minimum	\$ 371,082	\$ 80,680	\$ 552,291	\$ 312,286	\$ 79,336
Maximum	\$ 371,082	\$ 80,680	\$ 552,291	\$ 312,286	\$ 79,336
Actual contribution	\$ 371,082	\$ 80,680	\$ 552,291	\$ 312,286	\$ 79,336

*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, 2021:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Administration Fees:					
Paid to Plan Administrator by:					
Sponsor	\$ 9,016	\$ 5,954	\$ 10,898	\$ 8,448	\$ 6,008
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, 2021, the Town contributed \$12,000, of which \$5,427 was participant account forfeitures into the Ambulance Plan.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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	North Wyandanch
Measurement date	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Inactive participants (or beneficiaries) currently receiving benefit payments	64	22	66	50	14
Inactive participants entitled to but not yet receiving benefits	75	30	132	57	13
Active participants	106	33	135	108	54
Total	245	85	333	215	81

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	North Wyandanch
Measurement date	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Actuarial valuation date	1/1/2022	1/1/2022	1/1/2022	1/1/2022	1/1/2022
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	4.32%	5.25%	5.25%	5.06%	2.24%
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 4.32% to 5.25% for the East Farmingdale, North Amityville, North Babylon and North Lindenhurst Firefighter Plans based on the following methodologies:

North Amityville and North Babylon 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, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

H. LENGTH OF SERVICE AWARD PROGRAM (continued)

Discount Rate (continued)

East Farmingdale 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 2.24% as of December 31, 2021 was used.

The annual money-weighted rate of return on the LOSAP investments, net of pension plan investment expense ranged from 4.29% to 4.93%. 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 2.24%. 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, 2021. 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	3.32%	4.32%	5.32%
Net Pension Liability	\$ 4,418,431	\$ 3,149,324	\$ 2,109,303
North Amityville			
Discount Rate	4.25%	5.25%	6.25%
Net Pension Liability	\$ 824,988	\$ 486,510	\$ 208,668
North Babylon			
Discount Rate	4.25%	5.25%	6.25%
Net Pension Liability	\$ 4,756,834	\$ 3,448,251	\$ 2,380,383
North Lindenhurst			
Discount Rate	4.06%	5.06%	6.06%
Net Pension Liability	\$ 2,546,740	\$ 1,780,443	\$ 1,152,680
Wyandanch			
Discount Rate	1.24%	2.24%	3.24%
Total Pension Liability	\$ 2,031,612	\$ 1,666,118	\$ 1,379,217

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, 2021

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, 2021 were as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Cash and cash equivalents	\$ 200,583	\$ 19,834	\$ 192,741	\$ 119,318	\$ 35,001
Guaranteed annuity contracts	2,097,838	1,509,623	1,946,057	1,509,004	
Equities	1,142,358	159,906	1,185,720	701,163	375,125
Fixed income	1,643,707	228,366	1,703,536	1,006,694	580,649
Other assets	164,357	23,000	170,613	100,851	53,964
Total Firefighter Plan assets	<u>\$ 5,248,843</u>	<u>\$ 1,940,729</u>	<u>\$ 5,198,667</u>	<u>\$ 3,437,030</u>	<u>\$ 1,044,739</u>

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 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, 2021 is \$419,250. 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, 2021

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, 2021 is as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Total LOSAP Plan Liabilities					
Service cost	\$ 169,415	\$ 22,417	\$ 169,134	\$ 110,969	\$ 127,843
Interest	322,879	118,042	420,226	240,932	35,710
Change in benefit terms					
Differences between expected and actual experience	37,614	103,068	6,239	1,294	(74,734)
Benefit payments, including refunds of member contributions	(280,607)	(107,010)	(452,633)	(323,995)	(82,466)
Changes of assumptions or other inputs	(900,556)		(914,300)	(641,120)	(103,858)
Net change in total LOSAP plan liability	(651,255)	136,517	(771,334)	(611,920)	(97,505)
Total LOSAP plan liability - beginning of year (a)	9,049,422	2,290,722	9,418,252	5,829,393	1,763,623
Total LOSAP plan liability - end of year (c)	8,398,167	2,427,239	8,646,918	5,217,473	1,666,118
LOSAP - Pension Trust Fund Net Position / Plan Assets					
Contributions - employer	387,897	85,407	485,459	328,956	74,488
Investment income	71,493	80,567	239,137	159,691	57,753
Benefit payments, including refunds of member contributions	(282,212)	(107,961)	(454,427)	(325,489)	(83,103)
Net change in LOSAP fiduciary net position / plan assets	177,178	58,013	270,169	163,158	49,138
Plan fiduciary net position - beginning of year (b)	5,071,665	1,882,716	4,928,498	3,273,872	N/A
Plan fiduciary net position - end of year (d)	5,248,843	1,940,729	5,198,667	3,437,030	N/A
LOSAP plan assets - beginning of year	N/A	N/A	N/A	N/A	995,601
LOSAP plan assets - end of year	N/A	N/A	N/A	N/A	\$ 1,044,739
Net LOSAP plan liability - beginning of year (a) - (b)	3,977,757	408,006	4,489,754	2,555,521	N/A
Net LOSAP plan liability - end of year (c) - (d)	\$ 3,149,324	\$ 486,510	\$ 3,448,251	\$ 1,780,443	N/A

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

For the year ended December 31, 2021, the Town recognized LOSAP pension expense of \$1,246,790, related to Town sponsored Firefighter Plans and \$62,176 related to the Ambulance Plan. At December 31, 2021, 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	\$ 291,552	\$ 94,087	\$ 342,861	\$ 160,306	\$ 17,378
Differences due to return on assets	72,136	40,131	27,819	23,328	
Changes of assumptions or other inputs	1,106,896	21,298	263,763	447,873	409,921
Total Deferred Outflows of Resources - LOSAP	\$ 1,470,584	\$ 155,516	\$ 634,443	\$ 631,507	\$ 427,299

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, 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		\$ 5,762		\$ 120,630	\$ 82,286
Differences due to return on assets			\$ 10,484	5,856	
Changes of assumptions or other inputs	\$ 828,114	35,153	818,024	580,636	178,567
Total Deferred Inflows of Resources - LOSAP	\$ 828,114	\$ 40,915	\$ 828,508	\$ 707,122	\$ 260,853

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 st				
2022	\$ 171,433	\$ 49,325	\$ (21,020)	\$ 23,310	\$ 16,021
2023	150,151	43,871	(27,046)	9,804	16,021
2024	148,748	17,867	(29,773)	10,898	16,021
2025	145,805	3,538	(25,685)	12,121	16,021
2026	91,810		(90,541)	2,504	14,052
Thereafter	(65,477)			(134,252)	88,310
	\$ 642,470	\$ 114,601	\$ (194,065)	\$ (75,615)	\$ 166,446

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, 2021, the value of the accumulated vacation time and sick leave of the primary government was \$5,867,890.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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, 2021, the Corporation has disbursed \$164,000 of the funding including related fees of \$15,369 and the remaining funds will be disbursed in 2022. 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 years ended December 31, 2021 and 2020, the Corporation received Affordable Housing Funds of \$455,000 and \$-0-, respectively, and Economic Development Funds of \$507,000 and \$-0-, respectively, and disbursed Affordable Housing Funds of \$-0- both years and Economic Development Funds of \$556,964 and \$431,443, respectively.

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 the COVID-19 pandemic.

In 2020, 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 \$26,633 and \$82,652 were disbursed in 2021 and 2020, BACCA program of which \$20,650 and \$23,115 were disbursed in 2021 and 2020, respectively, \$125,000 to the New York Forward Program which all was disbursed in 2020 and \$117,488 and \$53,372 to the Economic Inclusion Program of which \$54,188 in 2021 and \$38,165 in 2020 related to professional fees distribution and \$63,300 in 2021 and \$15,207 in 2021 and 2020 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 (see Note 11). In 2021, the Corporation Board authorized the allocation of \$50,000 from the Economic Assistance Program to the Fraternal & Civic Assistance Program and \$155,000 were authorized in 2020, of which \$15,000 and \$152,950 were disbursed in the years 2021 and 2020, respectively. Amounts received in 2021 and 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, 2021

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 years ended December 31, 2021 and 2020, the Corporation received \$-0- and \$350,000, respectively. These funds have been reported as restricted in the Statements of Net Position.

In 2021, the Company entered into an Interim Cost-Sharing Agreement (the "Agreement") with two entities seeking to jointly construct a building in Wyandanch related to the redevelopment of downtown Wyandanch including the designation of an Urban Renewal Area in downtown Wyandanch to construct a Health and Wellness Center and a recreational facility in Wyandanch, Town of Babylon, New York. The parties deposited their cost-sharing funds based on the Agreement. These funds are designated to be used for the construction of these facilities and per the agreement funds were deposited into an escrow account held by the Corporation counsel. The Corporation cost share totaled \$350,000. These funds have been reported as restricted in the Statements of Net Position.

During 2021, per the Development lease agreement in consideration with the completion and transfer of lease right of the WR Communities E, LLC building, completed and transferred in October 2021, that a developer will construct the Resource Center on a certain parcel of land located within the Wyandanch Downtown Revitalization Area for the benefit of the Town. Construction commenced in October 2021. During the year ended December 31, 2021, costs, paid from the Economic development fund, totaled approximately \$325,000. These costs have been reported as non-operating revenues and expenses in the Statements of Revenues, Expenses and Changes in 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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

3. DETAILED NOTES ON ALL FUNDS (continued)

M. TAX ABATEMENT PROGRAMS (continued)

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, 2021, the Town's property tax revenues were reduced by \$5,323,326 and payments in lieu of taxes, including recapture payments, were collected in the amount of \$3,081,759 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, 2020, 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.

For the year ended December 31, 2021, the Town's property tax revenues were reduced by \$170,683 and payments in lieu of taxes were billed in the amount of \$112,404 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, 2020, 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 \$9,271,465. 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 \$35,000 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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

4. COMMITMENTS AND CONTINGENCIES (continued)

A. RISK MANAGEMENT (continued)

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	
	2021	2020	2021	2020
Beginning balances of claims liabilities at January 1 st	\$ 6,612,062	\$ 6,510,296	\$ 1,047,337	\$ 1,209,293
Claims incurred	695,000	258,500	-0-	-0-
Claims payments	(195,742)	(196,879)	(186,524)	(217,742)
Change to prior year estimates	2,160,145	40,145	267,954	55,786
Ending balance of claims liabilities at December 31 st	<u>\$ 9,271,465</u>	<u>\$ 6,612,062</u>	<u>\$ 1,128,767</u>	<u>\$ 1,047,337</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.

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 \$35,673,668 at December 31, 2021, 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 81.19% of the estimated capacity of the southern ash landfill. The Town will recognize the remaining estimated cost of closure and postclosure care of \$4,087,132 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 2021 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 2025 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, 2021, these commitments, reported in the capital projects fund, amounted to \$7,296,404.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

4. COMMITMENTS AND CONTINGENCIES (continued)

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. If a potential liability exists, the seller of the property places the estimated costs for the cleanup in a third-party escrow account to fund these future costs. While certain Town owned properties have been identified as having contaminated land as of December 31, 2021, the Town does not have any liability related to these future costs and has not reported a liability on the government-wide statements.

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-three years. The leases generally require the lessees to pay repairs and maintenance and utilities. Future minimum rentals under existing operating leases at December 31, 2021 are as follows:

Years Ending December 31, 2022	\$	2,607,746
2023		2,457,191
2024		2,389,073
2025		2,308,814
2026		2,312,651
Thereafter		97,229,857
		<u>\$ 109,305,332</u>

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

4. COMMITMENTS AND CONTINGENCIES (continued)

G. FUTURE MINIMUM OPERATING LEASES (continued)

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 expired in December 2021. Presently, the sublease agreement has recently expired and the Town has hired a property management firm to collect the rents on the various beach leases.

The Town leases equipment accounted for as operating leases. Total rental expenditures on such leases for the year ended December 31, 2021 approximated \$277,000. The maximum future non-cancelable operating lease payments are as follows:

Years Ending December 31, 2022	\$	655,557
2023		1,078,008
2024		1,021,928
2025		951,559
2026		935,258
		<u>\$ 4,642,310</u>

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 \$5,111,262 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, 2021, the Town reported a deferred inflow of resources in the amount of \$2,162,500 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 \$286,812 of management fees to SCWA during the year ended December 31, 2021. Any billings in excess of the SCWA management fee will be remitted back to the East Farmingdale Water District.

I. 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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

Fixed Income and Other Assets

The carrying amount of fixed income and other assets, consisting primarily of exchange-traded funds (EFT's), are based on quoted market prices.

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.

The following summarizes the Town's LOSAP investments and categorization as of December 31, 2021:

	December 31, 2021	Level 1	Level 2	Level 3
Investments by fair value level:				
Cash and cash equivalents	\$ 567,477	\$ 567,477	\$ -0-	\$ -0-
Equities	3,564,272	3,564,272	-0-	-0-
Fixed income	5,162,952	-0-	5,162,952	-0-
Other assets	512,785	512,785	-0-	-0-
External investment pool	419,250	419,250	-0-	-0-
Total investments by fair value	<u>\$ 10,226,736</u>	<u>\$ 5,063,784</u>	<u>\$ 5,162,952</u>	<u>\$ -0-</u>

Investments measured at amortized cost / cash surrender value

Guaranteed annuity contracts	<u>\$ 7,062,522</u>
Total investments by amortized cost/ cash surrender value	<u>\$ 7,062,522</u>
Total LOSAP investments	<u>\$ 17,289,258</u>

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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.

7. NEW PRONOUNCEMENTS

The following statements have been issued by the GASB and are to have the most impact in future years:

Statement No. 87, "*Leases*", the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

Statement No. 91, "*Conduit Debt Obligations*", the objective of which is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issues, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

Statement No. 92, "*Omnibus 2020*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10, and 12 are effective for the year ending December 31, 2022.

Statement No. 93, "*Replacement of Interbank Offered Rates*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", amends certain provisions of GASB Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*" as amended) and No. 87, "*Leases*". It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. The requirements of this Statement are effective for the year ending December 31, 2022.

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government ("transferor") contracts with an operator ("governmental or nongovernmental entity") to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for the year ending December 31, 2023.

Statement No. 96, "*Subscription-Based Information Technology Arrangements*", this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, "*Leases*", as amended. The requirements of this Statement are effective for the year ending December 31, 2023.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2021

7. NEW PRONOUNCEMENTS (continued)

Statement No. 97, *“Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, the primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (“OPEB”) plans, and employee benefit plans other than pension plans or OPEB plans (“other employee benefit plans”) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (“Section 457 plans”) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement No. 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67 or paragraph 3 of Statement No. 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for financial statements for the year ending December 31, 2022.

Statement No. 99, *“Omnibus 2022”*, Effective Date: The requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the year ending December 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective the year ending December 31, 2024.

The Town will evaluate the impact these 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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 43,283,718	\$ 43,283,718	\$ 43,283,718	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	900,000	900,000	1,194,910	294,910
Interest and penalties on real property taxes	250,000	250,000	387,909	137,909
Total Other Real Property Tax Items	1,150,000	1,150,000	1,582,819	432,819
NON-PROPERTY TAX ITEMS				
Franchise fees	3,400,000	3,400,000	3,350,801	(49,199)
Other non-property tax items	1,500,000	1,500,000	1,382,965	(117,035)
Total Non-Property Tax Items	4,900,000	4,900,000	4,733,766	(166,234)
DEPARTMENTAL INCOME				
Assessor's fees	15,000	15,000		(15,000)
Town Clerk's fees	700,000	700,000	584,813	(115,187)
Public health fees	650,000	650,000	707,124	57,124
Public pound fees and dog control service	40,000	40,000	40,980	980
Wyandanch program fees	75,000	75,000	37,583	(37,417)
Parking permits	20,000	20,000	52,080	32,080
Park and recreation charges and fees	2,000,000	2,000,000	2,269,639	269,639
Total Departmental Income	3,500,000	3,500,000	3,692,219	192,219
USE OF MONEY AND PROPERTY				
Interest and earnings	50,000	50,000	47,477	(2,523)
Rental of real property	2,579,476	2,579,476	3,505,334	925,858
Total Use of Money and Property	2,629,476	2,629,476	3,552,811	923,335
LICENSES AND PERMITS				
Bingo licenses	8,500	8,500	1,246	(7,254)
Dog licenses	11,000	11,000	13,276	2,276
Plumbing permits	45,000	45,000	41,990	(3,010)
Impact fees			-0-	-0-
Permits - other	55,000	55,000	51,010	(3,990)
Total Licenses and Permits	119,500	119,500	107,522	(11,978)
FINES AND FORFEITURES				
Fines and forfeited bail	1,000,000	1,000,000	881,308	(118,692)
Forfeitures of deposits	10,000	10,000	-0-	(10,000)
Total Fines and Forfeitures	1,010,000	1,010,000	881,308	(128,692)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of scrap and excess materials	2,000	2,000	2,238	238
Sale of equipment	175,000	175,000	227,646	52,646
Insurance recoveries	5,000	5,000	4,667	(333)
Total Sale of Property and Compensation for Loss	182,000	182,000	234,551	52,551
INTERFUND REVENUE				
Interfund revenue	100,000	100,000	153,470	53,470
Total Interfund Revenue	100,000	100,000	153,470	53,470
MISCELLANEOUS LOCAL SOURCES				
Gifts and donations	100,000	113,326	73,326	(40,000)
Refunds of prior years' expenditures	15,000	15,000	145,501	130,501
Grants from local governments	10,000	10,000	2,529	(7,471)
Miscellaneous local sources	55,000	55,000	56,050	1,050
Narcotics guidance counsel - local aid	80,000	80,000	86,931	6,931
Youth project S.A.F.E - local aid	16,383	16,383	16,383	-0-
Youth programs - local aid	280,293	280,293	280,459	166
Residential repair - local aid	2,400	2,400	2,500	100
Wyandanch nutrition program - local aid	35,000	35,000	27,541	(7,459)
Other miscellaneous revenue	25,000	25,000	78,583	53,583
Total Miscellaneous Local Sources	619,076	632,402	769,803	137,401

(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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES (continued)				
STATE AID				
Mortgage tax	4,000,000	4,000,000	9,524,267	5,524,267
General government aid		120,000	60,615	(59,385)
Youth programs	140,000	140,000	139,066	(934)
Youth project S.A.F.E.	18,279	18,279	18,279	-0-
Therapeutic recreation and senior day training program	57,535	57,535	5,734	(51,801)
State grants - other			9,018	9,018
Total State Aid	<u>4,215,814</u>	<u>4,335,814</u>	<u>9,756,979</u>	<u>5,421,165</u>
FEDERAL AID				
General government aid		3,915,937	3,915,937	-0-
Narcotics guidance counsel	350,000	350,000	370,602	20,602
Residential repair	20,000	20,000	22,500	2,500
Wyandanch nutrition program	210,000	210,000	275,666	65,666
Total Federal Aid	<u>580,000</u>	<u>4,495,937</u>	<u>4,584,705</u>	<u>88,768</u>
Total Revenues	<u>62,289,584</u>	<u>66,338,847</u>	<u>73,333,671</u>	<u>6,994,824</u>
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Town Board	544,663	544,663	521,349	23,314
Municipal court	355,072	3,725	552	3,173
Traffic violations bureau	148,193	148,193	132,167	16,026
Town Supervisor	1,637,485	1,629,310	1,461,298	168,012
Comptroller	822,131	876,517	797,522	78,995
Auditor	221,000	221,000	209,000	12,000
Receiver of taxes	981,112	979,968	961,465	18,503
Purchasing	470,541	490,139	452,024	38,115
Assessor	1,642,840	1,616,840	1,465,867	150,973
Town Clerk	742,061	780,160	774,354	5,806
Town Attorney	2,096,226	2,122,501	1,979,118	143,383
Personnel	585,600	475,350	415,770	59,580
Engineering	400,050	550,050	446,035	104,015
Board of ethics	2,400	2,400	1,000	1,400
Records management	114,104	110,502	110,502	-0-
Public works administration	467,195	485,767	485,712	55
Buildings	3,987,292	4,150,840	3,761,182	389,658
Central garage and central fuel facility	1,591,355	1,526,353	1,470,748	55,605
Central printing and mailing	607,663	534,307	484,646	49,661
Central data processing	1,287,246	1,275,173	1,232,393	42,780
Unallocated insurance	1,100,000	674,540	673,622	918
Municipal association dues	2,000	2,000		2,000
Taxes and assessments on municipal property	2,000	2,000		2,000
Contingencies - contractual and other	350,000	50,789		50,789
Other general government support	60,000	60,000	53,066	6,934
Total General Government Support	<u>20,218,229</u>	<u>19,313,087</u>	<u>17,889,392</u>	<u>1,423,695</u>
PUBLIC SAFETY				
Traffic control	905,712	900,712	818,330	82,382
Control of animals	1,392,547	1,415,065	1,381,180	33,885
Examining boards	54,500	54,709	54,709	-0-
Civil defense	10,000	10,038	10,038	-0-
Total Public Safety	<u>2,362,759</u>	<u>2,380,524</u>	<u>2,264,257</u>	<u>116,267</u>
HEALTH				
Narcotics addiction control	1,380,275	1,356,263	1,237,478	118,785
Therapeutic recreation program	225,000	225,963	161,909	64,054
Nutrition program	820,702	819,014	796,894	22,120
Project S.A.F.E.				-0-
Youth Institute CCS	965,500	965,500	955,010	10,490
Other public health	408,959	472,175	459,682	12,493
Total Health	<u>3,800,436</u>	<u>3,838,915</u>	<u>3,610,973</u>	<u>227,942</u>

(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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES (continued)				
TRANSPORTATION				
Off-street parking	5,000	5,000	3,090	1,910
ECONOMIC ASSISTANCE AND OPPORTUNITY				
Human services administration				-0-
Publicity				-0-
Promotion of industry	79,429	86,429	84,429	2,000
Veterans' services	5,000	5,000	900	4,100
Programs for the aging	36,250	36,250	30,894	5,356
Other economic development		3,909,513	3,909,513	
Total Economic Assistance and Opportunity	120,679	4,037,192	4,025,736	11,456
CULTURE AND RECREATION				
Council on the arts	10,000	10,000	10,000	-0-
Parks and recreation administration	1,156,714	1,350,671	1,331,551	19,120
Parks	5,845,158	5,919,945	5,865,441	54,504
Playground and recreation centers	544,887	389,829	389,587	242
Special recreation facilities	2,843,825	2,834,296	2,834,296	-0-
Youth programs	769,247	801,831	798,303	3,528
Town historian	102,431	96,100	96,100	-0-
Adult recreation	977,750	982,839	891,788	91,051
Total Culture and Recreation	12,250,012	12,385,511	12,217,066	168,445
HOME AND COMMUNITY SERVICES				
Environmental control	1,518,326	1,516,973	1,362,885	154,088
Other home and community services	350,000	338,600	162,269	176,331
Loss on property held for resale- revitalization project		632,198	632,198	-0-
Total Home and Community Services	1,868,326	2,487,771	2,157,352	330,419
EMPLOYEE BENEFITS				
Retirement system	2,937,725	2,952,114	2,946,308	5,806
Social security	1,887,011	1,887,011	1,878,371	8,640
Workers' compensation	530,518	490,518	470,445	20,073
Life insurance	21,545	21,545	20,117	1,428
Unemployment benefits	150,000			-0-
Disability benefits	24,349	24,349	23,090	1,259
Hospital, medical, vision and dental	7,269,450	7,195,252	6,975,846	219,406
Other employee benefits	488,548	503,701	503,509	192
Total Employee Benefits	13,309,146	13,074,490	12,817,686	256,804
DEBT SERVICE				
Principal	7,134,799	7,622,199	7,622,199	-0-
Interest	2,772,584	2,817,476	2,817,476	-0-
Bond issuance costs	50,000	85,750	85,750	-0-
Total Debt Service	9,957,383	10,525,425	10,525,425	-0-
Total Expenditures	63,891,970	68,047,915	65,510,977	2,535,028
Excess (Deficiency) of Revenues Over Expenditures	(1,602,386)	(1,709,068)	7,822,694	9,529,852
OTHER FINANCING SOURCES (USES)				
Refunding bond proceeds		8,470,800	8,470,800	-0-
Premium on obligations	100,000	1,504,323	1,419,387	(84,936)
Payments to refunded bond escrow agent		(9,768,200)	(9,768,200)	-0-
Operating transfers in			105,258	105,258
Operating transfers out	(2,500,000)	(2,504,720)	(2,504,720)	-0-
Total Other Financing Sources (Uses)	(2,400,000)	(2,297,797)	(2,277,475)	20,322
Net Change in Fund Balance	<u>\$ (4,002,386)</u>	<u>\$ (4,006,865)</u>	5,545,219	<u>\$ 9,552,084</u>
Fund Balance at Beginning of Year			57,936,514	
Fund Balance at End of Year			<u>\$ 63,481,733</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 16,864,983	\$ 16,864,983	\$ 16,864,983	\$ -0-
DEPARTMENTAL INCOME				
Refuse and garbage fees	5,016,502	5,016,502	3,474,094	(1,542,408)
Long Island Green Homes	1,400,000	1,400,000	1,263,616	(136,384)
Total Departmental Income	6,416,502	6,416,502	4,737,710	(1,678,792)
USE OF MONEY AND PROPERTY				
Interest earnings	18,000	18,000	161,566	143,566
Total Use of Money and Property	18,000	18,000	161,566	143,566
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenues			1,043	1,043
Total Miscellaneous Local Sources	-0-	-0-	1,043	1,043
STATE AID				
Home and community services aid			8,975	8,975
Emergency disaster assistance program	0	0	1,117	1,117
Total State Aid	-0-	-0-	10,092	10,092
FEDERAL AID				
Emergency disaster assistance program			10,056	10,056
Total Federal Aid	-0-	-0-	10,056	10,056
Total Revenues	23,299,485	23,299,485	21,785,450	(1,514,035)
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	21,146,416	21,091,469	19,822,911	1,268,558
Landfill closure/postclosure costs	154,509	170,504	98,469	72,035
Long Island Green Homes	1,000,000	1,000,000	838,162	161,838
Unallocated insurance	30,000	30,000	26,744	3,256
Total Home and Community Services	22,330,925	22,291,973	20,786,286	1,505,687
EMPLOYEE BENEFITS				
Retirement system	145,288	173,262	173,262	-0-
Social security	93,375	98,629	98,629	-0-
Workers' compensation	96,004	90,750	82,307	8,443
Life insurance	916	916	854	62
Unemployment benefits	1,000	307		307
Disability benefits	1,500	1,500	1,332	168
Hospital, medical, vision and dental	282,850	303,348	302,778	570
Union welfare benefits	29,846	30,540	30,540	-0-
Total Employee Benefits	650,779	699,252	689,702	9,550
DEBT SERVICE				
Principal	87,550	87,550	87,550	-0-
Interest	35,336	35,335	35,335	-0-
Bond issuance costs	2,500	2,500		2,500
Total Debt Service	125,386	125,385	122,885	2,500
Total Expenditures	23,107,090	23,116,610	21,598,873	1,517,737
Excess (Deficiency) of Revenues Under Expenditures	192,395	182,875	186,577	3,702
OTHER FINANCING SOURCES USES				
Operating transfers out	(280,000)	(280,000)	(280,000)	-0-
Total Other Financing Sources (Uses)	(280,000)	(280,000)	(280,000)	-0-
Net Change in Fund Balance	\$ (87,605)	\$ (97,125)	(93,423)	\$ 3,702
Fund Balance at Beginning of Year			7,279,563	
Fund Balance at End of Year			\$ 7,186,140	

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 5,808,635	\$ 5,808,635	\$ 5,808,635	\$ -0-
DEPARTMENTAL INCOME				
Refuse and garbage fees	10,051,688	10,051,688	10,529,100	477,412
USE OF MONEY AND PROPERTY				
Interest earnings	28,800	28,800	14,612	(14,188)
Total Revenues	15,889,123	15,889,123	16,352,347	463,224
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	14,200,507	14,159,095	11,974,603	2,184,492
Landfill closure/postclosure costs	160,750	160,000	100,227	59,773
Unallocated insurance	25,000	25,000	17,494	7,506
Total Home and Community Services	14,386,257	14,344,095	12,092,324	2,251,771
EMPLOYEE BENEFITS				
Retirement system	132,849	166,233	166,233	-0-
Social security	88,357	96,311	96,311	-0-
Workers' compensation	59,970	59,970	51,412	8,558
Life insurance	441	441	362	79
Unemployment benefits	500	500		500
Disability benefits	1,750	1,825	1,825	-0-
Hospital, medical, vision and dental	222,370	222,370	214,445	7,925
Union welfare benefits	13,130	13,130	12,954	176
Total Employee Benefits	519,367	560,780	543,542	17,238
DEBT SERVICE				
Principal	69,250	69,250	69,250	-0-
Interest	23,553	23,552	23,552	-0-
Total Debt Service	92,803	92,802	92,802	-0-
Total Expenditures	14,998,427	14,997,677	12,728,668	2,269,009
Excess of Revenues Over Expenditures	890,696	891,446	3,623,679	2,732,233
OTHER FINANCING USES				
Operating transfers out	(962,170)	(962,170)	(962,170)	-0-
Total Other Financing Uses	(962,170)	(962,170)	(962,170)	-0-
Net Change in Fund Balance	\$ (71,474)	\$ (70,724)	2,661,509	\$ 2,732,233
Fund Balance at Beginning of Year			26,701,575	
Fund Balance at End of Year			\$ 29,363,084	

TOWN OF BABYLON
REQUIRED SUPPLEMENTARY INFORMATION
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 22,486,334	\$ 22,486,334	\$ 22,486,334	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	700,000	700,000	789,003	89,003
USE OF MONEY AND PROPERTY				
Interest earnings	18,000	18,000	11,590	(6,410)
LICENSES AND PERMITS				
Street inspection fees	125,000	125,000	227,466	102,466
Other permits	10,000	10,000	12,076	2,076
Total Licenses and Permits	135,000	135,000	239,542	104,542
MISCELLANEOUS LOCAL SOURCES				
Refund of prior years' expenditures			36,480	36,480
Other miscellaneous revenue			190	190
Total Miscellaneous Local Sources	-0-	-0-	36,670	36,670
STATE AID				
Consolidated local street and highway improvement program	1,200,000	1,799,159	1,799,159	-0-
PAVE-NY program		467,057	467,057	-0-
Extreme Winter Recovery		400,848	400,848	-0-
Total State Aid	1,200,000	2,667,064	2,667,064	-0-
Total Revenues	24,539,334	26,006,398	26,230,203	223,805
EXPENDITURES				
TRANSPORTATION				
Street administration	608,163	628,164	521,753	106,411
Maintenance of streets	4,811,866	4,801,866	4,101,352	700,514
Permanent improvements	1,310,000	2,777,063	2,715,765	61,298
Machinery	1,424,060	1,481,846	1,391,404	90,442
Brush and weeds	340,000	270,000	261,997	8,003
Snow removal	1,859,674	1,713,262	1,171,565	541,697
Unallocated insurance	40,000	42,427	42,427	-0-
Total Transportation	10,393,763	11,714,628	10,206,263	1,508,365
EMPLOYEE BENEFITS				
Retirement system	852,390	849,963	775,715	74,248
Social security	527,492	527,492	448,830	78,662
Workers' compensation	899,017	899,017	801,252	97,765
Life insurance	424	424	280	144
Unemployment benefits	40,000	40,000	-0-	40,000
Disability benefits	1,000	1,000	367	633
Hospital, medical, vision and dental	2,321,775	2,321,775	2,107,445	214,330
Union welfare benefits	119,430	119,430	112,588	6,842
Total Employee Benefits	4,761,528	4,759,101	4,246,477	512,624
DEBT SERVICE				
Principal	8,009,785	8,009,785	7,557,635	452,150
Interest	2,297,214	2,361,543	2,325,714	35,829
Bond issuance costs	90,000	90,000	87,530	2,470
Total Debt Service	10,396,999	10,461,328	9,970,879	490,449
Total Expenditures	25,552,290	26,935,057	24,423,619	2,511,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,012,956)	(928,659)	1,806,584	2,735,243
OTHER FINANCING SOURCES				
Refunding bond proceeds		7,656,300	7,656,300	-0-
Premium on obligations		1,236,979	1,283,372	46,393
Payments to refunded bond escrow agent		(8,828,950)	(8,828,950)	-0-
Total Other Financing Sources	-0-	64,329	110,722	46,393
Net Change in Fund Balance	\$ (1,012,956)	\$ (864,330)	1,917,306	\$ 2,781,636
Fund Balance at Beginning of Year			15,451,832	
Fund Balance at End of Year			\$ 17,369,138	

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 19,028,656	\$ 19,028,656	\$ 19,028,656	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	678,324	678,323	778,108	99,785
USE OF MONEY AND PROPERTY				
Interest earnings	4,800	4,800	1,754	(3,046)
Investment income - Length of service award programs			113,356	113,356
Total Use of Money and Property	4,800	4,800	115,110	110,310
MISCELLANEOUS LOCAL SOURCES				
Other miscellaneous revenue			45,581	45,581
Total Revenues	19,711,780	19,711,779	19,967,455	255,676
EXPENDITURES				
PUBLIC SAFETY				
Fire protection districts	17,824,574	17,956,100	17,956,100	-0-
HEALTH				
Ambulance districts	1,907,282	1,914,161	1,914,161	-0-
Total Expenditures	19,731,856	19,870,261	19,870,261	-0-
Net Change in Fund Balance	\$ (20,076)	\$ (158,482)	97,194	\$ 255,676
Fund Balance at Beginning of Year			4,348,623	
Fund Balance at End of Year			\$ 4,445,817	

TOWN OF BABYLON

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIO
Year Ended December 31, 2021**

	2021			2020			2019			2018		
	Total	Town	Agency									
Total OPEB Liability												
Other Postemployment Liability at the Beginning of the Year, as reported	\$ 201,452,255	\$ 200,578,948	\$ 873,307	\$ 181,698,870	\$ 180,979,279	\$ 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-			-0-			101,822,521	101,940,510	(117,989)
Other Postemployment Liability at the Beginning of Year, as restated	-0-			-0-			-0-			172,245,709	171,745,699	500,010
Changes for the Year:												
Service Cost	8,450,050	8,396,653	53,397	6,859,760	6,762,804	96,956	4,605,513	4,544,190	61,323	5,693,554	5,631,629	61,925
Interest	4,615,355	4,601,209	14,146	5,085,827	5,063,849	21,978	5,988,861	5,967,027	21,834	6,031,219	6,012,098	19,121
Change in benefit terms	(1,045,096)	(967,350)	(77,746)									
Differences between expected and actual experience	20,922,566	21,070,236	(147,670)	(4,617,500)	(4,566,536)	(50,964)	(17,144,627)	(17,155,632)	11,005	-0-		
Changes of assumptions and other inputs	(7,012,532)	(6,994,130)	(18,402)	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	(6,013,922)	(5,997,938)	(15,984)	(5,929,049)	(5,900,030)	(29,019)	(5,397,401)	(5,370,887)	(26,514)	(5,270,834)	(5,258,531)	(12,303)
Net Changes	19,916,421	20,108,680	(192,259)	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	<u>\$ 221,368,676</u>	<u>\$ 220,687,628</u>	<u>\$ 681,048</u>	<u>\$ 201,452,255</u>	<u>\$ 200,578,948</u>	<u>\$ 719,591</u>	<u>\$ 181,698,870</u>	<u>\$ 180,979,279</u>	<u>\$ 719,591</u>	<u>\$ 161,690,156</u>	<u>\$ 161,185,988</u>	<u>\$ 504,168</u>
Covered employee payroll	\$ 31,987,189			\$ 32,210,217			\$ 29,089,017			\$ 27,177,083		
Total OPEB Liability, as a percentage of covered payroll	692.05%			625.43%			624.63%			594.95%		

Note: This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other date 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

In 2021, there was an adjustment related to the change in benefit terms resulting from required employee contributions.

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:

2021	2.06%
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 7.0% in 2021, grading down 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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
PRIMARY GOVERNMENT								
Town's proportion of the collective net pension liability	0.0857499%	0.0821846%	0.0794597%	0.0803200%	0.0797627%	0.0840236%	0.0809617%	0.0809617%
Town's proportionate share of the net collective pension liability	\$ 85,385	\$ 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	\$ 32,321,844	\$ 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	0.26%	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	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.90%	97.20%
DISCRETELY PRESENTED COMPONENT UNIT								
Agency's proportion of the collective net pension liability	0.0012297%	0.0021778%	0.0015479%	0.0016125%	0.0013662%	0.0012175%	0.0016076%	0.0016076%
Agency's proportionate share of the net collective pension liability	\$ 1,227	\$ 576,699	\$ 109,676	\$ 52,041	\$ 128,370	\$ 195,413	\$ 54,308	\$ 72,645
Agency's covered-employee payroll	\$ 586,875	\$ 574,507	\$ 675,394	\$ 606,159	\$ 451,937	\$ 386,404	\$ 386,183	\$ 379,236
Agency's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	0.21%	100.38%	16.24%	8.59%	28.40%	50.57%	14.06%	19.16%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	99.95%	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.

The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

The inflation rate was increased from 2.5% to 2.7% in the actuarial valuation used in the System's March 31, 2021 financial statement.

The decrease in proportionate share of the net pension liability is mainly attributable to the investment gains the Plan recognized and which was partially offset by a decrease in the discount rate noted above.

See independent auditors' report.

TOWN OF BABYLON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - EMPLOYEE RETIREMENT SYSTEM
 December 31, 2021
 NYSERS
 Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
PRIMARY GOVERNMENT										
Contractually required contribution	\$ 4,837,213	\$ 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
Contributions in relation to the contractually required contribution	4,837,213	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
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ 1,717,661</u>								
Town's covered-employee payroll	\$ 32,262,124	\$ 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
Contributions as a percentage of covered-employee payroll	14.99%	12.95%	13.07%	13.86%	14.20%	14.70%	17.61%	18.96%	20.69%	10.25%
DISCRETELY PRESENTED COMPONENT UNIT										
Contractually required contribution	\$ 56,789	\$ 74,138	\$ 69,120	\$ 64,009	\$ 55,258	\$ 50,923	\$ 40,770	\$ 78,836	\$ 73,187	\$ 48,665
Contributions in relation to the contractually required contribution	56,789	74,138	69,120	64,009	55,258	50,923	40,770	78,836	73,187	48,665
Contribution deficiency (excess)	<u>\$ -0-</u>									
Agency's covered-employee payroll	\$ 606,827	\$ 611,308	\$ 609,387	\$ 686,931	\$ 570,054	\$ 452,564	\$ 386,557	\$ 386,057	\$ 376,962	\$ 293,654
Contributions as a percentage of covered-employee payroll	9.36%	12.13%	11.34%	9.32%	9.69%	11.25%	10.55%	20.42%	19.41%	16.57%

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, 2020 actuarial valuation to determine the employer rates for contributions payable to the Plan's year ended March 31, 2021.

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.

There was a change in assumption for the pensioner mortality improvement in the April 2020 actuarial valuation from the Scale MP-2018 to the Scale MP-2020.

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, 2021

	East Farmingdale Firefighter Plan				
	Years Ended December 31,				
	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities					
Service cost	\$ 169,415	\$ 139,188	\$ 146,833	\$ 155,475	\$ 109,504
Interest	322,879	336,302	323,923	282,336	316,990
Differences between expected and actual experience	37,614	135,210	94,736	115,449	59,751
Benefit payments, including refunds of member contributions	(280,607)	(345,701)	(253,364)	(168,212)	(157,769)
Changes of assumptions or other inputs	(900,556)	878,328	(45,327)	635,792	173,186
Net change in total LOSAP plan liability	(651,255)	1,143,327	266,801	1,020,840	501,662
Total LOSAP plan liability - beginning of year (a)	9,049,422	7,906,095	7,639,294	6,618,454	6,116,792
Total LOSAP plan liability - end of year (c)	8,398,167	9,049,422	7,906,095	7,639,294	6,618,454
LOSAP - Pension Trust Fund Net Position					
Contributions - Employer	387,897	402,597	396,073	253,750	106,000
Investment income	71,493	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	(282,212)	(347,216)	(253,855)	(168,212)	(157,769)
Net Change in LOSAP fiduciary net position	177,178	423,790	392,547	235,100	96,100
Plan fiduciary net position - beginning of year, (b)	5,071,665	4,647,875	4,255,328	4,020,228	3,924,128
Plan fiduciary net position - end of year (d)	5,248,843	5,071,665	4,647,875	4,255,328	4,020,228
Net LOSAP plan liability - beginning of year (a) - (b)	3,977,757	3,258,220	3,383,966	2,598,226	2,192,664
Net LOSAP plan liability - end of year (c) - (d)	\$ 3,149,324	\$ 3,977,757	\$ 3,258,220	\$ 3,383,966	\$ 2,598,226
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	62.5%	56.0%	58.8%	55.7%	60.7%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	9	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. There were no changes for the December 31, 2019, 2020 and 2021 valuations.

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:

2021	4.32%
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, 2021

	North Amityville Firefighter Plan Years Ended December 31,				
	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities					
Service cost	\$ 22,417	\$ 22,572	\$ 23,816	\$ 25,921	\$ 32,673
Interest	118,042	117,604	116,480	120,276	112,893
Differences between expected and actual experience	103,068	(14,625)	11,626	23,220	39,883
Benefit payments, including refunds of member contributions	(107,010)	(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	136,517	(1,695)	19,392	(70,231)	128,633
Total LOSAP plan liability - beginning of year (a)	2,290,722	2,292,417	2,273,025	2,343,256	2,214,623
Total LOSAP plan liability - end of year (c)	2,427,239	2,290,722	2,292,417	2,273,025	2,343,256
LOSAP - Pension Trust Fund Net Position					
Contributions - Employer	85,407	94,600	93,437	59,200	112,450
Investment income	80,567	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	(107,961)	(128,187)	(132,870)	(130,487)	(128,573)
Net Change in LOSAP fiduciary net position	58,013	46,420	20,207	13,155	88,464
Plan fiduciary net position - beginning of year, restated (b)	1,882,716	1,836,296	1,816,089	1,802,934	1,714,470
Plan fiduciary net position - end of year (d)	1,940,729	1,882,716	1,836,296	1,816,089	1,802,934
Net LOSAP plan liability - beginning of year (a) - (b)	408,006	456,121	456,936	540,322	500,153
Net LOSAP plan liability - end of year (c) - (d)	\$ 486,510	\$ 408,006	\$ 456,121	\$ 456,936	\$ 540,322
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	80.0%	82.2%	80.1%	79.9%	76.9%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	3	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, 2020 and 2021 valuations.

TOWN OF BABYLON

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAMS' NET PENSION LIABILITY Year Ended December 31, 2021

	North Babylon Firefighter Plan Years Ended December 31,				
	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities					
Service cost	\$ 169,134	\$ 146,330	\$ 132,718	\$ 145,303	\$ 119,912
Interest	420,226	398,432	386,378	379,907	378,287
Differences between expected and actual experience	6,239	375,367	50,039	19,824	94,643
Benefit payments, including refunds of member contributions	(452,633)	(318,504)	(355,955)	(318,481)	(265,615)
Changes of assumptions or other inputs	(914,300)	162,133	(51,615)	(61,148)	316,856
Net change in total LOSAP plan liability	(771,334)	763,758	161,565	165,405	644,083
Total LOSAP plan liability - beginning of year (a)	9,418,252	8,654,494	8,492,929	8,327,524	7,683,441
Total LOSAP plan liability - end of year (c)	8,646,918	9,418,252	8,654,494	8,492,929	8,327,524
LOSAP - Pension Trust Fund Net Position					
Contributions - Employer	485,459	517,405	510,247	363,700	358,000
Investment income	239,137	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	(454,427)	(320,186)	(359,244)	(318,481)	(265,615)
Net Change in LOSAP fiduciary net position	270,169	454,741	372,713	229,016	226,726
Plan fiduciary net position - beginning of year, restated (b)	4,928,498	4,473,757	4,101,044	3,872,028	3,645,302
Plan fiduciary net position - end of year (d)	5,198,667	4,928,498	4,473,757	4,101,044	3,872,028
Net LOSAP plan liability - beginning of year (a) - (b)	4,489,754	4,180,737	4,391,885	4,455,496	4,038,139
Net LOSAP plan liability - end of year (c) - (d)	\$ 3,448,251	\$ 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	60.1%	52.3%	51.7%	48.3%	46.5%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	6	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. There were no changes for the December 31, 2019, 2020 and 2021 valuations.

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:

2021	5.25%
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, 2021

	North Lindenhurst Firefighter Plan Years Ended December 31,				
	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities					
Service cost	\$ 110,969	\$ 106,169	\$ 85,989	\$ 89,135	\$ 83,593
Interest	240,932	246,775	241,855	229,550	235,903
Differences between expected and actual experience	1,294	(36,379)	114,562	148,896	(168,767)
Benefit payments, including refunds of member contributions	(323,995)	(260,313)	(232,081)	(200,562)	(166,225)
Changes of assumptions or other inputs	(641,120)	272,438	209,981	5,067	142,193
Net change in total LOSAP plan liability	(611,920)	328,690	420,306	272,086	126,697
Total LOSAP plan liability - beginning of year (a)	5,829,393	5,500,703	5,080,397	4,808,311	4,681,614
Total LOSAP plan liability - end of year (c)	5,217,473	5,829,393	5,500,703	5,080,397	4,808,311
LOSAP - Pension Trust Fund Net Position					
Contributions - Employer	328,956	330,152	326,693	192,600	203,000
Investment income	159,691	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	(325,489)	(261,770)	(232,606)	(200,562)	(166,225)
Net Change in LOSAP fiduciary net position	163,158	235,791	268,487	114,971	165,668
Plan fiduciary net position - beginning of year, restated (b)	3,273,872	3,038,081	2,769,594	2,654,623	2,488,955
Plan fiduciary net position - end of year (d)	3,437,030	3,273,872	3,038,081	2,769,594	2,654,623
Net LOSAP plan liability - beginning of year (a) - (b)	2,555,521	2,462,622	2,310,803	2,153,688	2,192,659
Net LOSAP plan liability - end of year (c) - (d)	\$ 1,780,443	\$ 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	65.9%	56.0%	55.2%	54.5%	55.2%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	11	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. There were no changes for the December 31, 2019, 2020 and 2021 valuations.

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:

2021	5.06%
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, 2021

	East Farmingdale Firefighter Plan				
	Years Ended December 31,				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 371,082	\$ 387,897	\$ 396,073	\$ 292,721	\$ 275,945
Contributions in relation to the actuarially determined contribution	\$ 371,082	\$ 387,897	\$ 396,073	\$ 253,750	\$ 106,000
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ 38,971	\$ 169,945
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	4.29%	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, 2021, 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.

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REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF LENGTH OF SERVICE AWARD PROGRAMS
 PENSION CONTRIBUTIONS AND INVESTMENT RETURNS
 Year Ended December 31, 2021

	North Amityville Firefighter Plan				
	Years Ended				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 80,680	\$ 85,407	\$ 93,437	\$ 53,548	\$ 70,398
Contributions in relation to the actuarially determined contribution	\$ 80,680	\$ 85,407	\$ 93,437	\$ 59,200	\$ 112,450
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ (5,652)	\$ (42,052)
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	4.33%	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, 2021, 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, 2021

	North Babylon Firefighter Plan				
	Years Ended December 31,				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 552,291	\$ 485,459	\$ 510,247	\$ 382,553	\$ 397,918
Contributions in relation to the actuarially determined contribution	\$ 552,291	\$ 485,459	\$ 510,247	\$ 363,700	\$ 358,000
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ 18,853	\$ 39,918
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	4.86%	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, 2021, 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, 2021

	North Lindenhurst Firefighter Plan				
	Years Ended December 31,				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 312,286	\$ 328,956	\$ 326,693	\$ 240,706	\$ 223,886
Contributions in relation to the actuarially determined contribution	\$ 312,286	\$ 328,956	\$ 326,693	\$ 192,600	\$ 203,000
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ 48,106	\$ 20,886
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	4.93%	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 CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAM TOTAL PENSION LIABILITY
Year Ended December 31, 2021**

	Firefighter Plan - Wyandanch Year Ended December 31,				
	2021	2020	2019	2018	2017
Total LOSAP Pension Liability					
Service cost	\$ 127,843	\$ 83,018	\$ 75,596	\$ 78,513	\$ 71,488
Interest	35,710	43,520	42,622	37,737	39,459
Differences between expected and actual experience	(74,734)	12,850	(15,574)	8,591	
Benefit payments, including refunds of member contributions	(82,466)	(31,471)	(30,648)	(37,688)	(40,493)
Changes of assumptions or other inputs	(103,858)	388,030	85,006	(111,012)	17,715
Net Change in total LOSAP Pension Liability	(97,505)	495,947	157,002	(23,859)	88,169
Total LOSAP Pension Liability - beginning of year	1,763,623	1,267,676	1,110,674	1,134,533	1,046,364
Total LOSAP Pension Liability - end of year	<u>\$ 1,666,118</u>	<u>\$ 1,763,623</u>	<u>\$ 1,267,676</u>	<u>\$ 1,110,674</u>	<u>\$ 1,134,533</u>
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	16	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:

2021	2.24%
2020	1.93%
2019	3.26%
2018	3.64%
2017	3.83%