

TOWN OF BABYLON, NEW YORK

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

Year Ended December 31, 2022

TOWN OF BABYLON, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis.....	4-20
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet.....	23
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary - Enterprise Funds Financial Statements	
Statement of Net Position	27
Statement of Revenues, Expenses, and Changes in Net Position	28
Statement of Cash Flows	29
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position.....	30
Statement of Changes in Fiduciary Net Position.....	31
Notes to Financial Statements.....	32-84
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund.....	85-87
Residential Garbage District Fund	88
Commercial Garbage District Fund.....	89
Highway Fund	90
Special Districts Fund	91
Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratio	92
Schedule of Proportionate Share of the Net Pension Liability – Employee Retirement System	93
Schedule of Pension Contributions – Employee Retirement System	94
Schedules of Changes in the Length of Service Award Programs' Net Pension Liability	
East Farmingdale Firefighter Plan	95
North Amityville Firefighter Plan	96
North Babylon Firefighter Plan	97
North Lindenhurst Firefighter Plan	98

(continued)

TOWN OF BABYLON, NEW YORK

TABLE OF CONTENTS (continued)

	<u>Page</u>
Schedules of Length of Service Award Programs Pension Contributions and Investment Return	
East Farmingdale Firefighter Plan	99
North Amityville Firefighter Plan	100
North Babylon Firefighter Plan	101
North Lindenhurst Firefighter Plan	102
Schedule of Changes in the Length of Service Award Program Total Pension Liability	103

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion and Unmodified 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, 2022 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information and Basis of Unmodified Opinions" section of our report, based on our audit and the reports of another auditor, the accompanying financial statements referred to above present fairly, in all material respects the 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, 2022, and the respective changes in financial position, and where applicable, its 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 Services 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, 2022. 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 Qualified Opinion on the Aggregate Remaining Fund Information and Basis for Unmodified Opinions

The Town's aggregate remaining fund information as of and for the year ended December 31, 2022, includes the financial information of the blended component units: the Babylon Human and Therapeutic Services Institute, Inc., and Town of Babylon Youth Development Research Institute, Inc., which are included in the non-major governmental fund information, and which were audited by another auditor. During the course of our audit, we identified that the auditor responsible for auditing the blended component units of the Town received a peer review report with a rating of "fail". A report with a peer review rating of "fail" is issued when deficiencies are evident on all of the engagements submitted for review. The peer review process is essential in ensuring the quality and competence of auditors' work and maintaining the overall integrity of the financial reporting process.

Basis for Qualified Opinion on the Aggregate Remaining Fund Information and Basis for Unmodified Opinions (continued)

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 qualified audit opinion on the aggregate remaining fund information's and our audit opinions on the governmental activities, the business-type activities, the discretely presented component unit, and each major fund.

Change in Accounting Principle

We draw attention to Note 1.D.11, in the notes to financial statements which discloses the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases." Our opinion is not modified with respect to this matter.

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.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 September 21, 2023, 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 Services 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
September 21, 2023

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, 2022. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

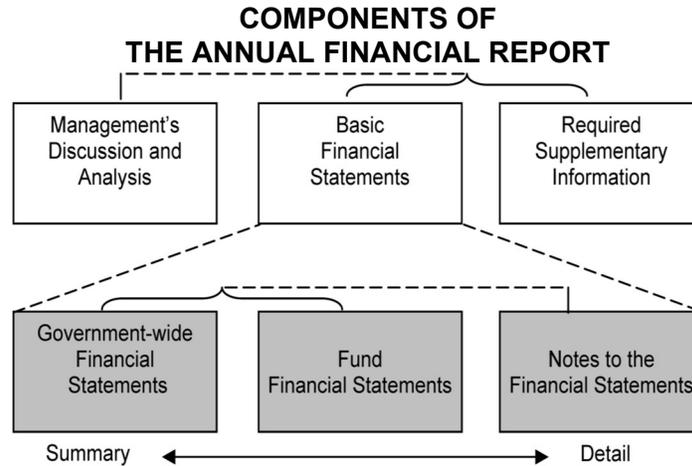
- Effective January 1, 2022, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 87, "Leases" ("GASB 87"), which resulted in the recognition of a lease receivable and deferred inflow of resources totaling \$78,057,883, in both the governmental fund and government-wide financial statements and a right-to-use asset and lease liability totaling \$316,658 in the government-wide financial statements.
- Pursuant to the American Rescue Plan Act, the Town was awarded \$27.8 million in Coronavirus State and Local Fiscal Recovery awards, of which \$8.6 million has been recognized as revenue as of December 31, 2022, 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 2022 by \$48,065,092 (net position) of which \$42,731,447 was related to the governmental activities and \$5,333,615 was related to the business-type activities.
- The Town's net position related to governmental activities increased by \$15,124,191, or 54.78%, from the current year activity.
- The Town's business-type activities reported a decrease in net position of \$122,482, or 2.24% from the current year activity.
- The Town committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the Town has recognized substantial liabilities in the government-wide financial statements for these benefits. As of December 31, 2022, due to investment gains as of the plan's year ended March 31, 2022, the Town was able to report its proportionate share of the net pension asset of the New York State and Local Employees' Retirement System ("ERS") of \$7,772,912. The Town had liabilities of \$176,475,061 for other postemployment benefits recorded in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB") at December 31, 2022. More detailed information about the Town's OPEB and pension reporting is presented in Notes 3.G and 3.H in the notes to financial statements.
- As of the close of 2022, the Town's governmental funds reported combined ending fund balances of \$180,243,350. Of this amount, \$10,135,279 is not in spendable form or is required to remain intact. The remaining \$170,108,071 or 94.38% 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 2022, the Town's total fund balance for the general fund was \$68,797,264, an increase of \$5,315,531 or 8.37% from the prior year. The unassigned fund balance for the general fund was \$45,678,617.
- The Town's total bonded debt (inclusive of general obligation bonds, exclusive of premiums) was \$169,175,000 for the Town's governmental and business-type activities. The total bonded debt increased by 5.33% from the prior year.
- Notable portions of restricted total fund balances are as follows: \$8.9 million for property held for resale and \$10.1 million in solid waste management reserve.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.



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.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements (continued)

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 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.

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."

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

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 fund 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.

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

Net Position

Capital assets, current and other assets, non-current liabilities, and deferred inflows of resources for 2021 have been restated for the implementation of GASB Statement No. 87, "Leases". This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and lease revenue as deferred inflows of resources over the life of the lease term.

The following is a summary of these changes:

	12/31/2021 as restated	12/31/2021 as reported	Change
Current and other assets	\$ 351,089,984	\$ 273,032,101	\$ 78,057,883
Capital assets, net	293,395,946	293,079,288	316,658
Non-current liabilities	(440,894,512)	(440,577,854)	(316,658)
Deferred inflows of resources	(221,403,848)	(143,345,965)	(78,057,883)
Totals	<u>\$ (17,812,430)</u>	<u>\$ (17,812,430)</u>	<u>\$ -0-</u>

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Condensed Statement of Net Position

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 \$42,731,477 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	
	2022	2021 as restated	2022	2021
Assets				
Current assets	\$ 309,838,302	\$ 351,089,984	\$ 3,628,740	\$ 4,085,142
Capital assets	341,559,364	293,395,946	5,373,150	5,525,684
Other noncurrent assets	110,384,268	27,533,488	29,112	36,700
Total Assets	<u>761,781,934</u>	<u>672,019,418</u>	<u>9,031,002</u>	<u>9,647,526</u>
Deferred outflows of resources	<u>52,325,642</u>	<u>68,280,951</u>	<u>-0-</u>	<u>-0-</u>
Liabilities				
Current liabilities	65,486,667	50,394,723	123,701	205,393
Noncurrent liabilities	444,475,388	440,894,512	1,486,186	1,823,536
Total Liabilities	<u>509,962,055</u>	<u>491,289,235</u>	<u>1,609,887</u>	<u>2,028,929</u>
Deferred inflows of resources	<u>261,414,044</u>	<u>221,403,848</u>	<u>2,087,500</u>	<u>2,162,500</u>
Net Position				
Net investment in capital assets	198,320,381	157,466,806	5,373,150	5,525,684
Restricted	18,022,098	17,390,864	1,711,592	2,190,943
Unrestricted	<u>(173,611,002)</u>	<u>(147,250,384)</u>	<u>(1,751,127)</u>	<u>(2,260,530)</u>
Total Net Position	<u>\$ 42,731,477</u>	<u>\$ 27,607,286</u>	<u>\$ 5,333,615</u>	<u>\$ 5,456,097</u>

Total assets and deferred outflows of resources of the Town's governmental activities, as of December 31, 2022 were \$814,107,576, an increase of \$73,807,207. Total liabilities and deferred inflows of resources as of December 31, 2022 were \$771,376,099, an increase of \$58,683,016. This results in a total net position balance of \$42,731,477 for the year ended 2022, an increase of \$15,124,191. Of the Town's net position balance, \$198,320,381 was the net investment in capital assets, while \$18,022,098 was restricted by statute or other specific purposes leaving a \$173,611,002 unrestricted deficit net position.

The largest portion of the Town's governmental activities net position, \$198,320,381, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure and right-to-use lease assets); 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.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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, 2022, were \$9,031,002, a decrease of \$616,524. Total liabilities and deferred inflows of resources as of December 31, 2022 were \$3,697,387, a decrease of \$494,042. This results in a total net position balance of \$5,333,615 for 2022, a decrease of \$122,482. Of the business-type activities net position balance, \$5,373,150 was the net investment in capital assets, \$1,711,592 was restricted by statute or other specific purposes, leaving a \$1,751,127 unrestricted deficit net position.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Program Revenue				
Charges for services	\$ 56,042,187	\$ 50,444,477	\$ 79,000	\$ 76,500
Operating grants and contributions	26,190,020	22,165,197	125,000	1,087,000
Capital grants and contributions	7,168,235	8,949,094		
Total Program Revenues	<u>89,400,442</u>	<u>81,558,768</u>	<u>204,000</u>	<u>1,163,500</u>
General Revenues				
Real property taxes	91,465,261	90,992,705	-	70,697
Other real property tax items	3,806,993	3,367,488		
Non-property tax items	4,833,172	4,733,766		
Interest earnings	2,063,900	384,490	20,110	5,179
Gain on sale of capital assets	788,602			
State and local aid - unrestricted	9,798,593	11,398,457		
Other	503,579	532,164	563,208	381,195
Transfers		256,549		(256,549)
Total General Revenues and Transfers	<u>113,260,100</u>	<u>111,665,619</u>	<u>583,318</u>	<u>200,522</u>
Total Revenues	<u>202,660,542</u>	<u>193,224,387</u>	<u>787,318</u>	<u>1,364,022</u>

(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	
	2022	2021	2022	2021
Program Expenses				
General government support	30,229,925	29,361,010		
Public safety	29,847,479	27,734,855		
Health	7,454,945	7,573,193		
Transportation	23,703,492	27,641,482		
Economic assistance and opportunity	4,670,717	4,084,637	688,403	742,432
Culture and recreation	27,008,372	23,824,693		
Home and community services	59,585,459	61,226,496	221,397	607,225
Interest on debt	5,035,962	4,784,009		
Total Program Expenses	187,536,351	186,230,375	909,800	1,349,657
Change in net position	15,124,191	6,994,012	(122,482)	14,365
Net position, beginning of year	27,607,286	20,613,274	5,456,097	5,441,732
Net position, end of year	\$ 42,731,477	\$ 27,607,286	\$ 5,333,615	\$ 5,456,097

Net position from all governmental activities increased by \$15,124,191 in the current year. Key elements of the governmental activities are:

- Overall program revenues increased by \$7,841,674 from the prior year, which is discussed below in detail.
- There was an increase of \$5,597,710 in charges for services, of which \$5,120,526 of this increase is attributable to an increase residential garbage special assessment fees charged. Additionally, the Town experienced an increase in refuse and garbage charges of \$562,151.
- Operating grants and contributions increased by \$4,024,823 from the prior year, primarily due to an increase in recognized revenue related to Federal and State Emergency Disaster Assistance funds in the amount of \$2,245,465. Additional increase is attributable to an increase in grant revenues related the Coronavirus State and Local Recovery Fund and the Housing Assistance Agency of \$811,986 and \$590,127, respectively.
- Capital grants and contributions decreased by \$1,780,859 compared to the prior year primarily related to the timing of certain projects and the related reimbursements. The Town recognized less grant revenues related to the Community Development Block Grant Disaster Recovery (CDBG-DR) program in the amount of \$2,248,682, which was offset by a new grant received and recognized in the current year, the Oak Beach Water District EFC Grant, in the amount of \$1,451,938.
- General revenues increased by \$1,594,481 from the prior year, primarily due to an increase from the gain in sale of capital assets in the amount of \$788,602 and an increase in real property taxes in the amount of \$472,556 attributable to the Town's approval to pierce the 2% tax cap for the 2022 budget.
- Overall program expenses increased by \$1,305,976 from the prior year, which is discussed below in detail.
- Culture and recreation expenses increased \$3,183,679 from the prior year, attributable to an increase in repair and maintenance costs related to the Wyandanch Pedestrian Mall project in the amount of \$3,590,494. These costs included necessary expenditures on property not owned by the Town. This was offset by a decrease in depreciation expense of \$539,861.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

- Public safety expenses increase from the prior year by \$2,112,624, of which \$1,800,000 was spent on the Emergency Fire and Dispatch System. Additional increase is attributable to an increase in personal services of \$896,186.
- Economic assistance and opportunity expenses increased from the prior year by \$586,080, a result of the Coronavirus State and Local Fiscal Recovery awards expended in the amount of \$570,924.
- Transportation expenses decreased from the prior year by \$3,937,990, a result of a decrease in CDBG-DR program expenditures in the amount of \$1,912,897, and a decrease in employee benefits of \$1,320,646.
- Home and community expenses decreased from the prior year by \$1,641,037, primarily a result of a decrease in CDBG-DR program expenditures of \$2,605,173, offset by an increase in professional and technical services of \$682,306.
- General government support expenses increased slightly from the prior year by \$868,915.

Net position from the business-type activities decreased by \$122,482 in the current year. The current year total revenues and transfers out decreased by \$576,704, primarily due to a decrease of \$256,549 due to the change in funding source for capital projects in the prior year as well as a decrease in operating grants received by the Local Development Corporation. Program expenses decreased in line with expenditures over the prior year by \$439,857.

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

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
General government support	\$ 30,229,925	\$ 29,361,010	\$ 2,591,856	\$ 2,733,243	\$ (27,638,069)	\$ (26,627,767)
Public safety	29,847,479	27,734,855	3,567,994	3,547,773	(26,279,485)	(24,187,082)
Health	7,454,945	7,573,193	2,006,957	2,337,886	(5,447,988)	(5,235,307)
Transportation	23,703,492	27,641,482	7,033,935	8,414,360	(16,669,557)	(19,227,122)
Economic assistance and opportunity	4,670,717	4,084,637	66,902	25,350	(4,603,815)	(4,059,287)
Culture and recreation	27,008,372	23,824,693	7,390,589	5,615,452	(19,617,783)	(18,209,241)
Home and community services	59,585,459	61,226,496	66,742,209	58,884,704	7,156,750	(2,341,792)
Interest on debt	5,035,962	4,784,009			(5,035,962)	(4,784,009)
	<u>\$ 187,536,351</u>	<u>\$ 186,230,375</u>	<u>\$ 89,400,442</u>	<u>\$ 81,558,768</u>	<u>\$ (98,135,909)</u>	<u>\$ (104,671,607)</u>

The total cost of all governmental activities this year was \$187,536,351. The net cost of these services after being subsidized by program revenues of \$89,400,442 was \$98,135,909.

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

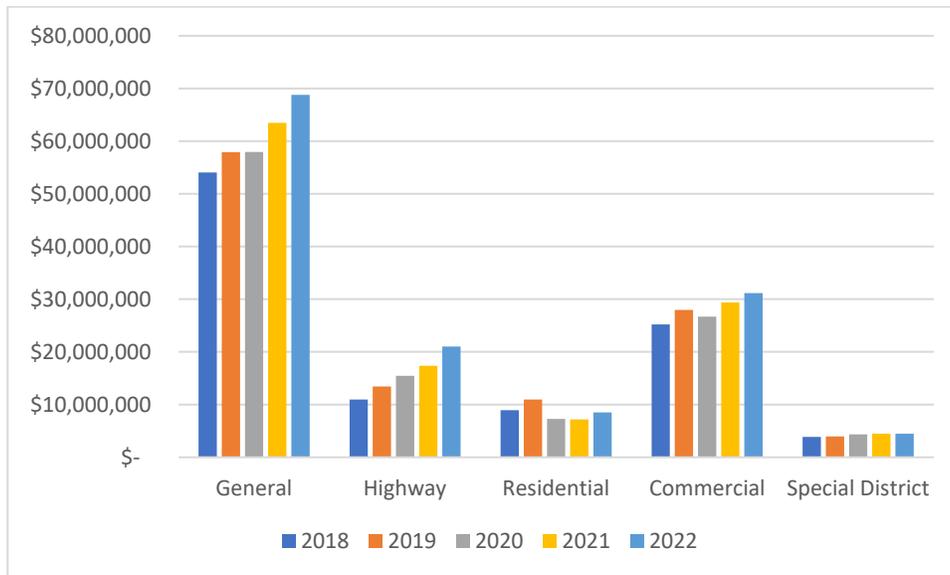
FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

At December 31, 2022, the Town's governmental funds reported total ending fund balances of \$180,243,350 an increase of \$17,100,476 in comparison with the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$10,135,279 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$45,441,311 (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** - \$78,988,143 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
- **Unassigned fund balance** - \$45,678,617, (residual net resources) is the remaining fund balance in the general fund in excess of nonspendable, restricted and assigned fund balance.

Below is a summary of the Town's major funds' fund balances for 2018 through 2022.



The Town began the year with an anticipated overall \$4,798,156 decrease resulting from the appropriation of fund balance for the 2022 budget (including prior year encumbrances of \$614,043). Total revenues increased from the prior year by \$10,689,962 primarily a result of the increase in real property taxes of \$4,271,863 attributable to the Town Board approving the tax cap override in 2022. Additional increase is attributable to an increase in state and federal aid of \$4,368,978 due to an increase in State and Federal Emergency Disaster Assistance of \$2,342,470, the Oak Beach Water District EFC Grant award in the amount of \$1,451,938, and an increase in mortgage tax of \$709,964.

Overall, governmental expenditures increased significantly by \$46,906,391 from the prior year. This increase was seen primarily in capital outlay, which increased \$41,697,456 over the prior year due to the implementation of GASB 87, as the Town entered into new lease agreements in the current year which amounted to \$41,224,302. Additionally, general government support and public safety increased by \$3,235,720 and \$2,860,235, respectfully.

Net other financing sources (net) increased by \$44,958,874, which is also primarily attributable to the implementation of GASB 87 noted above, where the Town recognized proceeds from leases in the amount of \$41,224,302.

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 \$68,797,264, increasing \$5,315,531 or 8.37% from the prior year. Of this amount, \$8,575,015 is not in spendable form (property held for resale, prepaids, inventory and leases) and \$10,584,547 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 \$49,637,702, \$3,850,728 has been assigned by the Town Board for the subsequent year's budget, \$108,357 has been assigned for purchase orders by the Town Comptroller and \$45,678,617 is shown as unassigned fund balance.

The key elements of the fund balance increase of \$5,315,531 are as follows:

- Overall actual revenues exceeded the original budgeted expectations by \$13,068,969, due to state aid – mortgage tax, which was over the budgeted amount by \$5,734,231 which was related to an increase in home sales within the Town. In addition, there was an increase in federal aid recognized in excess of original budgeted amounts related to American Rescue Plan Act related to the Coronavirus State and Local Fiscal Recovery Funds in the amount of \$4,727,923.
- Actual revenues increased by \$6,957,535 compared to prior year, which is primarily related to the Town overriding the tax cap and real estate taxes increasing \$1,943,629, an increase in use of money and property of \$1,941,202, a result of an increase in rental of real property and interest income of \$1,427,137 and \$514,065, respectively. Additionally, there was an increase in state aid recognized of \$1,151,242 which is attributable to an increase in mortgage tax revenue of \$709,964 and the narcotics guidance council grant being solely state aid in 2022 in the amount of \$391,770, having previously been federal aid in the prior year. There was also increase in federal aid recognized of \$955,565 which is the result of an increase in American Rescue Plan Act awards recognized related to the Coronavirus State and Local Fiscal Recovery Funds in the amount of \$811,986, an increase in federal emergency disaster assistance of \$524,549 offset by a decrease in narcotics guidance council grant revenue of \$391,770 which is now state funded, as noted above.
- Overall expenditures exceeded the original budget in the amount of \$5,119,757. This is primarily due to costs associated with the American Rescue Plan Act, as the Town used these funds as grants to local small businesses, not for profits and Villages in an aggregate amount of \$4,483,742.
- Actual expenditures increased by \$7,158,859 compared to the prior year, which is primarily attributable to an increase in personnel expenditures of \$2,548,051 and program operations of \$2,297,771. Additional increases are attributable to increases in utility costs of \$720,085, employee benefits of \$867,880 due to the increase in New York State retirement costs and grant expenditures of \$570,924 related to the Coronavirus State and Local Fiscal Recovery Funds received.
- Net other financing uses remained in line with the original budget amounting to \$144,161 less than anticipated.
- Net other financing uses remained in line with the prior year, increasing by \$28,364.

Residential Garbage District Fund

At the end of the current year, the total fund balance of the residential garbage district fund was \$8,495,382, increasing \$1,309,242 or 18.22% from the prior year. Total fund balance is as follows: \$42,865 is not in spendable form for prepaid items, \$14,606 has been assigned for purchase orders by the Town Comptroller and \$8,437,911 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 increase of \$1,309,242 are as follows:

- Total revenues did not meet budgeted expectations by \$1,339,988 a result of a shortfall in departmental income of \$1,795,679, primarily attributable to less than anticipated refuse and garbage fees of \$1,342,374. This was offset by amounts recognized in state and federal aid related to the emergency disaster assistance program in the amount of \$24,793 and \$243,514, respectively.
- Overall actual revenues increased by \$4,915,302 compared to the prior year, a result of an increase in special assessments of \$5,120,526.
- Total expenditures were less than the original budget by \$2,830,586, primarily due to less refuse and garbage in the amount of \$2,753,082, resulting from underrealized professional and technical services (\$2,262,146) and personal services (\$263,051).
- Actual expenditures remained fairly consistent from the prior year, decreasing by \$707,363 mostly due to a decrease in professional and technical services of \$706,061.
- Other financing uses remained in line with budgeted expectations.
- Actual other financing uses increased from the prior year in the amount of \$4,220,000 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 \$31,144,398 increasing \$1,781,314 or 6.07% from the prior year. Total fund balance is as follows: \$9,799 is not in spendable form for prepaid items, \$10,057,174 is restricted for the Solid Waste Management Reserve, \$527,812 has been assigned by the Town Board for the subsequent year's budget and \$20,549,613 is assigned for commercial garbage district purposes.

The key elements of the fund balance increase of \$1,781,314 are as follows:

- Overall revenues exceeded the original budget by \$1,539,913, a result of more than anticipated refuse and garbage fees of \$1,138,553.
- Actual revenues decreased slightly by \$358,820 compared to the prior year due to a decrease in special assessments of \$1,321,219, offset by increases in refuse and garbage fees, sale of property and compensation for loss and use of money and property in the amounts of \$562,151, \$180,687 and \$149,723, respectively.
- Total expenditures were less than the original budget amount by \$391,748, primarily attributable to less refuse and garbage fees of \$466,393.
- Actual expenditures increased from the prior year in the amount of \$1,483,545, primarily a result of an increase in professional and technical services of \$1,230,331 due to increase in energy credits received by the Town, an increase in personal services of \$72,297 and an increase in repairs and maintenance costs of \$111,956.
- Actual other financing uses decreased \$962,170 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 \$21,009,788, increasing \$3,640,650 or 20.96%, from the prior year. Of this amount, \$665,735 is not in spendable form (inventory and prepaids), \$44,544 has been restricted for debt service, \$231,477 has been assigned by the Town Board for the subsequent year's budget, \$4,661 has been assigned for purchase orders by the Town Comptroller and the remaining \$20,063,371 is assigned for highway purposes.

The key elements of the fund balance increase of \$3,640,650 are as follows:

- Total revenues exceeded original budgeted expectations by \$2,946,816, primarily a result of federal emergency disaster assistance program revenue being \$1,200,679 more than anticipated as well as state aid from the New York State Department of Transportation being more than originally anticipated in the amount of \$1,394,506.
- Actual revenues remained in line with prior year revenues decreasing by \$66,220.
- Total expenditures were under original budget by \$674,201 due to unrealized debt service and employee benefit expenditures of \$522,718 and \$287,706, respectively. This was offset by transportation costs being more than anticipated in the amount of \$136,219.
- Actual expenditures decreased from the prior year by \$1,843,861, primarily due to a decrease in debt service costs of \$2,146,350 offset by an increase in transportation costs of \$158,363, primarily due to an increase in repairs and maintenance costs of \$219,380, and an increase in employee benefit costs of \$144,124.
- Other financing sources exceeded original budgeted expectations in the amount of \$51,425 attributable to premiums on bond obligations recognized.
- Actual net other financing sources decreased by slightly from the prior year by \$54,297.

Capital Projects Fund

At the end of the current year, the capital projects fund had a total fund balance of \$34,300,865, an increase of \$4,962,791, or 16.92% from the prior year. Of this amount, \$12,121,678 has been restricted for purchase orders or contractual obligations by the Town Comptroller and \$6,362,778 was restricted to specific capital project expenditures. The remaining balance of \$15,816,409 includes an amount of \$14,522,914 which is assigned for capital projects costs and outstanding amounts for purchases orders or contractual obligations in the amount of \$1,293,495.

The increase in fund balance in the capital projects of \$4,962,791 from the prior year is a result of of timing differences between project expenditures and the recognition of corresponding permanent financing.

Special Districts Fund

At the end of the current year, the total fund balance of the special districts fund was \$4,462,914, an increase of \$17,097, or 0.38%, from the prior year. Of this amount, \$567,860 is not in spendable form (prepaid items), \$1,305,527 is restricted for length of service award program plan benefits, \$37,834 is assigned by the Town Board for the subsequent year's budget and the remaining \$2,551,693, is assigned for the special districts fund.

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

Special Districts Fund (continued)

The key elements of the fund balance increase of \$17,097 is as follows:

- Total actual revenues exceeded budgeted expectations by \$53,694, a result of payments in lieu of taxes exceeding anticipated amounts by \$207,895, offset by investment losses by length of service award program of \$179,406.
- Actual revenues decreased slightly over the prior year by \$24,173.
- Total expenditures remained in line with original budget amounts.
- Actual expenditures increased by \$55,924 compared to prior year, primarily a result of higher program operation costs for the fire protection districts of \$54,531.

Non-major Governmental Funds

The net change in fund balances was an increase of \$73,851.

- The total fund balance of the housing assistance agency fund at December 31, 2022 was \$2,320,410, an increase of \$524,502 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 part-town fund's fund balance was \$5,753,625 at December 31, 2022, which is a decrease of \$312,376 from the prior year. Total revenues in the part-town fund of \$9,159,202 remained in line with the prior year, increasing by \$93,531, primarily a result of an increase in departmental income and other real property tax items of \$38,851 and \$34,682, respectively. Actual revenues were more than budgeted expectations by \$92,343, primarily related to other real property tax items exceeding budgeted expectations by \$59,193. Overall, total expenditures were \$9,630,897 for 2022, an increase of \$851,659 from the prior year. The increase is primarily attributable to an overall increase in personnel costs of \$549,893 as well as an increase in debt service costs of \$123,157. Actual expenditures were lower than final budgeted amounts by \$709,438 primarily attributable to public safety administration contractual costs being less than anticipated in the amount of \$362,882. Additionally, employee benefits and actual salaries were less than budgeted in the amounts of \$246,224 and \$193,514, respectively.
- The total fund balance in the lighting district fund at December 31, 2022 was \$1,313,948, which was a decrease of \$123,816 from the prior year, which is primarily a result of an increase in expenditures of \$236,063, specifically debt service payments related to the new installment purchase debt. Revenues decreased by \$171,294 over the prior year, primarily related to a decrease in real property taxes of \$196,219.

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, 2022 and 2021, the amount of the change and percentage change in relation to the prior year.

	2022	2021	\$ Change	% Change
Revenues (in Millions)				
Real property taxes	\$117.9	\$113.7	\$4.2	3.69%
Other real property tax items	3.8	3.4	0.4	11.76%
Non-property tax items	4.8	4.7	0.1	2.13%
Department income	23.6	23.3	0.3	1.29%
Use of money and property	6.2	3.9	2.3	58.97%
Licenses and permits	0.3	0.3	0.0	0.00%
Fines and forfeitures	0.8	0.9	-0.1	-11.11%
Sale of property and compensation for loss	0.9	0.3	0.6	200.00%
Interfund revenue	0.2	0.2	0.0	0.00%
Miscellaneous local sources	2.3	3.7	-1.4	-37.84%
State aid	19.3	17.1	2.2	12.87%
Federal aid	24.9	22.7	2.2	9.69%
Total Governmental Fund Revenues	\$205.0	\$194.2	\$10.8	5.56%
Expenditures (in Millions)				
General government support	\$21.4	\$18.2	\$3.2	17.58%
Public safety	26.7	23.9	2.8	11.72%
Health	7.4	7.0	0.4	5.71%
Transportation	14.8	16.5	-1.7	-10.30%
Economic assistance and opportunity	4.6	4.0	0.6	15.00%
Culture and recreation	13.3	12.7	0.6	4.72%
Home and community services	54.4	52.8	1.6	3.03%
Employee benefits	22.8	21.8	1.0	4.59%
Capital outlay	66.5	24.8	41.7	168.15%
Debt Service:				
Principal	12.6	16.3	-3.7	-22.70%
Interest	6.0	5.5	0.5	9.09%
Bond issuance costs	0.1	0.2	-0.1	-50.00%
Total Governmental Fund Expenditures	\$250.6	\$203.7	\$46.9	23.02%

TOWN OF BABYLON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the 2022 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 \$4,697,209, increased the original budget for total expenditures by \$5,410,938 and increased the original budget for net other financing uses by \$168,622. The main components of the overall increase in the Town's appropriations were increases in economic assistance and opportunity of \$4,489,436 attributable to the federal 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, 2022 amounted to \$341,559,364 and \$5,373,150, respectively. The Town's capital assets include land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges, the water system infrastructure and right-to-use lease assets.

In 2022, the Town of Babylon's major capital expenditures were as follows:

Various highway road improvements	\$	9,190,513
Wyandanch Pedestrian Mall		3,804,026
Reconstruction of Town buildings		3,727,409
Oak Beach Water Distribution System		2,619,817
Consolidated Local Street and Highway Improvement Program		2,594,506
Various park improvements		1,962,595
Acquisition of Machinery		1,410,840
Right-to-use leased assets- building		39,907,515

Capital Assets at December 31, 2022 and 2021
(Net of depreciation/amortization)

	Governmental Activities		Business-type Activities	
	2022	2021 as restated	2022	2021
Land	\$ 26,360,929	\$ 26,366,839	\$ 414,422	\$ 414,422
Construction in progress	40,986,584	34,911,669		
Building and improvements	83,767,920	85,269,219	312,006	330,431
Machinery and equipment	13,705,617	13,853,648		
Infrastructure	136,149,202	132,677,913	4,646,722	4,780,931
Right-to-use lease assets - vehicles	472,849			
Right-to-use lease assets - equipment	218,748	316,658		
Right-to-use lease assets - building	39,907,515			
Totals	\$ 341,569,364	\$ 293,395,946	\$ 5,373,150	\$ 5,525,784

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.D 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 \$169,175,000. The entire debt is backed by the full faith and credit of the Town. The Town also has \$2,328,000 outstanding in guaranteed assistance contract loans payable.

Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
General obligation bonds payable *	\$ 169,175,000	\$ 160,610,000
Guaranteed assistance contract loans payable	<u>2,328,000</u>	<u>2,539,000</u>
	<u>\$ 171,503,000</u>	<u>\$ 163,149,000</u>

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

In 2022 the Town's general obligation bonds payable above increased by \$8,565,000 or 5.33% which is a net change in new borrowings and debt retired.

During December 2022, 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 \$1,767,865,886. The percentage of debt contracting exhausted at December 31, 2022 was 9.6% of the current debt limitation.

Additional information on the Town's debt activity can be found in Note 3.F 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 was 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 2023 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 2023 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 2023.
- On November 16, 2022, the Board adopted Local Law No. 21 of 2022, Tax Cap Override, via resolution number 960, to allow the Town to adopt a budget for the fiscal year commencing January 1, 2023, that requires a real property tax levy in excess of the tax levy limit, as defined above.

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, 2022**

	Primary Government		Total	Component Unit Town of Babylon IDA
	Governmental Activities	Business-type Activities		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 216,747,357	\$ 3,596,764	\$ 220,344,121	\$ 3,744,671
Cash with fiscal agent	274,155		274,155	
Restricted cash	10,412,109		10,412,109	
Accounts receivable, net	5,277,508	31,976	5,309,484	693,073
Taxes receivable	64,011,859		64,011,859	
Long Island Green Homes receivable, net	636,704		636,704	
Leases receivable, net	1,239,192		1,239,192	
Due from other governments, net	7,974,044		7,974,044	
Inventory	946,859		946,859	
Prepaid items	2,257,118		2,257,118	13,452
Property held for resale	61,397		61,397	
Total Current Assets	309,838,302	3,628,740	313,467,042	4,451,196
Noncurrent Assets:				
Accounts receivable, noncurrent portion	6,069,504		6,069,504	
Long Island Green Homes receivable, noncurrent portion	2,574,013		2,574,013	
Leases receivable, noncurrent portion	75,610,256		75,610,256	
Due from other governments, noncurrent portion	676,422		676,422	
Property held for resale	16,375,634		16,375,634	
Non-depreciable capital assets	67,337,513	414,422	67,751,935	1,128,188
Capital assets, net	274,221,851	4,958,728	279,180,579	334,339
Length of service award program plan assets	1,305,527		1,305,527	
Net pension asset - employees' retirement system	7,772,912		7,772,912	118,632
Security deposit		3,700	3,700	
Loans receivable		25,412	25,412	
Total Noncurrent Assets	451,943,632	5,402,262	457,345,894	1,581,159
Total Assets	761,781,934	9,031,002	770,812,936	6,032,355
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	106,929		106,929	
Pension - employees' retirement system	18,414,979		18,414,979	283,546
Length of service award programs	3,993,273		3,993,273	
Other postemployment benefits	29,810,461		29,810,461	201,989
Total Deferred Outflows of Resources	52,325,642	-0-	52,325,642	485,535
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	18,790,381	123,701	18,914,082	68,492
Accrued interest payable	1,469,417		1,469,417	
Due to other governments, net	1,104,271		1,104,271	948,370
Unearned revenues	19,733,549		19,733,549	3,500
Guaranty and bid deposits	758,861		758,861	
Long-term obligations due within one year	23,630,188		23,630,188	41,732
Total Current Liabilities	65,486,667	123,701	65,610,368	1,062,094
Noncurrent Liabilities:				
Due to other governments	6,069,504		6,069,504	
Long-term obligations due in more than one year	438,405,884	1,486,186	439,892,070	825,049
Total Noncurrent Liabilities	444,475,388	1,486,186	445,961,574	825,049
Total Liabilities	509,962,055	1,609,887	511,571,942	1,887,143
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - property taxes	103,766,444		103,766,444	
Deferred service concession arrangement		2,087,500	2,087,500	
Leases	75,597,534		75,597,534	
Pension - employees' retirement system	26,444,823		26,444,823	474,420
Length of service award programs	3,972,119		3,972,119	
Other postemployment benefits	51,633,124		51,633,124	389,704
Total Deferred Inflows of Resources	261,414,044	2,087,500	263,501,544	864,124
NET POSITION				
Net investment in capital assets	198,320,381	5,373,150	203,693,531	1,139,858
Restricted				
Solid waste management	10,057,174		10,057,174	
Debt service	1,740,813		1,740,813	
Length of service award programs	1,305,527		1,305,527	
General government support	50,000		50,000	
Public safety	45,414		45,414	
Health	558,796		558,796	
Transportation	58,000		58,000	
Economic assistance and opportunity	7,335	1,711,592	1,718,927	
Culture and recreation	249,226		249,226	
Home and community services	3,949,813		3,949,813	
Unrestricted	(173,611,002)	(1,751,127)	(175,362,129)	2,626,765
Total Net Position	\$ 42,731,477	\$ 5,333,615	\$ 48,065,092	\$ 3,766,623

See notes to the financial statements.

TOWN OF BABYLON

GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Function/ Program	Expenses	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Primary Government			Non-major Component Unit
						Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:									
Governmental Activities:									
General government support	\$ 30,229,925	\$ 2,591,856			\$ 2,591,856	\$ (27,638,069)		\$ (27,638,069)	
Public safety	29,847,479	3,567,994			3,567,994	(26,279,485)		(26,279,485)	
Health	7,454,945	776,410	\$ 1,230,547		2,006,957	(5,447,988)		(5,447,988)	
Transportation	23,703,492	218,297	1,346,884	\$ 5,468,754	7,033,935	(16,669,557)		(16,669,557)	
Economic assistance and opportunity	4,670,717	300	25,500	41,102	66,902	(4,603,815)		(4,603,815)	
Culture and recreation	27,008,372	6,612,192	710,046	68,351	7,390,589	(19,617,783)		(19,617,783)	
Home and community services	59,585,459	42,275,138	22,877,043	1,590,028	66,742,209	7,156,750		7,156,750	
Interest on debt	5,035,962				-0-	(5,035,962)		(5,035,962)	
Total Governmental Activities	187,536,351	56,042,187	26,190,020	7,168,235	89,400,442	(98,135,909)	\$ -0-	(98,135,909)	
Business-type Activities:									
Town of Babylon L.D. Corporation II	688,403	4,000	125,000		129,000		(559,403)	(559,403)	
East Farmingdale Water District	221,397	75,000			75,000		(146,397)	(146,397)	
Total Business-type Activities	909,800	79,000	125,000	-0-	204,000	-0-	(705,800)	(705,800)	
Total Primary Government	\$ 188,446,151	\$ 56,121,187	\$ 26,315,020	\$ 7,168,235	\$ 89,604,442	(98,135,909)	(705,800)	(98,841,709)	
NON-MAJOR COMPONENT UNIT:									
Economic assistance and opportunity	\$ 1,740,751	\$ 1,302,052							\$ (438,699)
Total Component Units	\$ 1,740,751	\$ 1,302,052							(438,699)
GENERAL REVENUES:									
Real property taxes						91,465,261		91,465,261	
Other real property tax items						3,806,993		3,806,993	
Non-property tax items						4,833,172		4,833,172	
Interest and investment earnings						2,063,900	20,110	2,084,010	22,301
Gain on sale of capital assets						788,602		788,602	
State aid - unrestricted						9,798,593		9,798,593	
Other						503,579	563,208	1,066,787	54,587
Total General Revenues						113,260,100	583,318	113,843,418	76,888
Change in Net Position						15,124,191	(122,482)	15,001,709	(361,811)
Net Position at Beginning of Year						27,607,286	5,456,097	33,063,383	4,136,849
Cumulative Effect of Change in Accounting Principle							-0-		(8,415)
Net Position at Beginning of Year, as Restated						27,607,286	5,456,097	33,063,383	4,128,434
Net Position at End of Year						\$ 42,731,477	\$ 5,333,615	\$ 48,065,092	\$ 3,766,623

See notes to the financial statements.

TOWN OF BABYLON

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

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	\$ 82,610,246	\$ 20,473,597	\$ 24,157,746	\$ 25,953,076	\$ 38,512,163	\$ 9,126,444	\$ 200,833,272	\$ 15,914,085	\$ 216,747,357
Cash with fiscal agent	229,611			44,544			274,155		274,155
Restricted cash			10,057,174				10,057,174	354,935	10,412,109
Accounts receivable	2,526,764	534,048	1,761,969	273			4,823,054	6,523,958	11,347,012
Taxes receivable	30,651,557			14,250,392		13,384,018	58,285,967	5,725,892	64,011,859
Long Island Green Homes receivable		3,210,717					3,210,717		3,210,717
Leases receivable	75,857,435						75,857,435		75,857,435
Due from other funds	247,751			257,218			504,969		504,969
Due from other governments	4,260,115	273,494	69,838	1,396,121	1,480,679	56,933	7,537,180	1,113,286	8,650,466
Inventory	259,456			539,385			798,841	148,018	946,859
Prepaid items	568,302	42,865	9,799	126,350		567,860	1,315,176	125,987	1,441,163
Property held for resale	16,375,634						16,375,634	61,397	16,437,031
Length of service award program plan assets						1,305,527	1,305,527		1,305,527
Total Assets	<u>\$ 213,586,871</u>	<u>\$ 24,534,721</u>	<u>\$ 36,056,526</u>	<u>\$ 42,567,359</u>	<u>\$ 39,992,842</u>	<u>\$ 24,440,782</u>	<u>\$ 381,179,101</u>	<u>\$ 29,967,558</u>	<u>\$ 411,146,659</u>
LIABILITIES									
Accounts payable and accrued liabilities	\$ 2,398,561	\$ 5,109,284	\$ 3,090,000	\$ 480,671	\$ 5,527,538	\$ 182,370	\$ 16,788,424	\$ 1,485,491	\$ 18,273,915
Due to other funds					161,366		161,366	343,603	504,969
Due to other governments	2,249				3,073		5,322	7,168,453	7,173,775
Unearned revenue	19,230,311	141,864	361,374				19,733,549		19,733,549
Guaranty and bid deposits	758,861						758,861		758,861
Liabilities payable from restricted cash							-0-	354,935	354,935
Total Liabilities	<u>22,389,982</u>	<u>5,251,148</u>	<u>3,451,374</u>	<u>480,671</u>	<u>5,691,977</u>	<u>182,370</u>	<u>37,447,522</u>	<u>9,352,482</u>	<u>46,800,004</u>
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue- property taxes	45,334,878	7,577,474	1,460,754	21,076,900		19,795,498	95,245,504	8,520,940	103,766,444
Unavailable revenue	1,467,213	3,210,717					4,677,930	61,397	4,739,327
Lease related	75,597,534						75,597,534		75,597,534
Total Deferred Inflows of Resources	<u>122,399,625</u>	<u>10,788,191</u>	<u>1,460,754</u>	<u>21,076,900</u>	<u>-0-</u>	<u>19,795,498</u>	<u>175,520,968</u>	<u>8,582,337</u>	<u>184,103,305</u>
FUND BALANCES									
Nonspendable	8,575,015	42,865	9,799	665,735		567,860	9,861,274	274,005	10,135,279
Restricted	10,584,547		10,057,174	44,544	18,484,456	1,305,527	40,476,248	4,965,063	45,441,311
Assigned	3,959,085	8,452,517	21,077,425	20,299,509	15,816,409	2,589,527	72,194,472	6,793,671	78,988,143
Unassigned	45,678,617						45,678,617		45,678,617
Total Fund Balances	<u>68,797,264</u>	<u>8,495,382</u>	<u>31,144,398</u>	<u>21,009,788</u>	<u>34,300,865</u>	<u>4,462,914</u>	<u>168,210,611</u>	<u>12,032,739</u>	<u>180,243,350</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 213,586,871</u>	<u>\$ 24,534,721</u>	<u>\$ 36,056,526</u>	<u>\$ 42,567,359</u>	<u>\$ 39,992,842</u>	<u>\$ 24,440,782</u>	<u>\$ 381,179,101</u>	<u>\$ 29,967,558</u>	<u>\$ 411,146,659</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, 2022**

Total Fund Balance - Governmental Funds		\$ 180,243,350
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	\$ 67,337,513	
Capital assets - depreciable/amortizable	754,084,619	
Accumulated depreciation/amortization	<u>(479,862,768)</u>	341,559,364
Assets not available resource and , therefore, is not reported in the funds:		
Lease interest receivable	992,013	
Prepaid expenses	<u>815,955</u>	1,807,968
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	3,210,717	
Due from other governments	1,467,213	
Assets held for resale	61,397	
Net pension asset - employees' retirement system	<u>7,772,912</u>	12,512,239
Deferred outflows of resources are included in the Statement of Net Position:		
Deferred charges on refunding	106,929	
Pension related amounts - employees' retirement system	18,414,979	
Length of service award plan program amounts	3,993,273	
Other postemployment benefits	<u>29,810,461</u>	52,325,642
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	(169,175,000)	
Installment purchase debt	(842,788)	
Guaranteed assistance contract loans payable	(2,328,000)	
Lease payable	(41,053,378)	
Compensated absences	(4,985,720)	
Claims and judgments payable	(11,035,272)	
Estimated liability for landfill closure and postclosure care costs	(37,022,702)	
Net length of service award programs plan liabilities	(8,577,127)	
Other postemployment benefits payable (OPEB)	(176,475,061)	
Length of service award program plan liabilities	<u>(1,577,791)</u>	(453,072,839)
Interest and retainage payable applicable to the Town's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. However, these liabilities are included in the Statement of Net Position.		
		(1,630,946)
Governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(8,963,235)
Deferred inflows of resources are included in the Statement of Net Position:		
Pension related amounts - employees' retirement system	(26,444,823)	
Length of service award plan program amounts	(3,972,119)	
Other postemployment benefits	<u>(51,633,124)</u>	<u>(82,050,066)</u>
Net Position of Governmental Activities		\$ <u>42,731,477</u>

See notes to the financial statements .

TOWN OF BABYLON

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2022**

	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
REVENUES									
Real property taxes	\$ 45,227,347	\$ 21,985,509	\$ 4,487,416	\$ 21,044,667		\$ 19,183,489	\$ 111,928,428	\$ 6,009,758	\$ 117,938,186
Other real property tax items	1,779,246			860,804		912,494	3,552,544	254,448	3,806,992
Non-property tax items	4,833,172						4,833,172		4,833,172
Departmental income	4,071,755	4,184,552	11,091,251				19,347,558	4,226,076	23,573,634
Use of money and property	5,494,013	225,767	164,335	110,956	\$ 109,943	18,702	6,123,716	68,400	6,192,116
Investment loss from length of service award program						(179,406)	(179,406)		(179,406)
Licenses and permits	124,214			218,297			342,511		342,511
Fines and forfeitures	821,213						821,213		821,213
Sale of property and compensation for loss	629,257		180,687		35,000		844,944		844,944
Interfund revenue	175,592						175,592		175,592
Miscellaneous local sources	686,907	15,896		665	340,259	8,003	1,051,730	1,276,754	2,328,484
State aid	10,908,221	45,514	6,984	2,727,915	1,479,977		15,168,611	4,105,574	19,274,185
Federal aid	5,540,269	243,514	62,854	1,200,679	16,892		7,064,208	17,823,646	24,887,854
Total Revenues	80,291,206	26,700,752	15,993,527	26,163,983	1,982,071	19,943,282	171,074,821	33,764,656	204,839,477
EXPENDITURES									
Current:									
General government support	21,097,205						21,097,205	304,384	21,401,589
Public safety	4,708,444					18,010,631	22,719,075	4,001,182	26,720,257
Health	4,121,919					1,915,554	6,037,473	1,318,439	7,355,912
Transportation	2,697			10,364,629			10,367,326	4,427,119	14,794,445
Economic assistance and opportunity	4,611,773						4,611,773		4,611,773
Culture and recreation	13,217,108						13,217,108	59,625	13,276,733
Home and community services	2,216,085	20,033,129	13,544,524				35,793,738	18,577,877	54,371,615
Employee benefits	13,685,567	732,859	569,677	4,390,601			19,378,704	3,391,739	22,770,443
Capital Outlay					66,534,802		66,534,802		66,534,802
Debt Service:									
Principal	5,770,978	92,474	75,851	5,389,174			11,328,477	1,293,400	12,621,877
Interest	3,218,898	33,048	22,161	2,397,988			5,672,095	335,632	6,007,727
Bond issuance costs	19,162			37,366			56,528	39,282	95,810
Total Expenditures	72,669,836	20,891,510	14,212,213	22,579,758	66,534,802	19,926,185	216,814,304	33,748,679	250,562,983
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,621,370	5,809,242	1,781,314	3,584,225	(64,552,731)	17,097	(45,739,483)	15,977	(45,723,506)
OTHER FINANCING SOURCES (USES)									
Principal amount of bond proceeds					20,230,000		20,230,000		20,230,000
Premium on obligations	28,936			56,425	1,225,000		1,310,361	59,319	1,369,680
Leases issued					41,224,302		41,224,302		41,224,302
Operating transfers in	333,847				7,170,067		7,503,914	100,000	7,603,914
Operating transfers out	(2,668,622)	(4,500,000)			(333,847)		(7,502,469)	(101,445)	(7,603,914)
Total Other Financing Sources (Uses)	(2,305,839)	(4,500,000)	-0-	56,425	69,515,522	-0-	62,766,108	57,874	62,823,982
Net Change in Fund Balances	5,315,531	1,309,242	1,781,314	3,640,650	4,962,791	17,097	17,026,625	73,851	17,100,476
Fund Balances at Beginning 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
Fund Balances at End of Year	\$ 68,797,264	\$ 8,495,382	\$ 31,144,398	\$ 21,009,788	\$ 34,300,865	\$ 4,462,914	\$ 168,210,611	\$ 12,032,739	\$ 180,243,350

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, 2022**

Net Change in Fund Balance \$ 17,100,476

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/amortization expense and loss on disposal of capital assets in the current period is:

Capital outlay expenditures	\$ 66,705,913	
Depreciation/amortization expense	(18,193,141)	
Net loss on disposal of capital assets	<u>(32,696)</u>	48,480,076

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in prepaid expenses	815,955	
Change in net pension asset	<u>7,772,912</u>	8,588,867

Differences in revenues recognized in the Statement of Activities and the fund level due to the measurement focus/basis of accounting differences between the government-wide and fund level statements 741,334

Mortgage tax revenues are reported in the governmental funds when considered "available" and in the Statement of Activities when "earned." (1,551,289)

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

Deferred charges on refunding	(17,109)	
Pension related amounts - employees' retirement system	(3,704,378)	
Length of service award plan program amounts	673,924	
Other postemployment benefits	<u>(12,907,746)</u>	(15,955,309)

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

Bonds issued	(20,230,000)	
Repayment of bond principal	11,665,000	
Premiums received	(1,369,680)	
Amortization of bond premiums	803,002	
Repayment of installment purchase debt	552,180	
Repayment of guarantee assistance contract loans	211,000	
Leases issued	(41,224,302)	
Repayment of leases	170,924	
Employees' retirement system	195,498	
Compensated absences	882,170	
Claims and judgments	(635,038)	
Estimated liability for landfill closure and postclosure care costs	(1,349,034)	
Net employees' retirement system pension liability - proportionate share	85,385	
Net length of service award programs plan liabilities	287,401	
Other postemployment benefits payable	42,389,031	
Length of service award program liabilities	<u>507,577</u>	(7,058,886)

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. 197,399

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. 266,777

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

Pension related amounts - employees' retirement system	(1,602,470)	
Length of service award plan program amounts	(1,306,607)	
Other postemployment benefits	<u>(32,776,177)</u>	(35,685,254)

Change in Net Position of Governmental Activities \$ 15,124,191

See notes to the financial statements.

TOWN OF BABYLON

STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2022

	East Farmingdale Water District	Town of Babylon L.D. Corporation II	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,845,744	\$ 1,751,020	\$ 3,596,764
Accounts receivable, net	31,976		31,976
Total Current Assets	1,877,720	1,751,020	3,628,740
Noncurrent Assets:			
Non-depreciable capital assets	194,964	219,458	414,422
Capital assets, net	4,958,728		4,958,728
Security deposits		3,700	3,700
Loans receivable		25,412	25,412
Total Noncurrent Assets	5,153,692	248,570	5,402,262
Total Assets	7,031,412	1,999,590	9,031,002
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	78,593	45,108	123,701
Total Current Liabilities	78,593	45,108	123,701
Noncurrent Liabilities:			
Long-term obligations due in more than one year	1,486,186		1,486,186
Total Noncurrent Liabilities	1,486,186	-0-	1,486,186
Total Liabilities	1,564,779	45,108	1,609,887
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement	2,087,500		2,087,500
Total Deferred Inflows of Resources	2,087,500	-0-	2,087,500
NET POSITION			
Investment in capital assets	5,153,692	219,458	5,373,150
Restricted			
Copiague façade renovation grant program		29,854	29,854
Affordable housing		1,354,827	1,354,827
Economic development		326,911	326,911
Unrestricted	(1,774,559)	23,432	(1,751,127)
Total Net Position	\$ 3,379,133	\$ 1,954,482	\$ 5,333,615

See notes to the financial statements .

TOWN OF BABYLON

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS**

Year Ended December 31, 2022

	East Farmingdale Water District	Town of Babylon L.D. Corporation II	Total
OPERATING REVENUES			
Rental income from water plant	\$ 75,000		\$ 75,000
Charges for services		\$ 4,000	4,000
Miscellaneous revenues	249,165		249,165
Total Operating Revenues	<u>324,165</u>	<u>4,000</u>	<u>328,165</u>
OPERATING EXPENSES			
Retiree benefits	(232,131)		(232,131)
Management and administration fees	288,953	168,608	457,561
Depreciation	152,534		152,534
Insurance	12,041		12,041
Office expense		5,118	5,118
Rent		1,000	1,000
Total Operating Expenses	<u>221,397</u>	<u>174,726</u>	<u>396,123</u>
Income (Loss) from Operations	<u>102,768</u>	<u>(170,726)</u>	<u>(67,958)</u>
NON-OPERATING REVENUE (EXPENSE)			
Rental income	283,149	24,000	307,149
Interest income	16,688	3,422	20,110
Inter-agency funds		125,000	125,000
Economic development expenses		(130,342)	(130,342)
Wyandanch resource center		(383,335)	(383,335)
Economic development income		6,894	6,894
Total Non-Operating Revenue (Expense)	<u>299,837</u>	<u>(354,361)</u>	<u>(54,524)</u>
Change in Net Position	402,605	(525,087)	(122,482)
Net Position - Beginning of Year	<u>2,976,528</u>	<u>2,479,569</u>	<u>5,456,097</u>
Net Position - End of Year	<u>\$ 3,379,133</u>	<u>\$ 1,954,482</u>	<u>\$ 5,333,615</u>

See notes to the financial statements.

TOWN OF BABYLON

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 2022**

	East Farmingdale Water District	Town of Babylon L.D. Corporation II	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and miscellaneous revenue	\$ 249,165	\$ 4,000	\$ 253,165
Cash paid to third party management and others	(282,952)		(282,952)
Cash paid on behalf of retirees	(105,219)		(105,219)
Cash paid for contractual expenses		(253,714)	(253,714)
Net Cash from Operating Activities	(139,006)	(249,714)	(388,720)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from inter-agency funds		125,000	125,000
Cash received from economic development fund		6,894	6,894
Cash received from rental income		24,000	24,000
Payments of Wyandanch resource center		(383,335)	(383,335)
Payments of economic development		(130,342)	(130,342)
Net Cash from Noncapital Financing Activities	-0-	(357,783)	(357,783)
CASH FLOWS FROM INVESTING ACTIVITIES			
Rental income from cell towers	379,852		379,852
Interest income	16,688	3,422	20,110
Net Cash from Investing Activities	396,540	3,422	399,962
Net change in cash and cash equivalents	257,534	(604,075)	(346,541)
Cash and Cash Equivalents at Beginning of Year	1,588,210	2,355,095	3,943,305
Cash and Cash Equivalents at End of Year	\$ 1,845,744	\$ 1,751,020	\$ 3,596,764
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES			
Income (Loss) from operations	\$ 102,768	\$ (170,726)	\$ (67,958)
Adjustments to reconcile loss from operations to net cash from operating activities:			
Depreciation expense	152,534		152,534
Decrease in:			
Prepaid expenses		13,159	13,159
Loan repayments		7,588	7,588
Increase (decrease) in:			
Accounts payable	18,042	(74,813)	(56,771)
Deferred service concession arrangement receipts	(75,000)		(75,000)
Other postemployment benefits payable	(337,350)		(337,350)
Due to other governments		(24,922)	(24,922)
Net Cash from Operating Activities	\$ (139,006)	\$ (249,714)	\$ (388,720)

See notes to the financial statements.

TOWN OF BABYLON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022

	Length of Service Award Programs - Pension Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 633,920	\$ 46,921,407
Guaranteed annuity contracts	6,522,067	
Investments - Equities	2,254,956	
Investments - Fixed income	5,184,071	
Other assets	646,286	
Total Assets	15,241,300	\$ 46,921,407
LIABILITIES		
Due to school districts		\$ 41,695,781
Due to fire districts		3,862,833
Due to other Counties for tuition tax		1,252,213
Other liabilities		110,580
Total Liabilities	-0-	\$ 46,921,407
FIDUCIARY NET POSITION		
Restricted for:		
Net position held in trust for length of service award programs	\$ 15,241,300	

See notes to the financial statements.

TOWN OF BABYLON

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2022**

	Length of Service Award Programs - Pension Trust Funds	Custodial Fund
ADDITIONS		
Plan contributions *	\$ 1,316,339	
Investment income:		
Investment earnings	574,172	
Net decrease in cash surrender value of investments	(1,362,686)	
Total investment income	(788,514)	
Real property taxes collected for other governments		\$ 578,901,023
Total Additions	527,825	578,901,023
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries	1,111,794	
Payments of real property taxes to other governments		578,901,023
Total Deductions	1,111,794	578,901,023
Change in Fiduciary Net Position	(583,969)	-0-
Fiduciary Net Position - Beginning of Year	15,825,269	-0-
Fiduciary Net Position - End of Year	\$ 15,241,300	\$ -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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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. G.

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, 2022

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 and acquisitions under leases are 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, 2022

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, 2022 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.

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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)

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 are tangible and intangible assets, which include property, plant, equipment and infrastructure assets, and 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. Such assets (except intangible right-to-use lease assets, which are discussed in Note 3.D) are reported at historical cost or estimated historical cost. Donated 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. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land is not depreciated. The other tangible and intangible property, plant, equipment an right-to-use leased assets of the Town are depreciated/amortized using the straight line method over the following estimated useful lives.

Buildings	50 years
Improvements	20-30 years
Machinery and equipment	3-20 years
Infrastructure	10-50 years
Right-to-use leased vehicles	5 years
Right-to-use leased equipment	1-3 years
Right-to-use leased building	50 years

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

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)

The costs associated with the acquisition or construction of tangible and intangible capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

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 grants and fee income relating to 2023.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 \$107,000 for a deferred charge on refunding bonds, \$18,415,000 for pension related activities, \$29,810,000 for other postemployment benefits, and \$3,993,000 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.G, 3.H and 3.I, 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 2023 real estate taxes of approximately \$103,766,000 and unavailable revenues of approximately \$4,739,000, which primarily consist of mortgage tax revenue and deferrals related to Long Island Green Home loans and Community Development property held for resale. Additionally lease related items amount to approximately \$75,598,000, related to the implementation of GASB 87 as described in Note 1.D.11. 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 \$24,445,000 related to pension related activities, approximately \$51,633,000 for other postemployment benefits, and approximately \$3,972,000 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.G, 3.H and 3.I, respectively.

The East Farmingdale water district has reported deferred inflows of resources of approximately \$2,088,000 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, 2022

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. LEASES

A lease is defined as a contractual agreement that conveys controls of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange like transaction.

Lessee

The Town is a lessee for noncancellable leases of equipment and office space as defined by GASB No. 87, "Leases". At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line bases over its useful life. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and purchase option price that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor

The Town is also a lessor pursuant to numerous individual leases as defined by GASB No. 87, "Leases". At the commencement of a lease, the Town initially measures the lease receivable, and deferred inflow of resources, at the present value of payments expected to be received during the lease term. This is equal to the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. Subsequently, the lease is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments (to be received) to present value, (2) lease term, and (3) lease payments to be received.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. LEASES (continued)

The Town generally uses its estimated incremental borrowing rate as the discount rate for leases. The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Changes to Opening Equity

The implementation of GASB 87 resulted in a cumulative effect of change in accounting principle of \$8,415 as noted in the Statement of Activities.

12. NET POSITION AND FUND BALANCE

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, including leases, 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. 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, 2022

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, 2022

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, 2022

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 2022, 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	\$ 7,487,356							\$ 7,487,356
Prepaid items	568,302	\$ 42,865	\$ 9,799	\$ 126,350		\$ 567,860	\$ 125,987	1,441,163
Inventory	259,456			539,385			148,018	946,859
Leases	259,901							259,901
Total Nonspendable	8,575,015	42,865	9,799	665,735	\$ -0-	567,860	274,005	10,135,279
Restricted for:								
Debt service	1,696,269			44,544				1,740,813
Property held of resale	8,888,278							8,888,278
Capital projects					6,362,778			6,362,778
Solid Waste management reserve			10,057,174					10,057,174
Purchases on order or contractual obligations					12,121,678			12,121,678
Grantors and donors restrictions							4,654,461	4,654,461
Length of service award program investments to be used for benefits						1,305,527		1,305,527
Guaranteed assistance contract							310,602	310,602
Total Restricted	10,584,547	-0-	10,057,174	44,544	18,484,456	1,305,527	4,965,063	45,441,311
Assigned to:								
Subsequent year's budget	3,850,728		527,812	231,477		37,834	219,360	4,867,211
Capital projects					14,522,914			14,522,914
Purchases on order or contractual obligations	108,357	14,606		4,661	1,293,495		414,575	1,835,694
Special revenue funds		8,437,911	20,549,613	20,063,371		2,551,693	6,159,736	57,762,324
Total Assigned	3,959,085	8,452,517	21,077,425	20,299,509	15,816,409	2,589,527	6,793,671	78,988,143
Unassigned								
Total Unassigned	45,678,617	-0-	-0-	-0-	-0-	-0-	-0-	45,678,617
Total Fund Balances	\$ 68,797,264	\$ 8,495,382	\$ 31,144,398	\$ 21,009,788	\$ 34,300,865	\$ 4,462,914	\$ 12,032,739	\$ 180,243,350

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

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, 2022 the Town's cash book balance was \$275,652,833. This amount is inclusive of Custodial fund deposits of \$46,921,407 cash with fiscal agent of \$274,155 and restricted cash of \$10,412,109 exclusive of petty cash of \$6,030 and blended component unit cash of \$2,298,959. This also excludes the LOSAP's cash balance. The Town's available bank balance was \$270,308,561 excluding the blended component units. Of the Town's available bank balance, \$2,286,908 was covered by Federal deposit insurance, and \$268,021,653 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 \$2,313,970, of which \$756,015 was covered by Federal deposit insurance and \$1,522,021 was covered by collateral held by the blended component unit's agent, a third-party financial institution. The remaining balance of \$37,934 was under collateralized.

At December 31, 2022 the Town's discretely presented component unit's bank balance was \$3,605,210. Of this balance, \$445,522 was covered by Federal deposit insurance and \$3,159,688 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, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND CASH EQUIVALENTS (continued)

As of December 31, 2022, 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, 2022, 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	\$ 247,751	
Highway Fund	257,218	
Capital Projects Fund		\$ 161,366
Non-major Funds		343,603
Total	\$ 504,969	\$ 504,969

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

	Transfers out:					
	Major Funds:		Non-major Funds:			
	General Fund	Residential Garbage District Fund	Capital Projects Fund	Other Governmental Funds		Total
<u>Transfers in:</u>						
Governmental Funds:						
Major Funds:						
General Fund			\$ 333,847		\$ 333,847	
Capital Projects Fund	\$ 2,568,622	\$ 4,500,000		\$ 101,445	7,170,067	
Non-major Fund:						
Other Governmental Funds	100,000				100,000	
Total	\$ 2,668,622	\$ 4,500,000	\$ 333,847	\$ 101,445	\$ 7,603,914	

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

C. LEASES

The Town is a lessor pursuant to numerous individual leases as defined by GASB 87. Summarized details of the leases are as follows:

The Town has executed numerous (10) lease agreements with third parties pertaining to the use of Town owned land. The Town will receive monthly, quarterly or annual payments from each lessee as stipulated in each agreement, and which collectively totals \$388,935 annually. Under the terms of these agreements, the leases will expire between December 2026 and December 2050 and agreements have options to renew. At December 31, 2022, the value of the lease receivable is \$5,852,039, which has been discounted to present value using an interest factor of rates ranging from 0.6357% to 1.5293%. The Town recognized lease revenue of \$449,126 pertaining to these leases during 2022. Leases receivable balance in the statement of net position also includes \$10,814 of accrued interest.

The Town has executed numerous (223) lease agreements with third parties pertaining to the use of Town owned buildings. The Town will receive monthly, quarterly or annual payments from each lessee as stipulated in each agreement, and which collectively totals \$1,811,513 annually. Under the terms of these agreements, the leases expire at various dates between February 2023 and January 2066 and agreements have options to renew. At December 31, 2022, the value of the lease receivable is \$70,005,396, which has been discounted to present value using an interest factor of rates ranging from 0.2183% to 1.5410%. The Town recognized lease revenue of \$2,011,223 pertaining to these leases during 2022. Leases receivable balance in the statement of net position also includes \$911,199 of accrued interest.

The annual requirements to amortize all leases receivable as of December 31, 2022 excluding interest are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total Payments
2023	\$ 1,239,192	\$ 1,153,974	\$ 2,393,166
2024	1,202,875	1,119,947	2,322,822
2025	1,163,876	1,105,098	2,268,974
2026	1,312,772	1,090,162	2,402,934
2027	1,283,231	1,072,643	2,355,874
2028 - 2032	6,775,475	5,093,683	11,869,158
2033 - 2037	7,069,137	4,601,575	11,670,712
2038 - 2042	7,228,081	4,080,683	11,308,764
2043 - 2047	8,813,970	3,482,299	12,296,269
2048 - 2052	9,680,326	2,757,646	12,437,972
2053 - 2057	10,113,610	2,020,690	12,134,300
2058 - 2062	11,966,083	1,185,217	13,151,300
2063 - 2066	8,008,807	248,090	8,256,897
	<u>\$ 75,857,435</u>	<u>\$ 29,011,707</u>	<u>\$ 104,869,142</u>

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital assets activity for the governmental activities for the year ended December 31, 2022 is as follows:

	Balance 1/1/22 as restated	Increases	Increase (Decreases) Reclassifications	Balance 12/31/22
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 26,366,839		\$ (15,910)	\$ 26,350,929
Construction in progress	34,911,669	10,430,942	(4,356,027)	40,986,584
Total capital assets not being depreciated	61,278,508	10,430,942	(4,371,937)	67,337,513
Depreciable/amortizable capital assets:				
Building and improvements	147,161,634	3,284,993	(62,900)	150,383,727
Machinery and equipment	45,702,601	2,644,833	(1,363,766)	46,983,668
Infrastructure	502,016,052	13,473,830		515,489,882
Right-to-use lease assets - vehicles		538,598		538,598
Right-to-use lease assets - equipment	316,658	30,295		346,953
Right-to-use lease assets - building		40,341,790		40,341,790
Total depreciable/amortizable capital assets	695,196,945	60,314,339	(1,426,666)	754,084,618
Less: accumulated depreciation/amortization				
Buildings and improvements	61,892,415	4,786,292	(62,900)	66,615,807
Machinery and equipment	31,848,953	2,776,079	(1,346,981)	33,278,051
Infrastructure	369,338,139	10,002,541		379,340,680
Right-to-use lease assets - vehicles		65,749		65,749
Right-to-use lease assets - equipment		128,205		128,205
Right-to-use lease assets - building		434,275		434,275
Total accumulated depreciation/amortization	\$ 463,079,507	\$ 18,193,141	\$ (1,409,881)	479,862,767
Total net depreciable/amortizable capital assets				274,221,851
Total net capital assets				\$ 341,559,364

Depreciation/amortization was charged to functions and programs as follows:

General government support	\$ 1,069,893
Public safety	383,291
Health	91,525
Transportation	10,293,757
Culture and recreation	4,780,502
Home and community services	1,574,173
Total depreciation/amortization expense - governmental activities	\$ 18,193,141

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Capital assets activity for the business-type activities for the year ended December 31, 2022 is as follows:

	Balance 1/1/22	Increases	Increase (Decreases) Reclassifications	Balance 12/31/22
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 414,422			\$ 414,422
Total capital assets not being depreciated	414,422	\$ -0-	\$ -0-	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	975,896	18,425		994,321
Machinery and equipment	351,670			351,670
Infrastructure	2,079,162	134,109		2,213,271
Total accumulated depreciation	\$ 3,406,728	\$ 152,534	\$ -0-	3,559,262
Total net depreciable capital assets				4,958,728
Total net capital assets				\$ 5,373,150

Depreciation expense in the amount of \$152,534 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, 2022 is as follows:

	Balance 1/1/22 as restated	Increases	Decreases	Balance 12/31/22
<u>Discretely Presented Non-major Component Unit- Babylon IDA:</u>				
Capital assets not being depreciated:				
Land	\$ 919,918			\$ 919,918
Land improvements	208,270			208,270
Total capital assets not being depreciated	1,128,188	\$ -0-	\$ -0-	1,128,188
Depreciable/amortizable capital assets:				
Right-to-use asset - leased office space	398,986			398,986
Leasehold improvements	50,037			50,037
Machinery and equipment	16,418			16,418
Total depreciable/amortizable capital assets	465,441	-0-	-0-	465,441
Less: accumulated depreciation/amortization				
Right-to-use asset - leased office space	44,332	44,332		88,664
Leasehold improvements	29,092	6,981		36,073
Machinery and equipment	2,869	3,496		6,365
Total accumulated depreciation/amortization	\$ 76,293	\$ 54,809	\$ -0-	131,102
Total net depreciable/amortizable capital assets				334,339
Total net capital assets				\$ 1,462,527

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation/amortization 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, 2022, the Town has not recorded any such impairment loss.

E. 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, 2022, the Town issued \$29,135,318 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, 2022, 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 2023 and therefore has classified this property held for resale as a current asset in the Statement of Net Position.

F. LONG-TERM DEBT

Guaranteed Assistance Contract Loan

The Town's guaranteed assistance contract loan payable at December 31, 2022 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, 2022, the Town received the full amount of the commitment, plus interest earnings in the aggregate amount of \$4,113,598, and spent \$3,802,996 of the loan proceeds. The remaining amount of \$310,602, 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, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. 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
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	246,000	43,918	289,918
2028-2032	1,150,000	112,413	1,262,413
Total	<u>\$ 2,328,000</u>	<u>\$ 397,707</u>	<u>\$ 2,725,707</u>

Financed Purchase Obligation

In July 2021, the Town entered into a financed purchase obligation 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 financed purchase obligation as defined by GASB guidance. The balance due at December 31, 2022 was \$842,788.

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
2023	\$ 559,905	\$ 8,157	\$ 568,062
2024	282,883	1,148	284,031
Total	<u>\$ 842,788</u>	<u>\$ 9,305</u>	<u>\$ 852,093</u>

Conduit Debt

The Corporation has at times issued revenue bonds to provide assistance to private sector entities for the acquisition and construction of facilities and affordable housing deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town or the Corporation nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying statements. As of December 31, 2022, the total of the revenue bonds outstanding for the Corporation was \$16,880,000.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. 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 \$220,263,350.

General obligation bonds payable at December 31, 2022 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2022
Public Improvements	1993	\$ 750,000	November 2023	5.125-5.375%	\$ 25,000
NYS EFC - Wyandanch Sewer	2013	4,100,000	May 2043	0.26-4.76	9,685,000
Public Improvements	2013	26,010,000	September 2028	2.00-4.25	11,405,000
Public Improvements	2013	8,500,000	September 2032	4.00-5.25	4,900,000
Public Improvements	2014	12,570,000	August 2029	2.00-3.00	6,935,000
Public Improvements	2014	4,740,000	August 2029	2.00-3.00	2,475,000
Public Improvements	2015	13,640,000	July 2040	3.00-4.75	10,420,000
Public Improvements	2015	5,430,000	July 2029	3.00	3,225,000
Public Improvements	2016	14,200,000	June 2034	2.00-3.00	10,150,000
Public Improvements	2016	17,100,000	June 2036	2.00-3.00	13,325,000
Various Purposes	2017	17,775,000	December 2035	2.25-3.00	13,455,000
Various Purposes	2018	14,508,350	November 2032	5.00	10,880,000
Various Purposes	2019	13,305,000	October 2034	1.375-5.000	11,290,000
Various Purposes	2020	16,730,000	August 2035	1.375-4.000	14,970,000
Public Improvements	2021	14,385,000	March 2040	2.000-5.000	14,070,000
Public Improvements - Refunding	2021	16,290,000	April 2029	5.000	11,735,000
Public Improvements	2022	20,230,000	December 2043	4.00-5.00	20,230,000
					<u>\$ 169,175,000</u>

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
2023	\$ 12,805,000	\$ 5,699,454	\$ 18,504,454
2024	13,180,000	5,202,305	18,382,305
2025	13,585,000	4,710,386	18,295,386
2026	14,015,000	4,195,854	18,210,854
2027	13,650,000	3,657,819	17,307,819
2028-2032	55,955,000	11,356,057	67,311,057
2033-2037	30,600,000	4,504,798	35,104,798
2038-2042	13,465,000	1,379,976	14,844,976
2043	1,920,000	57,750	1,977,750
Total	<u>\$ 169,175,000</u>	<u>\$ 40,764,399</u>	<u>\$ 209,939,399</u>

There were no outstanding bonds payable for the business-type activities or the discretely presented non-major component unit as of December 31, 2022.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM DEBT (continued)

Lease Payable

Leases payable as of December 31, 2022 are comprised of the following individual agreements:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2022
Vehicles	2022	\$ 535,558	March 2027 - July 2027	0.6357% - 2.1857%	\$ 471,694
Equipment	2022	316,658	January 2023-September 2025	0.000% - 0.5117%	217,121
Building	2022	40,341,790	June 2071	2.5667%	40,364,563
					<u>\$ 41,053,378</u>

Interest expenditures/expense of \$442,890 were recorded in the fund financial statements in the general fund, \$442,890, Part Town Fund, \$4,430 and Residential Garbage Fund \$20, and in the Town's government-wide financial statements.

Future principal and interest payments for leases payable related to governmental activities are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total Payments
2023	\$ 122,940	\$ 1,045,248	\$ 1,168,188
2024	74,512	1,045,676	1,120,188
2025	21,715	1,046,366	1,068,081
2026*	(1,126)	1,047,254	1,046,128
2027*	(9,789)	1,048,166	1,038,377
2028 - 2032	58,549	5,241,740	5,300,289
2033 - 2037	743,979	5,192,345	5,936,324
2038 - 2042	1,604,450	5,044,232	6,648,682
2043 - 2047	2,673,659	4,772,865	7,446,524
2048 - 2052	3,991,082	4,349,025	8,340,107
2053 - 2057	5,602,904	3,738,017	9,340,921
2058 - 2062	7,563,097	2,898,734	10,461,831
2063 - 2067	9,934,659	1,782,591	11,717,250
2068 - 2071	8,672,747	404,648	9,077,395
	<u>\$ 41,053,378</u>	<u>\$ 38,656,907</u>	<u>\$ 79,710,285</u>

*Negative principal amounts are related to the building lease which have step-up payments. Therefore, the beginning periods interest being calculated on the present value of the remaining payments is greater than the annual payment amount.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM DEBT (continued)

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended December 31, 2022 is as follows:

	Balance 1/1/2022, as restated	Issued/ Additions	Maturities/ Reductions	Other Net Increase or (Decrease)	Balance 12/31/22	Liabilities Due Within One Year	Non-Current Liabilities
Governmental activities:							
General obligation bonds	\$ 160,610,000	\$ 20,230,000	\$ 11,665,000		\$ 169,175,000	\$ 12,805,000	\$ 156,370,000
Plus: premiums on issuance	8,396,558	1,369,679	803,002		8,963,235	862,790	8,100,445
General obligation bonds, net	169,006,558	21,599,679	12,468,002		178,138,235	13,667,790	164,470,445
Financed purchase obligation	1,394,968		552,180		842,788	559,905	282,883
Lease payable	41,224,302		170,924		41,053,378	122,940	40,930,438
Guaranteed assistance contract loans payable	2,539,000		211,000		2,328,000	219,000	2,109,000
Due to employees' retirement system	195,498		195,498		-0-		-0-
Compensated absences	5,867,890	3,328,096	4,210,266		4,985,720	3,180,000	1,805,720
Claims and judgments payable	10,400,232	908,775	643,829	\$ 370,092	11,035,270	475,865	10,559,405
Estimated liability for landfill closure and postclosure care costs	35,673,668		570,100	1,919,134	37,022,702	5,404,688	31,618,014
Net employees' retirement system pension liability - proportionate share	85,385		85,385		-0-		-0-
Total other postemployment benefits liability	218,864,092	59,061,939	55,767,047	(45,683,923)	176,475,061		176,475,061
Net length of service award programs plan liabilities	8,864,528	1,575,703	1,633,592	(229,512)	8,577,127		8,577,127
Length of service award programs total plan liabilities	2,085,368	151,011	88,810	(569,778)	1,577,791		1,577,791
Total Governmental Activities	496,201,489	86,625,203	76,596,633	(44,193,987)	462,036,072	23,630,188	438,405,884
Business-type activities:							
Total other postemployment benefits liability	1,823,536	36,366	373,716		1,486,186		1,486,186
Total Business Type Activities	1,823,536	36,366	373,716	-0-	1,486,186	-0-	1,486,186
Total Primary Government	\$ 498,025,025	\$ 86,661,569	\$ 76,970,349	\$ (44,193,987)	\$ 463,522,258	\$ 23,630,188	\$ 439,892,070

Long-term liability activity for the discretely presented non-major component unit for the year ended December 31, 2022 is as follows:

	Balance 1/1/2022, as restated	Issued/ Additions	Maturities/ Reductions	Adjustments	Balance 12/31/22	Liabilities Due Within One Year	Non-Current Liabilities
Discretely presented non-major component unit - Babylon IDA:							
Total other postemployment benefits liability	\$ 681,048	\$ 70,672	\$ 207,608		\$ 544,112		\$ 544,112
Lease Liability	363,069		40,400		322,669	\$ 41,732	280,937
Net employees' retirement system pension liability - proportionate share	1,227		1,227		-0-		-0-
Total Discretely Presented Non-major Component Unit	\$ 1,045,344	\$ 70,672	\$ 249,235	\$ -0-	\$ 866,781	\$ 41,732	\$ 825,049

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM DEBT (continued)

Other Long-Term Debt

The liabilities for leases, 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.

G. 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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Tiers 1 and 2 (continued)

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 year of final average salary 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, 4, and 5 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 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, 4, and 5 members with five 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 five 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 five or more years of service can retire as early as age 55 with reduced benefits.

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

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tier 3, 4 and 5 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, 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

Plan members who joined the system before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary for NYSERS members throughout active membership. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, depending upon their salary, throughout active membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's year ended March 31.

The required contributions as billed by the Plan, for the Town, for the current year and two preceding Plan years were:

	Annual Required Contribution	Credits & Miscellaneous Adjustments	Amortization Payments	Prepayment Discount	Total Payment
2022	\$ 3,510,612	\$ 823,673	\$ 202,108	\$ (25,865)	\$ 4,510,528
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

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. As of December 31, 2022 these amounts have been paid in full.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Contributions (continued)

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.

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension Liabilities/ (Asset)

At December 31, 2022, the Town and Agency reported an asset of \$7,772,912 and \$118,632, respectively for its proportionate share of the net pension asset for the System. The net pension asset was measured as of March 31, 2022 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of April 1, 2021. The Town and Agency's proportion of the net pension asset was based on a projected contributions of all participating members, actuarially determined.

Below is the proportionate share of the net pension asset of the System and the related employer allocation percentage as of March 31, 2022:

	Net System Pension Liability/(Asset)	Allocation of the System's Total Net Pension Liability/(Asset)	Change in allocation of the System's Total Net Pension Liability/(Asset) since Prior Measurement Date
Town	\$ (7,772,912)	0.0950863%	0.0093364%
Agency	(118,632)	0.0014512%	0.0002215%

There was no significant change in the Town and Agency's proportion from March 31, 2021 to March 31, 2022.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension Liabilities/ (Asset) (continued)

For the year ended December 31, 2022, the Town and Agency recognized pension expense/(benefit) of \$1,277,782 and (\$4,321), respectively. At December 31, 2022, 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	\$ 588,653	\$ 8,984
Changes of assumptions	12,972,118	197,984
Changes in proportion and differences between the employer contributions and proportionate share of contributions	2,234,298	36,223
Employer's contribution subsequent to the measurement date	2,619,910	40,355
Total Deferred Outflow - Pension System	\$ 18,414,979	\$ 283,546

At December 31, 2022 deferred inflows of resources related to the pension were reported from the following sources:

	Deferred Inflows of Resources	
	Town	Agency
Differences between expected and actual experience	\$ 763,517	\$ 11,653
Changes of assumptions	218,890	3,341
Net difference between projected and actual investment earnings on pension plan investment	25,453,029	388,471
Changes in proportion and differences between the employer contributions and proportionate share of contributions	9,387	70,955
Total Deferred Inflow - Pension System	\$ 26,444,823	\$ 474,420

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset 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, 2023	\$ (1,180,711)	\$ (41,245)
2024	(2,222,824)	(55,542)
2025	(6,145,796)	(117,590)
2026	(1,100,423)	(16,852)
	\$ (10,649,754)	\$ (231,229)

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension Liabilities/ (Asset) (continued)

Actuarial Assumptions

The total pension asset as of the measurement date of March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, 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, 2022
Actuarial valuation date	April 1, 2021
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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 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 2.70%.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

G. RETIREMENT SYSTEM (continued)

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/(Asset) to the Discount Rate Assumption

The following presents the Town's/Agency's proportionate share of the net System pension liability/(asset) 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)	\$ 20,007,390	\$ (7,772,912)	\$ (31,009,794)
Agency's proportionate share of the net System pension liability/(asset)	\$ 305,358	\$ (118,632)	\$ (473,280)

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, 2021 were as follows (in thousands):

	(Dollars in Thousands)
	NYSERS
Valuation date	April 1, 2021
Employers' total pension liability	\$ (223,874,888)
Plan Fiduciary Net Position	232,049,473
Employers' net pension asset/(liability)	\$ 8,174,585
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	103.65%

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

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. 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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (continued)

Employees Covered by Benefit Terms

The number of participants as of January 1, 2021, the effective date of the OPEB valuation as of December 31, 2022 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 \$178,505,359, which includes the component unit (“Agency”) OPEB liability of \$544,112, was measured as of December 31, 2022, 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.

The total OPEB liability was calculated using the entry age normal actuarial cost method. The discount rate used in valuing the OPEB liability was 3.72% as of December 31, 2022, which is based on the Bond Buyer 20-Bond Index tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

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

	Town	Agency
Other Postemployment Liability at the Beginning of Year	\$ 220,687,628	\$ 681,048
Changes for the Year:		
Service Cost	8,756,428	55,663
Interest	4,657,954	15,009
Changes in Benefit Terms		
Difference between expected and actual experience		
Changes of Assumptions and Other Inputs	(49,447,113)	(191,288)
Benefit Payments	(6,693,650)	(16,320)
Net Changes	(42,726,381)	(136,936)
Other Postemployment Liability at the End of Year	\$ 177,961,247	\$ 544,112

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 (2.72%) or 1-percentage-point higher (4.72%) than the current discount rate:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Town \$	205,555,392	\$ 177,961,247	\$ 155,652,021
Agency \$	649,970	\$ 544,112	\$ 460,485

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, 2022 of a 1-percentage-point lower (5.50% to 4.00%) or 1-percentage-point higher (7.50% to 6.00%).

	1% Decrease (5.50% to 4.00%)	Health Care Trend Rates (6.50% to 5.00%)	1% Increase (7.50% to 6.00%)
Town \$	151,789,137	\$ 177,961,247	\$ 211,268,368
Agency \$	439,022	\$ 544,112	\$ 687,540

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

For the year ended December 31, 2022, the Town recognized an OPEB expense of \$9,702,848, which includes the component unit OPEB expense of \$51,656.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Expense, Deferred Inflows of Resources and Deferred Outflows of Resources (continued)

At December 31, 2022, the Town and Agency reported deferred outflows of resources related to OPEB as shown below:

	Deferred Outflows of Resources	
	Town	Agency
Differences between expected and actual experience	\$ 13,521,876	\$ 7,797
Changes of assumptions or other inputs	16,288,585	194,192
Total Deferred Outflows - OPEB	\$ 29,810,461	\$ 201,989

At December 31, 2022, the Town and Agency reported deferred inflows of resources related to OPEB as shown below:

	Deferred Inflows of Resources	
	Town	Agency
Differences between expected and actual experience	\$ 6,473,548	\$ 163,189
Changes of assumptions or other inputs	45,159,576	226,515
Total Deferred Inflows - OPEB	\$ 51,633,124	\$ 389,704

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

	Town	Agency
For years ending December 31, 2023	\$ (831,414)	\$ (19,016)
2024	(2,388,556)	(19,016)
2025	(5,151,104)	(19,016)
2026	(6,887,194)	(19,016)
2027	(6,564,395)	(19,016)
Thereafter	-0-	(92,635)
	\$ (21,822,663)	\$ (187,715)

I. 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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (continued)

Plan Descriptions Continued

Firefighter Plans: (continued)

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (continued)

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

Ambulance Plan: (continued)

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (continued)

Fiduciary Investment Control (continued)

Firefighter Plans: (continued)

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.

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAMS (continued)

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, 2022, 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	12/31/2022	12/31/2022	12/31/2022	12/31/2022	12/31/2022
Amount of contribution recommended by actuary*:					
Minimum	\$ 387,573	\$ 95,652	\$ 538,464	\$ 302,118	\$ 76,045
Maximum	\$ 387,573	\$ 95,652	\$ 538,464	\$ 302,118	\$ 76,045
Actual contribution	\$ 387,573	\$ 95,652	\$ 538,464	\$ 302,118	\$ 76,045

*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, 2022:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Administration Fees:					
Paid to Plan Administrator by:					
Sponsor	\$ 10,119	\$ 6,165	\$ 11,972	\$ 8,935	\$ 6,489
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, 2022, the Town contributed \$8,160, of which \$5,457 was participant account forfeitures into the Ambulance Plan.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAM (continued)

Participants

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

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Measurement date	12/31/2022	12/31/2022	12/31/2022	12/31/2022	12/31/2022
Inactive participants (or beneficiaries) currently receiving benefit payments	66	22	68	50	14
Inactive participants entitled to but not yet receiving benefits	81	31	134	67	15
Active participants	90	30	136	79	52
Total	<u>237</u>	<u>83</u>	<u>338</u>	<u>196</u>	<u>81</u>

Actuarial Assumptions

Firefighter Plans:

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

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Measurement date	12/31/2022	12/31/2022	12/31/2022	12/31/2022	12/31/2022
Actuarial valuation date	1/1/2023	1/1/2023	1/1/2023	1/1/2023	1/1/2023
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	5.25%	5.25%	5.25%	5.25%	4.31%
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 of 5.25% for the East Farmingdale, North Amityville, North Babylon and North Lindenhurst Firefighter Plans based on the following methodologies:

East Farmingdale, North Amityville, North Babylon and North Lindenhurst Firefighter Plans: The projection of cash flows used to determine the discount rate assumes that contributions from the Town will be made based on the recommended contribution amounts determined by the actuarial valuation for funding purposes. For each of the past four years, the Town has contributed the full recommended contribution as determined by the actuarial valuation for funding purposes. It is understood that the Town's funding policy is to continue to make full recommended contributions in future years.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAM (continued)

Discount Rate (continued)

Firefighter Plans: (continued)

East Farmingdale, North Amityville, North Babylon and North Lindenhurst Firefighter Plans:

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.

The annual money-weighted rate of return on the LOSAP investments, net of pension plan investment expense ranged from -6.46% to 0.58%. 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 4.31%. 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, 2022. 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	4.25%	5.25%	6.25%
Net Pension Liability	\$ 3,644,765	\$ 2,595,385	\$ 1,728,614
North Amityville			
Discount Rate	4.25%	5.25%	6.25%
Net Pension Liability	\$ 739,798	\$ 433,227	\$ 179,120
North Babylon			
Discount Rate	4.25%	5.25%	6.25%
Net Pension Liability	\$ 5,102,331	\$ 3,785,561	\$ 2,709,205
North Lindenhurst			
Discount Rate	4.25%	5.25%	6.25%
Net Pension Liability	\$ 2,485,287	\$ 1,762,954	\$ 1,167,991
Wyandanch			
Discount Rate	3.31%	4.31%	5.31%
Total Pension Liability	\$ 1,466,069	\$ 1,225,135	\$ 1,033,464

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, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. LENGTH OF SERVICE AWARD PROGRAM (continued)

Investments - Plan Assets

Firefighter Plans:

The Firefighter Plan assets at December 31, 2022 were as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Cash and cash equivalents	\$ 238,599	\$ 29,023	\$ 338,013	\$ 28,285	\$ 44,119
Guaranteed annuity contracts	1,745,035	1,570,007	1,637,660	1,569,365	
Equities	660,179	75,969	1,136,868	381,940	207,646
Fixed income	1,877,109	206,540	1,915,139	1,185,283	627,528
Other assets	447,327	34,783		164,176	73,578
Total Firefighter Plan assets	<u>\$ 4,968,249</u>	<u>\$ 1,916,322</u>	<u>\$ 5,027,680</u>	<u>\$ 3,329,049</u>	<u>\$ 952,871</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, 2022 is \$352,656. 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 has a written LOSAP investment policy.

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

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

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. 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, 2022 is as follows:

	Firefighter Plans				
	East Farmingdale	North Amityville	North Babylon	North Lindenhurst	Wyandanch
Total LOSAP Plan Liabilities					
Service cost	\$ 136,161	\$ 28,251	\$ 133,480	\$ 87,414	\$ 111,652
Interest	358,383	125,129	447,150	259,735	39,359
Change in benefit terms					
Differences between expected and actual experience	(19,380)	(115,168)	(21,292)	(89,936)	19,830
Benefit payments, including refunds of member contributions	(340,684)	(115,902)	(393,015)	(256,166)	(41,326)
Changes of assumptions or other inputs	(969,013)			(126,517)	(570,498)
Net change in total LOSAP plan liability	(834,533)	(77,690)	166,323	(125,470)	(440,983)
Total LOSAP plan liability - beginning of year (a)	8,398,167	2,427,239	8,646,918	5,217,473	1,666,118
Total LOSAP plan liability - end of year (c)	7,563,634	2,349,549	8,813,241	5,092,003	1,225,135
LOSAP - Pension Trust Fund Net Position / Plan Assets					
Contributions - employer	371,082	80,680	552,291	312,286	79,336
Investment income (loss)	(309,289)	11,727	(328,341)	(162,611)	(129,219)
Benefit payments, including refunds of member contributions	(342,387)	(116,814)	(394,937)	(257,656)	(41,985)
Net change in LOSAP fiduciary net position / plan assets	(280,594)	(24,407)	(170,987)	(107,981)	(91,868)
Plan fiduciary net position - beginning of year (b)	5,248,843	1,940,729	5,198,667	3,437,030	N/A
Plan fiduciary net position - end of year (d)	4,968,249	1,916,322	5,027,680	3,329,049	N/A
LOSAP plan assets - beginning of year	N/A	N/A	N/A	N/A	1,044,739
LOSAP plan assets - end of year	N/A	N/A	N/A	N/A	\$ 952,871
Net LOSAP plan liability - beginning of year (a) - (b)	3,149,324	486,510	3,448,251	1,780,443	N/A
Net LOSAP plan liability - end of year (c) - (d)	\$ 2,595,385	\$ 433,227	\$ 3,785,561	\$ 1,762,954	N/A

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

For the year ended December 31, 2022, the Town recognized LOSAP pension expense of \$1,300,277, related to Town sponsored Firefighter Plans and a pension benefit of \$47,484 related to the Ambulance Plan. At December 31, 2022, 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	\$ 241,158	\$ 50,409	\$ 261,550	\$ 131,180	\$ 34,372
Differences due to return on assets	505,189	92,976	499,303	282,959	
Changes of assumptions or other inputs	914,575	11,242	205,027	387,963	375,370
Total Deferred Outflows of Resources - LOSAP	\$ 1,660,922	\$ 154,627	\$ 965,880	\$ 802,102	\$ 409,742

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

I. 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, 2022, 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	\$ 17,152	\$ 94,350	\$ 18,562	\$ 182,594	\$ 76,398
Differences due to return on assets			6,989	3,539	
Changes of assumptions or other inputs	1,579,031	16,652	647,615	633,892	695,345
Total Deferred Inflows of Resources - LOSAP	\$ 1,596,183	\$ 111,002	\$ 673,166	\$ 820,025	\$ 771,743

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				
2023	\$ 153,663	\$ 39,566	\$ 91,305	\$ 56,839	\$ (22,220)
2024	152,261	13,562	88,577	57,933	(22,220)
2025	149,318	(769)	92,665	59,156	(22,220)
2026	95,322	(4,305)	27,809	49,539	(24,189)
2027	(70,810)	(4,429)	(2,730)	(29,689)	(24,189)
Thereafter	(415,015)		(4,912)	(211,701)	(246,963)
	\$ 64,739	\$ 43,625	\$ 292,714	\$ (17,923)	\$ (362,001)

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.

J. 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, 2022, the value of the accumulated vacation time and sick leave of the primary government was \$4,985,720.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

K. 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 awarded grant assistance in the renovation of their building's facade. As of December 31, 2022, the Corporation has disbursed \$164,000 of the funding including related fees of \$15,396 and the remaining funds of \$29,854 will be disbursed in 2023. The revenues and expenses related to the Copiague Facade Downtown grant program are reported as non-operating revenues and expenses.

L. COMMUNITY BENEFIT AGREEMENT

In 2018, 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 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, 2022 and 2021, the Corporation received Affordable Housing Funds of \$-0- and \$455,000, respectively, and Economic Development Funds of \$-0- and \$507,000, respectively, and disbursed Affordable Housing Funds of \$20,000 and \$-0-, respectively and Economic Development Funds of \$482,783 and \$556,964, respectively.

In 2021, 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.

During the year ended December 31, 2022 the Corporation made disbursements from these programs as follows; the Emergency Assistance Program \$-0- and received income of \$6,894, BACCA program \$6,127, Fraternal & Civic Assistance Program \$-0- were disbursed in the year 2022 and Economic Inclusion Program \$50,014 which includes professional fees and \$44,000 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) and \$10,201 for renovation and maintenance of the entrance to a park in the Town of Babylon. Amounts received and disbursed in 2022 are reported as non-operating revenue and expenses. 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, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

M. 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. In 2020, the Corporation received \$350,000.

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, reported as restricted in the Statement of Net Position. In 2022, \$350,000 were disbursed by the Corporation counsel for payments related to the construction of these facilities. These funds have been reported as non-operating revenues and expenses in the Statements of Revenues, Expenses and Changes in 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, 2022 costs paid from the Economic development fund, totaled approximately \$383,000. These costs have been reported as non-operating expenses in the Statement of Revenues, Expenses and Changes in Net Position.

N. 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, 2022

3. DETAILED NOTES ON ALL FUNDS (continued)

N. 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, 2022, the Town's property tax revenues were reduced by \$5,658,128 and payments in lieu of taxes, including recapture payments, were collected in the amount of \$3,330,619 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, 2021, 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, 2022, the Town's property tax revenues were reduced by \$166,999 and payments in lieu of taxes were billed in the amount of \$107,043 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, 2021, 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 \$10,094,154. 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, 2022

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	
	2022	2021	2022	2021
Beginning balances of claims liabilities at January 1 st	\$ 9,271,465	\$ 6,612,062	\$ 1,128,767	\$ 1,047,337
Claims incurred	908,775	695,000	-0-	-0-
Claims payments	(449,974)	(195,742)	(193,855)	(186,524)
Change to prior year estimates	363,888	2,160,145	6,204	267,954
Ending balance of claims liabilities at December 31 st	\$ 10,094,154	\$ 9,271,465	\$ 941,116	\$ 1,128,767

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 \$37,022,702 at December 31, 2022, which represents the cumulative amount based on the use of 100% of the solid waste landfill, 90.15% of the estimated capacity of the northern ash landfill and 69.25% of the estimated capacity of the southern ash landfill. The Town will recognize the remaining estimated cost of closure and postclosure care of 9,364,048 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 2022 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 2027 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, 2022, these commitments, reported in the capital projects fund, amounted to \$13,415,173.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS December 31, 2022

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.E). 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, 2022, 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. 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. 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 \$4,958,728 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, 2022, the Town reported a deferred inflow of resources in the amount of \$2,087,500 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 \$288,953 of management fees to SCWA during the year ended December 31, 2022. Any billings in excess of the SCWA management fee will be remitted back to the East Farmingdale Water District.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

4. COMMITMENTS AND CONTINGENCIES (continued)

H. OTHER COMMITMENTS

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

5. FAIR VALUE MEASUREMENTS – LOSAP INVESTMENTS

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

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

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

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

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

Cash and Cash Equivalents, Held for Investment

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

Guaranteed Annuity Contracts

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

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.

TOWN OF BABYLON

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

5. FAIR VALUE MEASUREMENTS – LOSAP INVESTMENTS (continued)

The following summarizes the Town's LOSAP investments and categorization as of December 31, 2022:

	December 31, 2022	Level 1	Level 2	Level 3
Investments by fair value level:				
Cash and cash equivalents	\$ 678,040	\$ 678,040	\$ -0-	\$ -0-
Equities	2,462,601	2,462,601	-0-	-0-
Fixed income	5,811,599	-0-	5,811,599	-0-
Other assets	719,864	719,864	-0-	-0-
External investment pool	352,656	352,656	-0-	-0-
Total investments by fair value	\$ 10,024,760	\$ 4,213,161	\$ 5,811,599	\$ -0-
Investments measured at amortized cost / cash surrender value				
Guaranteed annuity contracts	\$ 6,522,067			
Total investments by amortized cost/ cash surrender value	\$ 6,522,067			
Total LOSAP investments	\$ 16,546,827			

Of the \$16,546,827 of LOSAP investments, \$1,305,527 is reported in the statement of net position for governmental activities and \$15,241,300 is reported in statement of fiduciary net position for the Length of Service Award Programs – Pension Trust Fund.

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

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding SBITA. The requirements of this statement are effective for the year ending December 31, 2023.

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

<p>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS</p>
--

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 45,227,347	\$ 45,227,347	\$ 45,227,347	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	950,000	950,000	1,385,074	435,074
Interest and penalties on real property taxes	250,000	250,000	394,172	144,172
Total Other Real Property Tax Items	1,200,000	1,200,000	1,779,246	579,246
NON-PROPERTY TAX ITEMS				
Franchise fees	3,400,000	3,400,000	3,132,865	(267,135)
Other non-property tax items	1,500,000	1,500,000	1,700,307	200,307
Total Non-Property Tax Items	4,900,000	4,900,000	4,833,172	(66,828)
DEPARTMENTAL INCOME				
Assessor's fees	15,000	15,000		(15,000)
Town Clerk's fees	700,000	700,000	520,116	(179,884)
Public health fees	700,000	700,000	710,559	10,559
Public pound fees and dog control service	37,000	37,000	46,516	9,516
Wyandanch program fees	25,000	25,000	64,081	39,081
Parking permits	35,000	35,000	68,793	33,793
Park and recreation charges and fees	2,400,000	2,400,000	2,660,770	260,770
Civil service fees			920	920
Total Departmental Income	3,912,000	3,912,000	4,071,755	159,755
USE OF MONEY AND PROPERTY				
Interest and earnings	40,000	40,000	561,542	521,542
Rental of real property	4,660,000	4,660,000	4,932,471	272,471
Total Use of Money and Property	4,700,000	4,700,000	5,494,013	794,013
LICENSES AND PERMITS				
Bingo licenses			3,155	3,155
Dog licenses	11,000	11,000	10,309	(691)
Plumbing permits	50,000	50,000	57,105	7,105
Impact fees				-0-
Permits - other	55,000	55,000	53,645	(1,355)
Total Licenses and Permits	116,000	116,000	124,214	8,214
FINES AND FORFEITURES				
Fines and forfeited bail	1,000,000	1,000,000	821,213	(178,787)
Total Fines and Forfeitures	1,000,000	1,000,000	821,213	(178,787)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of scrap and excess materials	2,000	2,000	3,445	1,445
Sale of real property			120,000	120,000
Sale of equipment	200,000	200,000	482,165	282,165
Insurance recoveries	5,000	5,000	23,647	18,647
Total Sale of Property and Compensation for Loss	207,000	207,000	629,257	422,257
INTERFUND REVENUE				
Interfund revenue	100,000	100,000	175,592	75,592
Total Interfund Revenue	100,000	100,000	175,592	75,592
MISCELLANEOUS LOCAL SOURCES				
Gifts and donations	40,000	63,150	84,505	21,355
Refunds of prior years' expenditures	15,000	15,000	37,633	22,633
Grants from local governments	10,000	10,000	49,249	39,249
Miscellaneous local sources	55,000	55,000	70,064	15,064
Narcotics guidance counsel - local aid	80,000	80,000	83,584	3,584
Youth project S.A.F.E - local aid	16,383	16,383	16,711	328
Youth programs - local aid	280,293	280,293	300,371	20,078
Residential repair - local aid	2,400	2,400	2,550	150
Wyandanch nutrition program - local aid	35,000	35,000	19,779	(15,221)
Other miscellaneous revenue	25,000	25,000	22,461	(2,539)
Total Miscellaneous Local Sources	559,076	582,226	686,907	104,681

(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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES (continued)				
STATE AID				
Mortgage tax	\$ 4,500,000	\$ 4,500,000	\$ 10,234,231	\$ 5,734,231
General government aid			41,102	41,102
Youth programs	140,000	140,000	143,595	3,595
Youth project S.A.F.E.	18,279	18,279	18,279	-0-
Narcotics guidance counsel		355,000	391,770	36,770
Therapeutic recreation and senior day training program	57,535	57,535	22,336	(35,199)
Emergency disaster assistance program			40,908	40,908
State grants - other			9,018	9,018
Other transportation			6,982	6,982
Total State Aid	4,715,814	5,070,814	10,908,221	5,837,407
FEDERAL AID				
General government aid		4,674,059	4,727,923	53,864
Narcotics guidance counsel	355,000			-0-
Residential repair	20,000	20,000	22,950	2,950
Wyandanch nutrition program	210,000	210,000	198,614	(11,386)
Emergency disaster assistance program			524,549	524,549
Other transportation			66,233	66,233
Total Federal Aid	585,000	4,904,059	5,540,269	636,210
Total Revenues	67,222,237	71,919,446	80,291,206	8,371,760
EXPENDITURES				
GENERAL GOVERNMENT SUPPORT				
Town Board	497,507	481,861	479,782	2,079
Municipal court	641,065	41,371	40,331	1,040
Traffic violations bureau	134,241	75,141	74,726	415
Town Supervisor	1,746,577	1,854,616	1,850,332	4,284
Comptroller	902,451	922,674	918,094	4,580
Auditor	223,000	223,000	211,000	12,000
Receiver of taxes	1,064,694	1,059,099	1,055,953	3,146
Purchasing	425,569	411,475	411,451	24
Assessor	1,777,718	1,409,006	1,405,556	3,450
Town Clerk	772,097	909,670	909,380	290
Town Attorney	2,684,584	3,159,128	3,158,304	824
Personnel	897,273	576,916	574,367	2,549
Engineering	498,526	340,607	339,670	937
Board of ethics	2,400	2,100	2,100	-0-
Records management	171,598	72,423	72,423	-0-
Public works administration	479,613	402,764	402,764	-0-
Buildings	3,990,464	4,627,745	4,627,745	-0-
Central garage and central fuel facility	1,602,467	1,748,953	1,747,194	1,759
Central printing and mailing	610,355	314,346	314,231	115
Central data processing	1,516,794	1,488,243	1,396,109	92,134
Unallocated insurance	1,100,000	1,041,975	1,041,975	-0-
Municipal association dues	2,000			-0-
Taxes and assessments on municipal property	2,000			-0-
Contingencies - contractual and other	350,000			-0-
Other general government support	32,500	63,718	63,718	-0-
Total General Government Support	22,125,493	21,226,831	21,097,205	129,626
PUBLIC SAFETY				
Communications	1,800,000	1,800,000	1,800,000	-0-
Harbor & water ways	354,474	484,185	480,594	3,591
Traffic control	884,595	880,514	874,734	5,780
Control of animals	1,428,606	1,488,624	1,488,617	7
Examining boards	54,500	54,499	54,499	-0-
Civil defense	10,000	10,000	10,000	-0-
Total Public Safety	4,532,175	4,717,822	4,708,444	9,378
HEALTH				
Narcotics addiction control	1,475,499	1,359,169	1,340,822	18,347
Therapeutic recreation program	275,331	260,239	250,081	10,158
Nutrition program	904,880	865,169	854,192	10,977
Youth Institute CCS	965,500	965,500	965,500	-0-
Other public health	590,475	720,474	711,324	9,150
Total Health	4,211,685	4,170,551	4,121,919	48,632

(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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES (continued)				
TRANSPORTATION				
Off-street parking	\$ 2,000	\$ 2,697	\$ 2,697	\$ -0-
ECONOMIC ASSISTANCE AND OPPORTUNITY				
Human services administration				-0-
Publicity				-0-
Promotion of industry	83,000	92,152	92,152	-0-
Veterans' services	5,000	5,000	3,250	1,750
Programs for the aging	40,031	39,651	35,935	3,716
Other economic development		4,480,436	4,480,436	-0-
Total Economic Assistance and Opportunity	128,031	4,617,239	4,611,773	5,466
CULTURE AND RECREATION				
Council on the arts	10,000	10,000	10,000	-0-
Parks and recreation administration	915,523	1,192,916	1,192,911	5
Parks	6,277,739	6,423,659	6,405,862	17,797
Playground and recreation centers	544,950	507,792	506,911	881
Special recreation facilities	2,797,825	3,197,054	3,197,054	-0-
Youth programs	720,354	788,962	786,055	2,907
Town historian	151,875	151,961	114,191	37,770
Adult recreation	1,179,060	1,018,322	1,004,124	14,198
Total Culture and Recreation	12,597,326	13,290,666	13,217,108	73,558
HOME AND COMMUNITY SERVICES				
Environmental control	1,564,236	1,322,058	1,298,578	23,480
Other home and community services	350,000	501,414	501,414	-0-
Loss on property held for resale- revitalization project		416,093	416,093	-0-
Total Home and Community Services	1,914,236	2,239,565	2,216,085	23,480
EMPLOYEE BENEFITS				
Retirement system	2,396,541	2,963,156	2,963,156	-0-
Social security	2,044,730	2,075,188	2,075,188	-0-
Workers' compensation	485,201	433,057	433,057	-0-
Life insurance	21,730	21,730	21,155	575
Unemployment benefits	75,000	87,184	87,184	-0-
Disability benefits	25,559	27,608	27,608	-0-
Hospital, medical, vision and dental	7,942,948	7,568,681	7,568,215	466
Other employee benefits	566,689	510,004	510,004	-0-
Total Employee Benefits	13,558,398	13,686,608	13,685,567	1,041
DEBT SERVICE				
Principal	5,650,276	5,770,978	5,770,978	-0-
Interest	2,780,459	3,218,898	3,218,898	-0-
Bond issuance costs	50,000	19,162	19,162	-0-
Total Debt Service	8,480,735	9,009,038	9,009,038	-0-
Total Expenditures	67,550,079	72,961,017	72,669,836	291,181
Excess (Deficiency) of Revenues Over Expenditures	(327,842)	(1,041,571)	7,621,370	8,662,941
OTHER FINANCING SOURCES (USES)				
Premium on obligations	50,000	50,000	28,936	(21,064)
Operating transfers in			333,847	333,847
Operating transfers out	(2,500,000)	(2,668,622)	(2,668,622)	-0-
Total Other Financing Sources (Uses)	(2,450,000)	(2,618,622)	(2,305,839)	312,783
Net Change in Fund Balance	\$ (2,777,842)	\$ (3,660,193)	5,315,531	\$ 8,975,724
Fund Balance at Beginning of Year			63,481,733	
Fund Balance at End of Year			<u>\$ 68,797,264</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 21,985,509	\$ 21,985,509	\$ 21,985,509	\$ -0-
DEPARTMENTAL INCOME				
Refuse and garbage fees	4,580,231	4,580,231	3,237,857	(1,342,374)
Long Island Green Homes	1,400,000	1,400,000	946,695	(453,305)
Total Departmental Income	5,980,231	5,980,231	4,184,552	(1,795,679)
USE OF MONEY AND PROPERTY				
Interest earnings	75,000	75,000	225,767	150,767
Total Use of Money and Property	75,000	75,000	225,767	150,767
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenues			15,896	15,896
Total Miscellaneous Local Sources	-0-	-0-	15,896	15,896
STATE AID				
Home and community services aid			20,721	20,721
Emergency disaster assistance program			24,793	24,793
Total State Aid	-0-	-0-	45,514	45,514
FEDERAL AID				
Emergency disaster assistance program			243,514	243,514
Total Federal Aid	-0-	-0-	243,514	243,514
Total Revenues	28,040,740	28,040,740	26,700,752	(1,339,988)
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	21,687,102	21,474,097	18,934,020	2,540,077
Landfill closure/postclosure costs	165,993	275,000	147,345	127,655
Long Island Green Homes	1,000,000	1,000,000	913,602	86,398
Unallocated insurance	30,000	38,162	38,162	-0-
Total Home and Community Services	22,883,095	22,787,259	20,033,129	2,754,130
EMPLOYEE BENEFITS				
Retirement system	118,601	195,888	195,888	-0-
Social security	107,934	107,934	89,341	18,593
Workers' compensation	90,000	90,000	82,428	7,572
Life insurance	882	882	837	45
Unemployment benefits	1,000	1,000		1,000
Disability benefits	1,500	1,500	1,059	441
Hospital, medical, vision and dental	357,198	357,199	336,549	20,650
Union welfare benefits	36,406	36,407	26,757	9,650
Total Employee Benefits	713,521	790,810	732,859	57,951
DEBT SERVICE				
Principal	89,950	92,474	92,474	-0-
Interest	33,030	33,048	33,048	-0-
Bond issuance costs	2,500	2,500		2,500
Total Debt Service	125,480	128,022	125,522	2,500
Total Expenditures	23,722,096	23,706,091	20,891,510	2,814,581
Excess (Deficiency) of Revenues Under Expenditures	4,318,644	4,334,649	5,809,242	1,474,593
OTHER FINANCING SOURCES USES				
Operating transfers out	(4,500,000)	(4,500,000)	(4,500,000)	-0-
Total Other Financing Uses	(4,500,000)	(4,500,000)	(4,500,000)	-0-
Net Change in Fund Balance	\$ (181,356)	\$ (165,351)	1,309,242	\$ 1,474,593
Fund Balance at Beginning of Year			7,186,140	
Fund Balance at End of Year			\$ 8,495,382	

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 4,487,416	\$ 4,487,416	\$ 4,487,416	\$ -0-
DEPARTMENTAL INCOME				
Refuse and garbage fees	9,952,698	9,952,698	11,091,251	1,138,553
USE OF MONEY AND PROPERTY				
Interest earnings	13,500	13,500	164,335	150,835
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of refuse containers			180,687	180,687
STATE AND COUNTY AID				
Emergency disaster assistance program			6,984	6,984
FEDERAL AID				
Emergency disaster assistance program			62,854	62,854
Total Revenues	14,453,614	14,453,614	15,993,527	1,539,913
EXPENDITURES				
HOME AND COMMUNITY SERVICES				
Refuse and garbage	13,947,124	13,854,261	13,352,701	501,560
Landfill closure/postclosure costs	160,000	170,632	170,632	-0-
Unallocated insurance	25,000	25,000	21,191	3,809
Total Home and Community Services	14,132,124	14,049,893	13,544,524	505,369
EMPLOYEE BENEFITS				
Retirement system	112,843	136,324	136,324	-0-
Social security	89,700	100,996	100,996	-0-
Workers' compensation	60,000	60,000	51,488	8,512
Life insurance	365	367	357	10
Unemployment benefits	500	500		500
Disability benefits	2,200	2,200	1,814	386
Hospital, medical, vision and dental	226,942	261,419	261,050	369
Union welfare benefits	13,905	17,648	17,648	-0-
Total Employee Benefits	506,455	579,454	569,677	9,777
DEBT SERVICE				
Principal	71,250	75,851	75,851	-0-
Interest	22,162	22,161	22,161	-0-
Total Debt Service	93,412	98,012	98,012	-0-
Total Expenditures	14,731,991	14,727,359	14,212,213	515,146
Excess of Revenues Over Expenditures	<u>(278,377)</u>	<u>(273,745)</u>	1,781,314	2,055,059
Net Change in Fund Balance	<u>\$ (278,377)</u>	<u>\$ (273,745)</u>	1,781,314	<u>\$ 2,055,059</u>
Fund Balance at Beginning of Year			29,363,084	
Fund Balance at End of Year			<u>\$ 31,144,398</u>	

TOWN OF BABYLON

REQUIRED SUPPLEMENTARY INFORMATION
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 21,044,667	\$ 21,044,667	\$ 21,044,667	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	750,000	750,000	860,804	110,804
USE OF MONEY AND PROPERTY				
Interest earnings	12,500	12,500	110,956	98,456
LICENSES AND PERMITS				
Street inspection fees	200,000	200,000	192,748	(7,252)
Other permits	10,000	10,000	25,549	15,549
Total Licenses and Permits	210,000	210,000	218,297	8,297
MISCELLANEOUS LOCAL SOURCES				
Other miscellaneous revenue			665	665
Total Miscellaneous Local Sources	-0-	-0-	665	665
STATE AID				
Consolidated local street and highway improvement program	1,200,000	1,557,932	1,557,932	-0-
PAVE-NY program		1,036,574	410,453	(626,121)
Extreme Winter Recovery			353,322	353,322
Pave our Potholes			272,799	272,799
Emergency disaster assistance program- severe storms			133,409	133,409
Total State Aid	1,200,000	2,594,506	2,727,915	133,409
FEDERAL AID				
Emergency disaster assistance program			1,200,679	1,200,679
Total Federal Aid	-0-	-0-	1,200,679	1,200,679
Total Revenues	23,217,167	24,611,673	26,163,983	1,552,310
EXPENDITURES				
TRANSPORTATION				
Street administration	744,310	759,323	724,756	34,567
Maintenance of streets	4,753,947	4,549,395	4,019,781	529,614
Permanent improvements	1,310,000	2,684,505	2,663,398	21,107
Machinery	1,365,153	1,544,911	1,543,016	1,895
Brush and weeds	340,000	430,000	403,128	26,872
Snow removal	1,675,000	1,608,806	962,328	646,478
Unallocated insurance	40,000	48,222	48,222	-0-
Total Transportation	10,228,410	11,625,162	10,364,629	1,260,533
EMPLOYEE BENEFITS				
Retirement system	798,387	789,770	747,496	42,274
Social security	520,843	520,843	434,717	86,126
Workers' compensation	819,946	819,946	804,358	15,588
Life insurance	286	288	288	-0-
Unemployment benefits	30,000	30,001	13,592	16,409
Disability benefits	408	563	563	-0-
Hospital, medical, vision and dental	2,378,631	2,378,868	2,274,015	104,853
Union welfare benefits	129,802	129,802	115,572	14,230
Total Employee Benefits	4,678,303	4,670,081	4,390,601	279,480
DEBT SERVICE				
Principal	5,879,257	5,874,066	5,389,174	484,892
Interest	2,397,989	2,397,988	2,397,988	-0-
Bond issuance costs	70,000	70,000	37,366	32,634
Total Debt Service	8,347,246	8,342,054	7,824,528	517,526
Total Expenditures	23,253,959	24,637,297	22,579,758	2,057,539
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,792)	(25,624)	3,584,225	3,609,849
OTHER FINANCING SOURCES				
Premium on obligations	5,000	5,000	56,425	51,425
Total Other Financing Sources	5,000	5,000	56,425	51,425
Net Change in Fund Balance	\$ (31,792)	\$ (20,624)	3,640,650	\$ 3,661,274
Fund Balance at Beginning of Year			17,369,138	
Fund Balance at End of Year			\$ 21,009,788	

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
REAL PROPERTY TAXES				
Special assessments	\$ 19,183,489	\$ 19,183,489	\$ 19,183,489	\$ -0-
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	704,599	704,599	912,494	207,895
USE OF MONEY AND PROPERTY				
Interest earnings	1,500	1,500	18,702	17,202
INVESTMENT INCOME FROM LENGTH OF SERVICE AWARD				
Investment Loss from Length of Service Award			(179,406)	(179,406)
MISCELLANEOUS LOCAL SOURCES				
Other miscellaneous revenue			8,003	8,003
Total Revenues	19,889,588	19,889,588	19,943,282	53,694
EXPENDITURES				
PUBLIC SAFETY				
Fire protection districts	18,020,971	18,010,631	18,010,631	-0-
HEALTH				
Ambulance districts	1,904,782	1,915,122	1,915,554	(432)
Total Expenditures	19,925,753	19,925,753	19,926,185	(432)
Net Change in Fund Balance	\$ (36,165)	\$ (36,165)	17,097	\$ 53,262
Fund Balance at Beginning of Year			4,445,817	
Fund Balance at End of Year			\$ 4,462,914	

TOWN OF BABYLON

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIO
Year Ended December 31, 2022**

	2022		2021		2020		2019		2018	
	Town	Agency								
Total OPEB Liability										
Other Postemployment Liability at the Beginning of the Year, as reported	\$ 220,687,628	\$ 681,048	\$ 200,578,948	\$ 873,307	\$ 180,979,279	\$ 719,591	\$ 161,185,988	\$ 504,168	\$ 69,805,189	\$ 617,999
Cumulative Effect of Implementation of GASB #75	-	-	-	-	-	-	-	-	101,940,510	(117,989)
Other Postemployment Liability at the Beginning of Year, as restated	220,687,628	681,048	200,578,948	873,307	180,979,279	719,591	161,185,988	504,168	171,745,699	500,010
Changes for the Year:										
Service Cost	8,756,428	55,663	8,396,653	53,397	6,762,804	96,956	4,544,190	61,323	5,631,629	61,925
Interest	4,657,954	15,009	4,601,209	14,146	5,063,849	21,978	5,967,027	21,834	6,012,098	19,121
Change in benefit terms			(967,350)	(77,746)						
Differences between expected and actual experience			21,070,236	(147,670)	(4,566,536)	(50,964)	(17,155,632)	11,005		
Changes of assumptions and other inputs	(49,447,113)	(191,288)	(6,994,130)	(18,402)	18,239,582	114,765	31,808,593	147,775	(16,944,907)	(64,585)
Benefit Payments	(6,693,650)	(16,320)	(5,997,938)	(15,984)	(5,900,030)	(29,019)	(5,370,887)	(26,514)	(5,258,531)	(12,303)
Net Changes	(42,726,381)	(136,936)	20,108,680	(192,259)	19,599,669	153,716	19,793,291	215,423	(10,559,711)	4,158
Other Postemployment Liability at the End of Year	\$ 177,961,247	\$ 544,112	\$ 220,687,628	\$ 681,048	\$ 200,578,948	\$ 873,307	\$ 180,979,279	\$ 719,591	\$ 161,185,988	\$ 504,168
Covered employee payroll	\$ 34,417,185	\$ 651,795	\$ 31,987,189	\$ 606,827	\$ 32,210,217	\$ 611,308	\$ 29,089,017	\$ 609,387	\$ 27,177,083	\$ 686,931
Total OPEB Liability, as a percentage of covered pay	517.07%	83.48%	689.93%	112.23%	622.72%	142.86%	622.16%	118.08%	593.10%	73.39%

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:

2022	3.72%
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, 2022

	2022 (2)	2021 (2)	2020 (1)	2019	2018	2017	2016	2015	2014
PRIMARY GOVERNMENT									
Town's proportion of the collective net pension liability (asset)	0.0950863%	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 (asset)	\$ (7,772,912)	\$ 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	\$ 32,574,754	\$ 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	-23.86%	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	103.65%	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 (asset)	0.0014512%	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 (asset)	\$ (118,632)	\$ 1,227	\$ 576,699	\$ 109,676	\$ 52,041	\$ 128,370	\$ 195,413	\$ 54,308	\$ 72,645
Agency's covered-employee payroll	\$ 602,490	\$ 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	-19.69%	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	103.65%	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.

(1) Increase in the Town's proportionate share of the net pension liability (asset) is mainly attributable to the decrease in plan fiduciary net position due to investment losses.

(2) Decrease in the Town's proportionate share of the net pension liability (asset) is mainly attributable to the increase in plan fiduciary net position due to investment gain.

See independent auditors' report.

TOWN OF BABYLON

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - EMPLOYEE RETIREMENT SYSTEM
December 31, 2022**

NYSERS
Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PRIMARY GOVERNMENT										
Contractually required contribution	\$ 4,309,166	\$ 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
Contributions in relation to the contractually required contribution	4,309,166	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
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Town's covered-employee payroll	\$ 34,795,683	\$ 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
Contributions as a percentage of covered-employee payroll	12.38%	14.99%	12.95%	13.07%	13.86%	14.20%	14.70%	17.61%	18.96%	20.69%
DISCRETELY PRESENTED COMPONENT UNIT										
Contractually required contribution	\$ 56,858	\$ 56,789	\$ 74,138	\$ 69,120	\$ 64,009	\$ 55,258	\$ 50,923	\$ 40,770	\$ 78,836	\$ 73,187
Contributions in relation to the contractually required contribution	56,858	56,789	74,138	69,120	64,009	55,258	50,923	40,770	78,836	73,187
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Agency's covered-employee payroll	\$ 651,795	\$ 606,827	\$ 611,308	\$ 609,387	\$ 686,931	\$ 570,054	\$ 452,564	\$ 386,557	\$ 386,057	\$ 376,962
Contributions as a percentage of covered-employee payroll	8.72%	9.36%	12.13%	11.34%	9.32%	9.69%	11.25%	10.55%	20.42%	19.41%

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, 2022**

	East Farmingdale Firefighter Plan					
	Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities						
Service cost	\$ 136,161	\$ 169,415	\$ 139,188	\$ 146,833	\$ 155,475	\$ 109,504
Interest	358,383	322,879	336,302	323,923	282,336	316,990
Differences between expected and actual experience	(19,380)	37,614	135,210	94,736	115,449	59,751
Benefit payments, including refunds of member contributions	(340,684)	(280,607)	(345,701)	(253,364)	(168,212)	(157,769)
Changes of assumptions or other inputs	(969,013)	(900,556)	878,328	(45,327)	635,792	173,186
Net change in total LOSAP plan liability	(834,533)	(651,255)	1,143,327	266,801	1,020,840	501,662
Total LOSAP plan liability - beginning of year (a)	8,398,167	9,049,422	7,906,095	7,639,294	6,618,454	6,116,792
Total LOSAP plan liability - end of year (c)	7,563,634	8,398,167	9,049,422	7,906,095	7,639,294	6,618,454
LOSAP - Pension Trust Fund Net Position						
Contributions - Employer	371,082	387,897	402,597	396,073	253,750	106,000
Investment income (loss)	(309,289)	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	(342,387)	(282,212)	(347,216)	(253,855)	(168,212)	(157,769)
Net Change in LOSAP fiduciary net position	(280,594)	177,178	423,790	392,547	235,100	96,100
Plan fiduciary net position - beginning of year, (b)	5,248,843	5,071,665	4,647,875	4,255,328	4,020,228	3,924,128
Plan fiduciary net position - end of year (d)	4,968,249	5,248,843	5,071,665	4,647,875	4,255,328	4,020,228
Net LOSAP plan liability - beginning of year (a) - (b)	3,149,324	3,977,757	3,258,220	3,383,966	2,598,226	2,192,664
Net LOSAP plan liability - end of year (c) - (d)	\$ 2,595,385	\$ 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	65.7%	62.5%	56.0%	58.8%	55.7%	60.7%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	9	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, 2021 and 2022 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:

2022	5.25%
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, 2022**

North Amityville Firefighter Plan Years Ended December 31,						
	2022	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities						
Service cost	\$ 28,251	\$ 22,417	\$ 22,572	\$ 23,816	\$ 25,921	\$ 32,673
Interest	125,129	118,042	117,604	116,480	120,276	112,893
Differences between expected and actual experience	(115,168)	103,068	(14,625)	11,626	23,220	39,883
Benefit payments, including refunds of member contributions	(115,902)	(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	(77,690)	136,517	(1,695)	19,392	(70,231)	128,633
Total LOSAP plan liability - beginning of year (a)	<u>2,427,239</u>	<u>2,290,722</u>	<u>2,292,417</u>	<u>2,273,025</u>	<u>2,343,256</u>	<u>2,214,623</u>
Total LOSAP plan liability - end of year (c)	<u>2,349,549</u>	<u>2,427,239</u>	<u>2,290,722</u>	<u>2,292,417</u>	<u>2,273,025</u>	<u>2,343,256</u>
LOSAP - Pension Trust Fund Net Position						
Contributions - Employer	80,680	85,407	94,600	93,437	59,200	112,450
Investment income	11,727	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	(116,814)	(107,961)	(128,187)	(132,870)	(130,487)	(128,573)
Net Change in LOSAP fiduciary net position	(24,407)	58,013	46,420	20,207	13,155	88,464
Plan fiduciary net position - beginning of year, restated (b)	<u>1,940,729</u>	<u>1,882,716</u>	<u>1,836,296</u>	<u>1,816,089</u>	<u>1,802,934</u>	<u>1,714,470</u>
Plan fiduciary net position - end of year (d)	<u>1,916,322</u>	<u>1,940,729</u>	<u>1,882,716</u>	<u>1,836,296</u>	<u>1,816,089</u>	<u>1,802,934</u>
Net LOSAP plan liability - beginning of year (a) - (b)	<u>486,510</u>	<u>408,006</u>	<u>456,121</u>	<u>456,936</u>	<u>540,322</u>	<u>500,153</u>
Net LOSAP plan liability - end of year (c) - (d)	<u>\$ 433,227</u>	<u>\$ 486,510</u>	<u>\$ 408,006</u>	<u>\$ 456,121</u>	<u>\$ 456,936</u>	<u>\$ 540,322</u>
LOSAP Plan Fiduciary net position as a percentage of the total pension liability	81.6%	80.0%	82.2%	80.1%	79.9%	76.9%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	5	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, 2021 and 2022 valuations.

TOWN OF BABYLON

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAMS' NET PENSION LIABILITY
Year Ended December 31, 2022**

	North Babylon Firefighter Plan Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities						
Service cost	\$ 133,480	\$ 169,134	\$ 146,330	\$ 132,718	\$ 145,303	\$ 119,912
Interest	447,150	420,226	398,432	386,378	379,907	378,287
Differences between expected and actual experience	(21,292)	6,239	375,367	50,039	19,824	94,643
Benefit payments, including refunds of member contributions	(393,015)	(452,633)	(318,504)	(355,955)	(318,481)	(265,615)
Changes of assumptions or other inputs	(914,300)	(914,300)	162,133	(51,615)	(61,148)	316,856
Net change in total LOSAP plan liability	166,323	(771,334)	763,758	161,565	165,405	644,083
Total LOSAP plan liability - beginning of year (a)	8,646,918	9,418,252	8,654,494	8,492,929	8,327,524	7,683,441
Total LOSAP plan liability - end of year (c)	8,813,241	8,646,918	9,418,252	8,654,494	8,492,929	8,327,524
LOSAP - Pension Trust Fund Net Position						
Contributions - Employer	552,291	485,459	517,405	510,247	363,700	358,000
Investment income	(328,341)	239,137	257,522	205,561	101,949	96,060
Change in insurance contracts value	(394,937)	(454,427)	(320,186)	16,149	81,848	38,281
Benefit payments, including refunds of member contributions	(394,937)	(454,427)	(320,186)	(359,244)	(318,481)	(265,615)
Net Change in LOSAP fiduciary net position	(170,987)	270,169	454,741	372,713	229,016	226,726
Plan fiduciary net position - beginning of year, restated (b)	5,198,667	4,928,498	4,473,757	4,101,044	3,872,028	3,645,302
Plan fiduciary net position - end of year (d)	5,027,680	5,198,667	4,928,498	4,473,757	4,101,044	3,872,028
Net LOSAP plan liability - beginning of year (a) - (b)	3,448,251	4,489,754	4,180,737	4,391,885	4,455,496	4,038,139
Net LOSAP plan liability - end of year (c) - (d)	\$ 3,785,561	\$ 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	57.0%	60.1%	52.3%	51.7%	48.3%	46.5%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	8	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. There was no change in the discount rate used for the December 31, 2022 valuation.

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, 2022**

	North Lindenhurst Firefighter Plan Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total LOSAP Plan Liabilities						
Service cost	\$ 87,414	\$ 110,969	\$ 106,169	\$ 85,989	\$ 89,135	\$ 83,593
Interest	259,735	240,932	246,775	241,855	229,550	235,903
Differences between expected and actual experience	(89,936)	1,294	(36,379)	114,562	148,896	(168,767)
Benefit payments, including refunds of member contributions	(256,166)	(323,995)	(260,313)	(232,081)	(200,562)	(166,225)
Changes of assumptions or other inputs	(126,517)	(641,120)	272,438	209,981	5,067	142,193
Net change in total LOSAP plan liability	(125,470)	(611,920)	328,690	420,306	272,086	126,697
Total LOSAP plan liability - beginning of year (a)	5,217,473	5,829,393	5,500,703	5,080,397	4,808,311	4,681,614
Total LOSAP plan liability - end of year (c)	5,092,003	5,217,473	5,829,393	5,500,703	5,080,397	4,808,311
LOSAP - Pension Trust Fund Net Position						
Contributions - Employer	312,286	328,956	330,152	326,693	192,600	203,000
Investment income	(162,611)	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	(257,656)	(325,489)	(261,770)	(232,606)	(200,562)	(166,225)
Net Change in LOSAP fiduciary net position	(107,981)	163,158	235,791	268,487	114,971	165,668
Plan fiduciary net position - beginning of year, restated (b)	3,437,030	3,273,872	3,038,081	2,769,594	2,654,623	2,488,955
Plan fiduciary net position - end of year (d)	3,329,049	3,437,030	3,273,872	3,038,081	2,769,594	2,654,623
Net LOSAP plan liability - beginning of year (a) - (b)	1,780,443	2,555,521	2,462,622	2,310,803	2,153,688	2,192,659
Net LOSAP plan liability - end of year (c) - (d)	\$ 1,762,954	\$ 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	65.4%	65.9%	56.0%	55.2%	54.5%	55.2%
Covered-employee payroll	N/A	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	N/A
Expected average remaining service years of all participants	10	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, 2021 and 2022 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:

2022	5.25%
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, 2022

	East Farmingdale Firefighter Plan					
	Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 387,573	\$ 371,082	\$ 387,897	\$ 396,073	\$ 292,721	\$ 275,945
Contributions in relation to the actuarially determined contribution	\$ 387,573	\$ 371,082	\$ 387,897	\$ 396,073	\$ 253,750	\$ 106,000
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 38,971	\$ 169,945
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	-6.05%	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, 2022, 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, 2022

	North Amityville Firefighter Plan					
	Years Ended					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 95,652	\$ 80,680	\$ 85,407	\$ 93,437	\$ 53,548	\$ 70,398
Contributions in relation to the actuarially determined contribution	\$ 95,652	\$ 80,680	\$ 85,407	\$ 93,437	\$ 59,200	\$ 112,450
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (5,652)	\$ (42,052)
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	0.58%	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, 2022, 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, 2022

	North Babylon Firefighter Plan					
	Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 538,464	\$ 552,291	\$ 485,459	\$ 510,247	\$ 382,553	\$ 397,918
Contributions in relation to the actuarially determined contribution	<u>\$ 538,464</u>	<u>\$ 552,291</u>	<u>\$ 485,459</u>	<u>\$ 510,247</u>	<u>\$ 363,700</u>	<u>\$ 358,000</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,853</u>	<u>\$ 39,918</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	-6.46%	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, 2022, 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, 2022

	North Lindenhurst Firefighter Plan					
	Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 302,118	\$ 312,286	\$ 328,956	\$ 326,693	\$ 240,706	\$ 223,886
Contributions in relation to the actuarially determined contribution	\$ 302,118	\$ 312,286	\$ 328,956	\$ 326,693	\$ 192,600	\$ 203,000
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 48,106	\$ 20,886
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	-4.87%	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, 2022, 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 CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAM TOTAL PENSION LIABILITY
Year Ended December 31, 2022**

	Firefighter Plan - Wyandanch Year Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total LOSAP Pension Liability						
Service cost	\$ 111,652	\$ 127,843	\$ 83,018	\$ 75,596	\$ 78,513	\$ 71,488
Interest	39,359	35,710	43,520	42,622	37,737	39,459
Differences between expected and actual experience	19,830	(74,734)	12,850	(15,574)	8,591	
Benefit payments, including refunds of member contributions	(41,326)	(82,466)	(31,471)	(30,648)	(37,688)	(40,493)
Changes of assumptions or other inputs	(570,498)	(103,858)	388,030	85,006	(111,012)	17,715
Net Change in total LOSAP Pension Liability	(440,983)	(97,505)	495,947	157,002	(23,859)	88,169
Total LOSAP Pension Liability - beginning of year	1,666,118	1,763,623	1,267,676	1,110,674	1,134,533	1,046,364
Total LOSAP Pension Liability - end of year	<u>\$ 1,225,135</u>	<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	N/A
LOSAP Pension Liability as a percentage of the covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	14	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:

2022	4.31%
2021	2.24%
2020	1.93%
2019	3.26%
2018	3.64%
2017	3.83%