

VILLAGE OF GROTON

Groton, New York

FINANCIAL REPORT

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



VILLAGE OF GROTON

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INDEPENDENT AUDITORS' REPORT

Mayor and Village Trustees
Village of Groton
Groton, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Groton (the Village), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Groton as of May 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Groton Housing Authority, which represent 100% of the assets, net position and revenues of the aggregately discretely presented component unit as of December 31, 2021, and the respective changes in financial position, thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Groton Housing Authority, are based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis; Budgetary Comparison Information; Schedule of Changes in the Village’s Total OPEB Liability and Related Ratios; Schedule of the Village’s Contributions - NYSLRS Pension Plan; Schedule of the Village’s Proportionate Share of the Net Pension (Asset)/Liability; and related notes to required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the Village’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 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 Village’s internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 23, 2023

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

Our discussion and analysis of the Village of Groton's (the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended May 31, 2022. This section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed in the current year. Please read it in conjunction with the Village's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- Net position for governmental activities increased 12.94%, while business-type activities decreased 12.62%, respectively. Capital assets increased for governmental activities by 3.55% and decreased for business-type activities 4.17% (see Figure 1A and Figure 1B).
- Revenue for governmental activities increased 30.81%, while total expenses for governmental activities decreased 20.79%. Revenue for business-type activities increased 7.45%, while expenses increased 47.13% (see Figure 2A and Figure 2B).
- Total debt for the Village's governmental activities decreased by 8.08%.
- Resources available for appropriation in the General Fund were \$215,058 greater than budgeted and expenditures were \$361,608 less when compared to budget. Expenditures were under budget primarily due to cost reduction efforts and conservative budgeting practices.

USING THIS ANNUAL REPORT

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

In addition to the basic financial statements, the annual report contains budgetary comparison schedules for the General Fund and Major Special Revenue Funds; Schedule of Changes in the Village's Total OPEB Liability and Related Ratios; Schedule of the Village's Contributions - NYSLRS Pension Plan; Schedule of the Village's Proportionate Share of the Net Pension (Asset)/Liability; and Notes to Required Supplementary Information.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

Reporting the Village as a Whole

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

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

In the Statement of Net Position and the Statement of Activities, we separate Village activities into three activities:

Governmental Activities: Most of the Village's services are reported in this category, including public safety, public health, economic assistance, transportation, home and community services, culture and recreation, and general administration. Property and sales taxes, and state and federal grants, finance most of these activities.

Business-Type Activities: The Village charges a fee to customers to help cover all or most of the cost of certain services it provides. The Village's electric utility operations are reported here.

Component Unit: The Village includes one separate legal entity in its report: the Housing Authority. Complete financial statements for the Housing Authority can be obtained from its administration office.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

Reporting on the Village's Most Significant Funds

Governmental Fund Financial Statements

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

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

Proprietary Funds: When the Village charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Village's Enterprise Fund (which is a Proprietary Fund) is the same as the Business-type Activities we report in the Government-wide financial statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

THE VILLAGE AS A WHOLE

The Village's *combined* net position for fiscal year ended May 31, 2022 increased 7.71%. The Village's investment in its capital assets (such as land, buildings, machinery and equipment, and infrastructure), less any outstanding debt used to acquire those assets, consisted of 91.29% of total net position. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

Our analysis below focuses on the net position (*Figures 1A and 1B*), and changes in net position (*Figures 2A and 2B*), of the Village's Governmental and Business-Type Activities.

*Figure 1A
Net Position at May 31, 2022*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Current and Other Assets</i>	\$ 1,507,032	\$ 524,201	\$ 2,031,233
<i>Capital Assets</i>	6,279,733	1,031,366	7,311,099
<i>Noncurrent Assets</i>	1,210,829	650,205	1,861,034
<i>Total Assets</i>	8,997,594	2,205,772	11,203,366
<i>Total Deferred Outflows of Resources</i>	857,120	909,045	1,766,165
<i>Current Liabilities</i>	600,996	83,416	684,412
<i>Other Liabilities</i>	2,143,166	1,580,041	3,723,207
<i>Total Liabilities</i>	2,744,162	1,663,457	4,407,619
<i>Total Deferred Inflows of Resources</i>	1,600,661	354,898	1,955,559
<i>Net Investment in Capital Assets</i>	4,999,733	1,031,366	6,031,099
<i>Restricted</i>	900,830	396,746	1,297,576
<i>Unrestricted</i>	(390,672)	(331,650)	(722,322)
<i>Total Net Position</i>	\$ 5,509,891	\$ 1,096,462	\$ 6,606,353

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

*Figure 1B
Net Position at May 31, 2021*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Current and Other Assets</i>	\$ 1,148,684	\$ 528,435	\$ 1,677,119
<i>Capital Assets</i>	6,064,721	1,076,243	7,140,964
<i>Noncurrent Assets</i>	1,096,943	557,833	1,654,776
<i>Total Assets</i>	8,310,348	2,162,511	10,472,859
<i>Total Deferred Outflows of Resources</i>	1,063,190	1,063,991	2,127,181
<i>Current Liabilities</i>	553,410	103,552	656,962
<i>Other Liabilities</i>	2,209,114	1,531,026	3,740,140
<i>Total Liabilities</i>	2,762,524	1,634,578	4,397,102
<i>Total Deferred Inflows of Resources</i>	1,732,464	337,068	2,069,532
<i>Net Investment in Capital Assets</i>	4,672,221	1,076,243	5,748,464
<i>Restricted</i>	911,604	557,833	1,469,437
<i>Unrestricted</i>	(705,275)	(379,220)	(1,084,495)
<i>Total Net Position</i>	\$ 4,878,550	\$ 1,254,856	\$ 6,133,406

Total assets increased by 6.98%. This change was largely driven by the Village's proportionate share of net pension liability for ERS switching to an asset and an increase in cash.

Total liabilities increased 0.24%. This change primarily stems from the increases in deferred revenues and an increase in the Other Postemployment Benefits Liability offset by the decreases in the bonds payable and the Village's proportionate share of net pension liability for ERS switching to an asset.

The decreases in deferred outflows of resources and decrease in deferred inflows of resources stem from changes in actuarial determined calculations and differences between projected and actual earning on pension plan assets, as well as changes of assumptions related to the Village's other postemployment benefits (OPEB) plan.

Total net position increased 7.71%. This change is the result of revenues over expenses.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

*Figure 2A
Changes in Net Position at May 31, 2022*

<i>Changes in Net Position</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 1,145,127	\$ 1,629,578	\$ 2,774,705
<i>Operating Grants</i>	127,158	-	127,158
<i>Capital Grants</i>	12,735	-	12,735
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	874,166	-	874,166
<i>Nonproperty Taxes</i>	621,900	-	621,900
<i>State Sources</i>	34,965	-	34,965
<i>Other</i>	490,286	7,120	497,406
Total Revenues	3,306,337	1,636,698	4,943,035
PROGRAM EXPENSES			
<i>General Governmental Support</i>	319,540	131,442	450,982
<i>Public Safety</i>	524,794	-	524,794
<i>Public Health</i>	416,576	-	416,576
<i>Transportation</i>	333,507	-	333,507
<i>Economic Assistance and Opportunity</i>	6,291	-	6,291
<i>Culture and Recreation</i>	223,538	-	223,538
<i>Home and Community Services</i>	822,321	1,663,650	2,485,971
<i>Interest on Debt</i>	28,429	-	28,429
Total Expenses	2,674,996	1,795,092	4,470,088
CHANGE IN NET POSITION	\$ 631,341	\$ (158,394)	\$ 472,947

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

*Figure 2B
Changes in Net Position at May 31, 2021*

<i>Changes in Net Position</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 1,019,472	\$ 1,498,367	\$ 2,517,839
<i>Operating Grants</i>	53,904	-	53,904
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	839,748	-	839,748
<i>Nonproperty Taxes</i>	551,869	-	551,869
<i>State Sources</i>	12,959	-	12,959
<i>Other</i>	49,557	24,883	74,440
Total Revenues	2,527,509	1,523,250	4,050,759
PROGRAM EXPENSES			
<i>General Government</i>	346,688	131,442	478,130
<i>Public Safety</i>	623,124	-	623,124
<i>Public Health</i>	508,234	-	508,234
<i>Transportation</i>	527,166	-	527,166
<i>Economic Assistance and Opportunity</i>	4,200	-	4,200
<i>Culture and Recreation</i>	199,088	-	199,088
<i>Home and Community Services</i>	1,134,955	1,088,662	2,223,617
<i>Interest on Debt</i>	33,439	-	33,439
Total Expenses	3,376,894	1,220,104	4,596,998
CHANGE IN NET POSITION	\$ (849,385)	\$ 303,146	\$ (546,239)

Governmental Activities

Total revenues increased 30.81% primarily due to an increase in revenue from charges for services as well as the result of capital asset adjustments through sale of property and compensation for loss. Total expenses decreased 20.79%. This change stems mainly from significant reductions in pension and OPEB expense in comparison to prior year.

Business-Type Activities

Revenue of the Village's Business-Type Activities increased by 7.45%, based on an increase in overall electricity sales. Total expenses increased by 47.13%. The increase was based on contractual expenditures.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

Figure 3A
Revenue by Source
Governmental Activities - 2022

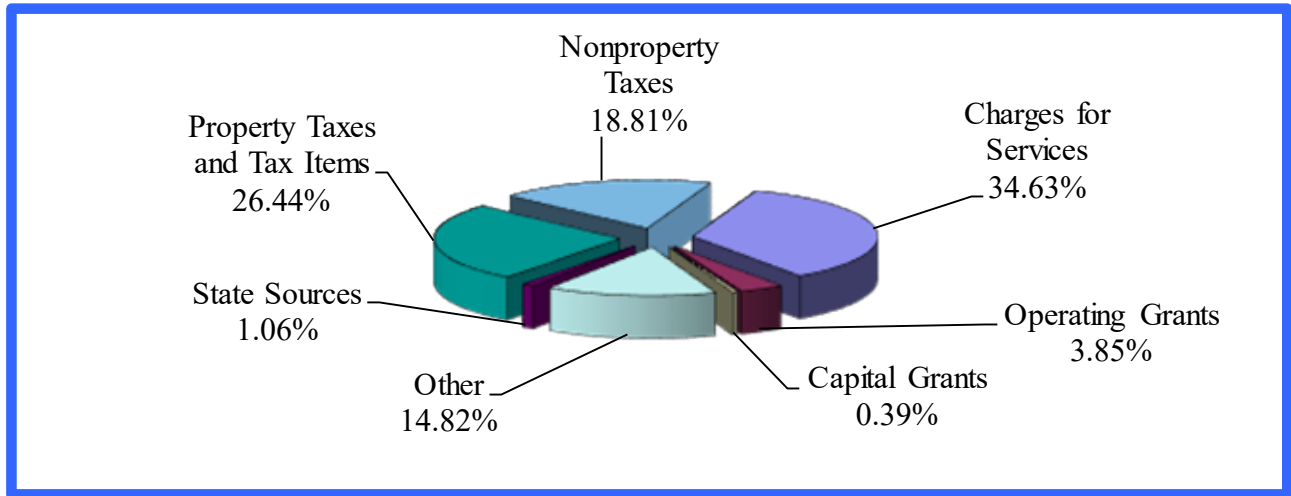
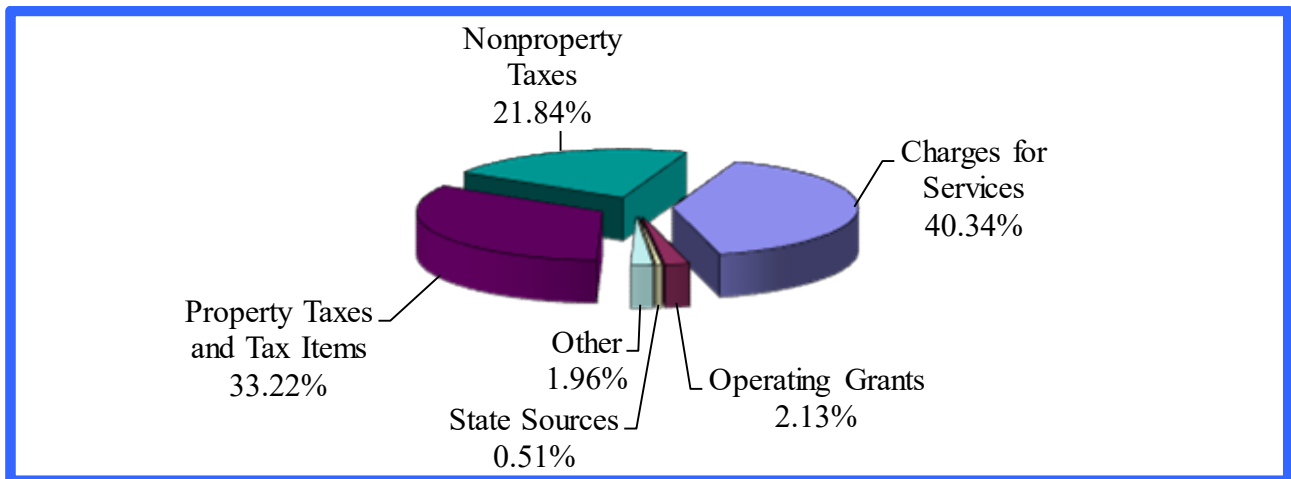


Figure 3B
Revenue by Source
Governmental Activities - 2021



The cost of all Governmental Activities this year was \$2,674,996. As shown in the Statement of Activities, some of the cost was paid by those who directly benefited from the programs, in the amount of \$1,145,127, and by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$139,893. Overall, the Village's governmental program revenues, including fees for services and grants, were \$1,285,020. The Village also reported all costs covered by charges, donations, or grants, and \$2,021,317 in taxes and other revenues, such as interest, sales tax, and general entitlements.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

The total cost less revenues generated by activities, or the net cost, for each of the Village's largest programs is presented below. The net cost shows the financial burden that was placed on the Village's taxpayers by each of these functions.

Figure 4A
Net Program Cost
Governmental Activities - 2022

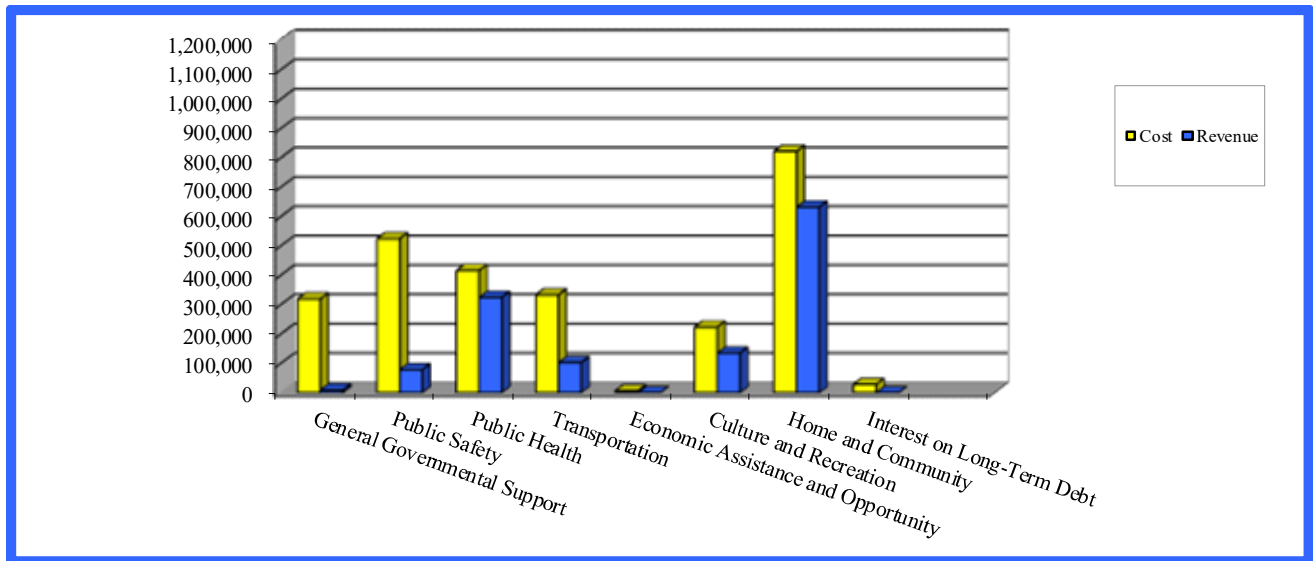
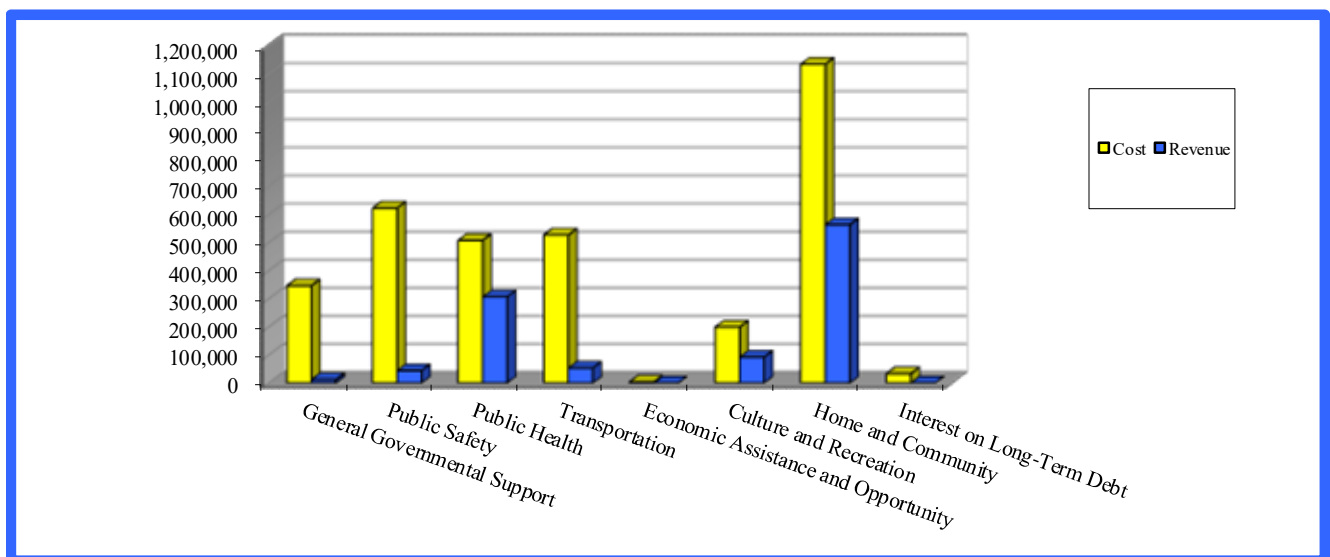


Figure 4B
Net Program Cost
Governmental Activities - 2021



VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

THE VILLAGE'S GOVERNMENTAL FUNDS

Figure 5 shows the changes in fund balances for the year for the Village's Governmental funds. Total fund balances increased by 16.22%. The increase is primarily due to the change in fund balance in the General Fund. The General Fund increase is primarily the result of current year revenues in excess of expenditures.

*Figure 5
Major Governmental Funds
Fund Balance at Year Ended May 31,*

Governmental Fund Balances	2022	2021	Total Dollar Change
<i>General Fund</i>	\$ 1,371,217	\$ 1,156,654	\$ 214,563
<i>Special Grant Fund</i>	234,661	243,052	(8,391)
<i>Sewer Fund</i>	86,813	76,321	10,492
<i>Capital Projects Fund</i>	(260,000)	(282,750)	22,750
<i>Non-Major Governmental Funds:</i>			
<i>Water Fund</i>	238,537	239,089	(552)
<i>Recreation Fund</i>	50,274	47,201	3,073
<i>Police Seizure Fund</i>	11,948	11,941	7
Total	\$ 1,733,450	\$ 1,491,508	\$ 241,942

General Fund Budgetary Highlights

Over the course of the year, the Village Board, as well as management of the Village, revised the Village budget several times. These budget amendments consisted of budget transfers between functions and recording additional budgetary revenue and appropriations.

After these adjustments, the actual charges to appropriations (expenditures) and interfund transfers out were \$361,608 below the final budget amounts. Resources available for appropriation were \$215,058 above the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village invested in a broad range of capital assets totaling \$14,407,237 and \$3,311,244, offset by accumulated depreciation of \$8,127,504 and \$2,279,878 for Governmental Activities and Business-Type activities, respectively. Overall, combined capital assets, net, increased 2.38% from prior year. Capital assets additions and depreciation totaled \$332,539 and \$553,432, respectively. Figure 6 shows the balances in capital assets, net, at May 31, 2022.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

*Figure 6
Capital Assets, Net of Depreciation at May 31, 2022*

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Land and CIP</i>	\$ 603,420	\$ 12,271	\$ 615,691
<i>Buildings and Improvements</i>	66,524	67,855	134,379
<i>Equipment</i>	291,929	951,240	1,243,169
<i>Infrastructure</i>	5,317,860	-	5,317,860
<i>Total</i>	\$ 6,279,733	\$ 1,031,366	\$ 7,311,099

Debt Administration

Figure 7 shows total debt as of May 31, 2022. Of this amount, \$500,000 is subject to the constitutional debt limit and represents 7.17% of the Village's statutory debt limit. Overall, total debt decreased 8.08% from prior year, consisting of bond and bond anticipation notes payments of \$112,500.

*Figure 7
Major Outstanding Debt at May 31, 2022*

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Serial Bonds and Loans</i>	\$ 1,020,000	-	\$ 1,020,000
<i>Bond Anticipation Notes</i>	260,000	-	260,000
<i>Total</i>	\$ 1,280,000	\$ -	\$ 1,280,000

The Village's Moody's bond rating, which did not change from the prior year, is currently ABB. More detailed information about the Village's debt is presented in Notes 6 and 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village office upgraded their billing software to provide a more streamlined billing service to customers including e-bill, autopay, and combined billing.

The Municipal Building design is close to completion and will go out to bid in early 2023.

The Village hired a full-time Code Officer to help provide additional services including sidewalk evaluation and building permit improvements.

The Village and Town of Groton's Joint Recreation Committee have approved the appointment of a full-time recreation Director beginning in 2023. This will increase youth through adult programming year-round.

The Village has begun a comprehensive plan development process which includes a committee of key community members and village participation. The comprehensive plan is funded by a grant through the Smart Growth Comprehensive Planning Program by the NYS DOS Office of Planning, Development & Community Infrastructure.

VILLAGE OF GROTON

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2022

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors' and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Nancy Niswender, Clerk-Treasurer, at 143 Cortland Street, PO Box 100, Groton, New York 13073.

VILLAGE OF GROTON

STATEMENT OF NET POSITION MAY 31, 2022

	Primary Government			Component Unit 12/31/2021
	Governmental Activities	Business-Type Activities	Total	Housing Authority
ASSETS				
Current Assets				
Cash and Cash Equivalents - Unrestricted	\$ 1,097,853	\$ 192,874	\$ 1,290,727	\$ 4,124
Other Receivables	95,148	202,158	297,306	7,466
Loans Receivable - Current Portion	60,000	-	60,000	-
Due From Other Governments	183,795	-	183,795	-
Prepaid Expenses	70,236	16,695	86,931	4,492
Inventories	-	112,474	112,474	-
Total Current Assets	1,507,032	524,201	2,031,233	16,082
Noncurrent Assets				
Cash and Cash Equivalents - Restricted	593,286	559,810	1,153,096	23,517
Temporary Investments - Unrestricted	202,122	-	202,122	-
Loans Receivable - Long-Term Portion	247,544	-	247,544	-
Restricted Investments	-	-	-	206,325
Land and Construction in Progress	603,420	12,271	615,691	269,836
Depreciable Capital Assets, Net	5,676,313	1,019,095	6,695,408	2,817,060
Net Pension Asset - Proportionate Share	167,877	90,395	258,272	-
Total Noncurrent Assets	7,490,562	1,681,571	9,172,133	3,316,738
Total Assets	8,997,594	2,205,772	11,203,366	3,332,820
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	535,377	172,682	708,059	924
Other Postemployment Benefits	321,743	736,363	1,058,106	-
Total Deferred Outflows of Resources	857,120	909,045	1,766,165	924
LIABILITIES				
Current Liabilities				
Accounts Payable	58,529	62,085	120,614	22,806
Accrued Liabilities	24,752	13,307	38,059	-
Interest Payable	9,506	-	9,506	114,056
Bond Anticipation Notes Payable	260,000	-	260,000	-
Due to Other Governments	37,150	-	37,150	-
Due to Employees' Retirement Systems	22,481	-	22,481	-
Customer Deposits	-	8,024	8,024	-
Unearned Revenues	106,078	-	106,078	23,176
Mortgages Payable - Due Within One Year	-	-	-	54,559
Bonds Payable - Due Within One Year	82,500	-	82,500	-
Total Current Liabilities	600,996	83,416	684,412	214,597
Noncurrent Liabilities				
Mortgages Payable - Due in More Than One Year	-	-	-	3,570,919
Bonds Payable - Due in More Than One Year	937,500	-	937,500	-
Other Postemployment Benefits Liability	1,120,350	1,524,339	2,644,689	-
Compensated Absences	58,565	55,702	114,267	-
Net Pension Liability - Proportionate Share	26,751	-	26,751	-
Total Noncurrent Liabilities	2,143,166	1,580,041	3,723,207	3,570,919
Total Liabilities	2,744,162	1,663,457	4,407,619	3,785,516
DEFERRED INFLOWS OF RESOURCES				
Pensions	989,517	321,553	1,311,070	9,282
Other Postemployment Benefits	611,144	33,345	644,489	-
Total Deferred Inflows of Resources	1,600,661	354,898	1,955,559	9,282
NET POSITION				
Net Investment in Capital Assets	4,999,733	1,031,366	6,031,099	(538,582)
Restricted	900,830	396,746	1,297,576	206,325
Unrestricted	(390,672)	(331,650)	(722,322)	(128,797)
Total Net Position	\$ 5,509,891	\$ 1,096,462	\$ 6,606,353	\$ (461,054)

See Notes to Financial Statements

VILLAGE OF GROTON

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2022

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit 12/31/2021 Housing Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities:							
General Governmental Support	\$ 319,540	\$ 9,851	\$ -	\$ -	\$ (309,689)	\$ (309,689)	\$ -
Public Safety	524,794	54,691	24,000	-	(446,103)	(446,103)	-
Public Health	416,576	325,219	-	-	(91,357)	(91,357)	-
Transportation	333,507	-	103,158	-	(230,349)	(230,349)	-
Economic Assistance and Opportunity	6,291	-	-	-	(6,291)	(6,291)	-
Culture and Recreation	223,538	122,559	-	12,735	(88,244)	(88,244)	-
Home and Community Services	822,321	632,807	-	-	(189,514)	(189,514)	-
Interest on Debt	28,429	-	-	-	(28,429)	(28,429)	-
Total Governmental Activities	2,674,996	1,145,127	127,158	12,735	(1,389,976)	(1,389,976)	-
Business-Type Activities:							
Municipal Electric	1,795,092	1,629,578	-	-	(165,514)	(165,514)	-
Total Business-Type Activities	1,795,092	1,629,578	-	-	(165,514)	(165,514)	-
Total Primary Government	\$ 4,470,088	\$ 2,774,705	\$ 127,158	\$ 12,735	(1,389,976)	(1,555,490)	-
Component Unit							
Housing Authority	\$ 509,716	\$ 316,639	\$ -	\$ -	-	-	(193,077)
Total Component Units	\$ 509,716	\$ 316,639	\$ -	\$ -	-	-	(193,077)
GENERAL REVENUES							
Property Taxes, Levied for General Purposes				863,717	-	863,717	-
Property Tax Items				10,449	-	10,449	-
Sales Taxes				581,935	-	581,935	-
Other Taxes				39,965	-	39,965	-
State Sources				34,965	-	34,965	-
Use of Money and Property				18,446	7,120	25,566	-
Miscellaneous				26,788	-	26,788	-
Sale of Property and Compensation for Loss				445,052	-	445,052	-
Total General Revenues				2,021,317	7,120	2,028,437	-
Change in Net Position				631,341	(158,394)	472,947	(193,077)
Net Position (Deficit) - Beginning of Year				4,878,550	1,254,856	6,133,406	(267,977)
Net Position (Deficit) - End of Year				\$ 5,509,891	\$ 1,096,462	\$ 6,606,353	\$ (461,054)

See Notes to Financial Statements

VILLAGE OF GROTON

BALANCE SHEET - GOVERNMENTAL FUNDS MAY 31, 2022

	Major Funds					Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Projects Fund	Non-Major Funds	
	General Fund	Special Grant Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents - Unrestricted	\$ 989,542	\$ -	\$ 11,096	\$ -	\$ 97,215	\$ 1,097,853
Cash and Cash Equivalents - Restricted	156,364	234,661	42,513	-	159,748	593,286
Temporary Investments - Unrestricted	202,122	-	-	-	-	202,122
Due From Other Governments	174,515	-	-	-	9,280	183,795
Other Receivables	-	-	51,757	-	43,391	95,148
Prepaid Expenses	62,614	-	3,770	-	3,852	70,236
Loans Receivables	-	307,544	-	-	-	307,544
Total Assets	\$ 1,585,157	\$ 542,205	\$ 109,136	\$ -	\$ 313,486	\$ 2,549,984
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 35,780	\$ -	\$ 18,607	\$ -	\$ 4,142	\$ 58,529
Accrued Liabilities	18,544	-	3,716	-	2,492	24,752
Due to Other Governments	37,000	-	-	-	150	37,150
Bond Anticipation Notes Payable	-	-	-	260,000	-	260,000
Due to ERS/PFRS	22,481	-	-	-	-	22,481
Unearned Revenues	100,135	-	-	-	5,943	106,078
Total Liabilities	213,940	-	22,323	260,000	12,727	508,990
Deferred Inflows of Resources						
Unavailable Revenue	-	307,544	-	-	-	307,544
Fund Balances						
Nonspendable	62,614	-	3,770	-	3,852	70,236
Restricted	156,364	234,661	42,513	-	159,748	593,286
Assigned	443,386	-	40,530	-	137,159	621,075
Unassigned	708,853	-	-	(260,000)	-	448,853
Total Fund Balances (Deficit)	1,371,217	234,661	86,813	(260,000)	300,759	1,733,450
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,585,157	\$ 542,205	\$ 109,136	\$ -	\$ 313,486	\$ 2,549,984

See Notes to Financial Statements

VILLAGE OF GROTON

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

Total Governmental Fund Balances		\$ 1,733,450
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.</p>		
Historical Cost	\$ 14,407,237	
Accumulated Depreciation	<u>(8,127,504)</u>	6,279,733
<p>The Village's proportion of the collective net pension liability is not reported in the funds.</p>		
ERS Net Pension Asset - Proportionate Share	\$ 167,877	
PFRS Net Pension Liability - Proportionate Share	<u>(26,751)</u>	141,126
<p>Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.</p>		
		307,544
<p>Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.</p>		
Accrued Interest Payable		(9,506)
<p>Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represent an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.</p>		
OPEB Deferred Inflows of Resources	\$ (611,144)	
ERS Deferred Inflows of Resources - Pension	(597,171)	
PFRS Deferred Inflows of Resources - Pension	(392,346)	
OPEB Deferred Outflows of Resources	321,743	
ERS Deferred Outflows of Resources - Pension	320,696	
PFRS Deferred Outflows of Resources - Pension	<u>214,681</u>	(743,541)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds Payable	\$ (1,020,000)	
Compensated Absences	(58,565)	
Other Postemployment Benefits Liability	<u>(1,120,350)</u>	<u>(2,198,915)</u>
Net Position of Governmental Activities		<u>\$ 5,509,891</u>

See Notes to Financial Statements

VILLAGE OF GROTON

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

	Major Funds				Non-Major Funds	Total Governmental Funds
	Special Revenue Funds			Capital Projects Fund		
	General Fund	Special Grant Fund	Sewer Fund	Capital Projects Fund		
REVENUES						
Real Property Taxes	\$ 863,717	\$ -	\$ -	\$ -	\$ -	\$ 863,717
Real Property Tax Items	10,449	-	-	-	-	10,449
Nonproperty Tax Items	581,935	-	-	-	-	581,935
Miscellaneous Taxes	39,965	-	-	-	-	39,965
Departmental Income	382,793	52,504	337,626	-	265,554	1,038,477
Intergovernmental Charges	67,662	-	-	-	36,257	103,919
Use of Money and Property	14,207	470	3,369	-	400	18,446
Licenses and Permits	8,158	-	-	-	-	8,158
Fines and Forfeitures	875	-	-	-	-	875
Sale of Property and Compensation for Loss	56,757	-	-	-	-	56,757
Miscellaneous Local Sources	24,833	-	86	-	1,869	26,788
State Sources	138,123	-	-	12,735	-	150,858
Federal Sources	24,000	-	-	-	-	24,000
Total Revenues	2,213,474	52,974	341,081	12,735	304,080	2,924,344
EXPENDITURES						
General Governmental Support	271,370	-	6,000	-	22,466	299,836
Public Safety	414,521	-	-	-	-	414,521
Public Health	343,135	-	-	-	-	343,135
Transportation	361,308	-	-	-	-	361,308
Economic Assistance and Opportunity	6,291	-	-	-	-	6,291
Culture and Recreation	142,789	-	-	-	44,294	187,083
Home and Community Services	34,592	61,365	268,995	-	140,279	505,231
Employee Benefits	308,490	-	39,171	-	38,452	386,113

See Notes to Financial Statements

VILLAGE OF GROTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED MAY 31, 2022

	Major Funds				Non-Major Funds	Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Projects Fund		
	Special Grant Fund	Sewer Fund				
EXPENDITURES (Continued)						
Debt Service:						
Principal	\$ 37,500	\$ -	\$ 25,000	\$ -	\$ 50,000	\$ 112,500
Interest	11,850	-	11,649	-	6,061	29,560
Capital Outlay	-	-	-	46,824	-	46,824
Total Expenditures	1,931,846	61,365	350,815	46,824	301,552	2,692,402
Excess of Revenues (Expenditures)	281,628	(8,391)	(9,734)	(34,089)	2,528	231,942
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	-	-	24,000	46,839	-	70,839
Interfund Transfers (Out)	(67,065)	-	(3,774)	-	-	(70,839)
Redeemed From Appropriations	-	-	-	10,000	-	10,000
Total Other Financing Sources (Uses)	(67,065)	-	20,226	56,839	-	10,000
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other Financing (Uses)	214,563	(8,391)	10,492	22,750	2,528	241,942
Fund Balances (Deficit), Beginning of Year	1,156,654	243,052	76,321	(282,750)	298,231	1,491,508
Fund Balances (Deficit), End of Year	\$ 1,371,217	\$ 234,661	\$ 86,813	\$ (260,000)	\$ 300,759	\$ 1,733,450

See Notes to Financial Statements

VILLAGE OF GROTON

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

Net Change in Fund Balances - Total Governmental Funds **\$ 241,942**

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

Governmental Funds report purchases of capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Asset Additions	\$ 270,149	
Net Book Value of Disposed Equipment	388,295	
Depreciation Expense	<u>(443,432)</u>	215,012

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payments		102,500
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Changes in the Village's proportionate share of net pension liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the Village's deferred outflows and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) do not affect current financial resources and are also not reported in the Governmental Funds.

Deferred Outflows of Resources, Other Postemployment Benefits	\$ (66,263)	
Deferred Inflows of Resources, Other Postemployment Benefits	106,414	
Deferred Outflows of Resources, Pensions	(139,807)	
Deferred Inflows of Resources, Pensions	25,389	
Net Pension (Asset)/Liability, Proportionate Share	<u>232,249</u>	157,982

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.

Net Change in Accrued Interest Payable	\$ 1,131	
Net Change in Compensated Absences	(3,218)	
Net Change in Liability for Other Postemployment Benefits	<u>(77,706)</u>	(79,793)

Revenues and expenses from activities that result in long-term assets are not recorded in the Governmental Funds. This amount represents the net change in these revenues deferred in the Governmental Funds.

(6,302)

Change in Net Position of Governmental Activities **\$ 631,341**

See Notes to Financial Statements

VILLAGE OF GROTON

STATEMENT OF PROPRIETARY NET POSITION MAY 31, 2022

	<u>Enterprise Fund</u> <u>Municipal Electric</u> <u>Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 192,874
Other Receivables, Net	202,158
Prepaid Expenses	16,695
Inventories	112,474
Total Current Assets	<u>524,201</u>
Noncurrent Assets	
Cash and Cash Equivalents - Restricted	559,810
Non-Depreciable Capital Assets	12,271
Depreciable Capital Assets, Net	1,019,095
Net Pension Asset - Proportionate Share	90,395
Total Noncurrent Assets	<u>1,681,571</u>
Total Assets	<u>2,205,772</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	172,682
Other Postemployment Benefits	736,363
Total Deferred Outflows of Resources	<u>909,045</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	62,085
Accrued Liabilities	13,307
Customer Deposits	8,024
Total Current Liabilities	<u>83,416</u>
Noncurrent Liabilities	
Compensated Absences	55,702
Other Postemployment Benefits Payable	1,524,339
Total Noncurrent Liabilities	<u>1,580,041</u>
Total Liabilities	<u>1,663,457</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	321,553
Other Postemployment Benefits	33,345
Total Deferred Inflows of Resources	<u>354,898</u>
NET POSITION	
Net Investment in Capital Assets	1,031,366
Restricted	396,746
Unrestricted	(331,650)
Total Net Position	<u>\$ 1,096,462</u>

See Notes to Financial Statements

VILLAGE OF GROTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY FUND NET POSITION FOR THE YEAR ENDED MAY 31, 2022

	<u>Enterprise Fund</u> <u>Municipal Electric</u> <u>Fund</u>
OPERATING REVENUES	
Departmental Income	\$ 1,629,578
Total Operating Revenues	<u>1,629,578</u>
OPERATING EXPENSES	
Salaries and Wages	356,147
Contractual Services	931,077
Employee Benefits	397,868
Depreciation	<u>110,000</u>
Total Operating Expenses	<u>1,795,092</u>
(Loss) From Operations	<u>(165,514)</u>
NONOPERATING REVENUES	
Use of Money and Property	<u>7,120</u>
Total Nonoperating Revenues	<u>7,120</u>
Change in Net Position	(158,394)
Total Net Position, Beginning	<u>1,254,856</u>
Total Net Position, Ending	<u><u>\$ 1,096,462</u></u>

See Notes to Financial Statements

VILLAGE OF GROTON

STATEMENT OF PROPRIETARY CASH FLOWS FOR THE YEAR ENDED MAY 31, 2022

	Enterprise Fund Municipal Electric Fund
Cash Flows From Operating Activities	
Cash Received From Providing Services	\$ 1,572,788
Cash Payments - Employees	(660,320)
Cash Payments - Suppliers	(880,556)
Net Cash Provided (Used) by Operating Activities	31,912
Cash Flows From Capital and Related Financing Activities	
Cash Received From Rental of Real Property	5,797
Payments to Contractors	(65,123)
Net Cash Provided (Used) by Capital and Related Financing Activities	(59,326)
Cash Flows From Investing Activities	
Interest Income Received	1,323
Net Cash Provided (Used) by Investing Activities	1,323
Change in Cash and Cash Equivalents	(26,091)
Cash and Cash Equivalents, June 1, 2021	778,775
Cash and Cash Equivalents, May 31, 2022	\$ 752,684
Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities	
Gain (Loss) From Operations	\$ (165,514)
Depreciation and Amortization	110,000
(Increase) Decrease in Accounts Receivable	(18,619)
(Increase) Decrease in Prepaid Expenses	6,907
(Increase) Decrease in Inventory	(12,122)
(Increase) Decrease in Net Pension Asset and Outflows of Resources	(56,505)
Increase (Decrease) in Other Postemployment Benefits	165,308
Increase (Decrease) in Accrued Liabilities	6,344
Increase (Decrease) in Accounts Payable	(5,823)
Increase (Decrease) in Customer Deposits	877
Increase (Decrease) in Unearned Revenues	(14,044)
Increase (Decrease) in Net Pension Liability and Deferred Inflows/Outflows of Resources	15,103
Net Cash Provided (Used) by Operating Activities	\$ 31,912

See Notes to Financial Statements

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

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

Financial Reporting Entity

The Village of Groton, which was established in 1860, is governed by Village Law and other municipal laws of New York State and various local laws. The Mayor and four trustees are the legislative body responsible for overall operations; the Mayor serves as chief executive officer and the Clerk/Treasurer serves as chief fiscal officer.

The following basic services are provided: water, sewer, public safety (police and fire), and maintenance of highways and streets.

All Governmental Activities and functions performed for the Village of Groton are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the Village;
- Organizations for which the primary government is financially accountable; and
- 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 Village's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended, including legal standing, fiscal dependency, and financial accountability.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Financial Reporting Entity - Included in the Reporting Entity, as Discretely Presented Component Units

The Village of Groton Housing Authority (Housing Authority) is a nonprofit organization formed to construct, own, and manage an apartment complex for elderly persons. The Village Trustees appoint the governing board of the Housing Authority. Additionally, the Village Trustees can remove appointed members of the Housing Authority at will. A separate report was issued for the Housing Authority and can be obtained by contacting the Housing Authority directly at 200 West Street, Groton, NY 13073.

Financial Reporting Entity - Included in the Reporting Entity, as a Joint Activity

The Village of Groton entered into a joint activity with the Village of Groton to provide recreational services directly to the citizens served by the governments. The purpose of the Fund is to hire a Joint Recreational Coordinator (the Coordinator) who will assist the Village and Town with the day-to-day administration of joint recreation programs. For the purposes of payroll management, recordkeeping, benefit programs, and general oversight, the Coordinator is an employee of the Village of Groton. The Recreation Fund is not a legally separate entity. The Village and Town each bear any liability incurred by the Fund and share costs equally. Also, the Town will pay the Village \$12,000 annually for the purpose of maintenance and management of the Village's park facilities.

Basic Financial Statements

The Village's basic financial statements include both Government-wide (reporting the Village as a whole) and Governmental Fund financial statements (reporting the Village's Major Funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either Governmental or Business-type. The Village's general governmental support, public safety, public health, transportation, economic assistance and opportunity, home and community services, and culture and recreation are classified as Governmental Activities. The Village's Municipal Electric Activity is a Business-Type Activity.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Basic Financial Statements - Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government. The focus of the Government-wide financial statements addresses the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the Village's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Depreciation on assets that are shared by essentially all of the Village's programs have been reported by function. Indirect expenses, particularly employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Village.

Basic Financial Statements - Governmental Fund Financial Statements

Financial transactions of the Village are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Basic Financial Statements - Governmental Fund Financial Statements - Continued

The Village records its transactions in the funds described below:

Governmental Funds

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

Major Funds

- General Fund - The principal operating fund which includes all operations not required to be recorded in other funds.
- Special Revenue Funds
 - Special Grant Fund - Accounts for Community Development Block Grants.
 - Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments and the application of such revenues toward related operating expenses and debt retirement.
- Capital Projects Fund - Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of the Village's major capital facilities or equipment.

Non-Major Funds

- Recreation Fund - A special revenue fund that accounts for joint recreation activities.
- Water Fund - Accounts for revenues derived from charges for water consumption and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
- Police Seizure Fund - Used to account for equitable sharing payments returned to the Village from the federal government when the Village has joint involvement with the DEA or another federal agency in seizing illegal assets.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Basic Financial Statements - Proprietary Fund Financial Statements

Proprietary Fund

The Proprietary Fund is used to account for ongoing organizations or activities similar to those often found in the private sector. Measurement focus is based upon determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

- **Municipal Electric Fund** - The Municipal Electric Fund, a Proprietary Fund Type, uses the accrual basis of accounting. It is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services are to be financed or recovered primarily through user charges.

Component Unit

The Village of Groton Housing Authority is a Proprietary Fund Type and uses the accrual basis of accounting. The Housing Authority's fiscal year end is December 31, and the amounts reported in the combined basic financial statements are for the year ended December 31, 2021.

Basis of Accounting/Measurement Focus

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

Accrual Basis

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

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The Village considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

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

Property Taxes

Real property taxes are levied annually by the Village of Groton no later than June 1 and become a lien on June 1. Taxes are collected during the period June 1 to November 1.

Uncollected real property taxes are subsequently enforced by the County of Tompkins, in which the Village is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the Village no later than the forthcoming April 1.

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Village considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Temporary Investments

Temporary investments consist of certificates of deposit with original maturity dates of three months to one year.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the Village to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the Village, including Accounts Receivable and Water and Sewer Rents Receivable.

Inventory

Inventory is valued utilizing the average cost method for Proprietary Funds.

Capital Assets - Governmental Activities

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets are capitalized based on the following estimated useful lives and values:

<u>Description</u>	<u>Valuation Threshold</u>	<u>Estimated Useful Lives</u>
Buildings	\$ 5,000	30 Years
Machinery and Equipment	2,000	5-10 Years
Infrastructure	5,000	15-40 Years

Capital Assets - Proprietary Fund

Capital Assets acquired by the Proprietary Fund are stated at cost (or estimated historical cost). Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Valuation Threshold</u>	<u>Estimated Useful Lives</u>
Transportation Equipment	\$ 2,000	8 Years
Communication	2,000	20 Years
Laboratory Equipment	2,000	25 Years
Office Equipment	2,000	20 Years
Buildings	2,000	40 Years
Transmission Overhead	2,000	35 Years
Fixtures	2,000	33 Years
Underground Conduits	2,000	41 Years

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

The Village follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The Town's liability for other postemployment benefits has been recorded in the Statement of Net Position in accordance with that statement. See Note 8 for additional information.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions and OPEB plan in the Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plan are described in Notes 5 and 8, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Village reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 5 and 8, respectively.

In addition, the Governmental Funds Balance Sheet reports deferred inflows of resources for unavailable revenue. This represents loans which will be received after the availability period expires.

Unearned Revenue

Unearned revenues arise when resources are received by the Village before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the Village has legal claim to the resources, the liability for unearned revenue is removed and revenues are recorded.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Vacation, Sick Leave, and Compensatory Absences

Village of Groton employees are granted vacation leave based primarily on the number of years of continuous service, up to 22 days per year. However, vacation leave does not accumulate.

Employees are granted sick leave at the rate of ten days per year and may accumulate no more than a maximum of 130 days. Employees who retire are either compensated for 50% of accumulated sick leave or given the option of using 60% of accumulated sick leave to pay their portion of ensuing health insurance premiums, so long as such is sufficient to pay said premium.

Estimated accumulated sick leave is recorded in the Proprietary Fund as a liability and expense and in Governmental Activities as a long-term liability if payable from future financial resources, or as a governmental fund liability and expenditures, if payable from current resources. See Note 7 for the amounts recorded for compensated absences.

Currently, four employees are using 60% of their accumulated sick leave to pay for their portion of health insurance premiums and four employees have exercised the 50% lump sum payment option.

Insurance and Risk Management

The Village maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. No settlements have exceeded insurance coverage in the past three years.

Equity Classifications - Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on 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.
- Unrestricted - Consists of all other net resources that do not meet the definition of “restricted” or “net investment in capital assets.”

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Equity Classifications - Governmental Fund Financial Statements

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

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

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally, or through constitutional provisions or enabling legislation.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operation. The principal operating revenues of the Proprietary Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

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

Interfund Activity

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Village's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Future Changes in Accounting Standards

The Village is in the process of assessing the future effects of each of the following:

- GASB has issued Statement No. 87, "Leases," effective for the year ending May 31, 2023.
- GASB has issued Statement No. 91, "Conduit Debt Obligations," effective for the year ending May 31, 2023.
- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending May 31, 2023.
- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending May 31, 2024.
- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending May 31, 2025.

The Village will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 2 Cash and Investments

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

Collateral is required for demand and time deposits and certificates of deposit at 105% of all deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and villages.

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

The Village's aggregate bank balances of \$2,617,269 and the aggregate bank balances of \$233,966 of the component units of the Village were either covered by depository insurance or collateralized as described above.

The Village has few investments and chooses to disclose its investments by specifically identifying each. The Village's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

1. Insured or registered, or investments held by the Village or by the Village's agent in the Village's name; or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the Village's name; or
3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the Village's name.

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
General Fund	\$ 202,122	\$ 202,122	Certificate of Deposit	(2)

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 2 **Cash and Investments - Continued**

The Village does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The Village does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Restricted cash and investments at May 31, 2022 consisted of:

Restricted Cash and Investments

Governmental Activities

General Fund Reserves	\$ 156,364
Special Grant Fund	234,661
Water Fund Reserves	159,748
Sewer Fund Reserves	<u>42,513</u>

Total Governmental Activities \$ 593,286

Business -Type Activities

Enterprise Fund Reserves	<u><u>\$ 559,810</u></u>
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Component Unit

Housing Authority Reserve, as of 12/31/2021	<u><u>\$ 229,842</u></u>
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VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 3 Other Receivables and Interfund Balances

Other Receivables

Other receivables at May 31, 2022 consisted of the following, which are stated at net realizable value. Except where noted, the Village has deemed the amounts fully collectible.

	<u>Description</u>	<u>Amount</u>
Water Fund	Water Rents Receivable	\$ 43,391
Sewer Fund	Sewer Rents Receivable	<u>51,757</u>
Total Governmental Activities		<u>\$ 95,148</u>
Municipal Electric Fund	Sale of Electricity Receivable	\$ 212,158
Municipal Electric Fund	Allowance for Doubtful Accounts	<u>(10,000)</u>
Total Business-Type Activities		<u>\$ 202,158</u>

Interfund Balances

Interfund balances at May 31, 2022 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ -	\$ -	\$ 67,065
Sewer Fund	-	-	24,000	3,774
Capital Projects Fund	-	-	<u>46,839</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,839</u>	<u>\$ 70,839</u>

The Village transfers from various funds to finance capital projects. The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables, if any, are expected to be repaid within one year.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 4 Capital Assets

A summary of changes in capital assets at May 31, 2022 follows:

	<u>Balance at 05/31/21</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance at 05/31/22</u>
Governmental Activities				
Non-Depreciable Capital Assets				
Land	\$ 369,529	\$ -	\$ -	\$ 369,529
Construction in Progress	229,866	4,025	-	233,891
Total Non-Depreciable Capital Assets	<u>599,395</u>	<u>4,025</u>	<u>-</u>	<u>603,420</u>
Depreciable Capital Assets				
Buildings	568,278	32,334	(24,658)	575,954
Machinery and Equipment	1,242,305	67,342	(16,125)	1,293,522
Infrastructure	11,806,327	166,448	(38,434)	11,934,341
Total Depreciable Capital Assets	<u>13,616,910</u>	<u>266,124</u>	<u>(79,217)</u>	<u>13,803,817</u>
Total Historical Cost	<u>14,216,305</u>	<u>270,149</u>	<u>(79,217)</u>	<u>14,407,237</u>
Less Accumulated Depreciation				
Buildings	(546,942)	(17,669)	55,181	(509,430)
Machinery and Equipment	(858,291)	(60,063)	(83,239)	(1,001,593)
Infrastructure	(6,746,351)	(365,700)	495,570	(6,616,481)
Total Accumulated Depreciation	<u>(8,151,584)</u>	<u>(443,432)</u>	<u>467,512</u>	<u>(8,127,504)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 6,064,721</u></u>	<u><u>\$ (173,283)</u></u>	<u><u>\$ 388,295</u></u>	<u><u>\$ 6,279,733</u></u>
Business-Type Activities				
Non-Depreciable Capital Assets				
Land	\$ 12,271	\$ -	\$ -	\$ 12,271
Total Non-Depreciable Capital Assets	<u>12,271</u>	<u>-</u>	<u>-</u>	<u>12,271</u>
Depreciable Capital Assets				
Buildings	198,161	-	-	198,161
Machinery and Equipment	3,047,577	62,390	(9,155)	3,100,812
Total Depreciable Capital Assets	<u>3,245,738</u>	<u>62,390</u>	<u>(9,155)</u>	<u>3,298,973</u>
Total Historical Cost	<u>3,258,009</u>	<u>62,390</u>	<u>(9,155)</u>	<u>3,311,244</u>
Less Accumulated Depreciation				
Buildings	(126,381)	(4,116)	191	(130,306)
Machinery and Equipment	(2,055,385)	(105,884)	11,697	(2,149,572)
Total Accumulated Depreciation	<u>(2,181,766)</u>	<u>(110,000)</u>	<u>11,888</u>	<u>(2,279,878)</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 1,076,243</u></u>	<u><u>\$ (47,610)</u></u>	<u><u>\$ 2,733</u></u>	<u><u>\$ 1,031,366</u></u>

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 4 Capital Assets - Continued

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Governmental Support	\$ 28,557
Public Safety	30,486
Transportation	95,560
Culture and Recreation	1,751
Home and Community Services	<u>287,078</u>
Total	<u>\$ 443,432</u>
Business-Type Activities	
	<u>\$ 110,000</u>
Total	<u>\$ 110,000</u>

Capital Assets - Component Units

A summary of the Village of Groton Housing Authority capital assets, net at December 31, 2021 follows:

Land	\$ 269,836
Building and Improvements	4,705,201
Furniture, Fixtures, and Equipment	229,265
Less Accumulated Depreciation	<u>(2,117,406)</u>
Capital Assets, Net	<u>\$ 3,086,896</u>

Depreciation expense of \$126,683 was charged to operations on a straight-line basis for the year ended December 31, 2021.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

***Note 5* Pension Obligations - New York State and Local Retirement System**

Plan Descriptions and Benefits Provided - Employees' Retirement Systems (ERS) and Police and Fire Retirement System (PFRS) (the Systems)

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

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973 who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

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

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 5 Pension Obligations - New York State and Local Retirement System - Continued

Contributions

The Village participated in New York State's Employer's Contribution Stabilization Program (Program), which allows it to amortize a portion of the actuarially required contribution. Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required under the program, as follows:

	<u>ERS</u>	<u>PFRS</u>
2022	\$ 130,152	\$ 28,307
2021	113,330	23,030
2020	121,763	24,563

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2022, the Village reported the following liability for its proportionate share of the net pension (asset)/liability for each of the System's plans. The net pension (asset)/liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportionate share of the net pension (asset)/liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the Village by the Systems.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	4/1/2021	4/1/2021
Net Pension Liability	\$ (8,174,585,678)	\$ 568,042,423
Village's Proportionate Share of the Plan's		
Total Net Pension (Asset)/Liability	(258,272)	26,751
Village's Share of the Plan's		
Total Net Pension (Asset)/Liability	0.0031595%	0.0047094%

For the year ended May 31, 2022, the Village recognized pension expense of \$7,173 for ERS and \$(12,767) for PFRS in the financial statements.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 5 Pension Obligations - New York State and Local Retirement System - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

At May 31, 2022, the Village reported deferred outflows and inflows of resources related to the pensions from the following sources:

	ERS	PFRS
Deferred Outflows of Resources		
Differences Between Expected and Actual Experience	\$ 19,559	\$ 14,422
Changes in Assumptions	431,027	160,112
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	25,974	34,484
Village's Contributions Subsequent to the Measurement Date	16,818	5,663
Total Deferred Outflows of Resources	\$ 493,378	\$ 214,681
Deferred Inflows of Resources		
Differences Between Expected and Actual Experience	\$ 25,370	\$ -
Changes of Assumptions	7,273	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	845,732	224,780
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	40,349	167,566
Total Deferred Inflows of Resources	\$ 918,724	\$ 392,346

Village contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ended May 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	PFRS
2023	\$ (72,690)	\$ (46,533)
2024	(100,707)	(51,100)
2025	(225,782)	(81,903)
2026	(42,985)	1,017
2027	-	(4,809)
Thereafter	-	-

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 5 Pension Obligations - New York State and Local Retirement System - Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement Date	March 31, 2022	March 31, 2022
Actuarial Valuation Date	April 1, 2021	April 1, 2021
Investment Rate of Return	5.9%	5.9%
Salary Increases	4.4%	6.2%
Cost of Living Adjustment	1.4%	1.4%
Inflation Rate	2.7%	2.7%

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

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

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

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

	ERS and PFRS
Measurement Date	March 31, 2022
Asset Type	
Domestic Equity	3.3%
International Equity	5.9%
Real Estate	5.0%
Private Equity	6.5%
Opportunistic Portfolio/Absolute Return Strategy	4.1%
Real Assets	5.8%
Cash	(1.0%)
Credit	3.8%

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 5 Pension Obligations - New York State and Local Retirement System - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to the Discount Rate Assumption

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

ERS	1% Decrease (4.9)%	Current Assumption (5.9)%	1% Increase (6.9)%
Village's Proportionate Share of the Net Pension (Asset)/Liability	\$ 297,566	\$ 26,751	\$ (197,412)

PFRS	1% Decrease (4.9)%	Current Assumption (5.9)%	1% Increase (6.9)%
Village's Proportionate Share of the Net Pension (Asset)/Liability	\$ 664,789	\$ (258,272)	\$ (1,030,368)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands ERS	Dollars in Thousands PFRS
Measurement Date	March 31, 2022	March 31, 2022
Employers' Total Pension Liability	\$ 223,874,888	\$ 42,237,292
Plan Net Position	(232,049,473)	(41,669,250)
Employers' Net Pension (Asset)/Liability	\$ (8,174,585)	\$ 568,042
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	103.7%	98.7%

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 5 Pension Obligations - New York State and Local Retirement System - Continued

Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of May 31, 2022 represent the projected employer contribution for the period of April 1, 2022 through May 31, 2022 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2022 amounted to \$16,818 for ERS and \$5,663 for PFRS.

Current Year Activity

The following is a summary of current year activity:

<u>ERS</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Net Pension (Asset)/Liability	\$ 2,853	\$ (261,125)	\$ (258,272)
Deferred Outflows of Resources	(590,205)	96,827	(493,378)
Deferred Inflows of Resources	872,720	46,004	918,724
Total	\$ 285,368	\$ (118,294)	\$ 167,074

<u>PFRS</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Net Pension (Asset)/Liability	\$ 89,268	\$ (62,517)	\$ 26,751
Deferred Outflows of Resources	(291,551)	76,870	(214,681)
Deferred Inflows of Resources	447,638	(55,292)	392,346
Total	\$ 245,355	\$ (40,939)	\$ 204,416

Note 6 Short-Term Debt

Bond Anticipation and Revenue Anticipation Notes

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. The notes or renewal thereof may not extend more than 2 years beyond the original date of issue unless a portion is redeemed within 2 years and within each 12 month period thereafter. State law requires BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Village may issue revenue anticipation notes (RANs) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The Village did not issue or redeem any RANs during the year.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 6 Short-Term Debt - Continued

Changes in Short-Term Obligations

The following represents changes in the Village's obligations and interest expenses/expenditures recognized during the year ended May 31, 2022.

	Payable at 05/31/2021	Issued	Redeemed	Payable at 05/31/2022
Bond Anticipation Notes	<u>\$ 270,000</u>	<u>\$ 260,000</u>	<u>\$ 270,000</u>	<u>\$ 260,000</u>
Total	<u>\$ 270,000</u>	<u>\$ 260,000</u>	<u>\$ 270,000</u>	<u>\$ 260,000</u>
Interest Paid			\$ 4,050	
(Less) Interest Accrued in the Prior Year			(2,093)	
Plus Interest Accrued in the Current Year			<u>2,015</u>	
Total			<u>\$ 3,972</u>	

Note 7 Long-Term Debt

Constitutional Debt Limit

At May 31, 2022, the total outstanding indebtedness (bonds, bond anticipation notes, and loans) of the Village of Groton aggregated \$1,280,000. Of this amount, \$500,000 was subject to the Village's constitutional debt limit, and represented approximately 7.17% of its debt limit.

Serial Bonds and Statutory Installment Bonds

The Village of Groton borrows money in order 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 liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position and, in the case of Municipal Electric Fund debt, in the Business-type activities.

Statutory Installment Bonds are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the Village associated with these direct borrowings or placements.

Compensated Absences

Compensated absences represents the value of the earned and unused portion of the liability for employee compensated absences. The Village's General, Water, Sewer, and Electric funds liquidate this liability.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 7 Long-Term Debt - Continued

Changes in Long-Term Obligations

The following represents changes in the Village's obligations and interest expenses/expenditures recognized during the year ended May 31, 2022.

	Balance 05/31/2021	Additions	Deletions	Balance 05/31/2022
Serial Bonds	\$ 260,000	\$ -	\$ 50,000	\$ 210,000
Statutory Installment Bonds	267,500	-	27,500	240,000
NYS EFC Revolving Bond	595,000	-	25,000	570,000
Compensated Absences	55,347	3,218	-	58,565
Total Long-Term Indebtedness - Governmental Activities	1,177,847	3,218	102,500	1,078,565
Compensated Absences - Enterprise Fund	48,212	7,490	-	55,702
Total	\$ 1,226,059	\$ 10,708	\$ 102,500	\$ 1,134,267

Interest paid by the Village's governmental activities on long-term debt during the year was:

Interest Paid	\$ 25,510
(Less) Interest Accrued in the Prior Year	(8,544)
Plus Interest Accrued in the Current Year	7,491
Total	\$ 24,457

Additions and deletions to compensated absences are shown net, as it is impractical to determine the amounts separately.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 7 Long-Term Debt - Continued

Debt Maturity Schedule

The following is a summary of maturity of indebtedness:

Description of Issue	Original Date Issued	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance	Due Within One Year
Serial Bonds						
Water Fund	06/01/2007	239,713	Various	03/01/2027	\$ 75,000	\$ 15,000
Water Fund	06/12/2015	225,000	2.70%	06/12/2031	135,000	15,000
Total Serial Bonds					<u>210,000</u>	<u>30,000</u>
Statutory Installment Bonds						
General Fund	11/30/2017	75,000	2.25%	11/30/2022	15,000	15,000
General Fund	11/01/2017	275,000	3.00%	11/01/2036	225,000	12,500
Total Statutory Installment Bonds					<u>240,000</u>	<u>27,500</u>
NYS EFC Revolving Bond						
Sewer Fund	11/01/2011	825,576	Various	05/01/2041	570,000	25,000
Total Debt Outstanding					<u><u>\$ 1,020,000</u></u>	<u><u>\$ 82,500</u></u>

The following tables summarize the Village of Groton's future debt service requirements as of May 31, 2022:

Year	Bonds	
	Principal	Interest
2023	\$ 82,500	\$ 38,704
2024	67,500	36,022
2025	70,000	33,623
2026	70,000	31,093
2027	70,000	28,554
2027-2031	280,000	110,975
2032-2036	240,000	63,578
2037-2041	140,000	16,610
Total	<u><u>\$ 1,020,000</u></u>	<u><u>\$ 359,159</u></u>

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 7 Long-Term Debt - Continued

The interest column reflects 50% of the amount of interest the Village is required to pay on Environmental Project Bonds, which are subsidized by New York State.

The Village of Groton Housing Authority has the following mortgages payable:

<u>Housing Authority</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Outstanding Balance</u>
Rural Development	09/30/2019	\$ 261,127	3.13%	09/30/2039	\$ 261,127
Rural Development	09/30/2019	155,602	3.13%	09/30/2039	155,602
Rural Development	09/30/2019	62,395	3.13%	09/30/2039	62,395
Rural Development	12/31/2019	274,299	3.00%	12/31/2049	271,443
Rural Development	12/31/2018	2,874,911	1.00%	12/31/2038	2,874,911
Total					<u>\$ 3,625,478</u>

The following table summarizes the Housing Authority's future debt service as of December 31, 2021:

<u>Year</u>	<u>Mortgages Payable</u>
2022	54,559
2023	55,253
2024	55,959
2025	56,677
2026	54,519
Thereafter	3,348,511
Total	<u>\$ 3,625,478</u>

Note 8 Postemployment Benefits Other Than Pensions (OPEB)

General Information About the OPEB Plan

Plan Description - The Village provides postemployment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The Village's plan is a single-employer postemployment benefit plan (the Plan). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

General Information About the OPEB Plan - Continued

Employees Covered by Benefit Terms - At May 31, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	4
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	14
Total	18

Total OPEB Liability

The Village's total OPEB liability of \$2,644,689 was measured as of June 1, 2021 and was determined by an actuarial valuation as of June 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	2.20%
Salary Scale	3.00%
Rate of Inflation	2.50%
Marital Assumption	70.00%
Healthcare Cost Trend Rates	6.50% to 4.04% in 2091

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index rate as of the measurement date (or the nearest business day thereto).

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay Actuarial Cost Method.

Mortality rates were based on RHP-2014 combined mortality and then adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis.

Termination and retirement rates are based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Actuarial Assumptions and Other Inputs - Continued

Healthcare Cost Trend Rates were based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical US medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

The actuarial assumptions used in the June 1, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOP).

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% percent in 2021 to 2.20% in 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at May 31, 2021	\$ 2,524,460
Changes for the Year	
Service Cost	133,970
Interest Cost	56,863
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(18,859)
Benefit Payments	(51,745)
	120,229
Balance at May 31, 2022	\$ 2,644,689

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

	1% Decrease (1.20)%	Discount Rate (2.20)%	1% Increase (3.20)%
Total OPEB Liability	\$ 3,176,122	\$ 2,644,689	\$ 2,227,281

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,154,531	\$ 2,644,689	\$ 3,303,653

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2022, the Village recognized OPEB expense of \$260,619.

At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 154,379	\$ 531,054
Changes in Assumptions or Other Inputs	845,973	113,435
Contributions Subsequent to Measurement Date	57,754	-
Total	<u>\$ 1,058,106</u>	<u>\$ 644,489</u>

Village contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ended May 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending May 31,</u>	<u>Amount</u>
2023	\$ 69,786
2024	69,786
2025	69,786
2026	65,136
2027	53,286
2028 and Thereafter	28,083

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 2,524,460	\$ 120,229	\$ 2,644,689
Deferred Outflows of Resources	(1,245,425)	187,319	(1,058,106)
Deferred Inflows of Resources	749,174	(104,685)	644,489
Total	\$ 2,028,209	\$ 202,863	\$ 2,231,072

Note 9 Fund Balance Detail

At May 31, 2022, restricted and assigned fund balances in the governmental funds were as follows:

	General Fund	Special Grant Fund	Sewer Fund	Non-Major Funds
Nonspendable				
Prepaid Expenses	\$ 62,614	\$ -	\$ 3,770	\$ 3,852
Restricted				
Unemployment Insurance Reserve	\$ 7,685	\$ -	\$ -	\$ -
Capital Reserve	145,696	-	42,513	159,748
Repair Reserve	2,983	-	-	-
Restricted for CDBG	-	234,661	-	-
Total	\$ 156,364	\$ 234,661	\$ 42,513	\$ 159,748
Assigned				
Appropriated for Next Year's Budget	\$ 443,386	\$ -	\$ 3,033	\$ 14,115
Remaining Fund Balance	-	-	37,497	123,044
Total	\$ 443,386	\$ -	\$ 40,530	\$ 137,159

At May 31, 2022, the Proprietary Fund had a restricted fund balance of \$396,746, which is restricted for the capital reserve.

VILLAGE OF GROTON

NOTES TO FINANCIAL STATEMENTS MAY 31, 2022

***Note 10* Insurance Pool, Non-Risk Retained**

The Village of Groton is exposed to loss related to employee injuries. In June 1985, the Village of Groton joined with other governments (520 current members) to form the Public Risk Management Association, Inc. (PERMA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation. The Village of Groton pays an annual premium to the pool for its workers' compensation insurance coverage. The agreement for the formation of PERMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments.

PERMA has published its own financial report for the year ended May 31, 2022, which can be obtained from the Public Employer Risk Management Association, Inc., P.O. Box 12250, Albany, New York 12212-2250.

During the year ended May 31, 2022, the Village incurred premiums of \$48,718.

***Note 11* Judgments and Claims**

The Village is named in certain lawsuits, some of which maybe for substantial amounts. These claims are either adequately covered by insurance or, in the opinion of Village officials, will not result in material judgments against the Village or will not be pursued and, therefore, are not expected to have a material effect on the financial statements.

***Note 12* Compliance, Stewardship, and Accountability**

Deficit Net Position

At May 31, 2022, the Statement of Net Position had an unrestricted deficit of \$390,672 and \$331,650 for Governmental Activities and Business-Type Activities, respectively. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 8). These deficits are not expected to be eliminated during the normal course of operations.

Deficit Fund Balance

At May 31, 2022, the Capital Projects Fund had a deficit unassigned fund balance of \$260,000. This deficit is expected to be eliminated with permanent financing.

VILLAGE OF GROTON

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BASIS FOR THE YEAR ENDED MAY 31, 2022

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Real Property Taxes	\$ 863,720	\$ 863,720	\$ 863,717	\$ (3)
Real Property Tax Items	5,500	5,500	10,449	4,949
Nonproperty Tax Items	489,000	489,000	621,900	132,900
Departmental Income	379,100	384,100	382,793	(1,307)
Intergovernmental Charges	56,128	56,128	67,662	11,534
Use of Money and Property	13,500	13,500	14,207	707
Licenses and Permits	8,810	8,810	8,158	(652)
Fines and Forfeitures	500	500	875	375
Sale of Property and Compensation for Loss	3,000	21,094	56,757	35,663
Miscellaneous Local Sources	1,500	1,500	24,833	23,333
State Sources	81,156	130,564	138,123	7,559
Federal Sources		24,000	24,000	-
Total Revenues	1,901,914	1,998,416	2,213,474	215,058
EXPENDITURES				
General Governmental Support	375,856	384,745	271,370	113,375
Public Safety	438,943	427,563	414,521	13,042
Public Health	377,500	377,500	343,135	34,365
Transportation	382,030	434,904	361,308	73,596
Economic Assistance and Opportunity	10,200	10,200	6,291	3,909
Culture and Recreation	189,872	195,292	142,789	52,503
Home and Community Services	33,500	40,200	34,592	5,608
Employee Benefits	363,700	363,700	308,490	55,210
Debt Service (Principal and Interest)	49,350	59,350	49,350	10,000
Total Expenditures	2,220,951	2,293,454	1,931,846	361,608
Excess of Revenues (Expenditures)	(319,037)	(295,038)	281,628	576,666
OTHER FINANCING SOURCES (USES)				
Interfund Transfers (Out)	-	(67,065)	(67,065)	-
Total Other Financing Sources (Uses)	-	(67,065)	(67,065)	-
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(319,037)	(362,103)	214,563	\$ 576,666
Appropriated Fund Balance	319,037	362,103		
Net Change	\$ -	\$ -	214,563	
Fund Balance, Beginning of Year			1,156,654	
Fund Balance, End of Year			\$ 1,371,217	

See Notes to Required Supplementary Information

VILLAGE OF GROTON

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - NON-U.S. GAAP BASIS FOR THE YEAR ENDED MAY 31, 2022

	Sewer Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Departmental Income	\$ 352,500	\$ 352,500	\$ 337,626	\$ (14,874)
Use of Money and Property	3,090	3,090	3,369	279
Federal Aid	-	24,000	-	(24,000)
Miscellaneous	-	-	86	86
Total Revenues	355,590	379,590	341,081	(38,509)
EXPENDITURES				
General Governmental Support	13,500	10,485	6,000	4,485
Home and Community Services	256,155	283,155	268,995	14,160
Employee Benefits	40,000	40,000	39,171	829
Debt Service (Principal and Interest)	37,935	37,935	36,649	1,286
Total Expenditures	347,590	371,575	350,815	20,760
Excess of Revenues (Expenditures)	8,000	8,015	(9,734)	(17,749)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	-	-	24,000	24,000
Interfund Transfers (Out)	(8,000)	(3,774)	(3,774)	-
Total Other Financing Sources (Uses)	(8,000)	(3,774)	20,226	24,000
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	-	4,241	10,492	\$ 6,251
Planned Fund Balance	-	(4,241)		
Net Change	\$ -	\$ -	\$ 10,492	
Fund Balance, Beginning of Year			76,321	
Fund Balance, End of Year			\$ 86,813	

See Notes to Required Supplementary Information

VILLAGE OF GROTON

SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total OPEB Liability										
Service Cost	\$ 133,970	\$ 90,614	\$ 95,064	\$ 95,316	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	56,863	72,837	73,354	61,313	*	*	*	*	*	*
Changes of Benefit Terms	-	-	-	-	*	*	*	*	*	*
Differences Between Expected and Actual Experience	-	(133,124)	-	321,275	*	*	*	*	*	*
Changes in Assumptions or Other Inputs Benefit Payments	(18,859)	539,183	25,753	(201,981)	*	*	*	*	*	*
Benefit Payments	(51,745)	(59,105)	(51,293)	(15,721)	*	*	*	*	*	*
	<u>120,229</u>	<u>510,405</u>	<u>142,878</u>	<u>260,202</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Beginning	<u>2,524,460</u>	<u>2,014,055</u>	<u>1,871,177</u>	<u>1,610,975</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Ending	<u>\$ 2,644,689</u>	<u>\$ 2,524,460</u>	<u>\$ 2,014,055</u>	<u>\$ 1,871,177</u>	<u>\$ 1,610,975</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 765,994	\$ 769,664	\$ 780,043	\$ 734,648	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Liability as a Percentage of Covered Payroll	345.26%	328.00%	258.20%	254.70%						
Discount Rate	2.20%	2.16%	3.51%	3.78%	3.61%					

Change of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 2.20%.

** Information for periods prior to implementation of GASB Statement No 75 is unavailable and will be completed as it becomes available.*

See Notes to Required Supplementary Information

VILLAGE OF GROTON

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Employees' Retirement System										
Contractually Required Contribution	\$ 130,152	\$ 113,330	\$ 121,763	\$ 121,633	\$ 123,811	\$ 110,730	\$ 124,991	\$ 120,967	\$ 157,316	\$ 112,101
Contributions in Relation to the Contractually Required Contribution	(130,152)	(113,330)	(121,763)	(121,633)	(123,811)	(110,730)	(124,991)	(120,967)	(157,316)	(112,101)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Village's Covered Employee Payroll for Year Ending May 31,	863,594	833,145	869,691	860,872	712,503	774,052	708,593	692,575	724,222	640,811
Contributions as a Percentage of Covered Employee Payroll	15.1%	13.6%	14.0%	14.1%	17.4%	14.3%	17.6%	17.5%	21.7%	17.5%
Police and Fire Retirement System										
Contractually Required Contribution	\$ 28,307	\$ 23,030	\$ 24,563	\$ 20,301	\$ 22,191	\$ 21,204	\$ 2,908	\$ 27,639	\$ 30,430	\$ 29,661
Contributions in Relation to the Contractually Required Contribution	(28,307)	(23,030)	(24,563)	(20,301)	(22,191)	(21,204)	(2,908)	(27,639)	(30,430)	(29,661)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Village's Covered Employee Payroll for Year Ending May 31,	140,430	143,514	141,959	129,318	129,335	124,071	105,879	153,784	154,088	169,452
Contributions as a Percentage of Covered Employee Payroll	20.2%	16.0%	17.3%	15.7%	17.2%	17.1%	2.7%	18.0%	19.7%	17.5%

See Notes to Required Supplementary Information

VILLAGE OF GROTON

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's Proportion of the Net Pension (Asset)/Liability								
ERS	0.0031595%	0.0028652%	0.0032101%	0.0030810%	0.0032956%	0.0029529%	0.0029164%	0.308120%
PFRS	0.0047094%	0.0051414%	0.0103760%	0.0046714%	0.0049585%	0.0042617%	0.0046010%	0.009915%
Village's Proportionate Share of the Net Pension (Asset)/Liability								
ERS	\$ (258,272)	\$ 2,853	\$ 850,044	\$ 218,300	\$ 106,363	\$ 277,460	\$ 468,092	\$ 104,090
PFRS	26,751	89,268	554,591	78,343	50,118	88,330	136,227	27,292
Village's Covered Employee Payroll								
During the Measurement Period								
ERS	857,733	828,413	862,705	858,115	855,003	757,862	698,739	691,342
PFRS	135,752	138,376	136,553	124,717	130,259	122,833	102,488	164,043
Village's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll								
ERS	30.1%	0.3%	98.5%	25.4%	12.4%	36.6%	67.0%	15.1%
PFRS	19.7%	64.5%	406.1%	62.8%	38.5%	71.9%	132.9%	16.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability								
ERS	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
PFRS	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

See Notes to Required Supplementary Information

VILLAGE OF GROTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2022

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

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

***Note 2* Budget Policies**

Budget policies are as follows:

- Annual operating budgets are maintained for the following Governmental Fund types:
 - General Fund
 - Special Revenue Funds (Sewer and Water Funds)
- No later than March 31, the budget officer submits the tentative Village budget to the Board of Trustees for the fiscal year commencing the following June. Upon filing the tentative Village budget, a notice is published in the official newspaper of the Village.
- After the public hearing on the recommended budgets, the Mayor and Board of Trustees adopt the final Village budget no later than April 30.
- Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.
- Expenditures may not legally exceed appropriations at the fund level.
- All modifications of the budget must be approved by the governing board.
- The Board of Trustees may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

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

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances recorded at May 31, 2022.

***Note 4* Schedule of Changes in the Village's Total OPEB Liability and Related Ratios**

Changes in assumptions and other inputs reflected the effect of changes in the discount rate each period as presented on the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the Last 10 Fiscal Years. The discount rate changed from 2.16% in 2021 to 2.20% in 2022.

***Note 5* Schedules of the Village's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the Village's Proportionate Share of the Net Pension (Asset)/Liability, Required Supplementary Information, will present ten years of information as it becomes available from the pension plans.

VILLAGE OF GROTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2022

Note 6 Schedules of Village's Contributions - NYSLRS Pension Plans and Schedules of the Village's Proportionate Share of the Net Pension (Asset)/Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2021 actuarial valuation.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, ERS and 6.2% PFRS, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2021 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.7%
Salary Scale	4.4% in ERS and 6.2% in PFRS, indexed by service.
Investment Rate of Return	5.9% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.4% annually.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Village Trustees
Village of Groton
Groton, New York

We have audited, 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, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Village of Groton (the Village), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 23, 2023. Our report includes a reference to other auditors who audited the financial statements of the Groton Housing Authority, as described in our report on the Village's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Village’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 23, 2023