

**TOWN OF ORCHARD PARK,  
NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information and Supplementary  
Information for the Year Ended December 31, 2021  
and Independent Auditor's Reports*



**TOWN OF ORCHARD PARK, NEW YORK**  
**Table of Contents**  
**Year Ended December 31, 2021**

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet—Governmental Funds .....	16
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities.....	19
Statement of Fiduciary Net Position—Custodial Fund.....	20
Statement of Changes in Fiduciary Net Position—Custodial Fund.....	21
Notes to the Financial Statements .....	22
<b>Required Supplementary Information:</b>	
Schedule of the Town’s Proportionate Share of the Net Pension Liability—Police and Fire Retirement System.....	49
Schedule of the Town’s Contributions—Police and Fire Retirement System .....	50
Schedule of the Town’s Proportionate Share of the Net Pension Liability—Employees’ Retirement System.....	51
Schedule of the Town’s Contributions—Employees’ Retirement System.....	52
Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios.....	53
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund .....	54
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Public Safety Fund .....	55

(continued)



**TOWN OF ORCHARD PARK, NEW YORK**  
**Table of Contents**  
**Year Ended December 31, 2021**

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(concluded)

	<u>Page</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Highway Fund.....	56
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Sewer Districts Fund .....	57
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Water Districts Fund .....	58
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Garbage and Refuse Fund .....	59
Notes to the Required Supplementary Information .....	60
<b>Supplementary Information:</b>	
Combining Balance Sheet—Nonmajor Governmental Funds.....	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds .....	62
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	63
Schedule of Findings.....	65





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary 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. Such information 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. The 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 July 7, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report 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  
July 7, 2022



**TOWN OF ORCHARD PARK, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2021**

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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, 2021. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**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 \$65,649,399 (*net position*). This consists of \$61,750,752 net investment in capital assets, \$2,260,393 restricted for specific purposes, and unrestricted net position of \$1,638,254.
- The Town's total net position increased by \$4,371,494 during the year ended December 31, 2021.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$30,627,421, an increase of \$10,039,673 in comparison with the prior year's fund balance of \$20,587,748.
- At the end of the current fiscal year, *unassigned fund* balance for the General Fund was \$5,630,569, or 53.8 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 62.2 percent of the General Fund's total fund balance of \$9,048,973 at December 31, 2021.
- The Town's total bonded indebtedness increased by \$6,950,000 during the current year as a result of serial bonds issued and 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, Garbage and Refuse, Capital Projects and Debt Service Funds, all of which are considered to be major funds. Data from the other four 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 22-48 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 49-61 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 \$65,649,399 at the close of the 2021 fiscal year.

Table 1, as presented below, shows the net position as of December 31, 2021 and December 31, 2020.

**Table 1—Condensed Statement of Net Position—Primary Government**

	Governmental Activities	
	December 31,	
	2021	2020
Current and other assets	\$ 35,405,206	\$ 33,422,334
Capital assets	93,504,236	93,025,249
Total assets	<u>128,909,442</u>	<u>126,447,583</u>
Deferred outflows of resources	<u>13,298,245</u>	<u>10,215,780</u>
Current liabilities	5,199,919	13,340,494
Noncurrent liabilities	59,569,828	60,337,763
Total liabilities	<u>64,769,747</u>	<u>73,678,257</u>
Deferred inflows of resources	<u>11,788,541</u>	<u>1,707,201</u>
Net position		
Net investment in capital assets	61,750,752	59,409,090
Restricted	2,260,393	2,954,758
Unrestricted	1,638,254	(1,085,943)
Total net position	<u>\$ 65,649,399</u>	<u>\$ 61,277,905</u>

The largest portion of the Town’s net position \$61,750,752, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), net of accumulated depreciation and 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, \$2,260,393, 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 \$1,638,254.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2021 and December 31, 2020.

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

	<u>Governmental Activities</u>	
	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 2,885,370	\$ 1,978,075
Operating grants and contributions	146,738	331,625
Capital grants and contributions	680,024	-
General revenues	<u>29,380,785</u>	<u>25,325,237</u>
Total revenues	33,092,917	27,634,937
Program expenses	<u>28,721,423</u>	<u>29,495,907</u>
Change in net position	4,371,494	(1,860,970)
Net position—beginning	<u>61,277,905</u>	<u>63,138,875</u>
Net position—ending	<u>\$ 65,649,399</u>	<u>\$ 61,277,905</u>

Overall revenues of the primary government increased by 19.8 percent from the prior year, due primarily to asset dedications from contractors and sales tax. Total expenses decreased by 2.6 percent compared to the year ended December 31, 2020, 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, 2021 and December 31, 2020 is presented in Table 3 on the following page.

**Table 3—Summary of Sources of Revenues—Primary Government**

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Charges for services	\$ 2,885,370	\$ 1,978,075	\$ 907,295	45.9
Operating grants and contributions	146,738	331,625	(184,887)	(55.8)
Capital grants and contributions	680,024	-	680,024	100.0
Property and other taxes	23,717,056	22,196,379	1,520,677	6.9
Use of money and property	78,903	255,381	(176,478)	(69.1)
Miscellaneous	3,979,693	1,747,122	2,232,571	127.8
State support (unrestricted)	1,605,133	1,126,355	478,778	42.5
Total general revenues, net	<u>\$ 33,092,917</u>	<u>\$ 27,634,937</u>	<u>\$ 5,457,980</u>	19.8

The Town's largest sources of revenues were property and other taxes of \$23,717,056, or 71.7 percent of total revenues, miscellaneous revenues of \$3,979,693, or 12.0 percent of total revenues, and charges for services of \$2,885,370, or 8.7 percent of total revenues. For the year ended December 31, 2020, the Town's largest sources of revenues property and other taxes of \$22,196,379, or 80.3 percent of total revenues, charges for services of \$1,978,075, or 7.2 percent of total revenues, and miscellaneous revenues of \$1,747,122, or 6.3 percent of total revenues.

A summary of program expenses of the primary government for the years ended December 31, 2021 and December 31, 2020 is presented below in Table 4.

**Table 4—Summary of Program Expenses—Primary Government**

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
General government support	\$ 4,880,057	\$ 4,934,656	\$ (54,599)	(1.1)
Education	10,623	8,227	2,396	29.1
Public safety	8,152,661	8,445,912	(293,251)	(3.5)
Health	5,517	5,442	75	1.4
Transportation	5,803,598	6,017,333	(213,735)	(3.6)
Culture and recreation	2,532,878	2,029,562	503,316	24.8
Home and community services	6,235,383	6,681,511	(446,128)	(6.7)
Interest and other fiscal charges	1,100,706	1,363,264	(262,558)	(19.3)
Total program expenses	<u>\$ 28,721,423</u>	<u>\$ 29,485,907</u>	<u>\$ (764,484)</u>	(2.6)

The Town's most significant expense items for the year ended December 31, 2021 were public safety of \$8,152,661, or 28.4 percent of total expenses, and home and community services of \$6,235,383, or 21.7 percent of total expenses. For the year ended December 31, 2020, the most significant expense items 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.

## 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, 2021, the Town’s governmental funds reported combined fund balances of \$30,627,421, an increase of \$10,039,673 in comparison with the prior year fund balance of \$20,587,748. Approximately 18.4% of this amount \$5,630,569 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—\$558,678, 2) restricted for particular purposes—\$2,260,393, 3) committed for particular purposes—\$10,794,919, or 4) assigned for particular purposes—\$11,382,862.

**Table 5—Components of Fund Balance—Major Funds**

	December 31,	
	2021	2020
General Fund		
Nonspendable	\$ 115,391	\$ 152,996
Restricted	890,001	1,090,001
Committed	832,607	830,770
Assigned	1,580,405	1,332,934
Unassigned	<u>5,630,569</u>	<u>4,597,222</u>
Total General Fund	<u>\$ 9,048,973</u>	<u>\$ 8,003,923</u>
Public Safety Fund		
Nonspendable	\$ 355,417	\$ 295,742
Restricted	471,981	505,357
Committed	41,716	41,716
Assigned	<u>771,157</u>	<u>749,779</u>
Total Public Safety Fund	<u>\$ 1,640,271</u>	<u>\$ 1,592,594</u>
Highway Fund		
Nonspendable	\$ 56,403	\$ 51,796
Restricted	169,969	319,969
Assigned	<u>1,027,877</u>	<u>911,938</u>
Total Highway Fund	<u>\$ 1,254,249</u>	<u>\$ 1,283,703</u>
Sewer Districts Fund		
Restricted	\$ -	\$ 37,386
Assigned	<u>2,461,404</u>	<u>2,334,648</u>
Total Sewer Districts Fund	<u>\$ 2,461,404</u>	<u>\$ 2,372,034</u>
Water Districts Fund		
Nonspendable	\$ 12,797	\$ 11,381
Restricted	-	60,134
Assigned	<u>1,695,958</u>	<u>1,644,272</u>
Total Water Districts Fund	<u>\$ 1,708,755</u>	<u>\$ 1,715,787</u>

(continued)



	December 31,	
	2021	2020
		(concluded)
Garbage and Refuse Fund		
Nonspendable	\$ 3,017	\$ 2,848
Restricted	17,753	17,753
Assigned	687,745	139,804
Total Garbage and Refuse Fund	<u>\$ 708,515</u>	<u>\$ 160,405</u>
Capital Projects Fund		
Committed	<u>\$ 9,920,596</u>	<u>\$ 1,541,624</u>
Total Capital Projects Fund	<u>\$ 9,920,596</u>	<u>\$ 1,541,624</u>
Debt Service Fund		
Restricted	<u>\$ 710,689</u>	<u>\$ 924,158</u>
Total Debt Service Fund	<u>\$ 710,689</u>	<u>\$ 924,158</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 \$5,630,569, while total fund balance increased to \$9,048,973. 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 53.8 percent of total General Fund expenditures and transfers out, while total fund balance represents 86.5 percent of that same amount.

The total fund balance of the Town's General Fund increased by \$1,045,050 during the current fiscal year. During the annual budget process, the Town anticipated utilizing \$1,320,000 of fund balance for 2021 operations.

The Town's Public Safety Fund ending fund balance was \$1,640,271. During the year ended December 31, 2021, the Public Safety Fund fund balance increased \$47,677 due to the funding of restricted, committed and assigned purposes.

The Town's Highway Fund ending fund balance was \$1,254,249. During the year ended December 31, 2021, the Highway Fund fund balance decreased \$29,454.

The Town's Sewer Districts Fund ending fund balance was \$2,461,404. \$2,126,153 is reported as fund balance assigned for specific (Sewer Districts Fund) use and \$335,251 is assigned to funding next year's budget. During the year ended December 31, 2021, the Sewer Districts Fund fund balance increased \$89,370.

The Town's Water Districts Fund ending fund balance was \$1,708,755. \$1,532,324 of this amount is reported as fund balance assigned for specific (Water Districts Fund) use and \$160,645 is assigned to funding next year's budget. During the year ended December 31, 2021, the Water Districts Fund fund balance decreased \$7,032.

The Town's Garbage and Refuse Fund ending fund balance was \$708,515. \$687,745 of this amount is reported as fund balance assigned for specific use. During the year ended December 31, 2021, the Garbage and Refuse Fund fund balance increased \$548,110.

The Town's Capital Projects Fund ending fund balance was \$9,920,596. During the year ended December 31, 2021, the Capital Projects Fund fund balance increased \$8,378,972 due to serial bonds issued.

The Town's Debt Service Fund ending fund balance was \$710,689, 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, 2021 is presented in Table 6 below:

**Table 6—General Fund Budget**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues	\$ 9,941,147	9,973,148	\$ 11,505,189	\$ 1,532,041
Expenditures and other financing uses	<u>11,474,081</u>	<u>11,509,762</u>	<u>10,460,139</u>	<u>1,049,623</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,532,934)</u>	<u>\$ (1,536,614)</u>	<u>\$ 1,045,050</u>	<u>\$ 2,581,664</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:

Actual revenues exceeded final budgeted revenues by \$1,532,041, primarily due to greater than anticipated sales tax and mortgage tax revenues.

Total expenditures and transfers out were less than the final budget by \$1,049,623.

### Capital Asset and Debt Administration

**Capital assets**—The Town's investment in capital assets for its governmental activities as of December 31, 2021 amounted to \$93,504,236 (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, 2021 and December 31, 2020 is presented below in Table 7.

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

	December 31,	
	2021	2020
Land	\$ 5,558,322	\$ 5,560,222
Works of art and historical treasures	50,700	50,700
Construction in progress	7,222,508	6,920,790
Land improvements	842,695	952,951
Buildings	24,478,494	24,957,171
Building improvements	2,409,705	2,253,665
Machinery and equipment	4,570,614	4,969,451
Infrastructure	48,371,198	47,360,299
Total	<u>\$ 93,504,236</u>	<u>\$ 93,025,249</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 4 to the financial statements.

**Long-term liabilities**—At December 31, 2021, the Town had total bonded debt outstanding of \$40,000,000 as compared to \$33,050,000 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 \$234,818,199, 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 10 of this report.

A summary of the Town's long-term liabilities at December 31, 2021 and December 31, 2020 is presented below in Table 8.

**Table 8—Summary of Long-Term Liabilities**

	December 31,	
	2021	2020
Serial bonds	\$ 40,000,000	\$ 33,050,000
Premium on serial bonds	311,157	283,182
Net bonds payable	40,311,157	33,333,182
Compensated absences	3,574,311	4,172,538
OPEB obligation	13,770,772	12,907,281
Net pension liability	1,913,588	9,924,762
Total	<u>\$ 59,569,828</u>	<u>\$ 60,337,763</u>

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate, not seasonally adjusted, for the Town during December 2021 was 2.7 percent, as compared to December 2020 of 5.0 percent. The unemployment rate, not seasonally adjusted, for New York State during December 2021 was 4.5 percent, as compared to the national unemployment rate of 3.7 percent.

These factors were considered in preparing the Town's budget for 2022.

The Town's 2022 budget includes the appropriation of \$1,520,000 of unassigned fund balance in the General Fund. The budget also includes a combined General Fund/Public Safety Fund tax rate of \$4.63 and Highway Fund tax rate of \$3.11 (per \$1,000 of assessed valuation), as compared to the 2021 tax rates of \$4.93 and \$2.84.

### **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, 2021**

	<u>Primary Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,653,522
Restricted cash and cash equivalents	16,071,558
Receivables	181,299
Intergovernmental receivables	940,149
Prepaid items	558,678
Capital assets not being depreciated	12,831,530
Capital assets, net of accumulated depreciation	<u>80,672,706</u>
Total assets	<u>128,909,442</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows—relating to pension plans	10,813,657
Deferred outflows—relating to OPEB	<u>2,484,588</u>
Total deferred outflows of resources	<u>13,298,245</u>
 <b>LIABILITIES</b>	
Accounts payable	783,572
Accrued liabilities	629,940
Retainages payable	28,838
Unearned revenue	1,357,569
Bond anticipation notes payable	2,400,000
Non-current liabilities:	
Due within one year	2,525,603
Due within more than one year	<u>57,044,225</u>
Total liabilities	<u>64,769,747</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pension plans	10,610,195
Deferred inflows—relating to OPEB	<u>1,178,346</u>
Total deferred inflows of resources	<u>11,788,541</u>
 <b>NET POSITION</b>	
Net investment in capital assets	61,750,752
Restricted for:	
Capital improvements	593,672
Debt	1,159,597
Other	507,124
Unrestricted	<u>1,638,254</u>
Total net position	<u>\$ 65,649,399</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, 2021**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government support	\$ 4,880,057	\$ 523,686	\$ 3,758	\$ -	\$ (4,352,613)
Education	10,623	-	-	-	(10,623)
Public safety	8,152,661	1,012,256	55,036	100,575	(6,984,794)
Health	5,517	-	-	-	(5,517)
Transportation	5,803,598	105,021	84,174	-	(5,614,403)
Culture and recreation	2,532,878	815,867	3,770	-	(1,713,241)
Home and community services	6,235,383	428,540	-	579,449	(5,227,394)
Interest and other fiscal charges	1,100,706	-	-	-	(1,100,706)
Total primary government	<u>\$ 28,721,423</u>	<u>\$ 2,885,370</u>	<u>\$ 146,738</u>	<u>\$ 680,024</u>	<u>(25,009,291)</u>
General revenues:					
					17,880,323
					Real property taxes and tax items
					Other non-property taxes:
					Sales tax distribution
					5,527,001
					Franchise fees
					309,732
					Use of money and property
					78,903
					Sale of property and compensation
					for loss
					62,170
					Miscellaneous
					3,917,523
					State support (unrestricted)
					1,605,133
					Total general revenues
					<u>29,380,785</u>
					Change in net position
					4,371,494
					Net position—beginning
					<u>61,277,905</u>
					Net position—ending
					<u>\$ 65,649,399</u>

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, 2021**

	General	Special Revenue				Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
		Public Safety	Highway	Sewer Districts	Water Districts				
<b>ASSETS</b>									
Cash and cash equivalents	\$ 7,294,770	\$ 905,068	\$ 1,110,083	\$ 2,515,643	\$ 1,697,362	\$ 852,752	\$ -	\$ 3,277,844	\$ 17,653,522
Restricted cash and cash equivalents	2,247,570	471,981	169,969	-	-	17,753	12,453,596	710,689	16,071,558
Receivables	109,014	11,481	10,570	-	3,397	22,464	-	-	181,299
Intergovernmental receivables	940,149	-	-	-	-	-	-	-	940,149
Prepaid items	115,391	355,417	56,403	-	12,797	3,017	-	-	558,678
Total assets	<u>\$ 10,706,894</u>	<u>\$ 1,743,947</u>	<u>\$ 1,347,025</u>	<u>\$ 2,515,643</u>	<u>\$ 1,713,556</u>	<u>\$ 895,986</u>	<u>\$ 12,453,596</u>	<u>\$ 710,689</u>	<u>\$ 35,405,206</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 206,494	\$ 19,601	\$ 66,407	\$ 54,239	1,733	163,335	\$ 133,000	-	\$ 783,572
Accrued liabilities	93,858	84,075	26,369	-	3,068	24,136	-	-	236,644
Unearned revenue	1,357,569	-	-	-	-	-	-	-	1,357,569
Bond anticipation notes payable	-	-	-	-	-	-	2,400,000	-	2,400,000
Total liabilities	<u>1,657,921</u>	<u>103,676</u>	<u>92,776</u>	<u>54,239</u>	<u>4,801</u>	<u>187,471</u>	<u>2,533,000</u>	<u>-</u>	<u>4,777,785</u>
<b>FUND BALANCES</b>									
Nonspendable	115,391	355,417	56,403	-	12,797	3,017	-	-	558,678
Restricted	890,001	471,981	169,969	-	-	17,753	-	710,689	2,260,393
Committed	832,607	41,716	-	-	-	-	9,920,596	-	10,794,919
Assigned	1,580,405	771,157	1,027,877	2,461,404	1,695,958	687,745	-	-	11,382,862
Unassigned	5,630,569	-	-	-	-	-	-	-	5,630,569
Total fund balances	<u>9,048,973</u>	<u>1,640,271</u>	<u>1,254,249</u>	<u>2,461,404</u>	<u>1,708,755</u>	<u>708,515</u>	<u>9,920,596</u>	<u>710,689</u>	<u>30,627,421</u>
Total liabilities and fund balances	<u>\$ 10,706,894</u>	<u>\$ 1,743,947</u>	<u>\$ 1,347,025</u>	<u>\$ 2,515,643</u>	<u>\$ 1,713,556</u>	<u>\$ 895,986</u>	<u>\$ 12,453,596</u>	<u>\$ 710,689</u>	<u>\$ 35,405,206</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, 2021**

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

Total fund balances—governmental funds (page 16)	\$	30,627,421
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$171,616,482 and the accumulated depreciation is \$78,112,246.		93,504,236
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	\$ 1,676,033	
Deferred outflows related to experience and investment earnings	9,137,624	
Deferred inflows of resources related to pensions	<u>(10,610,195)</u>	203,462
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.		1,306,242
To recognize interest accrual on long-term debt. Net accrued interest for general obligation bonds are not reported in the funds.		(393,296)
To recognize retainage payable on outstanding capital projects not recorded in the fund financial statements.		(28,838)
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	\$ (40,000,000)	
Premium on serial bonds	(311,157)	
Compensated absences	(3,574,311)	
OPEB obligation	(13,770,772)	
Net pension liability	<u>(1,913,588)</u>	<u>(59,569,828)</u>
Net position of governmental activities	\$	<u><u>65,649,399</u></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, 2021**

	General	Special Revenue				Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds	
		Public Safety	Highway	Sewer Districts	Water Districts					Garbage and Refuse
<b>REVENUES</b>										
Real property taxes	\$ 2,348,557	\$ 6,096,422	\$ 4,182,635	\$ 1,151,855	\$ 1,123,550	\$ 2,368,703	\$ -	\$ -	\$ 345,326	\$ 17,617,048
Real property tax items	263,275	-	-	-	-	-	-	-	-	263,275
Non property tax items	5,679,360	-	-	-	-	-	-	-	157,373	5,836,733
Departmental income	854,450	469,544	-	28,668	12,050	205,817	-	-	680,726	2,251,255
Intergovernmental charges	77,000	-	105,021	-	-	-	-	-	-	182,021
Use of money and property	78,903	-	-	-	-	-	-	-	-	78,903
Licenses and permits	61,357	-	-	-	-	-	-	-	2,000	63,357
Fines and forfeitures	237,478	-	-	-	-	-	-	-	-	237,478
Sale of property and compensation for loss	-	8,095	44,026	-	-	-	9,804	-	245	62,170
Premium on obligations	-	-	-	-	-	-	-	61,456	-	61,456
Miscellaneous	292,148	7,937	4,962	-	-	-	9,304	-	140,150	454,501
Interfund revenues	-	-	-	-	1,805	-	-	-	-	1,805
State aid	1,605,133	51,706	84,174	-	-	579,449	100,575	-	-	2,421,037
Federal aid	7,528	3,330	-	-	-	-	-	-	-	10,858
<b>Total revenues</b>	<b>11,505,189</b>	<b>6,637,034</b>	<b>4,420,818</b>	<b>1,180,523</b>	<b>1,137,405</b>	<b>3,153,969</b>	<b>119,683</b>	<b>61,456</b>	<b>1,325,820</b>	<b>29,541,897</b>
<b>EXPENDITURES</b>										
Current:										
General government support	3,440,335	202	46,262	-	-	-	-	-	83,290	3,570,089
Education	-	8,272	-	-	-	-	-	-	-	8,272
Public safety	33,316	5,900,669	-	-	-	-	-	-	421,895	6,355,880
Health	-	-	-	-	-	-	-	-	4,296	4,296
Transportation	134,050	-	2,709,317	-	-	-	-	-	272,270	3,115,637
Culture and recreation	1,440,710	-	-	-	-	-	-	-	14,698	1,455,408
Home and community services	38,964	-	-	800,525	488,468	2,490,563	-	-	146,840	3,965,360
Employee benefits	1,830,416	2,559,777	1,163,093	122,751	118,877	-	-	-	202,082	5,996,996
Debt service:										
Principal	-	-	-	-	-	-	-	1,990,000	-	1,990,000
Interest	-	-	-	-	-	-	-	1,199,575	-	1,199,575
Capital outlay	-	-	-	-	-	-	780,711	-	-	780,711
<b>Total expenditures</b>	<b>6,917,791</b>	<b>8,468,920</b>	<b>3,918,672</b>	<b>923,276</b>	<b>607,345</b>	<b>2,490,563</b>	<b>780,711</b>	<b>3,189,575</b>	<b>1,145,371</b>	<b>28,442,224</b>
Excess (deficiency) of revenues over expenditures	4,587,398	(1,831,886)	502,146	257,247	530,060	663,406	(661,028)	(3,128,119)	180,449	1,099,673
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	1,879,563	-	-	-	-	257,500	2,914,650	-	5,051,713
Transfers out	(3,542,348)	-	(531,600)	(167,877)	(537,092)	(115,296)	(157,500)	-	-	(5,051,713)
Serial bonds issued	-	-	-	-	-	-	8,940,000	-	-	8,940,000
<b>Total other financing sources (uses)</b>	<b>(3,542,348)</b>	<b>1,879,563</b>	<b>(531,600)</b>	<b>(167,877)</b>	<b>(537,092)</b>	<b>(115,296)</b>	<b>9,040,000</b>	<b>2,914,650</b>	<b>-</b>	<b>8,940,000</b>
<b>Net change in fund balances</b>	<b>1,045,050</b>	<b>47,677</b>	<b>(29,454)</b>	<b>89,370</b>	<b>(7,032)</b>	<b>548,110</b>	<b>8,378,972</b>	<b>(213,469)</b>	<b>180,449</b>	<b>10,039,673</b>
Fund balances—beginning	8,003,923	1,592,594	1,283,703	2,372,034	1,715,787	160,405	1,541,624	924,158	2,993,520	20,587,748
Fund balances—ending	\$ 9,048,973	\$ 1,640,271	\$ 1,254,249	\$ 2,461,404	\$ 1,708,755	\$ 708,515	\$ 9,920,596	\$ 710,689	\$ 3,173,969	\$ 30,627,421

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**  
**Year Ended December 31, 2021**

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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) \$ 10,039,673

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	\$ 5,128,176	
Loss on disposition of capital assets	(17,407)	
Depreciation expense	<u>(4,631,782)</u>	478,987

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

Town pension contributions	\$ 1,676,033	
Cost of benefits earned net of employee contributions	<u>(1,152,503)</u>	523,530

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. 488,769

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:

Serial bonds issued	\$ (8,940,000)	
Repayment of serial bonds	1,990,000	
Premium on serial bonds	(43,815)	
Amortization of bond premium	15,840	
Change in accrued interest expense	83,029	
Change in retainages payable	745	
Change in compensated absences	598,227	
Change in OPEB obligation	<u>(863,491)</u>	<u>(7,159,465)</u>

Change in net position of governmental activities \$ 4,371,494

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, 2021**

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	<b>Custodial Fund</b>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 1,468,192
Receivables	<u>418</u>
Total assets	<u>1,468,610</u>
<b>NET POSITION</b>	<u>\$ 1,468,610</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, 2021**

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Funds received on behalf of others	\$ 3,531,828
Total additions	<u>3,531,828</u>
<b>DEDUCTIONS</b>	
Funds distributed on behalf of others	<u>3,453,157</u>
Total deductions	<u>3,453,157</u>
Net increase in fiduciary net position	78,671
Net position—beginning	<u>1,389,939</u>
Net position—ending	<u>\$ 1,468,610</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, 2021**

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**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.
- *Garbage and Refuse Fund*—this fund is used to record revenues and expenditures related to garbage collection in the Town. The principal source of revenue for the Garbage and Refuse Fund is 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, 2021. 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, unearned revenue 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 is 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, 2021.

***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, 2021, 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 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 other postemployment benefits (“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, 2021, 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 1<sup>st</sup> based on assessed property values as of that date.

For 2021, tax payments were due January 1<sup>st</sup> to February 16<sup>th</sup> without penalty; February 17<sup>th</sup> to March 1<sup>st</sup> a 1.5% penalty; March 2<sup>nd</sup> to March 15<sup>th</sup> a 3.0% penalty; March 16<sup>th</sup> to March 31<sup>st</sup> a 4.5% penalty; April 1<sup>st</sup> to April 15<sup>th</sup> a 6.0% penalty; April 16<sup>th</sup> to April 30<sup>th</sup> 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 30<sup>th</sup> 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, 2021 totaled \$3,574,311 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 6.

**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 7.

## **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, 2021, the Town implemented GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*; 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*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 89, 91, 92, 93, 97 and 98 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. 87, *Leases*, No. 99, *Omnibus 2022*, effective for the year ending December 31, 2022, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023, No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 94, 96, 99, 100 and 101 will have on its financial position and results of operations when such statements are adopted.

## **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 30<sup>th</sup>, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1<sup>st</sup>. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5<sup>th</sup>.



- 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 20<sup>th</sup>.
- 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. 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, 2021 are shown below:

	Governmental Funds	Custodial Funds	Total
Petty Cash (uncollateralized)	\$ 1,025	\$ -	\$ 1,025
Deposits	<u>33,724,055</u>	<u>1,468,192</u>	<u>35,192,247</u>
Total	<u>\$ 33,725,080</u>	<u>\$ 1,468,192</u>	<u>\$ 35,193,272</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2021 are as follows:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 252,219	\$ 252,219
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>35,095,072</u>	<u>34,940,028</u>
Total	<u>\$ 35,347,291</u>	<u>\$ 35,192,247</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, 2021, 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, unearned revenue and unspent proceeds of debt as restricted cash, cash equivalents and investments. At December 31, 2021, the Town reported \$16,071,558 of cash and cash equivalents as restricted in the governmental funds and \$1,468,192 in the custodial fund.

### 3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2021 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, 2021 are:

General Fund:		
Various Town departments	\$ 96,672	
Miscellaneous	<u>12,342</u>	\$ 109,014
Public Safety Fund:		
Dispatch fees	\$ 10,191	
Miscellaneous	<u>1,290</u>	11,481
Highway Fund:		
Fuel charges	\$ 7,661	
Various Town departments	<u>2,909</u>	10,570
Water Districts Fund:		
Various Town departments		3,397
Garbage and Refuse Fund:		
Compost sales		22,464
Other governmental funds:		
Town Outside Village Fund:		
Various Town departments		23,703
Lighting Fund:		
Miscellaneous		<u>670</u>
		<u>\$ 181,299</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, 2021 are:

General Fund:	
Erie County - sales tax	\$ 939,149
Erie County - other	<u>1,000</u>
Total governmental funds	<u>\$ 940,149</u>

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Increases and Reclassifications	Decreases and Reclassifications	Balance 12/31/2021
Capital assets, not being depreciated:				
Land	\$ 5,560,222	\$ -	\$ 1,900	\$ 5,558,322
Works of art and historical treasures	50,700	-	-	50,700
Construction in progress	<u>6,920,790</u>	<u>779,966</u>	<u>478,248</u>	<u>7,222,508</u>
Total capital assets, not being depreciated	<u>12,531,712</u>	<u>779,966</u>	<u>480,148</u>	<u>12,831,530</u>
Capital assets, being depreciated:				
Land improvements	2,797,005	-	-	2,797,005
Buildings	29,342,362	94,125	-	29,436,487
Building improvements	4,606,878	368,261	-	4,975,139
Machinery and equipment	12,079,046	480,670	52,648	12,507,068
Infrastructure	<u>105,183,951</u>	<u>3,885,302</u>	<u>-</u>	<u>109,069,253</u>
Total capital assets, being depreciated	<u>154,009,242</u>	<u>4,828,358</u>	<u>52,648</u>	<u>158,784,952</u>
Less accumulated depreciation for:				
Land improvements	1,844,054	110,256	-	1,954,310
Buildings	4,385,191	572,802	-	4,957,993
Building improvements	2,353,213	212,221	-	2,565,434
Machinery and equipment	7,109,595	862,100	35,241	7,936,454
Infrastructure	<u>57,823,652</u>	<u>2,874,403</u>	<u>-</u>	<u>60,698,055</u>
Total accumulated depreciation	<u>73,515,705</u>	<u>4,631,782</u>	<u>35,241</u>	<u>78,112,246</u>
Total capital assets, being depreciated, net	<u>80,493,537</u>	<u>196,576</u>	<u>17,407</u>	<u>80,672,706</u>
Governmental activities capital assets, net	<u>\$ 93,025,249</u>	<u>\$ 976,542</u>	<u>\$ 497,555</u>	<u>\$ 93,504,236</u>

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

Governmental activities:	
General support	\$ 302,910
Public safety	203,489
Transportation	2,130,506
Culture and recreation	663,892
Home and community services	<u>1,330,985</u>
Total depreciation expense, governmental activities	<u>\$ 4,631,782</u>

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

General support	\$ 45,381
Transportation	84,119
Culture and recreation	89,125
Home and community services	<u>562,086</u>
Total capital outlay	<u>\$ 780,711</u>

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at Town as of December 31, 2021, were as follows:

	General Fund	Public Safety Fund	Highway Fund	Water Districts Fund	Garbage and Refuse Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 93,858	\$ 84,075	\$ 26,369	\$ 3,068	\$ 836	\$ 5,138	\$ 213,344
Workers' compensation	-	-	-	-	23,300	-	23,300
Total	<u>\$ 93,858</u>	<u>\$ 84,075</u>	<u>\$ 26,369</u>	<u>\$ 3,068</u>	<u>\$ 24,136</u>	<u>\$ 5,138</u>	<u>\$ 236,644</u>

## 6. 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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, 2021, 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, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2020, 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.

	<u>PFRS</u>	<u>ERS</u>
Measurement date	March 31, 2021	March 31, 2021
Net pension liability	\$ 1,896,631	\$ 16,957
Town's portion of the Plan's total net pension liability	0.1092356%	0.0170297%

For PFRS, at March 31, 2021, the Town’s proportion was .1092356 percent, which was an increase of .0045296 percent from its proportion measured as of March 31, 2020. For ERS, at March 31, 2021, the Town’s proportion was .0170297 percent, which was an increase of .0006755 percent from its proportion measured as of March 31, 2020.

For the year ended December 31, 2021, the Town recognized pension expenses of \$1,136,099 and \$504,773, respectively, for PFRS and ERS, a total of \$1,640,872. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>
Differences between expected and actual experiences	\$ 420,852	\$ 207,093	\$ -	\$ 58,804
Changes of assumptions	4,659,817	3,117,873	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	5,576,932	4,871,092
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	396,591	335,398	77,365	26,002
Town contributions subsequent to the measurement date	<u>1,007,895</u>	<u>668,138</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,485,155</u>	<u>\$ 4,328,502</u>	<u>\$ 5,654,297</u>	<u>\$ 4,955,898</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented on the following page.

Year Ending December 31,	PFRS	ERS
2022	\$ (132,729)	\$ (184,402)
2023	67,410	(15,014)
2024	(105,608)	(202,828)
2025	(961,289)	(893,290)
2026	955,179	-

**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, 2021	March 31, 2021
Actuarial valuation date	April 1, 2020	April 1, 2020
Interest rate	5.90%	5.90%
Salary scale	6.20%	4.40%
Decrement tables	April 1, 2010- March 31, 2015	April 1, 2010- March 31, 2015
Inflation rate	2.7%	2.7%
Cost-of-living adjustments	1.4%	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

	PFRS and ERS	
Measurement date	March 31, 2021	
Asset class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	32.0 %	4.1 %
International equities	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Opportunistic/ARS portfolio	3.0	4.5
Credit	4.0	3.6
Real assets	3.0	6.0
Fixed Income	23.0	-
Cash	1.0	0.5
Total	<u>100.0 %</u>	

**Discount Rate**—The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 5.9%, 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 (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 8,065,543	\$ 1,896,631	\$ (3,209,634)
Employer's proportionate share of the net pension liability/(asset)—ERS	4,706,649	16,957	(4,308,036)

**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, 2020	April 1, 2020	
Employers' total pension liability	\$ 41,236,775	\$ 220,680,157	\$ 261,916,932
Plan fiduciary net position	39,500,500	220,580,583	260,081,083
Employers' net pension liability	<u>\$ 1,736,275</u>	<u>\$ 99,574</u>	<u>\$ 1,835,849</u>
System fiduciary net position as a percentage of total pension liability	95.8%	100.0%	99.3%

## 7. 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, 2021, 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 \$13,770,772 was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2021.

**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, 2021 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, 2021. The discount rate used is 1.84%. The Pub-2010 Public Retirement Plants Mortality Tables with the Scale MP-2021 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 12/31/2020:	\$ 12,907,281
Changes for the year:	
Service Cost	817,122
Interest	267,933
Change of benefit terms	-
Differences between expected and actual	50,229
Changes of assumptions	383,717
Contributions—employer	<u>(655,510)</u>
Net changes	<u>863,491</u>
Balance at 12/31/2021	<u>\$ 13,770,772</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 (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
Total OPEB liability	\$ 14,869,650	\$ 13,770,772	\$ 12,740,464

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 (6.00/2.78%)	Healthcare Cost Trend Rates (7.00/3.78%)	1% Increase (8.00/4.78%)
Total OPEB liability	\$ 12,245,847	\$ 13,770,772	\$ 15,584,740

**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, 2021.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 331,378	\$ 895,284
Changes of assumptions	2,153,210	283,062
Total	<u>\$ 2,484,588</u>	<u>\$ 1,178,346</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>	
2022	\$ 97,990
2023	124,263
2024	124,263
2025	126,875
2026	156,789
2027 and thereafter	676,062

## 8. 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 \$10 million per occurrence and an aggregate limit of \$10 million over the underlying primary policies. The Town carries real and personal property insurance with a blanket limit of \$40,236,335 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, \$25,000 for law enforcement, and \$20,000 for property coverage.

At December 31, 2021, the amount of workers compensation liabilities relating to the period in which the Town was self-insured was \$23,300. Changes in the reported liability resulted from the following:

	Beginning Liability	Changes in Estimates	Claims Payments Net of Recoveries	Ending Liability
2021	\$ 25,415	\$ -	\$ 2,115	\$ 23,300
2020	28,031	-	2,616	25,415
2019	30,526	-	2,495	28,031

## 9. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("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 period's 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, 2021:

Description	Interest Rate	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Various	1.75%	\$ 11,715,000	\$ -	\$ 11,715,000	\$ -
Various	1.00%	-	2,400,000	-	2,400,000
		<u>\$ 11,715,000</u>	<u>\$ 2,400,000</u>	<u>\$ 11,715,000</u>	<u>\$ 2,400,000</u>

## 10. 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 obligation 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, 2021 follows:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Serial bonds	\$ 33,050,000	\$ 8,940,000	\$ 1,990,000	\$ 40,000,000	\$ 2,330,000
Premium on serial bonds	283,182	43,815	15,840	311,157	16,888
Net bonds payable	33,333,182	8,983,815	2,005,840	40,311,157	2,346,888
Compensated absences	4,172,538	425,426	1,023,653	3,574,311	178,715
OPEB obligation	12,907,281	1,519,001	655,510	13,770,772	-
Net pension liability*	9,924,762	-	8,011,174	1,913,588	-
Total	<u>\$ 60,337,763</u>	<u>\$ 10,928,242</u>	<u>\$ 11,696,177</u>	<u>\$ 59,569,828</u>	<u>\$ 2,525,603</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 fifteen to twenty-six years.

A summary of additions and reductions for the year ended December 31, 2021 is shown below:

Purpose	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021
<b>General Fund Serial Bonds:</b>							
Municipal renovations	\$ 640,000	2.0-3.0%	2015/2035	\$ 515,000	\$ -	\$ 30,000	\$ 485,000
Town-wide drainage	970,000	2.0-3.5%	2015/2042	845,000	-	25,000	820,000
Municipal buildings	460,000	2.0-2.5%	2016/2031	370,000	-	30,000	340,000
Green Lake	4,000,000	2.0-3.0%	2016/2036	3,470,000	-	185,000	3,285,000
Town wide drainage	1,420,000	2.0-3.0%	2016/2036	1,225,000	-	65,000	1,160,000
Town wide drainage	600,000	3.3-3.5%	2018/2047	560,000	-	20,000	540,000
CAC I	1,500,000	3.3-3.5%	2018/2047	1,420,000	-	40,000	1,380,000
CAC II	14,500,000	3.3-3.5%	2018/2048	14,100,000	-	400,000	13,700,000
Parks and playgrounds	1,250,000	3.3%	2018/2032	1,080,000	-	85,000	995,000
Buildings	800,000	3.3-3.5%	2018/2042	740,000	-	30,000	710,000
Municipal Buildings	101,000	2.0%	2021/2030	-	101,000	-	101,000
Reconst. Of Parks/Playgrounds	896,000	2.0%	2021/2034	-	896,000	-	896,000
Community Activity Center	3,915,000	2.0-2.3%	2021/2049	-	3,915,000	-	3,915,000
Total General Fund				<u>24,325,000</u>	<u>4,912,000</u>	<u>910,000</u>	<u>28,327,000</u>
<b>Highway Fund Serial Bonds:</b>							
2010 roads project	2,280,000	2.0-2.8%	2015/2025	1,190,000	-	225,000	965,000
2012 roads project	270,000	2.0-2.8%	2015/2027	170,000	-	20,000	150,000
Forest Ave bridge	930,000	2.0-3.0%	2015/2032	695,000	-	50,000	645,000
2015 roads and highways	2,000,000	2.0-2.5%	2016/2031	1,615,000	-	130,000	1,485,000
Reconstruction and renovations	450,000	3.3%	2018/2032	390,000	-	30,000	360,000
Reconstruction and renovations	500,000	3.3%	2018/2032	440,000	-	30,000	410,000
Reconstruction/Lighting	301,000	2.0%	2021/2034	-	301,000	-	301,000
Total Highway Fund				<u>4,500,000</u>	<u>301,000</u>	<u>485,000</u>	<u>4,316,000</u>
<b>Sewer Districts Fund Serial Bonds:</b>							
Various sewer lines	1,565,000	2.0-3.0%	2016/2036	1,355,000	-	70,000	1,285,000
Various sewer lines	200,000	3.3%	2018/2038	180,000	-	10,000	170,000
Sewer Reconstruction	23,343,000	2.0-2.3%	2021-2049	-	2,343,000	-	2,343,000
Total Garbage and Refuse Fund				<u>1,535,000</u>	<u>2,343,000</u>	<u>80,000</u>	<u>3,798,000</u>
<b>Water Districts Fund Serial Bonds:</b>							
District wide water improvements	3,695,280	3.5-4.0%	2007/2022	630,120	-	316,840	313,280
Waterline betterment	249,120	3.5-4.0%	2007/2022	42,480	-	21,360	21,120
Water distribution	1,270,000	2.0-3.5%	2015/2042	1,095,000	-	35,000	1,060,000
Various waterlines	405,000	2.0-2.5%	2016/2031	330,000	-	25,000	305,000
Various waterlines	400,000	3.3-3.5%	2018/2047	380,000	-	10,000	370,000
Water Distribution	1,384,000	2.0-2.3%	2021/2049	-	1,384,000	-	1,384,000
Total Water Districts Fund				<u>2,477,600</u>	<u>1,384,000</u>	<u>408,200</u>	<u>3,453,400</u>
<b>Garbage and Refuse Fund Serial Bonds:</b>							
Composting Facility Development	1,245,600	3.5-4.0%	2007/2022	212,400	-	106,800	105,600
Total Garbage and Refuse Fund				<u>212,400</u>	<u>-</u>	<u>106,800</u>	<u>105,600</u>
Total governmental activities				<u>\$ 33,050,000</u>	<u>\$ 8,940,000</u>	<u>\$ 1,990,000</u>	<u>\$ 40,000,000</u>

The annual requirements to amortize all bonded debt outstanding (by fund responsible for repayment of such debt) as of December 31, 2021 are as follows:

Year Ending December 31,	Principal					Total
	General Fund	Highway Fund	Sewer Districts	Water Districts	Garbage and Refuse Fund	
2022	\$ 1,100,000	\$ 525,000	\$ 154,000	\$ 445,400	\$ 105,600	\$ 2,330,000
2023	1,142,000	536,000	155,000	117,000	-	1,950,000
2024	1,156,000	551,000	156,000	122,000	-	1,985,000
2025	1,167,000	562,000	158,000	123,000	-	2,010,000
2026	1,200,000	312,000	164,000	129,000	-	1,805,000
2027-2030	5,027,000	1,281,000	676,000	541,000	-	7,525,000
2031-2035	6,235,000	549,000	926,000	605,000	-	8,315,000
2036-2040	4,514,000	-	570,000	631,000	-	5,715,000
2041-2045	4,182,000	-	461,000	487,000	-	5,130,000
2046-2049	2,604,000	-	378,000	253,000	-	3,235,000
Total	<u>\$ 28,327,000</u>	<u>\$ 4,316,000</u>	<u>\$ 3,798,000</u>	<u>\$ 3,453,400</u>	<u>\$ 105,600</u>	<u>\$ 40,000,000</u>

Year Ending December 31,	Interest					Total
	General Fund	Highway Fund	Sewer Districts	Water Districts	Garbage and Refuse Fund	
2022	\$ 825,307	\$ 109,753	\$ 82,335	\$ 92,163	\$ 4,224	\$ 1,113,781
2023	796,724	96,220	79,659	76,441	-	1,049,044
2024	765,709	82,275	76,434	73,714	-	998,131
2025	734,464	67,955	73,189	70,849	-	946,456
2026	702,999	53,427	69,854	67,964	-	894,244
2027-2030	2,481,211	134,830	244,859	240,256	-	3,101,156
2031-2035	2,296,933	20,235	215,525	226,601	-	2,759,294
2036-2040	1,482,471	-	117,244	147,023	-	1,746,738
2041-2045	812,804	-	69,219	61,159	-	943,181
2046-2049	169,763	-	20,608	13,805	-	204,175
Total	<u>\$ 11,068,383</u>	<u>\$ 564,695</u>	<u>\$ 1,048,925</u>	<u>\$ 1,069,974</u>	<u>\$ 4,224</u>	<u>\$ 13,756,201</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, 2021, for governmental activities is \$3,574,311. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$178,715 will become due within one year.

**OPEB Obligation**—As explained in Note 7, 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 \$13,770,772 at December 31, 2021.

**Net Pension Liability**—The Town reported a liability of \$1,913,588 for the year ended December 31, 2021, for its proportionate share of the net pension liability for the Police and Fire Retirement System and the Employee Retirement System. Payments by the Town to liquidate pension benefits are 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. Refer to Note 6 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.

## 11. 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		\$ 93,504,236
Related debt:		
Serial bonds issued	\$ (40,000,000)	
Unamortized bond issue premium	(311,157)	
Bond anticipation notes issued	(2,400,000)	
Unspent proceeds from debt	<u>11,119,511</u>	
Debt issued and used for capital assets		(31,591,646)
Retainages and accounts payable		<u>(161,838)</u>
Net investment in capital assets		<u>\$ 61,750,752</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, 2021. 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, 2021 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, 2021 include:

	General Fund	Public Safety Fund	Highway Fund	Garbage and Refuse Fund	Debt Service Fund	Total Governmental Funds
Cemetery	\$ 18,795	\$ -	\$ -	\$ -	\$ -	\$ 18,795
Senior center	1,297	-	-	-	-	1,297
Capital improvements	593,672	-	-	-	-	593,672
Town historian	6,046	-	-	-	-	6,046
Historic survey	9,005	-	-	-	-	9,005
DWI program	-	167,391	-	-	-	167,391
D.A.R.E. program	-	26,050	-	-	-	26,050
Equipment	-	147,761	-	-	-	147,761
Vehicles	-	130,779	-	-	-	130,779
Debt service	<u>261,186</u>	<u>-</u>	<u>169,969</u>	<u>17,753</u>	<u>710,689</u>	<u>1,159,597</u>
Total restricted fund balance	<u>\$ 890,001</u>	<u>\$ 471,981</u>	<u>\$ 169,969</u>	<u>\$ 17,753</u>	<u>\$ 710,689</u>	<u>\$ 2,260,393</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 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 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 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, 2021, the Town has committed the following:

	General Fund	Public Safety Fund	Capital Projects Fund	Total
Capital improvements	\$ 457,840	\$ -	\$ 9,920,596	\$ 10,378,436
Insurance deductibles	374,767	-	-	374,767
Equipment	-	41,716	-	41,716
Total committed				
fund balance	<u>\$ 832,607</u>	<u>\$ 41,716</u>	<u>\$ 9,920,596</u>	<u>\$ 10,794,919</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 funds accumulated to be used towards the purchase of police 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, 2021 and include:

	Subsequent Year's Expenditures	Subsequent Encumbrances	Retirement Costing	Specific Use	Total Governmental Funds
General Fund	\$ 1,520,000	\$ 60,405	\$ -	\$ -	\$ 1,580,405
Public Safety Fund	-	36,725	734,432	-	771,157
Highway Fund	-	184,734	-	843,143	1,027,877
Sewer Districts Fund	335,251	-	-	2,126,153	2,461,404
Water Districts Fund	160,645	2,989	-	1,532,324	1,695,958
Garbage and Refuse Fund	-	-	-	687,745	687,745
Other Governmental Funds	123,000	-	-	3,035,316	3,158,316
Total	<u>\$ 2,138,896</u>	<u>\$ 284,853</u>	<u>\$ 734,432</u>	<u>\$ 8,224,681</u>	<u>\$ 11,382,862</u>

- **Assigned to subsequent year’s expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2022 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.

**12. 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, 2021 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,542,348
Public Safety Fund	1,879,563	-
Highway Fund	-	531,600
Sewer Districts Fund	-	167,877
Water Districts Fund	-	537,092
Garbage and Refuse	-	115,296
Capital Projects Fund	257,500	157,500
Debt Service Fund	<u>2,914,650</u>	<u>-</u>
Total	<u>\$ 5,051,713</u>	<u>\$ 5,051,713</u>

### 13. 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, 2024.

### 14. 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, 2021, the Town encumbered the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Highway Fund	2022 Freightliner Truck	\$ 176,974

### 15. 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.

## **16. 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, 2021, real property taxes in the amount of \$189,574 were abated; however, the Town received \$133,387 of PILOT payments during the year related to those abatements.

## **17. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 7, 2022 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 Eight Fiscal Years\***

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	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)	0.1092356%	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>\$ 1,896,631</u>	<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	\$ 5,480,931	\$ 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	34.60%	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	95.8%	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.

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



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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,284,112	\$ 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>\$ (1,284,112)</u>	<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>	<u>\$ -</u>
Town's covered payroll	\$ 4,629,187	\$ 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	27.7%	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.

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

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	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)	0.0170297%	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>\$ 16,957</u>	<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	\$ 7,539,488	\$ 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	0.22%	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	100.0%	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.

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

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 880,286	\$ 828,081	\$ 763,932	\$ 753,723	\$ 714,592	\$ 775,770	\$ 1,056,156	\$ 1,065,746
Contributions in relation to the contractually required contribution	<u>(880,286)</u>	<u>(828,081)</u>	<u>(763,932)</u>	<u>(753,723)</u>	<u>(714,592)</u>	<u>(775,770)</u>	<u>(1,056,156)</u>	<u>(1,065,746)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 6,157,446	\$ 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	14.3%	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.

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

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

	Year Ended December 31,			
	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 817,122	\$ 611,096	\$ 439,230	\$ 484,863
Interest cost	267,933	313,429	421,207	393,796
Change of benefit terms	-	-	-	(149,461)
Differences between expected and actual experience	50,229	(572,454)	(1,040,313)	-
Change of assumptions or other inputs	383,717	1,472,649	1,222,135	(648,978)
Actual benefit payments	<u>(655,510)</u>	<u>(595,206)</u>	<u>(557,104)</u>	<u>(599,772)</u>
Net change in total OPEB liability	<u>863,491</u>	<u>1,229,514</u>	<u>485,155</u>	<u>(519,552)</u>
Total OPEB liability—beginning	<u>12,907,281</u>	<u>11,677,767</u>	<u>11,192,612</u>	<u>11,712,164</u>
Total OPEB liability—ending	<u>\$ 13,770,772</u>	<u>\$ 12,907,281</u>	<u>\$ 11,677,767</u>	<u>\$ 11,192,612</u>
Covered-employee payroll	\$ 11,469,607	\$ 11,254,644	\$ 11,162,863	\$ 10,467,913
Total OPEB liability as a percentage of covered-employee payroll	120.06%	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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 2,348,577	\$ 2,348,577	\$ 2,348,557	\$ (20)
Real property tax items	208,047	208,047	263,275	55,228
Non property tax items	5,022,399	5,022,399	5,679,360	656,961
Departmental income	926,500	926,500	854,450	(72,050)
Intergovernmental charges	75,000	75,000	77,000	2,000
Use of money and property	56,500	56,500	78,903	22,403
Licenses and permits	35,100	35,100	61,357	26,257
Fines and forfeitures	180,000	180,000	237,478	57,478
Miscellaneous	180,024	212,025	292,148	80,123
State aid	908,000	908,000	1,605,133	697,133
Federal aid	1,000	1,000	7,528	6,528
Total revenues	<u>9,941,147</u>	<u>9,973,148</u>	<u>11,505,189</u>	<u>1,532,041</u>
<b>EXPENDITURES</b>				
Current:				
General government support	3,784,342	3,787,509	3,440,335	347,174
Public safety	41,169	41,169	33,316	7,853
Transportation	140,637	140,637	134,050	6,587
Economic assistance and opportunity	300	300	-	300
Culture and recreation	1,820,311	1,852,825	1,440,710	412,115
Home and community services	118,032	118,032	38,964	79,068
Employee benefits	1,906,504	1,906,504	1,830,416	76,088
Total expenditures	<u>7,811,295</u>	<u>7,846,976</u>	<u>6,917,791</u>	<u>929,185</u>
Excess of revenues over expenditures	<u>2,129,852</u>	<u>2,126,172</u>	<u>4,587,398</u>	<u>2,461,226</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(3,662,786)	(3,662,786)	(3,542,348)	120,438
Total other financing uses	<u>(3,662,786)</u>	<u>(3,662,786)</u>	<u>(3,542,348)</u>	<u>120,438</u>
Net change in fund balances*	(1,532,934)	(1,536,614)	1,045,050	2,581,664
Fund balances - beginning	<u>8,003,923</u>	<u>8,003,923</u>	<u>8,003,923</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,470,989</u>	<u>\$ 6,467,309</u>	<u>\$ 9,048,973</u>	<u>\$ 2,581,664</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 6,096,422	\$ 6,096,422	\$ 6,096,422	\$ -
Departmental income	421,000	421,000	469,544	48,544
Miscellaneous	-	-	16,032	16,032
State aid	41,100	41,100	51,706	10,606
Federal aid	-	-	3,330	3,330
Total revenues	<u>6,558,522</u>	<u>6,558,522</u>	<u>6,637,034</u>	<u>78,512</u>
<b>EXPENDITURES</b>				
Current:				
General government support	-	203	202	1
Education	2,000	8,272	8,272	-
Public safety	5,605,400	6,021,179	5,900,669	120,510
Employee benefits	2,966,469	2,603,397	2,559,777	43,620
Total expenditures	<u>8,573,869</u>	<u>8,633,051</u>	<u>8,468,920</u>	<u>164,131</u>
Deficiency of revenues over expenditures	<u>(2,015,347)</u>	<u>(2,074,529)</u>	<u>(1,831,886)</u>	<u>242,643</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,000,000	2,000,000	1,879,563	(120,437)
Total other financing sources	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,879,563</u>	<u>(120,437)</u>
Net change in fund balances*	(15,347)	(74,529)	47,677	122,206
Fund balances - beginning	1,592,594	1,592,594	1,592,594	-
Fund balances - ending	<u>\$ 1,577,247</u>	<u>\$ 1,518,065</u>	<u>\$ 1,640,271</u>	<u>\$ 122,206</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 4,182,635	\$ 4,182,635	\$ 4,182,635	\$ -
Intergovernmental charges	105,967	105,967	105,021	(946)
Use of money and property	5,000	5,000	-	(5,000)
Miscellaneous	5,000	5,000	48,988	43,988
State aid	152,272	353,957	84,174	(269,783)
Total revenues	<u>4,450,874</u>	<u>4,652,559</u>	<u>4,420,818</u>	<u>(231,741)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	55,585	55,585	46,262	9,323
Transportation	2,891,940	3,021,585	2,709,317	312,268
Employee benefits	1,121,749	1,193,789	1,163,093	30,696
Total expenditures	<u>4,069,274</u>	<u>4,270,959</u>	<u>3,918,672</u>	<u>352,287</u>
Excess of revenues over expenditures	<u>381,600</u>	<u>381,600</u>	<u>502,146</u>	<u>120,546</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(531,600)</u>	<u>(531,600)</u>	<u>(531,600)</u>	<u>-</u>
Total other financing uses	<u>(531,600)</u>	<u>(531,600)</u>	<u>(531,600)</u>	<u>-</u>
Net change in fund balances*	(150,000)	(150,000)	(29,454)	120,546
Fund balances - beginning	<u>1,283,703</u>	<u>1,283,703</u>	<u>1,283,703</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,133,703</u>	<u>\$ 1,133,703</u>	<u>\$ 1,254,249</u>	<u>\$ 120,546</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—Sewer Districts Fund**  
**Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 1,151,855	\$ 1,151,855	\$ 1,151,855	\$ -
Departmental income	8,753	8,753	28,668	19,915
Total revenues	<u>1,160,608</u>	<u>1,160,608</u>	<u>1,180,523</u>	<u>19,915</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	1,189,092	1,189,092	800,525	388,567
Employee benefits	142,510	142,510	122,751	19,759
Total expenditures	<u>1,331,602</u>	<u>1,331,602</u>	<u>923,276</u>	<u>408,326</u>
Excess (deficiency) of revenues over expenditures	<u>(170,994)</u>	<u>(170,994)</u>	<u>257,247</u>	<u>428,241</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(167,877)</u>	<u>(167,877)</u>	<u>(167,877)</u>	<u>-</u>
Total other financing uses	<u>(167,877)</u>	<u>(167,877)</u>	<u>(167,877)</u>	<u>-</u>
Net change in fund balances*	(338,871)	(338,871)	89,370	428,241
Fund balances - beginning	<u>2,372,034</u>	<u>2,372,034</u>	<u>2,372,034</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,033,163</u>	<u>\$ 2,033,163</u>	<u>\$ 2,461,404</u>	<u>\$ 428,241</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 1,123,550	\$ 1,123,550	\$ 1,123,550	\$ -
Departmental income	1,905	1,905	12,050	10,145
Interfund revenues	-	-	1,805	1,805
Total revenues	<u>1,125,455</u>	<u>1,125,455</u>	<u>1,137,405</u>	<u>11,950</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	635,487	635,487	488,468	147,019
Employee benefits	<u>138,013</u>	<u>138,013</u>	<u>118,877</u>	<u>19,136</u>
Total expenditures	<u>773,500</u>	<u>773,500</u>	<u>607,345</u>	<u>166,155</u>
Excess of revenues over expenditures	<u>351,955</u>	<u>351,955</u>	<u>530,060</u>	<u>178,105</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(537,092)</u>	<u>(537,092)</u>	<u>(537,092)</u>	<u>-</u>
Total other financing uses	<u>(537,092)</u>	<u>(537,092)</u>	<u>(537,092)</u>	<u>-</u>
Net change in fund balances*	(185,137)	(185,137)	(7,032)	178,105
Fund balances - beginning	<u>1,715,787</u>	<u>1,715,787</u>	<u>1,715,787</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,530,650</u>	<u>\$ 1,530,650</u>	<u>\$ 1,708,755</u>	<u>\$ 178,105</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—Garbage and Refuse Fund**  
**Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 2,368,703	\$ 2,368,703	\$ 2,368,703	\$ -
Departmental income	95,000	95,000	205,817	110,817
Use of money and property	2,000	2,000	-	(2,000)
State aid	-	-	579,449	579,449
Total revenues	<u>2,465,703</u>	<u>2,465,703</u>	<u>3,153,969</u>	<u>688,266</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	<u>2,330,407</u>	<u>2,518,193</u>	<u>2,490,563</u>	<u>27,630</u>
Total expenditures	<u>2,330,407</u>	<u>2,518,193</u>	<u>2,490,563</u>	<u>27,630</u>
Excess (deficiency) of revenues over expenditures	<u>135,296</u>	<u>(52,490)</u>	<u>663,406</u>	<u>715,896</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(135,296)</u>	<u>(135,296)</u>	<u>(115,296)</u>	<u>20,000</u>
Total other financing uses	<u>(135,296)</u>	<u>(135,296)</u>	<u>(115,296)</u>	<u>20,000</u>
Net change in fund balances	-	(187,786)	548,110	735,896
Fund balances - beginning	<u>160,405</u>	<u>160,405</u>	<u>160,405</u>	<u>-</u>
Fund balances - ending	<u>\$ 160,405</u>	<u>\$ (27,381)</u>	<u>\$ 708,515</u>	<u>\$ 735,896</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**  
**Notes to the Required Supplementary Information**  
**Year Ended December 31, 2021**

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**1. PENSION PLANS**

*Changes of benefit terms*—There were no significant legislative changes in benefits for the April 1, 2020 actuarial valuation.

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

**2. OPEB LIABILITY**

*Changes of assumptions*—The assumption changes as of December 31, 2021 include a change in the discount rate from 2.00% to 1.84%, updated health care trends and updated rates of turnover, retirement and mortality assumptions.

**3. 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. 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, 2021, the Highway Fund had an encumbrance of \$176,974 for a freightliner truck.

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## SUPPLEMENTARY INFORMATION



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**TOWN OF ORCHARD PARK, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2021**

	Special Revenue			Miscellaneous Special Revenue	Total Nonmajor Funds
	Town Outside Village	Lighting	Drainage		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 694,584	\$ 517,183	\$ 206,721	\$ 1,859,356	\$ 3,277,844
Receivables	23,703	670	-	-	24,373
Prepaid items	15,653	-	-	-	15,653
Total assets	<u>\$ 733,940</u>	<u>\$ 517,853</u>	<u>\$ 206,721</u>	<u>\$ 1,859,356</u>	<u>\$ 3,317,870</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 82,572	\$ 21,669	\$ -	\$ 34,522	\$ 138,763
Accrued liabilities	5,138	-	-	-	5,138
Total liabilities	<u>87,710</u>	<u>21,669</u>	<u>-</u>	<u>34,522</u>	<u>143,901</u>
<b>FUND BALANCES</b>					
Nonspendable	15,653	-	-	-	15,653
Assigned	630,577	496,184	206,721	1,824,834	3,158,316
Total fund balances	<u>646,230</u>	<u>496,184</u>	<u>206,721</u>	<u>1,824,834</u>	<u>3,173,969</u>
Total liabilities and fund balances	<u>\$ 733,940</u>	<u>\$ 517,853</u>	<u>\$ 206,721</u>	<u>\$ 1,859,356</u>	<u>\$ 3,317,870</u>



**TOWN OF ORCHARD PARK, NEW YORK**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances—Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Special Revenue			Miscellaneous Special Revenue	Total Nonmajor Funds
	Town Outside Village	Lighting	Drainage		
<b>REVENUES</b>					
Real property taxes	\$ -	\$ 318,901	\$ 26,425	\$ -	\$ 345,326
Non property tax items	157,373	-	-	-	157,373
Departmental income	663,157	-	-	17,569	680,726
Licenses and permits	2,000	-	-	-	2,000
Sale of property and compensation for loss	245	-	-	-	245
Miscellaneous	-	-	-	140,150	140,150
Total revenues	<u>822,775</u>	<u>318,901</u>	<u>26,425</u>	<u>157,719</u>	<u>1,325,820</u>
<b>EXPENDITURES</b>					
Current:					
General government support	83,290	-	-	-	83,290
Public safety	421,895	-	-	-	421,895
Health	4,296	-	-	-	4,296
Transportation	-	272,270	-	-	272,270
Culture and recreation	-	-	-	14,698	14,698
Home and community services	103,453	-	-	43,387	146,840
Employee benefits	202,082	-	-	-	202,082
Total expenditures	<u>815,016</u>	<u>272,270</u>	<u>-</u>	<u>58,085</u>	<u>1,145,371</u>
Net change in fund balances	7,759	46,631	26,425	99,634	180,449
Fund balances - beginning	<u>638,471</u>	<u>449,553</u>	<u>180,296</u>	<u>1,725,200</u>	<u>2,993,520</u>
Fund balances - ending	<u>\$ 646,230</u>	<u>\$ 496,184</u>	<u>\$ 206,721</u>	<u>\$ 1,824,834</u>	<u>\$ 3,173,969</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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 7, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Town'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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  
July 7, 2022

**TOWN OF ORCHARD PARK, NEW YORK**  
**Schedule of Findings**  
**Year Ended December 31, 2021**

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No findings were reported.

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