

**TOWN OF ORCHARD PARK,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2020
and Independent Auditor's Reports*

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Orchard Park, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of the Town, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As stated in Note 2, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report 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 Town'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's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Buffalo, New York
June 30, 2021

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TOWN OF ORCHARD PARK, NEW YORK

Management's Discussion and Analysis

Year Ended December 31, 2020

As management of the Town of Orchard Park, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2020. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$61,277,905 (*net position*). This consists of \$59,409,090 net investment in capital assets, \$2,954,758 restricted for specific purposes, and unrestricted net position of \$(1,085,943).
- The Town's total net position decreased by \$1,860,970 during the year ended December 31, 2020.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,587,748, a decrease of \$3,867,452 in comparison with the prior year's fund balance of \$24,455,200, as restated.
- At the end of the current fiscal year, *unassigned fund* balance for the General Fund was \$4,597,222, or 47.3 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 57.4 percent of the General Fund's total fund balance of \$8,003,923 at December 31, 2020.
- The Town's total bonded indebtedness decreased by \$2,340,000 during the current year as a result of scheduled principal payments.

Overview of the Financial Statements

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

Government-wide financial statements—The *government-wide financial statements* are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, education, public safety, health, transportation, economic development and opportunity, culture and recreation and home and community services. The Town does not engage in any business-type activities.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds, and fiduciary funds.

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

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

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General, Public Safety, Highway, Sewer Districts, Water Districts, Capital Projects and Debt Service Funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources are not available to support the Town's own programs. The Town maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund statements can be found on pages 20-21 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-49 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s net pension liability, the Town’s total OPEB liability and related ratios and budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and a related note to the required supplementary information can be found on pages 50-61 of this report.

Supplemental statements and schedules including the combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information on pages 62-63.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61,277,905 at the close of the 2020 fiscal year.

Table 1, as presented below, shows the net position as of December 31, 2020 and December 31, 2019.

Table 1—Condensed Statement of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2020	2019 (as restated)
Current and other assets	\$ 33,422,334	\$ 38,002,319
Capital assets	93,025,249	93,026,106
Total assets	126,447,583	131,028,425
Deferred outflows of resources	10,215,780	4,578,834
Current liabilities	13,340,494	15,717,207
Noncurrent liabilities	60,337,763	54,468,491
Total liabilities	73,678,257	70,185,698
Deferred inflows of resources	1,707,201	2,282,686
Net position		
Net investment in capital assets	59,409,090	59,692,952
Restricted	2,954,758	3,504,044
Unrestricted	(1,085,943)	(58,121)
Total net position	\$ 61,277,905	\$ 63,138,875

The largest portion of the Town’s net position \$59,409,090, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net

of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,954,758, represents resources that are subject to external restrictions on how they may be used. The last portion of net position is considered to be an unrestricted net position of \$(1,085,943).

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2020 and December 31, 2019.

Table 2—Condensed Statement of Changes in Net Position—Primary Government

	Governmental Activities	
	Year Ended December 31,	
	2020	2019
Program revenues:		
Charges for services	\$ 1,979,055	\$ 2,385,271
Operating grants and contributions	331,625	290,986
Capital grants and contributions	-	133,759
General revenues	<u>25,324,257</u>	<u>25,834,619</u>
Total revenues	<u>27,634,937</u>	<u>28,644,635</u>
Program expenses	29,495,907	27,068,578
Change in net position	(1,860,970)	1,576,057
Net position—beginning	63,138,875	61,188,728
Restatement	<u>-</u>	<u>374,090</u>
Net position—ending	<u>\$ 61,277,905</u>	<u>\$ 63,138,875</u>

Overall revenues of the primary government decreased by 3.5 percent from the prior year, due primarily to a decrease in departmental revenues and interest earnings in relation to the COVID-19 pandemic. Total expenses increased by 9.0 percent compared to the year ended December 31, 2019, which is primarily attributed to changes in the net pension liability.

A summary of sources of revenues of the primary government for the years ended December 31, 2020 and December 31, 2019 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 1,979,055	\$ 2,385,271	\$ (406,216)	(17.0)
Operating grants and contributions	331,625	290,986	40,639	14.0
Capital grants and contributions	-	133,759	(133,759)	(100.0)
Property and other taxes	22,196,379	21,650,371	546,008	2.5
Use of money and property	255,381	738,502	(483,121)	(65.4)
Miscellaneous	1,746,142	2,208,548	(462,406)	(20.9)
State support (unrestricted)	1,126,355	1,237,198	(110,843)	(9.0)
Total general revenues, net	<u>\$ 27,634,937</u>	<u>\$ 28,644,635</u>	<u>\$ (1,009,698)</u>	(3.5)

The Town's largest sources of revenues were property and other taxes of \$22,196,379, or 80.3 percent of total revenues, charges for services of \$1,979,055, or 7.2% of total revenues, and miscellaneous revenues of \$1,746,142, or 6.3 percent of total revenues. For the year ended December 31, 2019, the Town's largest sources of revenues property and other taxes of \$21,650,371, or 75.6 percent of total revenues, charges for services of \$2,385,271, or 8.3% of total revenues, and miscellaneous revenues of \$2,208,548, or 7.7 percent of total revenues.

A summary of program expenses of the primary government for the years ended December 31, 2020 and December 31, 2019 is presented below in Table 4.

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General government support	\$ 4,934,656	\$ 4,786,703	\$ 147,953	3.1
Education	8,227	12,163	(3,936)	(32.4)
Public safety	8,455,912	7,351,208	1,104,704	15.0
Health	5,442	6,597	(1,155)	(17.5)
Transportation	6,017,333	5,441,525	575,808	10.6
Culture and recreation	2,029,562	2,276,698	(247,136)	(10.9)
Home and community services	6,681,511	6,094,938	586,573	9.6
Interest and other fiscal charges	1,363,264	1,098,746	264,518	24.1
Total program expenses	<u>\$ 29,495,907</u>	<u>\$ 27,068,578</u>	<u>\$ 2,427,329</u>	9.0

The Town's most significant expense items for the year ended December 31, 2020 were public safety of \$8,455,912, or 28.7 percent of total expenses, and home and community services of \$6,681,511, or 22.7 percent of total expenses. For the year ended December 31, 2019, the most significant expense items were public safety of \$7,351,208, or 27.2 percent of total expenses, and home and community services of \$6,094,938, or 22.5 percent of total expenses.

Financial Analysis of Governmental Funds

Governmental funds—The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town’s Board.

At December 31, 2020, the Town’s governmental funds reported combined fund balances of \$20,587,748, a decrease of \$3,867,452 in comparison with the prior year fund balance of \$24,455,000, as restated. Approximately 22.3% of this amount \$4,597,222 constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form—\$532,665, 2) restricted for particular purposes—\$2,954,758, 3) committed for particular purposes—\$2,414,110, or 4) assigned for particular purposes—\$10,088,993.

Table 5—Components of Fund Balance—Major Funds

	December 31,	
	2020	2019
General Fund		
Nonspendable	\$ 152,996	\$ 110,729
Restricted	1,090,001	1,558,569
Committed	830,770	838,270
Assigned	1,332,934	1,375,070
Unassigned	<u>4,597,222</u>	<u>4,682,763</u>
Total General Fund	<u>\$ 8,003,923</u>	<u>\$ 8,565,401</u>
Public Safety Fund		
Nonspendable	\$ 295,742	\$ 275,650
Restricted	505,357	463,877
Committed	41,716	41,716
Assigned	<u>749,779</u>	<u>645,801</u>
Total Public Safety Fund	<u>\$ 1,592,594</u>	<u>\$ 1,427,044</u>
Highway Fund		
Nonspendable	\$ 51,796	\$ 45,794
Restricted	319,969	469,969
Assigned	<u>911,938</u>	<u>754,743</u>
Total Highway Fund	<u>\$ 1,283,703</u>	<u>\$ 1,270,506</u>
Sewer Districts Fund		
Restricted	\$ 37,386	\$ 37,386
Assigned	<u>2,334,648</u>	<u>2,396,621</u>
Total Sewer Districts Fund	<u>\$ 2,372,034</u>	<u>\$ 2,434,007</u>
Water Districts Fund		
Nonspendable	\$ 11,381	\$ 10,068
Restricted	60,134	60,134
Assigned	<u>1,644,272</u>	<u>1,561,894</u>
Total Water Districts Fund	<u>\$ 1,715,787</u>	<u>\$ 1,632,096</u>

(continued)

	December 31,	
	2020	2019
		(concluded)
Capital Projects Fund		
Committed	\$ 1,541,624	\$ 5,268,450
Total Capital Projects Fund	<u>\$ 1,541,624</u>	<u>\$ 5,268,450</u>
Debt Service Fund		
Restricted	\$ 924,158	\$ 896,356
Total Debt Service Fund	<u>\$ 924,158</u>	<u>\$ 896,356</u>

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,597,222, while total fund balance decreased to \$8,003,923. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 47.3 percent of total General Fund expenditures and transfers out, while total fund balance represents 82.3 percent of that same amount.

The total fund balance of the Town's General Fund decreased by \$561,478 during the current fiscal year. During the annual budget process, the Town anticipated utilizing \$1,838,000 of fund balance for 2020 operations.

The Town's Public Safety Fund ending fund balance was \$1,592,594. During the year ended December 31, 2020, the Public Safety Fund fund balance increased \$165,550 due to the funding of restricted, committed and assigned purposes.

The Town's Highway Fund ending fund balance was \$1,283,703. During the year ended December 31, 2020, the Highway Fund fund balance increased \$13,197.

The Town's Sewer Districts Fund ending fund balance was \$2,372,034. \$2,033,163 is reported as fund balance assigned for specific (Sewer Districts Fund) use and \$301,485 is assigned to funding next year's budget. During the year ended December 31, 2020, the Sewer Districts Fund fund balance decreased \$61,973.

The Town's Water Districts Fund ending fund balance was \$1,715,787. \$1,519,269 of this amount is reported as fund balance assigned for specific (Water Districts Fund) use and \$125,003 is assigned to funding next year's budget. During the year ended December 31, 2020, the Water Districts Fund fund balance increased \$83,691.

The Town's Capital Projects Fund ending fund balance was \$1,541,624. During the year ended December 31, 2020, the Capital Projects Fund fund balance decreased \$3,726,826 due to current year capital expenditures.

The Town's Debt Service Fund ending fund balance was \$924,158, which consists of a grant received for the payment of debt service and premiums received to be applied towards future debt service payments.

General Fund Budgetary Highlights

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Town has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2020 is presented in Table 6 below:

Table 6—General Fund Budget

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues	\$ 9,694,556	9,770,286	\$ 9,167,872	\$ (602,414)
Expenditures and other financing uses	11,537,626	11,620,858	9,729,350	1,891,508
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,843,070)</u>	<u>\$ (1,850,572)</u>	<u>\$ (561,478)</u>	<u>\$ 1,289,094</u>

Original budget compared to final budget—During the year there was a net increase in appropriations between the original and final amended budget due to supplemental appropriations for various unanticipated departmental expenditures.

Final budget compared to actual results—Budgeted revenues and appropriations varied from actual revenues, expenditures and other financing sources (uses) as follows:

Budgeted revenues exceeded actual revenues by \$602,414. The major contributors to this negative revenue variance were less than anticipated departmental revenues and interest earnings due to the COVID-19 pandemic.

Total expenditures and transfers out were less than the final budget by \$1,891,508. The most significant contributors were culture and recreation and general government support in which expenditures were limited due to the COVID-19 pandemic.

Capital Asset and Debt Administration

Capital assets—The Town's investment in capital assets for its governmental activities as of December 31, 2020 amounted to \$93,025,249 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, works of art and historical treasures, infrastructure, buildings and building improvements, vehicles and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Town's capital asset policy.

Capital assets, net of depreciation for the governmental activities for the years ended December 31, 2020 and December 31, 2019 is presented below in Table 7.

Table 7—Summary of Capital Assets (Net of Depreciation)

	December 31,	
	2020	2019
Land	\$ 5,560,222	\$ 5,560,222
Works of art and historical treasures	50,700	50,700
Construction in progress	6,920,790	26,220,872
Land improvements	952,951	1,063,207
Buildings	24,957,171	3,806,322
Building improvements	2,253,665	2,459,167
Machinery and equipment	4,969,451	4,862,264
Infrastructure	47,360,299	49,003,352
Total	<u>\$ 93,025,249</u>	<u>\$ 93,026,106</u>

The Town's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. The Town has elected to depreciate their infrastructure assets. Additional information on the Town's capital assets can be found in Note 5 to the financial statements.

Long-term liabilities—At December 31, 2020, the Town had total bonded debt outstanding of \$33,050,000 as compared to \$35,390,000 in the prior year. This debt is backed by the full faith and credit of the government.

New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five year valuation. The current debt-limitation for the Town is \$222,681,220, which is significantly in excess of the Town's outstanding general obligation debt.

The Town has a bond rating from Moody's Investor Service of Aa1. Additional information on the Town's long-term debt can be found in Note 11 of this report.

A summary of the Town's long-term liabilities at December 31, 2020 and December 31, 2019 is presented below in Table 8.

Table 8—Summary of Long-Term Liabilities

	December 31,	
	2020	2019
Serial bonds	\$ 33,050,000	\$ 35,390,000
Premium on serial bonds	283,182	298,505
Net bonds payable	33,333,182	35,688,505
Compensated absences	4,172,538	3,990,006
OPEB obligation	12,907,281	11,677,767
Net pension liability	9,924,762	3,112,213
Total	<u>\$ 60,337,763</u>	<u>\$ 54,468,491</u>

Economic Factors and Next Year's Budgets and Rates

On January 31, 2020, the United States Secretary of Health and Human Services ("HHS") declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. The extent of the impact of COVID-19 on the Town's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted. Largely as a result of the public health emergency, the unemployment rate, not seasonally adjusted, for The Town during December 2020 was 5.4 percent, as compared to New York State's unemployment rate of 8.5 percent and to the national unemployment rate of 6.7 percent

These factors were considered in preparing the Town's budget for 2021.

The Town's 2021 budget includes the appropriation of \$1,320,000 of unassigned fund balance and \$200,000 of restricted fund balance in the General Fund. The budget also includes a combined General Fund/Public Safety Fund tax rate of \$4.93 and Highway Fund tax rate of \$2.84 (per \$1,000 of assessed valuation), as compared to the 2020 tax rates of \$4.54 and \$2.93.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor's Office, Town of Orchard Park, 4295 S. Buffalo Road, Orchard Park, New York 14127.

BASIC FINANCIAL STATEMENTS

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TOWN OF ORCHARD PARK, NEW YORK
Statement of Net Position
December 31, 2020

	Primary Government <u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 15,011,797
Restricted cash and cash equivalents	16,649,998
Receivables	387,287
Intergovernmental receivables	840,587
Prepaid items	532,665
Capital assets not being depreciated	12,531,712
Capital assets, net of accumulated depreciation	<u>80,493,537</u>
Total assets	<u>126,447,583</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	8,003,517
Deferred outflows—relating to OPEB	<u>2,212,263</u>
Total deferred outflows of resources	<u>10,215,780</u>
LIABILITIES	
Accounts payable	880,031
Accrued liabilities	712,627
Retainages payable	29,583
Unearned revenue	3,253
Bond anticipation notes payable	11,715,000
Non-current liabilities:	
Due within one year	2,213,950
Due within more than one year	<u>58,123,813</u>
Total liabilities	<u>73,678,257</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	312,411
Deferred inflows—relating to OPEB	<u>1,394,790</u>
Total deferred inflows of resources	<u>1,707,201</u>
NET POSITION	
Net investment in capital assets	59,409,090
Restricted for:	
Capital improvements	593,672
Tax stabilization	200,000
Debt	1,620,586
Other	540,500
Unrestricted	<u>(1,085,943)</u>
Total net position	<u>\$ 61,277,905</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Statement of Activities
Year Ended December 31, 2020

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental activities:				
General government support	\$ 4,934,656	\$ 413,604	\$ 21,370	\$ (4,499,682)
Education	8,227	-	-	(8,227)
Public safety	8,455,912	683,108	69,464	(7,703,340)
Health	5,442	-	-	(5,442)
Transportation	6,017,333	108,662	240,263	(5,668,408)
Culture and recreation	2,029,562	362,760	528.00	(1,666,274)
Home and community services	6,681,511	409,941	-	(6,271,570)
Interest and other fiscal charges	1,363,264	-	-	(1,363,264)
Total primary government	<u>\$ 29,495,907</u>	<u>\$ 1,978,075</u>	<u>\$ 331,625</u>	(27,186,207)
General revenues:				
				17,088,795
				Real property taxes and tax items
				Other non-property taxes:
				Sales tax distribution
				Franchise fees
				Use of money and property
				Sale of property and compensation
				for loss
				Miscellaneous
				State support (unrestricted)
				<u>25,325,237</u>
				Total general revenues
				Change in net position
				(1,860,970)
				Net position—beginning (as restated)
				<u>63,138,875</u>
				Net position—ending
				\$ 61,277,905

The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2020

		Special Revenue						Total	Total
	General	Public Safety	Highway	Sewer Districts	Water Districts	Capital Projects	Debt Service	Nonmajor Funds	Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 5,945,275	\$ 770,590	\$ 1,002,959	\$ 2,399,455	\$ 1,650,229	\$ -	\$ -	\$ 3,243,289	\$ 15,011,797
Restricted cash and cash equivalents	1,090,001	505,357	319,969	37,386	60,134	13,695,240	924,158	17,753	16,649,998
Receivables	170,253	129,397	3,403	-	3,047	-	-	81,187	387,287
Intergovernmental receivables	830,597	9,990	-	-	-	-	-	-	840,587
Prepaid items	152,996	295,742	51,796	-	11,381	-	-	20,750	532,665
Total assets	<u>\$ 8,189,122</u>	<u>\$ 1,711,076</u>	<u>\$ 1,378,127</u>	<u>\$ 2,436,841</u>	<u>\$ 1,724,791</u>	<u>\$ 13,695,240</u>	<u>\$ 924,158</u>	<u>\$ 3,362,979</u>	<u>\$ 33,422,334</u>
LIABILITIES									
Accounts payable	\$ 102,895	\$ 31,447	\$ 60,866	\$ 64,807	3,826	\$ 438,616	-	\$ 177,574	\$ 880,031
Accrued liabilities	81,807	87,035	30,802	-	5,178	-	-	31,480	236,302
Unearned revenue	497	-	2,756	-	-	-	-	-	3,253
Bond anticipation notes payable	-	-	-	-	-	11,715,000	-	-	11,715,000
Total liabilities	<u>185,199</u>	<u>118,482</u>	<u>94,424</u>	<u>64,807</u>	<u>9,004</u>	<u>12,153,616</u>	<u>-</u>	<u>209,054</u>	<u>12,834,586</u>
FUND BALANCES									
Nonspendable	152,996	295,742	51,796	-	11,381	-	-	20,750	532,665
Restricted	1,090,001	505,357	319,969	37,386	60,134	-	924,158	17,753	2,954,758
Committed	830,770	41,716	-	-	-	1,541,624	-	-	2,414,110
Assigned	1,332,934	749,779	911,938	2,334,648	1,644,272	-	-	3,115,422	10,088,993
Unassigned	4,597,222	-	-	-	-	-	-	-	4,597,222
Total fund balances	<u>8,003,923</u>	<u>1,592,594</u>	<u>1,283,703</u>	<u>2,372,034</u>	<u>1,715,787</u>	<u>1,541,624</u>	<u>924,158</u>	<u>3,153,925</u>	<u>20,587,748</u>
Total liabilities and fund balances	<u>\$ 8,189,122</u>	<u>\$ 1,711,076</u>	<u>\$ 1,378,127</u>	<u>\$ 2,436,841</u>	<u>\$ 1,724,791</u>	<u>\$ 13,695,240</u>	<u>\$ 924,158</u>	<u>\$ 3,362,979</u>	<u>\$ 33,422,334</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2020

Amounts reported for governmental activities in the statement of net position (page 14) are different because:

Total fund balances—governmental funds (page 16)		\$ 20,587,748
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$166,540,954 and the accumulated depreciation is \$73,515,705.		93,025,249
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 1,465,096	
Deferred outflows related to experience and investment earnings	6,538,421	
Deferred inflows of resources related to pensions	<u>(312,411)</u>	7,691,106
Deferred outflows of resources and deferred inflows of resources related to changes of assumptions in OPEB are applicable to future periods and, therefore, are not reported in the fund statements.		817,473
To recognize interest accrual on long-term debt. Net accrued interest for general obligation bonds are not reported in the funds.		(476,325)
To recognize retainage payable on outstanding capital projects not recorded in the fund financial statements.		(29,583)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (33,050,000)	
Premium on serial bonds	(283,182)	
Compensated absences	(4,172,538)	
OPEB obligation	(12,907,281)	
Net pension liability	<u>(9,924,762)</u>	<u>(60,337,763)</u>
Net position of governmental activities		<u>\$ 61,277,905</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Statement of Revenues, Expenditures and Changes in
Fund Balances—Governmental Funds
Year Ended December 31, 2020

	Special Revenue					Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
	General	Public Safety	Highway	Sewer Districts	Water Districts				
REVENUES									
Real property taxes	\$ 1,765,158	\$ 6,007,492	\$ 4,282,601	\$ 997,378	\$ 1,194,581	\$ -	\$ -	\$ 2,598,491	\$ 16,845,701
Real property tax items	243,094	-	-	-	-	-	-	-	243,094
Non property tax items	5,023,311	-	-	-	-	-	-	84,273	5,107,584
Departmental income	313,718	327,112	-	24,254	13,434	-	-	667,488	1,346,006
Intergovernmental charges	77,000	-	101,720	-	-	-	-	-	178,720
Use of money and property	112,334	13,274	12,232	13,000	9,061	75,705	4,444	15,331	255,381
Licenses and permits	77,266	-	-	-	-	-	-	975	78,241
Fines and forfeitures	185,111	-	-	-	-	-	-	-	185,111
Sale of property and compensation for loss	-	-	-	-	-	509,653	-	4,875	514,528
Premium on obligations	-	-	-	-	-	-	161,667	-	161,667
Miscellaneous	220,989	36,543	11,002	-	-	5,000	-	181,250	454,784
Interfund revenues	-	-	-	-	1,805	-	-	-	1,805
State aid	1,127,993	26,826	239,406	-	-	-	-	-	1,394,225
Federal aid	21,898	41,000	857	-	-	-	-	-	63,755
Total revenues	<u>9,167,872</u>	<u>6,452,247</u>	<u>4,647,818</u>	<u>1,034,632</u>	<u>1,218,881</u>	<u>590,358</u>	<u>166,111</u>	<u>3,552,683</u>	<u>26,830,602</u>
EXPENDITURES									
Current:									
General government support	3,304,859	-	42,598	-	-	-	-	31	3,347,488
Education	-	5,850	-	-	-	-	-	-	5,850
Public safety	25,291	5,587,183	-	-	-	-	-	386,566	5,999,040
Health	-	-	-	-	-	-	-	3,870	3,870
Transportation	119,885	-	2,835,510	-	-	-	-	346,028	3,301,423
Culture and recreation	1,266,512	-	-	-	-	-	-	12,348.00	1,278,860
Home and community services	59,246	-	-	830,002	484,779	-	-	2,302,760	3,676,787
Employee benefits	1,671,047	2,242,901	852,360	97,036	94,104	-	-	187,679	5,145,127
Debt service:									
Principal	-	-	-	-	-	-	2,340,000	-	2,340,000
Interest	-	-	-	-	-	120,567	1,127,425	-	1,247,992
Capital outlay	-	-	-	-	-	4,351,617	-	-	4,351,617
Total expenditures	<u>6,446,840</u>	<u>7,835,934</u>	<u>3,730,468</u>	<u>927,038</u>	<u>578,883</u>	<u>4,472,184</u>	<u>3,467,425</u>	<u>3,239,282</u>	<u>30,698,054</u>
Excess (deficiency) of revenues over expenditures	<u>2,721,032</u>	<u>(1,383,687)</u>	<u>917,350</u>	<u>107,594</u>	<u>639,998</u>	<u>(3,881,826)</u>	<u>(3,301,314)</u>	<u>313,401</u>	<u>(3,867,452)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	1,549,237	-	-	-	715,690	3,329,116	-	5,594,043
Transfers out	(3,282,510)	-	(904,153)	(169,567)	(556,307)	(560,690)	-	(120,816)	(5,594,043)
Total other financing sources (uses)	<u>(3,282,510)</u>	<u>1,549,237</u>	<u>(904,153)</u>	<u>(169,567)</u>	<u>(556,307)</u>	<u>155,000</u>	<u>3,329,116</u>	<u>(120,816)</u>	<u>-</u>
Net change in fund balances	(561,478)	165,550	13,197	(61,973)	83,691	(3,726,826)	27,802	192,585	(3,867,452)
Fund balances—beginning (as restated)	8,565,401	1,427,044	1,270,506	2,434,007	1,632,096	5,268,450	896,356	2,961,340	24,455,200
Fund balances—ending	<u>\$ 8,003,923</u>	<u>\$ 1,592,594</u>	<u>\$ 1,283,703</u>	<u>\$ 2,372,034</u>	<u>\$ 1,715,787</u>	<u>\$ 1,541,624</u>	<u>\$ 924,158</u>	<u>\$ 3,153,925</u>	<u>\$ 20,587,748</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
December 31, 2020

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances—total governmental funds (page 18) \$ (3,867,452)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 4,150,631	
Loss on disposition of capital assets	(97,927)	
Depreciation expense	(4,053,561)	(857)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Town pension contributions	\$ 1,465,096	
Cost of benefits earned net of employee contributions	(3,157,995)	(1,692,899)

Deferred outflows of resources and deferred inflows of resources relating to OPEB result from changes in assumptions and other inputs. These amounts are shown net of current year amortization.	1,092,781
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 2,340,000	
Amortization of bond premium	15,323	
Change in accrued interest expense	(130,595)	
Change in retainages payable	1,794,775	
Change in compensated absences	(182,532)	
Change in OPEB obligation	(1,229,514)	2,607,457

Change in net position of governmental activities	\$ (1,860,970)
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The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
December 31, 2020

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 1,389,939
Total assets	<u>\$ 1,389,939</u>
 NET POSITION	 <u>\$ 1,389,939</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ORCHARD PARK, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
Year Ended December 31, 2020

	<u>Custodial Fund</u>
ADDITIONS	
Funds received on behalf of others	\$ 69,072
Total additions	<u>69,072</u>
DEDUCTIONS	
Funds distributed on behalf of others	<u>20,453</u>
Total deductions	<u>20,453</u>
Change in net position	48,619
Net position—beginning (as restated)	<u>1,341,320</u>
Net position—ending	<u>\$ 1,389,939</u>

The notes to the financial statements are an integral part of this statement.

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TOWN OF ORCHARD PARK, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Orchard Park, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government 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 Town’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The Town reports no component units.

Reporting Entity

The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law and various local laws. The three-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

Independently elected officials of the Town include:

Supervisor	Town Clerk
Councilmembers (2)	Superintendent of Highways
Town Justices (2)	

Units of local government which operate within the boundaries of the Town are the County of Erie, the Village of Orchard Park and the Orchard Park Fire Commission. Public education is provided by three independent school districts within the Town.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- *General Fund*—this is the principal operating fund of the Town and accounts for all financial resources of the general government, except those accounted for in another fund. The principal source of revenue is non-property tax items.
- *Public Safety Fund*—this is used to record all revenues and expenditures related to public safety throughout the Town. Major revenue sources include real property taxes and fines and forfeitures.
- *Highway Fund*—this is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. Major revenue sources include real property taxes and State aid.
- *Sewer Districts Fund*—this is used to record all revenues and expenditures related to operation and maintenance of the Town's sewer districts. Major revenue sources consist primarily of real property taxes.
- *Water Districts Fund*—this is used to record all revenues and expenditures related to operation and maintenance of the Town's water districts. Major revenue sources consist primarily of real property taxes.
- *Capital Projects Fund*—this fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- *Debt Service Fund*—this fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds. The principal source of revenue for the Debt Service Fund is transfers in from other governmental funds.

Additionally, the Town reports the following fund type:

- *Fiduciary Fund*—The Custodial Fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary funds include monies from outside entities, controlled and administered by the Town for the benefit of others.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the Town’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. The Town has no investments at December 31, 2020. Investments are recorded at fair value based on quoted market value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represents amounts to support fund balance restrictions and unspent proceeds of debt. This also reflects restricted cash related to construction commitments for ongoing capital projects.

Prepaid Items—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include property, buildings, building improvements, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land, works of art, historical treasures and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated and intangible assets amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
Land Improvements	20
Infrastructure:	
Dams and Drainage Systems	30
Water and Sewer Systems	50
Traffic Control Systems	30
Bridges and Culverts	30
Roads	10
Machinery and Equipment:	
Office Equipment and Furniture	10
Heavy Equipment	15
Other	5
Vehicles	10
Computers	5

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Retainages Payable—Represents expenditures incurred by the Town related to construction contracts that have not been paid as of December 31, 2020.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2020, the Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability, and the difference during the measurement period between the Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the Town's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2020, the Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item, also reported in the government-wide statements, represents the effects of the change in the Town's OPEB liability. Differences between actual and expected experience, changes in demographic or economic assumptions, and differences between actual and expected investment experience are recognized as OPEB expense over time.

Net Position Flow Assumption—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose,

committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by Town Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Board has authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditure/Expenses

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—The Erie County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Erie County real property taxes. Property taxes are levied and become a lien as of January 1st based on assessed property values as of that date.

For 2020, tax payments were due January 1st to February 15th without penalty; February 16th to February 28th a 1.5% penalty; March 1st to March 15th a 3.0% penalty; March 16th to April 2nd a 4.5% penalty; April 3rd to April 16th a 6.0% penalty; April 17th to April 30th a 7.5% penalty; and 1.5% added each month thereafter.

The tax roll is returned to the Erie County Commissioner of Finance after June 30th at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items that are returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

The Town also bills and collects taxes for various school districts within Town limits. Collections of the school district taxes and remittances of them are accounted for by the Town Clerk, independent of Town operations.

Compensated Absences—The Town’s labor agreements and Town Board rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

The compensated absences liability for the Town at December 31, 2020 totaled \$4,172,538 and is reported in the government-wide financial statements.

Payment of sick leave and compensatory time is dependent on many factors; therefore timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payment becomes due.

Pensions—The Town is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”) and the New York State Police and Fire Retirement System (“PFRS”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage for certain retired employees at the time of retirement as discussed in Note 8.

Other

Estimates—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2020, the Town implemented GASB Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Other than the matter disclosed in Note 2, the implementation of GASB Statement No.84 did not have a material impact on the Town’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2021, No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*, effective for the year ending December 31, 2022, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The Town is, therefore,

unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 92, 93, 94, 96, and 97 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Deficit Fund Balances—One district within the Water Districts Fund is in a deficit position at December 31, 2020. It is anticipated that this deficit will be remedied through future real property taxes. Additionally, certain projects within the Capital Projects Fund are in a deficit position at December 31, 2020. It is anticipated that these deficits will be remedied through proceeds from future bond issuances.

Legal Compliance – Budgets

Budgets and Budgetary Accounting—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30th, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20th.
- Formal annual budgetary accounts are employed as a management control device for the General, Special Revenue, and Debt Service Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

2. RESTATEMENT OF NET POSITION AND FUND BALANCE

During the year ended December 31, 2020, the Town implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 84 establishes criteria for identifying fiduciary activities of state and local governments. This Statement also provides for the recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The effect of the restatement to the Town’s governmental and custodial funds and activities is summarized as follows:

	Governmental Funds	Governmental Activities	Custodial Fund
Net position/fund balance—December 31, 2019, as previously stated	\$24,081,110	\$62,764,785	\$ -
GASB Statement No. 84 implementation	374,090	374,090	1,341,320
Net position/fund balance—December 31, 2019, as restated	<u>\$24,455,200</u>	<u>\$63,138,875</u>	<u>\$ 1,341,320</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Town's investment policies are governed by State statutes. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The Town 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 or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash and cash equivalents at December 31, 2020 are shown below:

	Governmental Funds	Custodial Funds	Total
Petty Cash (uncollateralized)	\$ 1,025	\$ -	\$ 1,025
Deposits	31,660,770	1,389,939	33,050,709
Total	<u>\$ 31,661,795</u>	<u>\$ 1,389,939</u>	<u>\$ 33,051,734</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2020 are as follows:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 500,913	\$ 500,913
Uninsured:		
Collateral held by bank's agent in the Town's name	32,729,869	32,549,796
Total	<u>\$ 33,230,782</u>	<u>\$ 33,050,709</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2020, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Restricted Cash and Cash Equivalents—The Town reports amounts to support restricted fund balance and unspent proceeds of debt as restricted cash, cash equivalents and investments. At December 31, 2020, the Town reported \$16,649,998 of cash and cash equivalents as restricted in the governmental funds and \$1,389,939 in the custodial fund.

Investments—All investments are reported using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Town has access at the measurement date.

- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - Inputs derived principally from, or corroborated by, observable market data correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Town had no investments as of December 31, 2020.

Interest Rate Risk—Investments—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of deposits and investments. The Town’s investment policy minimizes the risk by structuring the investment portfolio so that the deposits and investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell deposits and investments on the open market prior to maturity.

Custodial Credit Risk—Investments—Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Town’s investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Town does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2020 include:

Receivables—Primarily represents amounts due from other Town departments (e.g. Town Justice, Town Clerk and Receiver of Taxes) who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Other miscellaneous items are also included. Amounts due to the Town at December 31, 2020 are presented on the following page.

General Fund:			
Various Town departments	\$	91,934	
Fire fees		77,811	
Miscellaneous		<u>508</u>	\$ 170,253
Public Safety Fund:			
School resource officer charges	\$	119,605	
Dispatch fees		7,854	
Miscellaneous		<u>1,938</u>	129,397
Highway Fund:			
Fuel charges	\$	3,203	
Various Town departments		<u>200</u>	3,403
Water Fund:			
Various Town departments			3,047
Nonmajor Funds:			
Various Town departments	\$	75,080	
Compost sales		1,401	
Miscellaneous		<u>4,706</u>	81,187
Total governmental funds			<u>\$ 387,287</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Amounts due the Town at December 31, 2020 are:

General Fund:			
Erie County - sales tax	\$	818,323	
Federal - COVID relief		11,274	
Erie County - other		<u>1,000</u>	\$ 830,597
Public Safety Fund:			
Federal - COVID relief			<u>9,990</u>
Total governmental funds			<u>\$ 840,587</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Increases and Reclassifications	Decreases and Reclassifications	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 5,560,222	\$ -	\$ -	\$ 5,560,222
Works of art and historical treasures	50,700	-	-	50,700
Construction in progress	<u>26,220,872</u>	<u>2,366,850</u>	<u>21,666,932</u>	<u>6,920,790</u>
Total capital assets, not being depreciated	<u>31,831,794</u>	<u>2,366,850</u>	<u>21,666,932</u>	<u>12,531,712</u>
Capital assets, being depreciated:				
Land improvements	2,797,005	-	-	2,797,005
Buildings	8,031,059	21,311,303	-	29,342,362
Building improvements	4,606,878	-	-	4,606,878
Machinery and equipment	11,648,545	909,186	478,685	12,079,046
Infrastructure	<u>103,953,727</u>	<u>1,230,224</u>	<u>-</u>	<u>105,183,951</u>
Total capital assets, being depreciated	<u>131,037,214</u>	<u>23,450,713</u>	<u>478,685</u>	<u>154,009,242</u>
Less accumulated depreciation for:				
Land improvements	1,733,798	110,256	-	1,844,054
Buildings	4,224,737	160,454	-	4,385,191
Building improvements	2,147,711	205,502	-	2,353,213
Machinery and equipment	6,786,281	704,072	380,758	7,109,595
Infrastructure	<u>54,950,375</u>	<u>2,873,277</u>	<u>-</u>	<u>57,823,652</u>
Total accumulated depreciation	<u>69,842,902</u>	<u>4,053,561</u>	<u>380,758</u>	<u>73,515,705</u>
Total capital assets, being depreciated, net	<u>61,194,312</u>	<u>19,397,152</u>	<u>97,927</u>	<u>80,493,537</u>
Governmental activities capital assets, net	<u>\$ 93,026,106</u>	<u>\$ 21,764,002</u>	<u>\$ 21,764,859</u>	<u>\$ 93,025,249</u>

Depreciation expense was charged to the functions of the governmental activities as follows:

Governmental activities:	
General support	\$ 261,987
Public safety	162,988
Transportation	1,882,213
Culture and recreation	235,736
Home and community services	<u>1,510,637</u>
Total depreciation expense, governmental activities	<u>\$ 4,053,561</u>

Capital outlay within the capital projects fund was charged to the following functions:

General support	\$ 48,403
Public safety	201,811
Transportation	785,967
Culture and recreation	2,659,934
Home and community services	655,502
Total capital outlay	<u>\$ 4,351,617</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at Town as of December 31, 2020, were as follows:

	General Fund	Public Safety Fund	Highway Fund	Water Districts Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 81,807	\$ 87,035	\$ 30,802	\$ 5,178	\$ 6,065	\$ 210,887
Workers' compensation	-	-	-	-	25,415	25,415
Total	<u>\$ 81,807</u>	<u>\$ 87,035</u>	<u>\$ 30,802</u>	<u>\$ 5,178</u>	<u>\$ 31,480</u>	<u>\$ 236,302</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The Town participates in the PFRS and ERS (the “Systems”), cost-sharing, multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. The systems benefits are established under the provisions of the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the Systems, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The Systems are included in the State’s financial report as a pension trust fund. That report, including information with regards 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.

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS 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 Systems’ fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2020, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2019, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town's proportion of the net pension liabilities were based on projections of the Town'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 System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2020	March 31, 2020
Net pension liability	\$ 5,596,468	\$ 4,328,294
Town's portion of the Plan's total net pension liability	0.1047060%	0.0163542%

For the year ended December 31, 2020, the Town recognized pension expenses of \$2,074,845 and \$1,532,426, respectively, for PFRS and ERS, a total of \$3,607,271. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 372,666	\$ 254,738	\$ 93,740	\$ 75,254
Changes of assumptions	478,363	87,151	-	-
Net difference between projected and actual earnings on pension plan investments	2,520,266	2,218,894	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	375,878	230,465	99,403	44,014
Town contributions subsequent to the measurement date	828,653	636,443	-	-
Total	<u>\$ 4,575,826</u>	<u>\$ 3,427,691</u>	<u>\$ 193,143</u>	<u>\$ 119,268</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2021	\$ 779,821	\$ 480,993
2022	838,514	682,798
2023	1,030,169	844,752
2024	865,005	663,437
2025	40,521	-

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the following actuarial assumptions:

	PFRS	ERS
Measurement date	March 31, 2020	March 31, 2020
Actuarial valuation date	April 1, 2019	April 1, 2019
Interest rate	6.80%	6.80%
Salary scale	5.00%	4.20%
Decrement tables	April 1, 2010- March 31, 2015	April 1, 2010- March 31, 2015
Inflation rate	2.5%	2.5%
Cost-of-living adjustments	1.3%	1.3%

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

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:

	PFRS and ERS	
Measurement date	March 31, 2020	
Asset class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Cash	1.0	-
Inflation-indexed bonds	4.0	0.5
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the Town’s proportionate share of the net pension liabilities calculated using the discount rate of 6.8%, as well as what the Town’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability—PFRS	\$ 10,006,598	\$ 5,596,468	\$ 1,647,096
Employer's proportionate share of the net pension liability—ERS	7,943,642	4,328,294	998,544

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2019	April 1, 2019	
Employers' total pension liability	\$ 35,309,017	\$ 194,596,261	\$ 229,905,278
Plan fiduciary net position	29,964,080	168,115,682	198,079,762
Employers' net pension liability	<u>\$ 5,344,937</u>	<u>\$ 26,480,579</u>	<u>\$ 31,825,516</u>
System fiduciary net position as a percentage of total pension liability	84.9%	86.4%	86.2%

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—In addition to providing pension benefits, the Town provides health insurance coverage to eligible retired employees under a cost-sharing, multiple-employer, defined benefit healthcare plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post-employment benefits is shared between the Town and the retired employee. Substantially all of the Town’s employees may become eligible for these benefits if they reach normal retirement age while working for the Town. The cost of retiree health care benefits is recognized as an expenditure/payable as claims are paid.

Employees Covered by Benefit Terms—At January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Active employees	<u>120</u>
	<u>188</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

Total OPEB Liability

The Town’s total OPEB liability of \$12,907,281 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2020 actuarial valuation, the Entry Age Normal over a level percent of pay was used. The actuarial assumptions included a valuation and measurement date of January 1, 2020. The discount rate used is 2.0%. The Pub-2010 Public Retirement Plans Mortality Tables with the Scale MP-2020 was used for mortality rates. The rates of decrement due to turnover and retirement are based on the experience under the New York State & Local Retirement System. Upon retirement it is assumed that 100% of eligible employees and 75% of their spouses will elect for post-employment health care benefits.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at 12/31/2019:	\$ 11,677,767
Changes for the year:	
Service Cost	611,096
Interest	313,429
Differences between expected and actual	(572,454)
Changes of assumptions	1,472,649
Contributions—employer	<u>(595,206)</u>
Net changes	<u>1,229,514</u>
Balance at 12/31/2020	<u>\$ 12,907,281</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (1.0%)	Current Discount Rate (2.0%)	1% Increase (3.0%)
Total OPEB liability	\$ 14,109,126	\$ 12,907,281	\$ 11,831,169

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in initial (7.00%)/ ultimate (3.78%) healthcare cost trend rates as reported by the Town's actuary:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 11,385,392	\$ 12,907,281	\$ 14,758,629

Funding Policy—Authorization for the Town to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Town Board or through union contracts, which are ratified by the Town Board. For an employee to be eligible for the Town's postemployment health plan they must qualify for retirement as a member of the New York State retirement system.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Town reports deferred inflows of resources due to changes in assumptions. The table below presents the Town's deferred inflows of resources at December 31, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 112,736	\$ 1,049,248
Changes of assumptions	2,099,527	345,542
Total	<u>\$ 2,212,263</u>	<u>\$ 1,394,790</u>

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

<u>Year ending December 31,</u>	
2021	\$ 104,899
2022	153,607
2023	153,607
2024	153,607
2025	153,607
2026 and thereafter	98,146

9. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. From 2004 through May 2010, the Town was self-insured for risks relating to workers' compensations insurance. The Town currently utilizes the NYS Insurance Fund except for previous cases outstanding. Workers' compensation insurance coverage is limited to \$1 million per accident. The Town reports all of its workers compensation costs in the fund relative to the employee who incurs expenses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonable estimated.

The Town purchases commercial insurance to cover other potential risks. Employee medical benefits are provided through the purchase of insurance. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

The general liability insurance policies of the Town are limited to \$1 million per occurrence and \$3 million in the aggregate. The Town carries an umbrella liability policy that adds coverage of \$20 million per occurrence and an aggregate limit of \$20 million over the underlying primary policies. The Town carries real and personal property insurance with a blanket limit of \$22,067,510 on a replacement cost basis. The deductibles applicable to the Town include \$500 for auto physical damage, \$10,000 for equipment, \$0 for general liability, \$25,000 for public officials, \$50,000 for law enforcement, and \$20,000 for property coverage.

At December 31, 2020, the amount of workers compensation liabilities relating to the period in which the Town was self-insured was \$25,415. Changes in the reported liability resulted from the following:

	Beginning Liability	Changes in Estimates	Claims Payments Net of Recoveries	Ending Liability
2020	\$ 28,031	\$ -	\$ 2,616	\$ 25,415
2019	30,526	-	2,495	28,031
2018	33,242	-	2,716	30,526

10. SHORT-TERM DEBT

Liabilities for bond anticipation note ("BANs") are generally accounted for in the Capital Projects Fund. State law requires that 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 life of the permanent financing, provided that annual reductions of principal are made. The following is a summary of the Town's short-term debt as of, and for the year ended December 31, 2020:

Description	Interest Rate	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Community Activity Center	2.00%	\$ 6,500,000	\$ -	\$ 6,500,000	\$ -
Various	2.00%	5,215,000	-	5,215,000	-
Various	1.75%	-	11,715,000	-	11,715,000
		<u>\$ 11,715,000</u>	<u>\$ 11,715,000</u>	<u>\$ 11,715,000</u>	<u>\$ 11,715,000</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include serial bonds, compensated absences, other post-employment benefits plan and net pension liability. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long term debt at December 31, 2020 follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Serial bonds	\$ 35,390,000	\$ -	\$ 2,340,000	\$ 33,050,000	\$ 1,990,000
Premium on serial bonds	298,505	-	15,323	283,182	15,323
Net bonds payable	35,688,505	-	2,355,323	33,333,182	2,005,323
Compensated absences	3,990,006	699,821	517,289	4,172,538	208,627
OPEB obligation	11,677,767	2,397,174	1,167,660	12,907,281	-
Net pension liability*	3,112,213	6,812,549	-	9,924,762	-
Total	<u>\$ 54,468,491</u>	<u>\$ 9,909,544</u>	<u>\$ 4,040,272</u>	<u>\$ 60,337,763</u>	<u>\$ 2,213,950</u>

(*additions to the net pension liability are shown net of reductions.)

Serial Bonds—The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities of ten to thirty years.

A summary of additions and reductions for the year ended December 31, 2020 is shown below:

Purpose	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
General Fund Serial Bonds:							
Municipal renovations	\$ 640,000	2.0-3.0%	2015/2035	\$ 540,000	\$ -	\$ 25,000	\$ 515,000
Town-wide drainage	970,000	2.0-3.5%	2015/2042	870,000	-	25,000	845,000
Municipal buildings	460,000	2.0-2.5%	2016/2031	400,000	-	30,000	370,000
Green Lake	4,000,000	2.0-3.0%	2016/2036	3,650,000	-	180,000	3,470,000
Town wide drainage	1,420,000	2.0-3.0%	2016/2036	1,290,000	-	65,000	1,225,000
Town wide drainage	600,000	3.3-3.5%	2018/2047	580,000	-	20,000	560,000
CAC I	1,500,000	3.3-3.5%	2018/2047	1,460,000	-	40,000	1,420,000
CAC II	14,500,000	3.3-3.5%	2018/2048	14,500,000	-	400,000	14,100,000
Parks and playgrounds	1,250,000	3.3%	2018/2032	1,165,000	-	85,000	1,080,000
Buildings	800,000	3.3-3.5%	2018/2042	770,000	-	30,000	740,000
Total General Fund				<u>25,225,000</u>	<u>-</u>	<u>900,000</u>	<u>24,325,000</u>
Highway Fund Serial Bonds:							
Baker Road	2,600,000	3.6-3.9%	2005/2020	235,000	-	235,000	-
Baker Bridge	500,000	3.6-3.9%	2005/2020	45,000	-	45,000	-
South Lane	800,000	3.6-3.9%	2005/2020	75,000	-	75,000	-
2010 roads project	2,280,000	2.0-2.8%	2015/2025	1,415,000	-	225,000	1,190,000
2012 roads project	270,000	2.0-2.8%	2015/2027	190,000	-	20,000	170,000
Forest Ave bridge	930,000	2.0-3.0%	2015/2032	745,000	-	50,000	695,000
2015 roads and highways	2,000,000	2.0-2.5%	2016/2031	1,745,000	-	130,000	1,615,000
Reconstruction and renovations	450,000	3.3%	2018/2032	420,000	-	30,000	390,000
Reconstruction and renovations	500,000	3.3%	2018/2032	470,000	-	30,000	440,000
Total Highway Fund				<u>5,340,000</u>	<u>-</u>	<u>840,000</u>	<u>4,500,000</u>
Sewer Districts Fund Serial Bonds:							
Various sewer lines	1,565,000	2.0-3.0%	2016/2036	1,425,000	-	70,000	1,355,000
Various sewer lines	200,000	3.3%	2018/2038	190,000	-	10,000	180,000
Total Sewer Districts Fund				<u>1,615,000</u>	<u>-</u>	<u>80,000</u>	<u>1,535,000</u>
Water Districts Fund Serial Bonds:							
District wide water improvements	3,695,280	3.5-4.0%	2007/2022	950,520	-	320,400	630,120
Waterline betterment	249,120	3.5-4.0%	2007/2022	64,080	-	21,600	42,480
Water distribution	1,270,000	2.0-3.5%	2015/2042	1,130,000	-	35,000	1,095,000
Various waterlines	405,000	2.0-2.5%	2016/2031	355,000	-	25,000	330,000
Various waterlines	400,000	3.3-3.5%	2018/2047	390,000	-	10,000	380,000
Total Water Districts Fund				<u>2,889,600</u>	<u>-</u>	<u>412,000</u>	<u>2,477,600</u>
Garbage and Refuse Fund Serial Bonds:							
Composting Facility Development	1,245,600	3.5-4.0%	2007/2022	320,400	-	108,000	212,400
Total Garbage and Refuse Fund				<u>320,400</u>	<u>-</u>	<u>108,000</u>	<u>212,400</u>
Total governmental activities				<u>\$ 35,390,000</u>	<u>\$ -</u>	<u>\$ 2,340,000</u>	<u>\$ 33,050,000</u>

The annual requirements to amortize all bonded debt outstanding (by fund responsible for repayment of such debt) as of December 31, 2020 are as follows:

Year Ending December 31,	Principal					
	General Fund	Highway Fund	Sewer Districts	Water Districts	Refuse and Garbage District	Total
2021	\$ 910,000	\$ 485,000	\$ 80,000	\$ 408,200	\$ 106,800	\$ 1,990,000
2022	915,000	505,000	85,000	404,400	105,600	2,015,000
2023	955,000	515,000	85,000	75,000	-	1,630,000
2024	965,000	530,000	85,000	80,000	-	1,660,000
2025	970,000	540,000	85,000	80,000	-	1,675,000
2026-2030	5,185,000	1,475,000	460,000	445,000	-	7,565,000
2031-2035	5,250,000	450,000	520,000	365,000	-	6,585,000
2036-2040	3,795,000	-	135,000	375,000	-	4,305,000
2041-2045	3,410,000	-	-	215,000	-	3,625,000
2046-thereafter	1,970,000	-	-	30,000	-	2,000,000
Total	<u>\$ 24,325,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,535,000</u>	<u>\$ 2,477,600</u>	<u>\$ 212,400</u>	<u>\$33,050,000</u>

Year Ending December 31,	Interest					
	General Fund	Highway Fund	Sewer Districts	Water Districts	Refuse and Garbage District	Total
2021	\$ 752,785	\$ 116,513	\$ 37,075	\$ 79,694	\$ 8,496	\$ 994,563
2022	726,985	103,800	35,300	64,379	4,224	934,688
2023	700,998	90,600	33,475	49,165	-	874,238
2024	673,723	77,075	31,650	47,278	-	829,726
2025	646,298	63,175	29,825	45,253	-	784,551
2026-2030	2,803,919	171,138	120,194	193,419	-	3,288,670
2031-2035	2,022,181	15,374	60,006	134,900	-	2,232,461
2036-2040	1,292,398	-	3,525	79,979	-	1,375,902
2041-2045	696,733	-	-	20,318	-	717,051
2046-thereafter	134,925	-	-	1,575	-	136,500
Total	<u>\$ 10,450,945</u>	<u>\$ 637,675</u>	<u>\$ 351,050</u>	<u>\$ 715,960</u>	<u>\$ 12,720</u>	<u>\$12,168,350</u>

Compensated Absences—As explained in Note 1, the Town records the value of governmental fund type compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable throughout the year. Payments by the Town to liquidate compensated absences are typically from the funds in which the individuals are employed. These operating funds include General, Public Safety, Highway, Sewer, Water, Town Outside Village and Garbage and Refuse funds. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. The value recorded at December 31, 2020, for governmental activities is \$4,172,538. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$208,627 will become due within one year.

OPEB Obligation—As explained in Note 8, the Town records the value of other postemployment benefits. Payments by the Town to liquidate other postemployment benefits are typically from the funds in which the individuals are employed. These operating funds include General, Public Safety, Highway, Sewer Districts, Water Districts, Town Outside Village and Garbage and Refuse funds. The estimated long-term OPEB obligation is estimated to be \$12,907,281 at December 31, 2020.

Net Pension Liability—The Town reported a liability of \$9,924,762 for the year ended December 31, 2020, for its proportionate share of the net pension liability for the Police and Fire Retirement System and the Employee Retirement System. Refer to Note 7 for additional information related to the Town's net pension liability.

There is a statutory debt limit applicable to towns within New York State. The Town is in compliance with this debt limit.

12. NET POSITION AND FUND BALANCE

The government wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets**—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), net of total indebtedness to net investment in capital assets:

Capital assets, net of accumulated depreciation		\$ 93,025,249
Related debt:		
Serial bonds issued	\$ (33,050,000)	
Unamortized bond issue premium	(283,182)	
Bond anticipation notes issued	(11,715,000)	
Unspent proceeds from debt	<u>11,900,222</u>	
Debt issued and used for capital assets		(33,147,960)
Retainages and accounts payable		<u>(468,199)</u>
Net investment in capital assets		<u>\$ 59,409,090</u>

- **Restricted net position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position is consistent with restricted fund balance at December 31, 2020. Restricted amounts are disclosed on the following page.
- **Unrestricted net position**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by Town at December 31, 2020 include:

- ***Prepaid items***—Represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.

In the fund financial statements, restricted fund balances have constraints placed on the use of resources and are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance maintained by the Town at December 31, 2020 include:

	General Fund	Public Safety Fund	Highway Fund	Sewer Districts Fund	Water Districts Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cemetery	\$ 18,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,795
Senior center	1,297	-	-	-	-	-	-	1,297
Tax stabilization	200,000	-	-	-	-	-	-	200,000
Capital improvements	593,672	-	-	-	-	-	-	593,672
Town historian	6,046	-	-	-	-	-	-	6,046
Historic survey	9,005	-	-	-	-	-	-	9,005
DWI program	-	141,432	-	-	-	-	-	141,432
D.A.R.E. program	-	53,385	-	-	-	-	-	53,385
Equipment	-	147,761	-	-	-	-	-	147,761
Vehicles	-	162,779	-	-	-	-	-	162,779
Debt service	261,186	-	319,969	37,386	60,134	924,158	17,753	1,620,586
Total restricted fund balance	<u>\$ 1,090,001</u>	<u>\$ 505,357</u>	<u>\$ 319,969</u>	<u>\$ 37,386</u>	<u>\$ 60,134</u>	<u>\$ 924,158</u>	<u>\$ 17,753</u>	<u>\$ 2,954,758</u>

- ***Restricted for cemetery***—Represents funds restricted for maintenance of the Town's cemetery.
- ***Restricted for senior center***—Represents donated funds to be used for projects at the senior center.
- ***Restricted for tax stabilization***—Represents funds restricted by the Town Board in accordance with general municipal law section 6-e to be used for future unanticipated events.
- ***Restricted capital improvements***—Represents funds to be used for the construction, reconstruction and or acquisition of buildings.
- ***Restricted for town historian***—Represents donated funds collected to be used for the town historian and related projects.
- ***Restricted for historic survey***—Represents the unspent proceeds of a grant, which is restricted to purposes allowable under grant guidelines.
- ***Restricted for DWI program***—Represents State funding to be used for the Town's DWI program.
- ***Restricted for D.A.R.E. program***—Represents donated funds to be used for the Town's drug awareness program.

- ***Restricted for equipment***—Represents funds accumulated to be used towards the purchase of police department equipment.
- ***Restricted for vehicles***—Represents funds accumulated to be used towards the purchase of police department vehicles.
- ***Restricted for debt service***—Represents unspent debt proceeds, premiums on debt and interest earned on investment of idle funds during the project construction period and amounts approved by Town Board resolution restricted for the reduction of future debt service requirements in the Highway Fund.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town's highest level of decision-making authority. As of December 31, 2020, the Town has committed the following:

	General Fund	Public Safety Fund	Capital Projects Fund	Total
Capital improvements	\$ 457,840	\$ -	\$ 1,541,624	\$ 1,999,464
Insurance deductibles	372,930	-	-	372,930
Equipment	-	41,716	-	41,716
Total committed fund balance	<u>\$ 830,770</u>	<u>\$ 41,716</u>	<u>\$ 1,541,624</u>	<u>\$ 2,414,110</u>

- ***Committed for capital improvements***—Represents funds that the Town Board has authorized to be used for future capital projects.
- ***Committed for insurance deductibles***—Represents funds to be used for insurance deductibles. The Town is insured for risk of loss; however, these funds are to cover deductibles required in certain policies.
- ***Committed for equipment***—Represents accumulated to be used towards the purchase of police and refuse department equipment.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Town at December 31, 2020 and include:

	Subsequent Year's Expenditures	Encumbrances	Retirement Costing	Specific Use	Total Governmental Funds
General Fund	\$ 1,320,000	\$ 12,934	\$ -	\$ -	\$ 1,332,934
Public Safety Fund	-	15,347	734,432	-	749,779
Highway Fund	-	-	-	911,938	911,938
Sewer Districts Fund	301,485	-	-	2,033,163	2,334,648
Water Districts Fund	125,003	-	-	1,519,269	1,644,272
Other Governmental Funds	113,000	-	-	3,002,422	3,115,422
Total	<u>\$ 1,859,488</u>	<u>\$ 28,281</u>	<u>\$ 734,432</u>	<u>\$ 7,466,792</u>	<u>\$ 10,088,993</u>

- *Assigned to subsequent year's expenditures*—Represents available fund balance being appropriated to meet expenditure requirements in the 2021 fiscal year.
- *Assigned to encumbrances*—Represents funds set aside for future purchases.
- *Assigned to retirement costing*—Represents funds set aside for future police retirement buyouts.
- *Assigned to specific use*—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed.

Unassigned fund balance represents the residual classification of the government's General Fund surplus.

If the Town must use funds for emergency expenditures the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Town will use unassigned fund balance.

13. INTERFUND TRANSFERS

The transfers were made by the Town to provide funding for bond principal and interest payments, for public safety operations and for specific capital projects. Interfund transfers as of the year ended December 31, 2020 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,282,510
Public Safety Fund	1,549,237	-
Highway Fund	-	904,153
Sewer Districts Fund	-	169,567
Water Districts Fund	-	556,307
Capital Projects Fund	715,690	560,690
Debt Service Fund	3,329,116	-
Other Governmental Funds	-	120,816
Total	<u>\$ 5,594,043</u>	<u>\$ 5,594,043</u>

14. LABOR RELATIONS

Town employees are represented by four bargaining units with the balance governed by Town Board rules and regulations. The CSEA Blue Collar contract is settled through December 31, 2021. The Police Benevolent Association contract is settled through December 31, 2023 and the Police Command Officers contract is settled through December 31, 2023. The CSEA White Collar contract is settled through December 31, 2019 and a new contract has not been ratified as of December 31, 2020.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2020, there were no significant encumbrances. The Town recorded encumbrances of \$12,934 and \$15,347 in the General Fund and Public Safety Fund, respectively.

16. CONTINGENCIES

Assessments—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

Grants—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The Town is also involved in litigation arising in the ordinary course of its operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town's financial condition or results of operations.

17. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Erie County Industrial Development Agency ("ECIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements entered into by the ECIDA can include the abatement of state, county, local, and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in agreements for payments in lieu of taxes ("PILOT"), which the Town administers as a temporary reduction in the assessed value of the property involved. For the fiscal year

ended December 31, 2020, real property taxes in the amount of \$200,884 were abated; however, the Town received \$129,190 of PILOT payments during the year related to those abatements.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2021 which is the date the financial statements are available for issuance, and have determined, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF ORCHARD PARK, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability—
Police and Fire Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.1047060%	0.1141212%	0.0998012%	0.0980966%	0.1029313%	0.098809%	0.098809%
Town's proportionate share of the net pension liability (asset)	<u>\$ 5,596,468</u>	<u>\$ 1,913,885</u>	<u>\$ 1,008,747</u>	<u>\$ 2,033,202</u>	<u>\$ 3,047,576</u>	<u>\$ 271,981</u>	<u>\$ 411,351</u>
Town's covered payroll	\$ 4,262,620	\$ 3,640,432	\$ 3,615,483	\$ 3,252,898	\$ 3,083,220	\$ 2,879,532	\$ 2,847,272
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	131.29%	52.57%	27.90%	62.50%	98.84%	9.45%	14.45%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%	98.5%

*Information prior to the year ended December 31, 2014 is not available.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of the Town's Contributions—
Police and Fire Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,086,289	\$ 1,065,880	\$ 1,104,941	\$ 869,567	\$ 875,486	\$ 900,488	\$ 908,666
Contributions in relation to the contractually required contribution	<u>(1,086,289)</u>	<u>(1,065,880)</u>	<u>(1,104,941)</u>	<u>(869,567)</u>	<u>(875,486)</u>	<u>(900,488)</u>	<u>(908,666)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 4,454,989	\$ 4,034,794	\$ 3,714,054	\$ 3,543,746	\$ 3,141,823	\$ 3,096,631	\$ 2,966,263
Contributions as a percentage of covered payroll	24.4%	26.4%	29.8%	24.5%	27.9%	29.1%	30.6%

*Information prior to the year ended December 31, 2014 is not available.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.0163452%	0.0169129%	0.0163191%	0.016762%	0.0175110%	0.0182681%	0.0182681%
Town's proportionate share of the net pension liability (asset)	<u>\$ 4,328,294</u>	<u>\$ 1,198,328</u>	<u>\$ 526,690</u>	<u>\$ 1,574,998</u>	<u>\$ 2,810,561</u>	<u>\$ 617,141</u>	<u>\$ 825,509</u>
Town's covered payroll	\$ 6,380,526	\$ 5,696,760	\$ 5,554,196	\$ 5,283,435	\$ 5,097,843	\$ 5,096,005	\$ 5,204,918
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67.84%	21.04%	9.48%	29.81%	55.13%	12.11%	15.86%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended December 31, 2014 is not available.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of the Town's Contributions—
Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 828,081	\$ 763,932	\$ 753,723	\$ 714,592	\$ 775,770	\$ 1,056,156	\$ 1,065,746
Contributions in relation to the contractually required contribution	(828,081)	(763,932)	(753,723)	(714,592)	(775,770)	(1,056,156)	(1,065,746)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 6,315,747	\$ 6,304,398	\$ 5,721,069	\$ 5,350,475	\$ 5,027,730	\$ 4,933,261	\$ 5,037,632
Contributions as a percentage of covered payroll	13.1%	12.1%	13.2%	13.4%	15.4%	21.4%	21.2%

*Information prior to the year ended December 31, 2014 is not available.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last Three Fiscal Years*

	Year Ended December 31,		
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 611,096	\$ 439,230	\$ 484,863
Interest cost	313,429	421,207	393,796
Change of benefit terms	-	-	(149,461)
Differences between expected and actual experience	(572,454)	(1,040,313)	-
Change of assumptions or other inputs	1,472,649	1,222,135	(648,978)
Actual benefit payments	<u>(595,206)</u>	<u>(557,104)</u>	<u>(599,772)</u>
Net change in total OPEB liability	<u>1,229,514</u>	<u>485,155</u>	<u>(519,552)</u>
Total OPEB liability—beginning	<u>11,677,767</u>	<u>11,192,612</u>	<u>11,712,164</u>
Total OPEB liability—ending	<u><u>\$ 12,907,281</u></u>	<u><u>\$ 11,677,767</u></u>	<u><u>\$ 11,192,612</u></u>
 Covered-employee payroll	 \$ 11,254,644	 \$ 11,162,863	 \$ 10,467,913
 Total OPEB liability as a percentage of covered-employee payroll	 114.68%	 104.61%	 106.92%

*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—General Fund
Year Ended December 31, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 1,765,158	\$ 1,765,158	\$ 1,765,158	\$ -
Real property tax items	208,047	208,047	243,094	35,047
Non property tax items	5,015,727	5,015,727	5,023,311	7,584
Departmental income	926,500	926,500	313,718	(612,782)
Intergovernmental charges	75,000	75,000	77,000	2,000
Use of money and property	305,000	305,000	112,334	(192,666)
Licenses and permits	35,100	35,100	77,266	42,166
Fines and forfeitures	275,000	275,000	185,111	(89,889)
Miscellaneous	60,500	124,752	220,989	96,237
State aid	1,027,524	1,028,906	1,127,993	99,087
Federal aid	1,000	11,096	21,898	10,802
Total revenues	<u>9,694,556</u>	<u>9,770,286</u>	<u>9,167,872</u>	<u>(602,414)</u>
EXPENDITURES				
Current:				
General government support	3,732,285	3,940,764	3,304,859	635,905
Public safety	41,169	41,169	25,291	15,878
Transportation	130,637	142,290	119,885	22,405
Economic assistance and opportunity	300	300	-	300
Culture and recreation	2,166,574	2,235,689	1,266,512	969,177
Home and community services	114,434	117,709	59,246	58,463
Employee benefits	<u>1,673,954</u>	<u>1,764,678</u>	<u>1,671,047</u>	<u>93,631</u>
Total expenditures	<u>7,859,353</u>	<u>8,242,599</u>	<u>6,446,840</u>	<u>1,795,759</u>
Excess of revenues over expenditures	<u>1,835,203</u>	<u>1,527,687</u>	<u>2,721,032</u>	<u>1,193,345</u>
OTHER FINANCING USES				
Transfers out	<u>(3,678,273)</u>	<u>(3,378,259)</u>	<u>(3,282,510)</u>	<u>95,749</u>
Total other financing uses	<u>(3,678,273)</u>	<u>(3,378,259)</u>	<u>(3,282,510)</u>	<u>95,749</u>
Net change in fund balances*	<u>(1,843,070)</u>	<u>(1,850,572)</u>	<u>(561,478)</u>	<u>1,289,094</u>
Fund balances - beginning	<u>8,565,401</u>	<u>8,565,401</u>	<u>8,565,401</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,722,331</u>	<u>\$ 6,714,829</u>	<u>\$ 8,003,923</u>	<u>\$ 1,289,094</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Public Safety Fund
Year Ended December 31, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 6,007,492	\$ 6,007,492	\$ 6,007,492	\$ -
Departmental income	301,000	301,000	327,112	26,112
Use of money and property	-	-	13,274	13,274
Miscellaneous	-	23,929	36,543	12,614
State aid	41,100	41,100	26,826	(14,274)
Federal aid	-	28,000	41,000	13,000
Total revenues	<u>6,349,592</u>	<u>6,401,521</u>	<u>6,452,247</u>	<u>50,726</u>
EXPENDITURES				
Current:				
Education	2,000	5,850	5,850	-
Public safety	5,650,299	5,890,362	5,587,183	303,179
Employee benefits	2,665,662	2,473,678	2,242,901	230,777
Total expenditures	<u>8,317,961</u>	<u>8,369,890</u>	<u>7,835,934</u>	<u>533,956</u>
Deficiency of revenues over expenditures	<u>(1,968,369)</u>	<u>(1,968,369)</u>	<u>(1,383,687)</u>	<u>584,682</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	1,549,237	(450,763)
Transfers out	(43,000)	(43,000)	-	43,000
Total other financing sources (uses)	<u>1,957,000</u>	<u>1,957,000</u>	<u>1,549,237</u>	<u>(407,763)</u>
Net change in fund balances*	(11,369)	(11,369)	165,550	176,919
Fund balances - beginning	<u>1,427,044</u>	<u>1,427,044</u>	<u>1,427,044</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,415,675</u>	<u>\$ 1,415,675</u>	<u>\$ 1,592,594</u>	<u>\$ 176,919</u>

* The net change in fund balances was a re-appropriation of prior year encumbrances.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Highway Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 4,282,601	\$ 4,282,601	\$ 4,282,601	\$ -
Intergovernmental charges	102,881	102,881	101,720	(1,161)
Use of money and property	20,000	20,000	12,232	(7,768)
Miscellaneous	5,000	5,000	11,002	6,002
State aid	190,368	302,365	239,406	(62,959)
Federal aid	-	857	857	-
Total revenues	<u>4,600,850</u>	<u>4,713,704</u>	<u>4,647,818</u>	<u>(65,886)</u>
EXPENDITURES				
Current:				
General government support	55,585	55,585	42,598	12,987
Transportation	2,801,440	2,914,294	2,835,510	78,784
Employee benefits	992,041	992,041	852,360	139,681
Total expenditures	<u>3,849,066</u>	<u>3,961,920</u>	<u>3,730,468</u>	<u>231,452</u>
Excess of revenues over expenditures	<u>751,784</u>	<u>751,784</u>	<u>917,350</u>	<u>165,566</u>
OTHER FINANCING USES				
Transfers out	<u>(904,153)</u>	<u>(904,153)</u>	<u>(904,153)</u>	<u>-</u>
Total other financing uses	<u>(904,153)</u>	<u>(904,153)</u>	<u>(904,153)</u>	<u>-</u>
Net change in fund balances*	(152,369)	(152,369)	13,197	165,566
Fund balances - beginning	<u>1,270,506</u>	<u>1,270,506</u>	<u>1,270,506</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,118,137</u>	<u>\$ 1,118,137</u>	<u>\$ 1,283,703</u>	<u>\$ 165,566</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Sewer Districts Fund
Year Ended December 31, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 997,378	\$ 997,378	\$ 997,378	\$ -
Departmental income	8,753	8,753	24,254	15,501
Use of money and property	-	-	13,000	13,000
Total revenues	<u>1,006,131</u>	<u>1,006,131</u>	<u>1,034,632</u>	<u>28,501</u>
EXPENDITURES				
Current:				
Home and community services	1,248,959	1,198,181	830,002	368,179
Employee benefits	<u>142,413</u>	<u>142,413</u>	<u>97,036</u>	<u>45,377</u>
Total expenditures	<u>1,391,372</u>	<u>1,340,594</u>	<u>927,038</u>	<u>413,556</u>
Excess (deficiency) of revenues over expenditures	<u>(385,241)</u>	<u>(334,463)</u>	<u>107,594</u>	<u>442,057</u>
OTHER FINANCING USES				
Transfers out	<u>(115,715)</u>	<u>(169,567)</u>	<u>(169,567)</u>	<u>(53,852)</u>
Total other financing uses	<u>(115,715)</u>	<u>(169,567)</u>	<u>(169,567)</u>	<u>(53,852)</u>
Net change in fund balances*	(500,956)	(504,030)	(61,973)	388,205
Fund balances - beginning	<u>2,434,007</u>	<u>2,434,007</u>	<u>2,434,007</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,933,051</u>	<u>\$ 1,929,977</u>	<u>\$ 2,372,034</u>	<u>\$ 388,205</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Water Districts Fund
Year Ended December 31, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	\$ 1,194,581	\$ 1,194,581	\$ 1,194,581	\$ -
Departmental income	1,905	1,905	13,434	11,529
Use of money and property	-	-	9,061	9,061
Interfund revenues	-	-	1,805	1,805
Total revenues	<u>1,196,486</u>	<u>1,196,486</u>	<u>1,218,881</u>	<u>22,395</u>
EXPENDITURES				
Current:				
Home and community services	681,234	629,302	484,779	144,523
Employee benefits	138,110	138,110	94,104	44,006
Total expenditures	<u>819,344</u>	<u>767,412</u>	<u>578,883</u>	<u>188,529</u>
Excess of revenues over expenditures	<u>377,142</u>	<u>429,074</u>	<u>639,998</u>	<u>210,924</u>
OTHER FINANCING USES				
Transfers out	<u>(507,074)</u>	<u>(556,307)</u>	<u>(556,307)</u>	<u>(49,233)</u>
Total other financing uses	<u>(507,074)</u>	<u>(556,307)</u>	<u>(556,307)</u>	<u>(49,233)</u>
Net change in fund balances*	(129,932)	(127,233)	83,691	161,691
Fund balances - beginning	<u>1,632,096</u>	<u>1,632,096</u>	<u>1,632,096</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,502,164</u>	<u>\$ 1,504,863</u>	<u>\$ 1,715,787</u>	<u>\$ 161,691</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Debt Service Fund
Year Ended December 31, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUE				
Use of money and property	\$ -	\$ -	\$ 4,444	\$ 4,444
Premium on obligations	-	67,150	161,667	94,517
Total revenues	-	67,150	166,111	98,961
EXPENDITURES				
Debt service:				
Principal	\$ 2,340,000	\$ 2,340,000	\$ 2,340,000	\$ -
Interest	1,060,279	1,127,429	1,127,425	4
Total expenditures	3,400,279	3,467,429	3,467,425	4
OTHER FINANCING SOURCES				
Transfers in	3,329,116	3,329,116	3,329,116	-
Total other financing sources	3,329,116	3,329,116	3,329,116	-
Net change in fund balances*	(71,163)	(71,163)	27,802	98,965
Fund balances - beginning	896,356	896,356	896,356	-
Fund balances - ending	\$ 825,193	\$ 825,193	\$ 924,158	\$ 98,965

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2020

1. OPEB LIABILITY

Changes of assumptions—The assumption changes as of December 31, 2020 include a change in the discount rate from 2.75% to 2.00%, updated health care trends and updated rates of turnover, retirement and mortality assumptions.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Capital Project Fund and the Miscellaneous Special Revenue Fund. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through Town Board resolution at the project's inception and lapse upon termination of the project. The Miscellaneous Special Revenue Fund does not have an appropriated budget since there are other means to control the use of these resources (e.g., grant awards).

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require approval of the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2020, there were no significant encumbrances.

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SUPPLEMENTARY INFORMATION

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TOWN OF ORCHARD PARK, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2020

	Special Revenue				Miscellaneous	Total
	Town Outside Village	Garbage and Refuse	Lighting	Drainage	Special Revenue	Nonmajor Funds
ASSETS						
Cash and cash equivalents	\$ 608,472	\$ 318,254	\$ 467,866	\$ 180,296	\$ 1,668,401	\$ 3,243,289
Restricted cash and cash equivalents	-	17,753	-	-	-	17,753
Receivables	21,947	1,401	670	-	57,169	81,187
Prepaid items	17,902	2,848	-	-	-	20,750
Total assets	<u>\$ 648,321</u>	<u>\$ 340,256</u>	<u>\$ 468,536</u>	<u>\$ 180,296</u>	<u>\$ 1,725,570</u>	<u>\$ 3,362,979</u>
LIABILITIES						
Accounts payable	\$ 4,776	\$ 153,445	\$ 18,983	\$ -	\$ 370	\$ 177,574
Accrued liabilities	5,074	26,406	-	-	-	31,480
Total liabilities	<u>9,850</u>	<u>179,851</u>	<u>18,983</u>	<u>-</u>	<u>370</u>	<u>209,054</u>
FUND BALANCES						
Nonspendable	17,902	2,848	-	-	-	20,750
Restricted	-	17,753	-	-	-	17,753
Assigned	620,569	139,804	449,553	180,296	1,725,200	3,115,422
Total fund balances	<u>638,471</u>	<u>160,405</u>	<u>449,553</u>	<u>180,296</u>	<u>1,725,200</u>	<u>3,153,925</u>
Total liabilities and fund balances	<u>\$ 648,321</u>	<u>\$ 340,256</u>	<u>\$ 468,536</u>	<u>\$ 180,296</u>	<u>\$ 1,725,570</u>	<u>\$ 3,362,979</u>

TOWN OF ORCHARD PARK, NEW YORK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue				Miscellaneous	Total
	Town Outside Village	Garbage and Refuse	Lighting	Drainage	Special Revenue	Nonmajor Funds
REVENUES						
Real property taxes	\$ -	\$ 2,253,165	\$ 318,901	\$ 26,425	\$ -	\$ 2,598,491
Non property tax items	84,273	-	-	-	-	84,273
Departmental income	438,961	164,348	-	-	64,179	667,488
Use of money and property	3,868	8,388	3,075	-	-	15,331
Licenses and permits	975	-	-	-	-	975
Sale of property and compensation for loss	4,875	-	-	-	-	4,875
Miscellaneous	-	-	-	-	181,250	181,250
Total revenues	<u>532,952</u>	<u>2,425,901</u>	<u>321,976</u>	<u>26,425</u>	<u>245,429</u>	<u>3,552,683</u>
EXPENDITURES						
Current:						
General government support	31	-	-	-	-	31
Public safety	386,566	-	-	-	-	386,566
Health	3,870	-	-	-	-	3,870
Transportation	-	-	346,028	-	-	346,028
Culture and recreation	-	-	-	-	12,348	12,348
Home and community services	95,584	2,206,957	-	-	219	2,302,760
Employee benefits	187,679	-	-	-	-	187,679
Total expenditures	<u>673,730</u>	<u>2,206,957</u>	<u>346,028</u>	<u>-</u>	<u>12,567</u>	<u>3,239,282</u>
Excess (deficiency) of revenues over expenditures	<u>(140,778)</u>	<u>218,944</u>	<u>(24,052)</u>	<u>26,425</u>	<u>232,862</u>	<u>313,401</u>
OTHER FINANCING (USES)						
Transfers out	-	(120,816)	-	-	-	(120,816)
Total other financing (uses)	<u>-</u>	<u>(120,816)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,816)</u>
Net change in fund balances	(140,778)	98,128	(24,052)	26,425	232,862	192,585
Fund balances - beginning (as restated)	<u>779,249</u>	<u>62,277</u>	<u>473,605</u>	<u>153,871</u>	<u>1,492,338</u>	<u>2,961,340</u>
Fund balances - ending	<u>\$ 638,471</u>	<u>\$ 160,405</u>	<u>\$ 449,553</u>	<u>\$ 180,296</u>	<u>\$ 1,725,200</u>	<u>\$ 3,153,925</u>

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**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Orchard Park, 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 governmental activities, each major fund, and the aggregate remaining fund information of the Town of Orchard Park, New York (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the 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 of the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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 the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Buffalo, New York
June 30, 2021

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Findings
Year Ended December 31, 2020

No findings were reported.

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