

**TOWN OF ERWIN COMMUNITY
DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY

TABLE OF CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
STATEMENTS OF NET POSITION	4
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 13
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	14
SCHEDULE OF AGENCY'S PENSION CONTRIBUTIONS	15
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	16
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17 - 18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Erwin Community Development Agency
Painted Post, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Town of Erwin Community Development Agency, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Town of Erwin Community Development Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Erwin Community Development Agency, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Erwin Community Development Agency 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Erwin Community Development Agency'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 Town of Erwin Community Development Agency'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this omitted information.

Accounting principles generally accepted in the United States of America require that the schedule of the agency's proportionate share of the net pension liability on page 14 and the schedule of agency's pension contributions on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the Town of Erwin Community Development Agency'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 solely 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 the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Erwin Community Development Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
March 30, 2022

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 160,175	\$ 144,690
Prepaid expense	<u>9,026</u>	<u>9,257</u>
Total current assets	169,201	153,947
Deferred Outflows of Resources	<u>59,616</u>	<u>55,187</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 228,817</u>	<u>\$ 209,134</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued liabilities	\$ 2,968	\$ 538
Due to other governments	<u>2,325</u>	<u>2,389</u>
Total current liabilities	<u>5,293</u>	<u>2,927</u>
Long-Term Liabilities		
Net pension liability	<u>181</u>	<u>51,124</u>
Total Liabilities	5,474	54,051
Deferred Inflows of Resources	58,144	8,677
Net Position - Unrestricted	<u>165,199</u>	<u>146,406</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 228,817</u>	<u>\$ 209,134</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
State aid	\$ 48	\$ 43
Intergovernmental revenue	<u>152,306</u>	<u>138,544</u>
Total revenues	<u>152,354</u>	<u>138,587</u>
Operating Expenses		
Salaries	92,237	84,158
Employee benefits	27,990	28,447
Other expense	5,000	5,337
Pension expense	<u>8,467</u>	<u>22,036</u>
Total expenses	<u>133,694</u>	<u>139,978</u>
Operating Income (Loss)	18,660	(1,391)
Other Income		
Interest income	<u>133</u>	<u>262</u>
Change in Net Position	18,793	(1,129)
Net Position - Beginning	<u>146,406</u>	<u>147,535</u>
Net Position - Ending	<u>\$ 165,199</u>	<u>\$ 146,406</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from operations	\$ 152,290	\$ 137,688
Payments of salaries and employee benefits	(131,938)	(126,868)
Payments of other expenses	<u>(5,000)</u>	<u>(5,337)</u>
Net cash flows from operating activities	<u>15,352</u>	<u>5,483</u>
Cash Flows from Investing Activities		
Interest income	<u>133</u>	<u>262</u>
Net Change in Cash and Cash Equivalents	15,485	5,745
Cash and Cash Equivalents - Beginning	<u>144,690</u>	<u>138,945</u>
Cash and Cash Equivalents - Ending	<u>\$ 160,175</u>	<u>\$ 144,690</u>
Reconciliation of Change in Net Position to Net Cash Flows from Operating Activities		
Change in net position	\$ 18,660	\$ (1,391)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Prepaid expenses	231	(2,860)
Due to other governments	(64)	(899)
Accrued liabilities	2,430	538
Deferred outflows of resources	(4,429)	(19,803)
Deferred inflows of resources	49,467	(7,456)
Net pension liability	<u>(50,943)</u>	<u>37,354</u>
Net cash flows from operating activities	<u>\$ 15,352</u>	<u>\$ 5,483</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of the Agency

Nature of the Agency - The Town of Erwin Community Development Agency (the "Agency") is a local development corporation created August 1, 1975 pursuant to Article 15-B, Title 87 of New York State General Municipal Law. The purpose of the Agency is to accomplish any or all of the purposes specified in Article XV and XV-A of General Municipal Law. The Agency is a governmental agency separate and distinct from the Town of Erwin, New York (the "Town"), however, it functions as the Town's Community Development Department. The Agency has a board consisting of the Town supervisor and four members of the Town Board.

Basis of Accounting - The Agency complies with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

The accounts of the Agency are maintained on the accrual basis of accounting. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation.

Estimates - The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results may differ from those estimates.

Basis of Presentation - The Agency complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Net investment in capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - This component of net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external agency's such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At December 31, 2021 and 2020, the Agency did not have any restricted net position.

Unrestricted net position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

Cash and Cash Equivalents - For purposes of the statements of net position and statements of cash flows, cash and cash equivalents includes cash in money market funds, certificates of deposit and all highly liquid investments with original maturities of three months or less. The Agency maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

Grant Income and Expense - Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met.

Accounting and Financial Reporting for Pensions - The Agency complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Agency to report as a liability its portion of the collective pension liability in the New York State and Local Employees' Retirement System. The implementation of the Statements also requires the Agency to report a deferred outflow and/or inflow for the effect of the net change in the Agency's proportion of the collective net pension liability and difference during the measurement period between the Agency's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Also included as a deferred outflow is the Agency contributions to the pension system subsequent to the measurement date. See Note 5.

Deferred Outflows and Inflows of Resources - In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency reports deferred outflows of resources related to the pension plan in the statement of net position. The types of deferred outflows of resources related to the pension plan are described in Note 5.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency reports deferred inflows of resources related to the pension plan which is described in Note 5.

Note 2. Deposits with Financial Institutions and Investments

Policies - The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and obtain a reasonable rate of return. Oversight of investment activity is the responsibility of the Executive Director.

The Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State. Permissible investments include special time deposit accounts, certificates of deposit and obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, or New York State or in general obligations of the State's political subdivisions.

Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller's Financial Management Guide.

Interest Rate Risk - Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

- Special time deposits;
- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Certificates of deposit.

Custodial Credit Risk - The risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency, including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provision of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits and the agreed upon interest; or an "irrevocable letter of credit" issued by a qualified bank with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest; or by an eligible surety bond payable for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest. The Agency restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations issued or fully insured or guaranteed by the State of New York.

At December 31, 2021 and 2020, all of the Agency's deposits were fully collateralized under FDIC insurance.

Note 3. Concentration in Revenue Sources

During 2021 and 2020, the Agency received approximately 99% of its total revenue in the form of support from the Town of Erwin.

Note 4. Related Parties and Related Party Transactions

The Agency is related through common management and Board of Directors membership with the Town of Erwin and the Town of Erwin Industrial Development Agency (TEIDA), which also promotes economic development in the Town.

Note 5. Employee Benefit Plan

Plan Description and Funding Policy

The Agency participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York 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 State 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 State 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 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.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2021	\$	14,372
2020	\$	11,941
2019	\$	9,917

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

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Agency. At December 31, 2021 and 2020, the Agency reported the following liability for its proportionate share of the net pension liability for the System, which was measured as of March 31, 2021 and March 31, 2020, respectively:

	<u>2021</u>	<u>2020</u>
Actuarial valuation date	4/1/2020	4/1/2019
Net pension liability	\$ 181	\$ 51,124
Agency's portion of the Plan's total net pension liability	0.0001818 %	0.0001931 %

At December 31, 2021, the Agency's proportion was 0.0001818%, which was a decrease of 0.0000113 from its proportion measured as of December 31, 2020. At December 31, 2020, the Agency's proportion was 0.0001931%, which was a decrease of 0.0000012 from its proportion measured as of December 31, 2019.

For the years ended December 31, 2021 and 2020, the Agency recognized pension expense of \$8,467 and \$22,036, respectively. At December 31, 2021 and 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>2021</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,211	\$ -
Changes in assumptions	33,285	628
Net difference between projected and actual investment earnings on pension plan investments	-	52,001
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,748	5,515
Employer contributions subsequent to the measurement date	14,372	-
Total	<u>\$ 59,616</u>	<u>\$ 58,144</u>

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2020</u>		
Differences between expected and actual experience	\$ 3,009	\$ -
Changes in assumptions	1,029	889
Net difference between projected and actual investment earnings on pension plan investments	26,209	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,999	7,788
Employer contributions subsequent to the measurement date	11,941	-
Total	<u>\$ 55,187</u>	<u>\$ 8,677</u>

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on plan investments, are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources reported will be recognized in pension expense as follows:

2022	\$ (1,222)
2023	(550)
2024	(1,748)
2025	(9,380)
Total	<u>\$ (12,900)</u>

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. The actuarial valuations used the following actuarial assumptions:

	<u>2021</u>		<u>2020</u>
Measurement date	3/31/2021		3/31/2020
Actuarial valuation date	4/1/2020		4/1/2019
Investment rate of return (net of investment expense, including inflation)	5.9%		6.8%
Salary increases	4.4%		4.2%
Inflation	2.7%		2.5%

The actuarial valuation as of April 1, 2020 used the actuarial assumption of annuitant mortality rates based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. The previous actuarial valuation as of April 1, 2019 used the actuarial assumption of annuitant mortality rates based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018.

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 for both of the years ended December 31, 2021 and 2020 are summarized below:

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

<u>Asset Type</u>	<u>Long Term</u>		<u>Target Allocation</u>	
	<u>Expected Real Rate*</u>		<u>2021</u>	<u>2020</u>
	<u>2021</u>	<u>2020</u>		
Domestic equity	4.0 %	4.0 %	32.0 %	36.0 %
International equity	6.3 %	6.2 %	15.0 %	14.0 %
Private equity	6.8 %	6.8 %	10.0 %	10.0 %
Real estate	5.0 %	5.0 %	9.0 %	10.0 %
Opportunistic/absolute return strategies	4.5 %	3.3 %	3.0 %	5.0 %
Credit	3.6 %	- %	4.0 %	- %
Real assets	6.0 %	6.0 %	3.0 %	3.0 %
Fixed income	- %	- %	23.0 %	17.0 %
Cash	0.5 %	- %	1.0 %	1.0 %
Inflation-indexed bonds	- %	0.5 %	- %	- %
Bonds and mortgages	- %	0.8 %	- %	4.0 %
			<u>100.0 %</u>	<u>100.0 %</u>

*Real rates of return are net of a long-term inflation assumption of 2.0% and 2.5% for the years ended December 31, 2021 and 2020, respectively.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% and 6.8% for the years ended December 31, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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 liability to changes in the discount rate assumption

The following presents the Agency's proportionate share of the net pension liability as of December 31, 2021, calculated using the discount rate of 5.9% per annum (the "current assumption"), as well as what the Agency's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	<u>1% Decrease</u> <u>(4.9%)</u>	<u>Current</u> <u>Assumption</u> <u>(5.9%)</u>	<u>1% Increase</u> <u>(6.9%)</u>
Town of Erwin Community Development Agency's proportionate share of the net pension liability (asset)	\$ 50,246	\$ 181	\$ (45,990)

The following presents the Agency's proportionate share of the net pension liability as of December 31, 2020, calculated using the discount rate of 6.8% per annum (the "current assumption"), as well as what the Agency's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	<u>1% Decrease</u> <u>(5.8%)</u>	<u>Current</u> <u>Assumption</u> <u>(6.8%)</u>	<u>1% Increase</u> <u>(7.8%)</u>
Town of Erwin Community Development Agency's proportionate share of the net pension liability (asset)	\$ 93,827	\$ 51,124	\$ 11,794

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of valuation date was as follows:

	<u>2021</u>	<u>2020</u>
Valuation date	4/1/2020	4/1/2019
Employers' total pension liability	\$ 220,680,157,000	\$ 194,596,261,000
Plan fiduciary net position	<u>(220,580,583,000)</u>	<u>(168,115,682,000)</u>
Employers' net pension liability	<u>\$ 99,574,000</u>	<u>\$ 26,480,579,000</u>
 Ratio of plan fiduciary net position to the employers' total pension liability	 99.95 %	 86.39 %

Note 6. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Agency carries commercial insurance for these and other risks of loss including workers' compensation and general liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Schedule of Agency's Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Agency's proportion of the net pension liability	0.0001818 %	0.0001931 %	0.0001943 %	0.0003896 %	0.0004068 %	0.0005245 %	0.0006502 %	0.0006502 %
The Agency's proportionate share of the net pension liability	\$ 181	\$ 51,124	\$ 13,770	\$ 12,574	\$ 38,223	\$ 84,180	\$ 21,963	\$ 29,379
The Agency's covered payroll	\$ 92,237	\$ 84,158	\$ 79,992	\$ 93,557	\$ 137,546	\$ 150,313	\$ 137,722	\$ 208,711
The Agency's proportionate share of the net pension liability as a percentage of covered payroll	0.20 %	60.75 %	17.21 %	13.44 %	27.79 %	56.00 %	15.95 %	14.08 %
Plan fiduciary net position as a percentage of the total pension liability	99.95 %	86.40 %	96.30 %	98.20 %	94.70 %	90.70 %	97.90 %	97.20 %

See accompanying notes to required supplementary information.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Schedule of Agency's Pension Contributions
For The Year Ended December 31, 2021

	<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>	<u>2012</u>
Contractually required contribution	\$ 14,372	\$ 11,941	\$ 9,917	\$ 15,566	\$ 22,843	\$ 32,734	\$ 31,555	\$ 54,726	\$ 67,918	\$ 39,537
Contribution in relation to the contractually required contribution	<u>14,372</u>	<u>11,941</u>	<u>9,917</u>	<u>15,566</u>	<u>22,843</u>	<u>32,734</u>	<u>31,555</u>	<u>54,726</u>	<u>67,918</u>	<u>39,537</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered payroll	15.58 %	14.19 %	12.40 %	16.64 %	16.61 %	21.78 %	22.91 %	26.22 %	23.39 %	13.78 %
The Agency's covered payroll	\$ 92,237	\$ 84,158	\$ 79,992	\$ 93,557	\$ 137,546	\$ 150,313	\$ 137,722	\$ 208,711	\$ 290,315	\$ 286,971

See accompanying notes to required supplementary information.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Required Supplementary Information
For the Year Ended December 31, 2021

Note 1. Schedule of Agency's Proportionate Share of the Net Pension Liability and Schedule of Agency's Pension Contributions

The information presented in these required supplementary schedules was determined as part of the actuarial valuation of the New York State Employees' Retirement System Plan. Additional information for the pension schedules can be found in the notes to the financial statements.

The Schedule of Agency's Proportionate Share of the Net Pension Liability is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

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

The Board of Directors
Town of Erwin Community Development Agency
Painted Post, New York

We have audited, in accordance with the 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 Town of Erwin Community Development Agency, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Erwin Community Development Agency's basic financial statements, and have issued our report thereon dated March 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Erwin Community Development Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Erwin Community Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Erwin Community Development Agency'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Erwin Community Development Agency's financial statements are free from 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 result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
March 30, 2022