

**TOWN OF ORCHARD PARK,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Federal Awards Information
for the Year Ended December 31, 2023
and Independent Auditor's Reports*

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Orchard Park, New York (the "Town"), as of and for the year ended December 31, 2023, 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 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, 2023, and the respective changes in financial position thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 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.

R.A. Mercer & Co., P.C.

R.A. MERCER & CO., P.C.

West Seneca, New York
June 24, 2024

TOWN OF ORCHARD PARK, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2023

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, 2023. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$70,724,464 (*net position*). This consists of \$60,490,017 net investment in capital assets, \$2,063,840 restricted for specific purposes, and unrestricted net position of \$8,170,607.
- The Town's total net position increased by \$990,238 during the year ended December 31, 2023.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$32,451,018, an increase of \$2,022,362 in comparison with the prior year's fund balance of \$30,428,656.
- At the end of the current fiscal year, *unassigned fund* balance for the General Fund was \$5,995,567, or 33.3 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 47.1 percent of the General Fund's total fund balance of \$12,721,317 at December 31, 2023.
- The Town's total bonded indebtedness decreased by \$1,950,000 during the current year as a result of scheduled principal payments.
- The Public Safety Fund was presented separately for fiscal years ending December 31, 2022 and prior. For the fiscal year ending December 31, 2023, the Town combined the Public Safety Fund with the General Fund.

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 eleven 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, 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 49-59 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 60-61.

The Federal Awards Information presents the Town’s Schedule of Expenditures of Federal Awards. This section can be found on pages 62-68 of this report.

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 \$70,724,464 at the close of the 2023 fiscal year.

Table 1, as presented below, shows the net position as of December 31, 2023 and December 31, 2022.

Table 1—Condensed Statement of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2023	2022
Current and other assets	\$ 41,968,741	\$ 40,672,941
Capital assets	93,504,214	94,391,750
Other noncurrent assets	-	1,394,354
Total assets	<u>135,472,955</u>	<u>136,459,045</u>
Deferred outflows of resources	<u>10,531,382</u>	<u>11,343,300</u>
Current liabilities	10,087,986	10,755,154
Noncurrent liabilities	<u>62,006,415</u>	<u>53,294,297</u>
Total liabilities	<u>72,094,401</u>	<u>64,049,451</u>
Deferred inflows of resources	<u>3,185,472</u>	<u>14,018,668</u>
Net position		
Net investment in capital assets	60,490,017	62,532,957
Restricted	2,063,840	2,116,046
Unrestricted	<u>8,170,607</u>	<u>5,085,223</u>
Total net position	<u>\$ 70,724,464</u>	<u>\$ 69,734,226</u>

The largest portion of the Town’s net position, \$60,490,017, 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, \$2,063,840, 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 \$8,170,607.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2023 and December 31, 2022.

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

	<u>Governmental Activities</u>	
	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Program revenues:		
Charges for services	\$ 3,155,691	\$ 3,124,434
Operating grants and contributions	1,134,943	1,019,751
Capital grants and contributions	-	624,175
General revenues	<u>29,789,852</u>	<u>28,379,948</u>
Total revenues	34,080,486	33,148,308
Program expenses	<u>33,090,248</u>	<u>29,063,481</u>
Change in net position	990,238	4,084,827
Net position—beginning	<u>69,734,226</u>	<u>65,649,399</u>
Net position—ending	<u>\$ 70,724,464</u>	<u>\$ 69,734,226</u>

Overall revenues of the primary government increased by 2.8 percent from the prior year, due primarily to an increase in interest earnings associated with higher interest rates and the sale of a large piece of equipment. Total expenses increased by 13.9 percent compared to the year ended December 31, 2022, which is primarily attributed to an overall increase in operating expenditures.

A summary of sources of revenues of the primary government for the years ended December 31, 2023 and December 31, 2022 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 3,155,691	\$ 3,124,434	\$ 31,257	1.0
Operating grants and contributions	1,134,943	1,019,751	115,192	11.3
Capital grants and contributions	-	624,175	(624,175)	100.0
Property and other taxes	24,882,793	24,261,620	621,173	2.6
Sale of property and compensation for loss	912,874	114,026	798,848	-
Use of money and property	2,059,130	422,751	1,636,379	387.1
Miscellaneous	895,806	2,202,997	(1,307,191)	(59.3)
State support (unrestricted)	1,039,249	1,378,554	(339,305)	(24.6)
Total general revenues, net	<u>\$ 34,080,486</u>	<u>\$ 33,148,308</u>	<u>\$ 932,178</u>	2.8

The Town's largest sources of revenues were property and other taxes of \$24,882,793, or 73.0 percent of total revenues, charges for services of \$3,155,691, or 9.6 percent of total revenues, and use or money and property revenues of \$2,059,130, or 6.0 percent of total revenues. For the year ended December 31, 2022, the Town's largest sources of revenues were property and other taxes of \$24,261,620, or 73.2 percent of total revenues, charges for services of \$3,124,434, or 9.4 percent of total revenues, and miscellaneous revenues of \$2,202,997, or 6.6 percent of total revenues.

A summary of program expenses of the primary government for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 4.

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 5,392,612	\$ 4,818,482	\$ 574,130	11.9
Education	16,048	18,185	(2,137)	(11.8)
Public safety	9,362,317	7,950,498	1,411,819	17.8
Health	6,268	5,182	1,086	21.0
Transportation	6,694,229	6,067,978	626,251	10.3
Culture and recreation	3,203,486	2,748,647	454,839	16.5
Home and community services	7,151,980	6,272,820	879,160	14.0
Interest and other fiscal charges	1,263,308	1,181,689	81,619	6.9
Total program expenses	<u>\$ 33,090,248</u>	<u>\$ 29,063,481</u>	<u>\$ 4,026,767</u>	13.9

The Town's most significant expense items for the year ended December 31, 2023 were public safety of \$9,362,317, or 28.3 percent of total expenses, and home and community services of \$7,151,980, or 21.6 percent of total expenses. For the year ended December 31, 2022, the most significant expense items were public safety of \$7,950,498, or 27.4 percent of total expenses, and home and community services of \$6,272,820, or 21.6 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, 2023, the Town’s governmental funds reported combined fund balances of \$32,451,018, a increase of \$2,022,362 in comparison with the prior year fund balance of \$30,428,656. Approximately 18.5% of this amount \$5,995,567 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—\$577,015, 2) restricted for particular purposes—\$2,063,840, 3) committed for particular purposes—\$6,731,161, or 4) assigned for particular purposes—\$17,083,435.

Table 5—Components of Fund Balance—Major Funds

	December 31,	
	2023	2022
General Fund		
Nonspendable	\$ 502,386	\$ 463,687
Restricted	1,494,500	1,409,776
Committed	903,328	887,663
Assigned	3,825,536	2,833,004
Unassigned	5,995,567	5,732,336
Total General Fund	<u>\$ 12,721,317</u>	<u>\$ 11,326,466</u>
Highway Fund		
Nonspendable	\$ 46,030	\$ 41,493
Assigned	2,860,055	1,601,247
Total Highway Fund	<u>\$ 2,906,085</u>	<u>\$ 1,642,740</u>
Sewer Districts Fund		
Assigned	\$ 2,728,930	\$ 2,543,257
Total Sewer Districts Fund	<u>\$ 2,728,930</u>	<u>\$ 2,543,257</u>
Water Districts Fund		
Nonspendable	\$ 11,003	\$ 8,213
Assigned	1,847,247	1,718,002
Total Water Districts Fund	<u>\$ 1,858,250</u>	<u>\$ 1,726,215</u>

(continued)

	December 31,	
	<u>2023</u>	<u>2022</u> (concluded)
Garbage and Refuse Fund		
Nonspendable	\$ 2,693	\$ 1,995
Restricted	18,463	17,753
Committed	40,000	20,000
Assigned	2,054,960	853,301
Total Garbage and Refuse Fund	<u>\$ 2,116,116</u>	<u>\$ 893,049</u>
Capital Projects Fund		
Committed	<u>\$ 5,787,833</u>	<u>\$ 8,147,650</u>
Total Capital Projects Fund	<u>\$ 5,787,833</u>	<u>\$ 8,147,650</u>
Debt Service Fund		
Restricted	<u>\$ 550,877</u>	<u>\$ 688,517</u>
Total Debt Service Fund	<u>\$ 550,877</u>	<u>\$ 688,517</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 \$5,995,567, while total fund balance increased to \$12,721,317. 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 33.3 percent of total General Fund expenditures and transfers out, while total fund balance represents 47.1 percent of that same amount.

The total fund balance of the Town's General Fund increased by \$1,394,851 during the current fiscal year.

The Town's Highway Fund ending fund balance was \$2,906,085. \$832,873 of this amount is assigned for encumbrances and \$2,027,182 is reported as fund balance assigned for specific (Highway Fund) use. During the year ended December 31, 2023, the Highway Fund fund balance increased \$1,263,345.

The Town's Sewer Districts Fund ending fund balance was \$2,728,930. \$2,321,079 is reported as fund balance assigned for specific (Sewer Districts Fund) use and \$407,851 assigned to funding next year's budget. During the year ended December 31, 2023, the Sewer Districts Fund fund balance increased \$185,673.

The Town's Water Districts Fund ending fund balance was \$1,858,250. \$1,682,852 of this amount is reported as fund balance assigned for specific (Water Districts Fund) use and \$164,395 is assigned to funding next year's budget. During the year ended December 31, 2023, the Water Districts Fund fund balance increased \$132,035.

The Town's Garbage and Refuse Fund ending fund balance was \$2,116,116. \$840,000 of this amount is assigned for encumbrances and \$1,214,960 is reported as fund balance assigned for specific (Garbage and Refuse Fund) use. During the year ended December 31, 2023, the Garbage and Refuse Fund fund balance increased \$1,223,067.

The Town's Capital Projects Fund ending fund balance was \$5,787,833. During the year ended December 31, 2023, the Capital Projects Fund fund balance decreased \$2,359,817 due to project activity.

The Town's Debt Service Fund ending fund balance was \$550,877, which primarily 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, 2023 is presented in Table 6 below:

Table 6—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues	\$ 17,133,024	18,233,024	\$ 19,420,872	\$ 1,187,848
Expenditures and other financing uses	<u>19,216,907</u>	<u>20,317,943</u>	<u>18,026,021</u>	<u>2,291,922</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,083,883)</u>	<u>\$ (2,084,919)</u>	<u>\$ 1,394,851</u>	<u>\$ 3,479,770</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 \$1,187,848, primarily due to greater than anticipated interest earnings and sales tax.

Total expenditures and transfers out were less than the final budget by \$2,291,922.

Capital Asset and Debt Administration

Capital assets—The Town's investment in capital assets for its governmental activities as of December 31, 2023 amounted to \$93,504,214 (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, 2023 and December 31, 2022 is presented below in Table 7.

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

	December 31,	
	2023	2022
Land	\$ 5,858,322	\$ 5,858,322
Works of art and historical treasures	50,700	50,700
Construction in progress	10,140,988	9,662,273
Land improvements	638,683	732,439
Buildings	23,358,320	23,933,601
Building improvements	2,249,494	2,301,292
Machinery and equipment	4,142,404	3,988,938
Infrastructure	47,065,303	47,864,185
Total	<u>\$ 93,504,214</u>	<u>\$ 94,391,750</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, 2023, the Town had total bonded debt outstanding of \$35,720,000 as compared to \$37,670,000 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 \$251,583,788, 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, 2023 and December 31, 2022 is presented below in Table 8.

Table 8—Summary of Long-Term Liabilities

	December 31,	
	2023	2022
Serial bonds	\$ 35,720,000	\$ 37,670,000
Premium on serial bonds	<u>277,381</u>	<u>294,269</u>
Net bonds payable	35,997,381	37,964,269
Compensated absences	3,435,634	3,385,316
OPEB obligation	12,241,252	11,253,698
Net pension liability	<u>10,332,148</u>	<u>691,014</u>
Total	<u>\$ 62,006,415</u>	<u>\$ 53,294,297</u>

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Town during December 2023 was 2.5 percent, as compared to December 2022 of 2.4 percent. The unemployment rate, not seasonally adjusted, for New York State during December 2023 was 4.6 percent, as compared to the national unemployment rate of 3.7 percent.

These factors were considered in preparing the Town's budget for 2024.

The Town's 2024 budget includes the appropriation of \$3,000,000 of unassigned fund balance in the General Fund. The budget also includes a combined General Fund/Public Safety Fund tax rate of \$4.20 and Highway Fund tax rate of \$3.35 (per \$1,000 of assessed valuation), as compared to the 2023 tax rates of \$4.59 and \$3.31.

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, 2023

	<u>Primary</u> <u>Government</u> Governmental <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 15,803,909
Restricted cash and cash equivalents	12,858,798
Investments	6,854,937
Restricted investments	3,462,108
Receivables	1,484,210
Intergovernmental receivables	927,764
Prepaid items	577,015
Capital assets not being depreciated	16,050,010
Capital assets, net of accumulated depreciation	<u>77,454,204</u>
Total assets	<u>135,472,955</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	8,172,421
Deferred outflows—relating to OPEB	<u>2,358,961</u>
Total deferred outflows of resources	<u>10,531,382</u>
LIABILITIES	
Accounts payable	1,264,555
Accrued liabilities	809,836
Retainages payable	108,599
Unearned revenue	1,566,996
Bond anticipation notes payable	6,338,000
Non-current liabilities:	
Due within one year	2,173,670
Due within more than one year	<u>59,832,745</u>
Total liabilities	<u>72,094,401</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	239,695
Deferred inflows—relating to OPEB	<u>2,945,777</u>
Total deferred inflows of resources	<u>3,185,472</u>
NET POSITION	
Net investment in capital assets	60,490,017
Restricted for:	
Capital improvements	629,767
Debt	846,406
Other	587,667
Unrestricted	<u>8,170,607</u>
Total net position	<u>\$ 70,724,464</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, 2023

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental activities:				
General government support	\$ 5,392,612	\$ 440,799	\$ -	\$ (4,951,813)
Education	16,048	-	-	(16,048)
Public safety	9,362,317	987,594	40,182	(8,334,541)
Health	6,268	-	-	(6,268)
Transportation	6,694,229	120,555	926,776	(5,646,898)
Culture and recreation	3,203,486	1,297,041	17,985	(1,888,460)
Home and community services	7,151,980	309,702	150,000	(6,692,278)
Interest and other fiscal charges	<u>1,263,308</u>	<u>-</u>	<u>-</u>	<u>(1,263,308)</u>
Total primary government	<u>\$ 33,090,248</u>	<u>\$ 3,155,691</u>	<u>\$ 1,134,943</u>	(28,799,614)
General revenues:				
				18,567,950
				Real property taxes and tax items
				Other non-property taxes:
				Sales tax distribution 6,006,025
				Franchise fees 308,818
				Use of money and property 2,059,130
				Sale of property and compensation
				for loss 912,874
				Miscellaneous 895,806
				State support (unrestricted) <u>1,039,249</u>
				Total general revenues <u>29,789,852</u>
				Change in net position 990,238
				Net position—beginning <u>69,734,226</u>
				Net position—ending <u>\$ 70,724,464</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, 2023

	Special Revenue						Debt Service	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Sewer Districts	Water Districts	Garbage and Refuse	Capital Projects			
ASSETS									
Cash and cash equivalents	\$ 6,091,259	\$ 2,124,866	\$ 1,967,942	\$ 1,334,396	\$ 1,049,915	\$ -	\$ -	\$ 3,235,531	\$ 15,803,909
Restricted cash and cash equivalents	2,940,203	-	-	-	18,463	9,517,218	382,914	-	12,858,798
Investments	3,573,028	902,937	761,977	531,092	542,745	-	-	543,158	6,854,937
Restricted investments	-	-	-	-	-	3,294,145	167,963	-	3,462,108
Receivables	733,558	10,279	-	5,897	691,924	-	-	42,552	1,484,210
Intergovernmental receivables	927,764	-	-	-	-	-	-	-	927,764
Prepaid items	502,386	46,030	-	11,003	2,693	-	-	14,903	577,015
Total assets	<u>\$ 14,768,198</u>	<u>\$ 3,084,112</u>	<u>\$ 2,729,919</u>	<u>\$ 1,882,388</u>	<u>\$ 2,305,740</u>	<u>\$ 12,811,363</u>	<u>\$ 550,877</u>	<u>\$ 3,836,144</u>	<u>\$ 41,968,741</u>
LIABILITIES									
Accounts payable	226,596	125,496	989	15,420	166,825	685,530	-	43,699	1,264,555
Accrued liabilities	253,289	52,531	-	8,718	22,799	-	-	10,835	348,172
Unearned revenue	1,566,996	-	-	-	-	-	-	-	1,566,996
Bond anticipation notes payable	-	-	-	-	-	6,338,000	-	-	6,338,000
Total liabilities	<u>2,046,881</u>	<u>178,027</u>	<u>989</u>	<u>24,138</u>	<u>189,624</u>	<u>7,023,530</u>	<u>-</u>	<u>54,534</u>	<u>9,517,723</u>
FUND BALANCES									
Nonspendable	502,386	46,030	-	11,003	2,693	-	-	14,903	577,015
Restricted	1,494,500	-	-	-	18,463	-	550,877	-	2,063,840
Committed	903,328	-	-	-	40,000	5,787,833	-	-	6,731,161
Assigned	3,825,536	2,860,055	2,728,930	1,847,247	2,054,960	-	-	3,766,707	17,083,435
Unassigned	5,995,567	-	-	-	-	-	-	-	5,995,567
Total fund balances	<u>12,721,317</u>	<u>2,906,085</u>	<u>2,728,930</u>	<u>1,858,250</u>	<u>2,116,116</u>	<u>5,787,833</u>	<u>550,877</u>	<u>3,781,610</u>	<u>32,451,018</u>
Total liabilities and fund balances	<u>\$ 14,768,198</u>	<u>\$ 3,084,112</u>	<u>\$ 2,729,919</u>	<u>\$ 1,882,388</u>	<u>\$ 2,305,740</u>	<u>\$ 12,811,363</u>	<u>\$ 550,877</u>	<u>\$ 3,836,144</u>	<u>\$ 41,968,741</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, 2023

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

Total fund balances—governmental funds (page 16)	\$	32,451,018
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$179,802,396 and the accumulated depreciation is \$86,298,182.		93,504,214
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	\$	1,471,921
Deferred outflows related to experience and investment earnings		6,700,500
Deferred inflows of resources related to pensions		<u>(239,695)</u>
		7,932,726
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.		(586,816)
To recognize interest accrual on long-term debt. Net accrued interest for general obligation bonds are not reported in the funds.		(461,664)
To recognize retainage payable on outstanding capital projects not recorded in the fund financial statements.		(108,599)
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	\$	(35,720,000)
Premium on serial bonds		(277,381)
Compensated absences		(3,435,634)
OPEB obligation		(12,241,252)
Net pension liability		<u>(10,332,148)</u>
		<u>(62,006,415)</u>
Net position of governmental activities	\$	<u>70,724,464</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, 2023

REVENUES	Special Revenue						Debt Service	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Sewer Districts	Water Districts	Garbage and Refuse	Capital Projects			
Real property taxes	\$ 8,091,719	\$ 4,969,091	\$ 1,248,008	\$ 908,086	\$ 2,683,219	\$ -	\$ -	\$ 372,950	\$ 18,273,073
Real property tax items	294,877	-	-	-	-	-	-	-	294,877
Non property tax items	5,875,908	-	-	-	-	-	-	438,935	6,314,843
Departmental income	1,775,361	-	28,983	8,908	232,371	-	-	636,716	2,682,339
Intergovernmental charges	58,250	120,555	-	-	-	-	-	-	178,805
Use of money and property	1,015,735	139,697	117,890	82,166	83,970	509,651	25,986	84,035	2,059,130
Licenses and permits	83,981	-	-	-	-	-	-	2,200	86,181
Fines and forfeitures	208,076	-	-	-	-	-	-	-	208,076
Sale of property and compensation for loss	63,849	157,071	-	-	691,954	-	-	-	912,874
Premium on obligations	-	-	-	-	-	-	45,532	-	45,532
Miscellaneous	75,141	4,225	-	-	-	100,000	-	-	179,366
Interfund revenues	-	-	-	290	-	-	-	-	290
State aid	1,079,431	296,217	-	-	-	-	-	-	1,375,648
Federal aid	798,544	-	-	-	-	-	-	-	798,544
Total revenues	19,420,872	5,686,856	1,394,881	999,450	3,691,514	609,651	71,518	1,534,836	33,409,578
EXPENDITURES									
Current:									
General government support	3,729,087	64,581	-	-	-	-	-	1,399	3,795,067
Education	11,762	-	-	-	-	-	-	-	11,762
Public safety	6,419,342	-	-	-	-	-	-	410,816	6,830,158
Health	-	-	-	-	-	-	-	4,594	4,594
Transportation	144,773	3,191,746	-	-	-	-	-	364,984	3,701,503
Culture and recreation	1,758,792	-	-	-	-	-	-	111,630	1,870,422
Home and community services	16,351	-	822,097	528,408	2,574,901	-	-	154,973	4,096,730
Employee benefits	3,889,345	1,052,128	101,299	96,719	43,546	-	-	165,592	5,348,629
Debt service:									
Principal	-	-	-	-	-	-	1,950,000	-	1,950,000
Interest	-	-	-	-	-	81,585	1,191,039	-	1,272,624
Capital outlay	-	-	-	-	-	2,505,727	-	-	2,505,727
Total expenditures	15,969,452	4,308,455	923,396	625,127	2,618,447	2,587,312	3,141,039	1,213,988	31,387,216
Excess (deficiency) of revenues over expenditures	3,451,420	1,378,401	471,485	374,323	1,073,067	(1,977,661)	(3,069,521)	320,848	2,022,362
OTHER FINANCING SOURCES (USES)									
Transfers in	-	450,000	-	-	150,000	1,120,199	2,931,881	-	4,652,080
Transfers out	(2,056,569)	(565,056)	(285,812)	(242,288)	-	(1,502,355)	-	-	(4,652,080)
Total other financing sources (uses)	(2,056,569)	(115,056)	(285,812)	(242,288)	150,000	(382,156)	2,931,881	-	-
Net change in fund balances	1,394,851	1,263,345	185,673	132,035	1,223,067	(2,359,817)	(137,640)	320,848	2,022,362
Fund balances—beginning	11,326,466	1,642,740	2,543,257	1,726,215	893,049	8,147,650	688,517	3,460,762	30,428,656
Fund balances—ending	\$ 12,721,317	\$ 2,906,085	\$ 2,728,930	\$ 1,858,250	\$ 2,116,116	\$ 5,787,833	\$ 550,877	\$ 3,781,610	\$ 32,451,018

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, 2023

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) \$ 2,022,362

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

Capital asset additions	\$ 4,332,247	
Loss on disposition of capital assets	(548,960)	
Depreciation expense	<u>(4,670,823)</u>	(887,536)

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

Town pension contributions	\$ 1,471,921	
Cost of benefits earned net of employee contributions	<u>(3,152,121)</u>	(1,680,200)

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. 665,990

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 1,950,000	
Amortization of bond premium	16,888	
Change in accrued interest expense	(7,572)	
Change in retainages payable	(51,822)	
Change in compensated absences	(50,318)	
Change in OPEB obligation	<u>(987,554)</u>	<u>869,622</u>

Change in net position of governmental activities \$ 990,238

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, 2023

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 1,643,671
Receivables	<u>2,206</u>
Total assets	<u>1,645,877</u>
LIABILITIES	
Accounts payable	<u>\$ 3,464</u>
Total liabilities	<u>\$ 3,464</u>
NET POSITION	<u>\$ 1,642,413</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, 2023

	Custodial Fund
ADDITIONS	
Funds received on behalf of others	\$ 223,177
Total additions	223,177
 DEDUCTIONS	
Funds distributed on behalf of others	104,291
Total deductions	104,291
Net increase in fiduciary net position	118,886
Net position—beginning	1,523,527
Net position—ending	\$ 1,642,413

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, 2023

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 (4)	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 real property taxes, non-property tax items, 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’s 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—general*). 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, 2023.

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*, represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2023, 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 position, 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 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*, represent an acquisition of net assets that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2023, 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 position and the difference during the measurement periods between the Town's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item, also reported in the government-wide statements, represents the effects of the change in the Town's OPEB liability. Differences between actual and expected experience, changes in demographic or economic assumptions, and differences between actual and expected investment experience are recognized as OPEB expense over time.

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

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

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

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

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

Revenues and Expenditure/Expenses

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

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

For 2023, tax payments were due January 1st to February 15th without penalty; February 16th to February 28th a 1.5% penalty; March 1st to March 15th a 3.0% penalty; March 16th to March 31st a 4.5% penalty; April 1st to April 17th a 6.0% penalty; April 18th to May 1st a 7.5% penalty; and 1.5% added each month thereafter.

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

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

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

The compensated absences liability for the Town at December 31, 2023 totaled \$3,435,634 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 position, 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, 2023, the Town implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. A portion of GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 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 the remainder of GASB Statement No. 99, *Omnibus 2022*; 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; and No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, and 102 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 30th, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20th.
- Formal annual budgetary accounts are employed as a management control device for the General, Special Revenue, and Debt Service Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

2. 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, 2023 are shown below:

	Governmental Funds	Custodial Funds	Total
Petty Cash (uncollateralized)	\$ 1,025	\$ -	\$ 1,025
Deposits	28,661,682	1,643,671	30,305,353
Total	<u>\$ 28,662,707</u>	<u>\$ 1,643,671</u>	<u>\$ 30,306,378</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2023 are as follows:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 503,378	\$ 503,378
Uninsured:		
Collateral held by bank's agent in the Town's name	30,621,307	29,801,975
Total	<u>\$ 31,124,685</u>	<u>\$ 30,305,353</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, 2023, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

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

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

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

The Town has the following fair value measurements as of December 31, 2023:

- U.S. Treasury bills of \$10,317,046 are valued using quoted market prices for identical assets in active markets (level 1 input).

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

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

Restricted Cash, Cash Equivalents and Investments—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, 2023, the Town reported \$16,320,906 of cash, cash equivalents and investments as restricted in the governmental funds and \$1,643,671 in the custodial fund.

3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2023 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, 2023 are:

General Fund:		
Various Town departments	\$ 501,986	
Dispatch fees	19,598	
School resource officer	191,213	
Miscellaneous	<u>20,761</u>	\$ 733,558
Highway Fund:		
Fuel charges	6,364	
Various Town departments	<u>3,915</u>	10,279
Water Districts Fund:		
Various Town departments		5,897
Garbage and Refuse Fund:		
Rental reimbursement	680,000	
Compost sales	<u>11,924</u>	691,924
Other governmental funds:		
Town Outside Village Fund:		
Various Town departments		41,882
Lighting Fund:		
Miscellaneous		<u>670</u>
Total governmental funds		<u>\$ 1,484,210</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, 2023 are:

General Fund:	
Erie County - sales tax	\$ 914,404
Erie County - other	425
Federal aid - other	<u>12,935</u>
Total governmental funds	<u>\$ 927,764</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Increases and Reclassifications	Decreases and Reclassifications	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 5,858,322	\$ -	\$ -	\$ 5,858,322
Works of art and historical treasures	50,700	-	-	50,700
Construction in progress	<u>9,662,273</u>	<u>2,515,260</u>	<u>2,036,545</u>	<u>10,140,988</u>
Total capital assets, not being depreciated	<u>15,571,295</u>	<u>2,515,260</u>	<u>2,036,545</u>	<u>16,050,010</u>
Capital assets, being depreciated:				
Land improvements	2,797,005	16,500	-	2,813,505
Buildings	29,466,279	-	-	29,466,279
Building improvements	5,090,131	177,357	-	5,267,488
Machinery and equipment	12,923,570	1,654,077	1,733,867	12,843,780
Infrastructure	<u>111,355,736</u>	<u>2,005,598</u>	<u>-</u>	<u>113,361,334</u>
Total capital assets, being depreciated	<u>161,632,721</u>	<u>3,853,532</u>	<u>1,733,867</u>	<u>163,752,386</u>
Less accumulated depreciation for:				
Land improvements	2,064,566	110,256	-	2,174,822
Buildings	5,532,678	575,281	-	6,107,959
Building improvements	2,788,839	229,155	-	3,017,994
Machinery and equipment	8,934,632	951,651	1,184,907	8,701,376
Infrastructure	<u>63,491,551</u>	<u>2,804,480</u>	<u>-</u>	<u>66,296,031</u>
Total accumulated depreciation	<u>82,812,266</u>	<u>4,670,823</u>	<u>1,184,907</u>	<u>86,298,182</u>
Total capital assets, being depreciated, net	<u>78,820,455</u>	<u>(817,291)</u>	<u>548,960</u>	<u>77,454,204</u>
Governmental activities capital assets, net	<u>\$ 94,391,750</u>	<u>\$ 1,697,969</u>	<u>\$ 2,585,505</u>	<u>\$ 93,504,214</u>

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

Governmental activities:	
General support	\$ 320,840
Public safety	263,873
Transportation	2,110,060
Culture and recreation	660,351
Home and community services	<u>1,315,699</u>
Total depreciation expense, governmental activities	<u>\$ 4,670,823</u>

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

General support	\$ 113,720
Transportation	1,056,724
Culture and recreation	337,528
Home and community services	<u>997,755</u>
Total capital outlay	<u>\$ 2,505,727</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at Town as of December 31, 2023, were as follows:

	General Fund	Highway Fund	Water Districts Fund	Garbage and Refuse Fund	Other Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 253,289	\$ 51,439	\$ 8,718	\$ 1,628	\$ 10,835	\$ 325,909
Accrued workers compensation	<u>-</u>	<u>1,092</u>	<u>-</u>	<u>21,171</u>	<u>-</u>	<u>22,263</u>
Total	<u>\$ 253,289</u>	<u>\$ 52,531</u>	<u>\$ 8,718</u>	<u>\$ 22,799</u>	<u>\$ 10,835</u>	<u>\$ 348,172</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 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 Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the Town reported the following liability for its proportionate share of the net pension liability for PFRS and ERS. The net pension liability was measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2022, 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, 2023	March 31, 2023
Net pension liability	\$ 6,596,348	\$ 3,735,800
Town's portion of the Plan's total net pension liability	0.1197057%	0.0174212%

For PFRS, at March 31, 2023, the Town’s proportion was .1197057 percent, which was an decrease from its proportion measured as of March 31, 2022 of .1216479 percent. For ERS, at March 31, 2023, the Town’s proportion was .0174212 percent, which was an increase from its proportion measured as of March 31, 2022 of .0170572 percent.

For the year ended December 31, 2023, the Town recognized pension expenses of \$2,184,690 and \$1,437,718, respectively, for PFRS and ERS totaling \$3,622,408. At December 31, 2023, 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	\$ 644,727	\$ 397,892	\$ -	\$ 104,915
Changes of assumptions	3,214,383	1,814,346	-	20,052
Net difference between projected and actual earnings on pension plan investments	11,661	-	-	21,948
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	359,715	257,776	85,737	7,043
Town contributions subsequent to the measurement date	<u>899,168</u>	<u>572,753</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,129,654</u>	<u>\$ 3,042,767</u>	<u>\$ 85,737</u>	<u>\$ 153,958</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, 2024. 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
2024	\$ 852,166	\$ 593,637
2025	(80,245)	(112,279)
2026	2,020,159	802,621
2027	1,243,005	1,032,077
2028	109,664	-

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, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.90%	5.90%
Salary scale	6.20%	4.40%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustments	1.5%	1.5%

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-2021. The actuarial assumptions used in the April 1, 2022 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	
	March 31, 2023	
Asset class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Opportunistic/ARS portfolio	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed Income	23.0	1.5
Cash	1.0	0.0
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/(Asset) to the Discount Rate Assumption—The chart below presents the Town’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the Town’s proportionate share of the net pension liability/(asset) 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	\$ 13,750,397	\$ 6,596,348	\$ 672,367
Employer's proportionate share of the net pension liability/(asset)—ERS	9,027,827	3,735,800	(686,304)

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, 2022	April 1, 2022	
Employers' total pension liability	\$ 43,835,333	\$ 232,627,259	\$ 276,462,592
Plan fiduciary net position	38,324,863	211,183,223	249,508,086
Employers' net pension liability	<u>\$ 5,510,470</u>	<u>\$ 21,444,036</u>	<u>\$ 26,954,506</u>
System fiduciary net position as a percentage of total pension liability	87.4%	90.8%	90.3%

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	43
Active employees	<u>115</u>
	<u>158</u>

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

Total OPEB Liability

The Town’s total OPEB liability of \$12,241,252 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2022.

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, 2022 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, 2022. The discount rate used is 3.77%. The Pub-2010 Public Retirement Plans 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 postemployment 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 <u>Liability</u>
Balance at 12/31/2022:	\$ 11,253,698
Changes for the year:	
Service Cost	583,158
Interest	465,492
Changes of assumptions	625,426
Contributions—employer	<u>(686,522)</u>
Net changes	<u>987,554</u>
Balance at 12/31/2023	<u>\$ 12,241,252</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 (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB liability	\$ 13,367,278	\$ 12,241,252	\$ 11,217,285

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 (4.55-7.75%/ ultimate (4.04%) healthcare cost trend rates as reported by the Town’s actuary:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 10,695,525	\$ 12,241,252	\$ 14,103,734

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 and deferred outflows of resources due to changes in assumptions and differences between actual and expected experience. The table below presents the Town’s deferred inflows of resources and deferred outflows of resources at December 31, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 256,332	\$ 1,490,100
Changes of assumptions	2,102,629	1,455,677
Total	<u>\$ 2,358,961</u>	<u>\$ 2,945,777</u>

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

<u>Year ending December 31,</u>	
2024	\$ 70,535
2025	67,923
2026	38,009
2027	21,762
2028	16,711
2029 and thereafter	371,876

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 on a replacement cost basis.

At December 31, 2023, the amount of workers compensation liabilities relating to the period in which the Town was self-insured was \$22,263. Changes in the reported liability resulted from the following:

	Beginning Liability	Changes in Estimates	Claims Payments Net of Recoveries	Ending Liability
2023	\$ 21,786	\$ 477	\$ -	\$ 22,263
2022	23,300	-	1,514	21,786
2021	25,415	-	2,115	23,300

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, 2023:

Description	Interest Rate	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Various	3.50%	\$ 6,388,000	\$ -	\$ 6,388,000	\$ -
Various	4.50%	-	6,338,000	-	6,338,000
		<u>\$ 6,388,000</u>	<u>\$ 6,338,000</u>	<u>\$ 6,388,000</u>	<u>\$ 6,338,000</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, premium on serial bonds, compensated absences, other postemployment 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, 2023 follows:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Serial bonds	\$ 37,670,000	\$ -	\$ 1,950,000	\$ 35,720,000	\$ 1,985,000
Premium on serial bonds	294,269	-	16,888	277,381	16,888
Net bonds payable	37,964,269	-	1,966,888	35,997,381	2,001,888
Compensated absences	3,385,316	423,776	373,458	3,435,634	171,782
OPEB obligation	11,253,698	1,674,076	686,522	12,241,252	-
Net pension liability*	691,014	9,641,134	-	10,332,148	-
Total	<u>\$ 53,294,297</u>	<u>\$ 11,738,986</u>	<u>\$ 3,026,868</u>	<u>\$ 62,006,415</u>	<u>\$ 2,173,670</u>

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

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-five years.

A summary of additions and reductions for the year ended December 31, 2023 is shown below:

Purpose	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023
General Fund Serial Bonds:							
Municipal renovations	\$ 640,000	2.0-3.0%	2015/2035	\$ 455,000	\$ -	\$ 30,000	\$ 425,000
Town-wide drainage	970,000	2.0-3.5%	2015/2042	790,000	-	30,000	760,000
Municipal buildings	460,000	2.0-2.5%	2016/2031	310,000	-	30,000	280,000
Green Lake	4,000,000	2.0-3.0%	2016/2036	3,100,000	-	190,000	2,910,000
Town wide drainage	1,420,000	2.0-3.0%	2016/2036	1,095,000	-	65,000	1,030,000
Town wide drainage	600,000	3.3-3.5%	2018/2047	520,000	-	20,000	500,000
CAC I	1,500,000	3.3-3.5%	2018/2047	1,340,000	-	45,000	1,295,000
CAC II	14,500,000	3.3-3.5%	2018/2048	13,300,000	-	425,000	12,875,000
Parks and playgrounds	1,250,000	3.3%	2018/2032	910,000	-	90,000	820,000
Buildings	800,000	3.3-3.5%	2018/2042	680,000	-	30,000	650,000
Municipal Buildings	101,000	2.0%	2021/2030	91,000	-	10,000	81,000
Reconst. of parks/playgrounds	896,000	2.0%	2021/2034	837,000	-	61,000	776,000
Community Activity Center	3,915,000	2.0-2.3%	2021/2049	3,799,000	-	116,000	3,683,000
Total General Fund				<u>27,227,000</u>	<u>-</u>	<u>1,142,000</u>	<u>26,085,000</u>
Highway Fund Serial Bonds:							
2010 roads project	2,280,000	2.0-2.8%	2015/2025	735,000	-	240,000	495,000
2012 roads project	270,000	2.0-2.8%	2015/2027	125,000	-	25,000	100,000
Forest Ave bridge	930,000	2.0-3.0%	2015/2032	595,000	-	50,000	545,000
2015 roads and highways	2,000,000	2.0-2.5%	2016/2031	1,350,000	-	135,000	1,215,000
Reconstruction and renovations	450,000	3.3%	2018/2032	330,000	-	30,000	300,000
Reconstruction and renovations	500,000	3.3%	2018/2032	375,000	-	35,000	340,000
Reconstruction/lighting	301,000	2.0%	2021/2034	281,000	-	21,000	260,000
Total Highway Fund				<u>3,791,000</u>	<u>-</u>	<u>536,000</u>	<u>3,255,000</u>
Sewer Districts Fund Serial Bonds:							
Various sewer lines	1,565,000	2.0-3.0%	2016/2036	1,210,000	-	75,000	1,135,000
Various sewer lines	200,000	3.3%	2018/2038	160,000	-	10,000	150,000
Sewer reconstruction	23,343,000	2.0-2.3%	2021-2049	2,274,000	-	70,000	2,204,000
Total Sewer Districts Fund				<u>3,644,000</u>	<u>-</u>	<u>155,000</u>	<u>3,489,000</u>
Water Districts Fund Serial Bonds:							
Water distribution	1,270,000	2.0-3.5%	2015/2042	1,025,000	-	35,000	990,000
Various waterlines	405,000	2.0-2.5%	2016/2031	280,000	-	30,000	250,000
Various waterlines	400,000	3.3-3.5%	2018/2047	360,000	-	10,000	350,000
Water Distribution	1,384,000	2.0-2.3%	2021/2049	1,343,000	-	42,000	1,301,000
Total Water Districts Fund				<u>3,008,000</u>	<u>-</u>	<u>117,000</u>	<u>2,891,000</u>
Total governmental activities				<u>\$ 37,670,000</u>	<u>\$ -</u>	<u>\$ 1,950,000</u>	<u>\$35,720,000</u>

The annual requirements to amortize all bonded debt outstanding (by fund responsible for repayment of such debt) as of December 31, 2023 are as follows:

Year Ending December 31,	Principal				
	General Fund	Highway Fund	Sewer Districts	Water Districts	Total
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	1,218,000	328,000	165,000	129,000	1,840,000
2028	1,240,000	314,000	166,000	135,000	1,855,000
2029-2033	6,390,000	1,166,000	890,000	644,000	9,090,000
2034-2038	5,229,000	22,000	774,000	610,000	6,635,000
2039-2043	4,245,000	-	450,000	605,000	5,300,000
2044-2048	4,090,000	-	479,000	341,000	4,910,000
2049-thereafter	150,000	-	87,000	53,000	290,000
Total	<u>\$ 26,085,000</u>	<u>\$ 3,255,000</u>	<u>\$ 3,489,000</u>	<u>\$ 2,891,000</u>	<u>\$ 35,720,000</u>

Year Ending December 31,	Interest				
	General Fund	Highway Fund	Sewer Districts	Water Districts	Total
2024	\$ 765,709	\$ 82,275	\$ 76,434	\$ 73,714	\$ 998,132
2025	734,464	67,955	73,189	70,849	946,457
2026	702,999	53,428	69,854	67,964	894,245
2027	670,511	45,724	66,449	64,896	847,580
2028	637,651	37,603	63,024	61,829	800,107
2029-2033	2,660,644	71,298	258,394	258,528	3,248,864
2034-2038	1,776,429	440	149,474	180,112	2,106,455
2039-2043	1,083,751	-	87,316	92,905	1,263,972
2044-2048	410,820	-	40,838	29,380	481,038
2049-thereafter	3,375	-	1,958	1,193	6,526
Total	<u>\$ 9,446,353</u>	<u>\$ 358,723</u>	<u>\$ 886,930</u>	<u>\$ 901,370</u>	<u>\$ 11,593,376</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, Highway, Sewer Districts, Water Districts, Garbage and Refuse, and Town Outside Village 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, 2023, for governmental activities is \$3,435,634. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$171,782 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, Highway, Sewer Districts, Water Districts, Garbage and Refuse, and Town Outside Village funds. The estimated long-term OPEB obligation is estimated to be \$12,241,252 at December 31, 2023.

Net Pension Liability—The Town reported a liability of \$6,596,348 and \$3,735,800, for the year ended December 31, 2023, for its proportionate share of the net pension liability for the Police and Fire Retirement System and Employees Retirement System, respectively. Payments by the Town to liquidate pension benefits are from the General Fund. 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		\$ 93,504,214
Related debt:		
Serial bonds issued	\$ (35,720,000)	
Unamortized bond issue premium	(277,381)	
Bond anticipation notes issued	(6,338,000)	
Unspent proceeds from debt	<u>10,115,313</u>	
Debt issued and used for capital assets		(32,220,068)
Retainages and accounts payable		<u>(794,129)</u>
Net investment in capital assets		<u>\$ 60,490,017</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, 2023. 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, 2023 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, 2023 include:

	General Fund	Garbage and Refuse Fund	Debt Service Fund	Total Governmental Funds
Cemetery	\$ 19,545	\$ -	\$ -	\$ 19,545
Senior center	1,349	-	-	1,349
Capital improvements	629,767	-	-	629,767
Town historian	6,414	-	-	6,414
Historic survey	9,552	-	-	9,552
DWI program	183,993	-	-	183,993
D.A.R.E. program	51,621	-	-	51,621
Equipment	156,745	-	-	156,745
Vehicles	158,448	-	-	158,448
Debt service	<u>277,066</u>	<u>18,463</u>	<u>550,877</u>	<u>846,406</u>
Total restricted fund balance	<u>\$ 1,494,500</u>	<u>\$ 18,463</u>	<u>\$ 550,877</u>	<u>\$ 2,063,840</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, 2023, the Town has committed the following:

	General Fund	Garbage and Refuse Fund	Capital Projects Fund	Total
Capital improvements	\$ 466,997	\$ -	\$ 5,787,833	\$ 6,254,830
Insurance deductibles	393,781	-	-	393,781
Equipment	<u>42,550</u>	<u>40,000</u>	<u>-</u>	<u>82,550</u>
Total committed fund balance	<u>\$ 903,328</u>	<u>\$ 40,000</u>	<u>\$ 5,787,833</u>	<u>\$ 6,731,161</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, 2023 and include:

	Subsequent Year's Expenditures	Encumbrances	Retirement Costing	Specific Use	Total Governmental Funds
General Fund	\$ 3,000,000	\$ 76,415	\$ 749,121	\$ -	\$ 3,825,536
Highway Fund	-	832,873	-	2,027,182	2,860,055
Sewer Districts Fund	407,851	-	-	2,321,079	2,728,930
Water Districts Fund	164,395	-	-	1,682,852	1,847,247
Garbage and Refuse Fund	-	840,000	-	1,214,960	2,054,960
Other Governmental Funds	<u>145,800</u>	<u>-</u>	<u>-</u>	<u>3,620,907</u>	<u>3,766,707</u>
Total	<u>\$ 3,718,046</u>	<u>\$ 1,749,288</u>	<u>\$ 749,121</u>	<u>\$ 10,866,980</u>	<u>\$ 17,083,435</u>

- **Assigned to subsequent year’s expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2024 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, 2023 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,056,569
Highway Fund	450,000	565,056
Sewer Districts Fund	-	285,812
Water Districts Fund	-	242,288
Garbage and Refuse	150,000	-
Capital Projects Fund	1,120,199	1,502,355
Debt Service Fund	<u>2,931,881</u>	<u>-</u>
Total	<u>\$ 4,652,080</u>	<u>\$ 4,652,080</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, 2025. The Police Benevolent Association contract and the Police Command Officers contract are 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, 2023, the Town encumbered the following significant encumbrances:

Fund	Description	Amount
Highway Fund	Woodhog	\$ 135,000
Highway Fund	Dump Body and Plow	145,418
Highway Fund	Dump Body and Plow	145,418
Highway Fund	Freightliner Truck Cab	134,674
Highway Fund	Freightliner Truck Cab	134,674
Highway Fund	International Chassis	137,689
Refuse and Garbage Fund	Woodhog	765,000
Refuse and Garbage Fund	International Chassis	75,000

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, 2023, real property taxes in the amount of \$111,815 were abated; however, the Town received \$113,141 of PILOT payments during the year related to those abatements.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2024 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 Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	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)	0.1197057%	0.1216479%	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>\$ 6,596,348</u>	<u>\$ 691,014</u>	<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	\$ 4,406,041	\$ 4,672,671	\$ 4,317,963	\$ 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	149.71%	14.79%	43.92%	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	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%	98.5%

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 Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,214,628	\$ 1,282,345	\$ 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	\$ (1,214,628)	\$ (1,282,345)	(1,284,112)	(1,086,289)	(1,065,880)	(1,104,941)	(869,567)	(875,486)	(900,488)	(908,666)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 4,713,258	\$ 4,614,589	\$ 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	25.8%	27.8%	27.7%	24.4%	26.4%	29.8%	24.5%	27.9%	29.1%	30.6%

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/(Asset)—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	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)	0.0174212%	0.0170572%	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>\$ 3,735,800</u>	<u>\$ (1,394,354)</u>	<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	\$ 6,144,338	\$ 5,704,843	\$ 5,864,703	\$ 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	60.80%	(24.44%)	0.29%	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	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

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 Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 731,256	\$ 698,223	\$ 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	(731,256)	(698,223)	(880,286)	(828,081)	(763,932)	(753,723)	(714,592)	(775,770)	(1,056,156)	(1,065,746)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 6,588,290	\$ 6,500,336	\$ 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	11.1%	11.3%	14.3%	13.1%	12.1%	13.2%	13.4%	15.4%	21.4%	21.2%

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 Six Fiscal Years*

	Year Ended December 31,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 583,158	\$ 813,490	\$ 817,122	\$ 611,096	\$ 439,230	\$ 484,863
Interest cost	465,492	240,656	267,933	313,429	421,207	393,796
Change of benefit terms	-	-	-	-	-	(149,461)
Difference between expected and actual experience	-	(1,189,569)	50,229	(572,454)	(1,040,313)	-
Change of assumptions or other inputs	625,426	(1,750,565)	383,717	1,472,649	1,222,135	(648,978)
Actual benefit payments	<u>(686,522)</u>	<u>(631,086)</u>	<u>(655,510)</u>	<u>(595,206)</u>	<u>(557,104)</u>	<u>(599,772)</u>
Net change in total OPEB liability	<u>987,554</u>	<u>(2,517,074)</u>	<u>863,491</u>	<u>1,229,514</u>	<u>485,155</u>	<u>(519,552)</u>
Total OPEB liability-beginning	<u>11,253,698</u>	<u>13,770,772</u>	<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>\$ 12,241,252</u>	<u>\$ 11,253,698</u>	<u>\$ 13,770,772</u>	<u>\$ 12,907,281</u>	<u>\$ 11,677,767</u>	<u>\$ 11,192,612</u>
Covered-employee payroll	12,396,108	11,865,908	11,469,607	11,254,644	11,162,863	\$ 10,467,913
Total OPEB liability as a percentage of covered-employee payroll	98.75%	94.84%	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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 8,091,719	\$ 8,091,719	\$ 8,091,719	\$ -
Real property tax items	208,000	208,000	294,877	86,877
Non property tax items	5,343,781	5,343,781	5,875,908	532,127
Departmental income	1,592,500	1,592,500	1,775,361	182,861
Intergovernmental charges	75,000	75,000	58,250	(16,750)
Use of money and property	191,500	191,500	1,015,735	824,235
Licenses and permits	35,100	35,100	83,981	48,881
Fines and forfeitures	180,000	180,000	208,076	28,076
Sale of property and compensation for loss	-	-	63,849	63,849
Miscellaneous	60,500	60,500	75,141	14,641
State aid	1,353,924	1,353,924	1,079,431	(274,493)
Federal aid	1,000	1,101,000	798,544	(302,456)
Total revenues	<u>17,133,024</u>	<u>18,233,024</u>	<u>19,420,872</u>	<u>1,187,848</u>
EXPENDITURES				
Current:				
General government support	4,145,333	4,290,327	3,729,087	561,240
Education	2,000	11,762	11,762	-
Public safety	6,241,800	6,795,676	6,419,342	376,334
Transportation	203,820	175,105	144,773	30,332
Economic assistance and opportunity	300	300	-	300
Culture and recreation	1,926,064	2,038,885	1,758,792	280,093
Home and community services	40,745	25,745	16,351	9,394
Employee benefits	<u>5,289,120</u>	<u>4,512,418</u>	<u>3,889,345</u>	<u>623,073</u>
Total expenditures	<u>17,849,182</u>	<u>17,850,218</u>	<u>15,969,452</u>	<u>1,880,766</u>
Excess (deficiency) of revenues over expenditures	<u>(716,158)</u>	<u>382,806</u>	<u>3,451,420</u>	<u>3,068,614</u>
OTHER FINANCING USES				
Transfers out	<u>(1,367,725)</u>	<u>(2,467,725)</u>	<u>(2,056,569)</u>	<u>411,156</u>
Total other financing uses	<u>(1,367,725)</u>	<u>(2,467,725)</u>	<u>(2,056,569)</u>	<u>411,156</u>
Net change in fund balances*	(2,083,883)	(2,084,919)	1,394,851	3,479,770
Fund balances - beginning	<u>11,326,466</u>	<u>11,326,466</u>	<u>11,326,466</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,242,583</u>	<u>\$ 9,241,547</u>	<u>\$ 12,721,317</u>	<u>\$ 3,479,770</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

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 4,969,091	\$ 4,969,091	\$ 4,969,091	\$ -
Intergovernmental charges	120,555	120,555	120,555	-
Use of money and property	5,000	5,000	139,697	134,697
Sale of property and compensation for loss	-	-	157,071	157,071
Miscellaneous	5,000	5,000	4,225	(775)
State aid	329,028	329,028	296,217	(32,811)
Total revenues	<u>5,428,674</u>	<u>5,428,674</u>	<u>5,686,856</u>	<u>258,182</u>
EXPENDITURES				
Current:				
General government support	59,800	68,143	64,581	3,562
Transportation	4,357,140	4,342,421	3,191,746	1,150,675
Employee benefits	1,194,457	1,200,833	1,052,128	148,705
Total expenditures	<u>5,611,397</u>	<u>5,611,397</u>	<u>4,308,455</u>	<u>1,302,942</u>
Excess (deficiency) of revenues over expenditures	<u>(182,723)</u>	<u>(182,723)</u>	<u>1,378,401</u>	<u>1,561,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	450,000	-
Transfers out	<u>(685,058)</u>	<u>(685,058)</u>	<u>(565,056)</u>	<u>120,002</u>
Total other financing sources (uses)	<u>(235,058)</u>	<u>(685,058)</u>	<u>(115,056)</u>	<u>120,002</u>
Net change in fund balances*	(417,781)	(867,781)	1,263,345	1,681,126
Fund balances - beginning	<u>1,642,740</u>	<u>1,642,740</u>	<u>1,642,740</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,224,959</u>	<u>\$ 774,959</u>	<u>\$ 2,906,085</u>	<u>\$ 1,681,126</u>

* The net change in fund balances was included in the budget as 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—Sewer Districts Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,248,008	\$ 1,248,008	\$ 1,248,008	\$ -
Departmental income	8,753	8,753	28,983	20,230
Use of money and property	-	-	117,890	117,890
Total revenues	<u>1,256,761</u>	<u>1,256,761</u>	<u>1,394,881</u>	<u>138,120</u>
EXPENDITURES				
Current:				
Home and community services	1,232,144	1,238,662	822,097	416,565
Employee benefits	<u>143,506</u>	<u>143,506</u>	<u>101,299</u>	<u>42,207</u>
Total expenditures	<u>1,375,650</u>	<u>1,382,168</u>	<u>923,396</u>	<u>458,772</u>
Excess (deficiency) of revenues over expenditures	<u>(118,889)</u>	<u>(125,407)</u>	<u>471,485</u>	<u>596,892</u>
OTHER FINANCING USES				
Transfers out	<u>(285,812)</u>	<u>(285,812)</u>	<u>(285,812)</u>	<u>-</u>
Total other financing uses	<u>(285,812)</u>	<u>(285,812)</u>	<u>(285,812)</u>	<u>-</u>
Net change in fund balances*	(404,701)	(411,219)	185,673	596,892
Fund balances - beginning	<u>2,543,257</u>	<u>2,543,257</u>	<u>2,543,257</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,138,556</u>	<u>\$ 2,132,038</u>	<u>\$ 2,728,930</u>	<u>\$ 596,892</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—Water Districts Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 908,086	\$ 908,086	\$ 908,086	\$ -
Departmental income	1,905	1,905	8,908	7,003
Use of money and property	-	-	82,166	82,166
Interfund revenues	-	-	290	290
Total revenues	<u>909,991</u>	<u>909,991</u>	<u>999,450</u>	<u>89,459</u>
EXPENDITURES				
Current:				
Home and community services	691,331	691,331	528,408	162,923
Employee benefits	137,017	137,017	96,719	40,298
Total expenditures	<u>828,348</u>	<u>828,348</u>	<u>625,127</u>	<u>203,221</u>
Excess of revenues over expenditures	<u>81,643</u>	<u>81,643</u>	<u>374,323</u>	<u>292,680</u>
OTHER FINANCING USES				
Transfers out	(242,288)	(242,288)	(242,288)	-
Total other financing uses	<u>(242,288)</u>	<u>(242,288)</u>	<u>(242,288)</u>	<u>-</u>
Net change in fund balances*	(160,645)	(160,645)	132,035	292,680
Fund balances - beginning	<u>1,726,215</u>	<u>1,726,215</u>	<u>1,726,215</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,565,570</u>	<u>\$ 1,565,570</u>	<u>\$ 1,858,250</u>	<u>\$ 292,680</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 2,683,219	\$ 2,683,219	\$ 2,683,219	\$ -
Departmental income	115,000	115,000	232,371	117,371
Use of money and property	2,000	2,000	83,970	81,970
Sale of property and compensation for loss	-	680,000	691,954	11,954
Total revenues	<u>2,800,219</u>	<u>3,480,219</u>	<u>3,691,514</u>	<u>211,295</u>
EXPENDITURES				
Current:				
Home and community services	2,921,016	3,600,138	2,574,901	1,025,237
Employee benefits	89,328	85,080	43,546	41,534
Total expenditures	<u>3,010,344</u>	<u>3,685,218</u>	<u>2,618,447</u>	<u>1,066,771</u>
Excess (deficiency) of revenues over expenditures	<u>(210,125)</u>	<u>(204,999)</u>	<u>1,073,067</u>	<u>1,278,066</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total other financing sources (uses)	<u>130,000</u>	<u>130,000</u>	<u>150,000</u>	<u>20,000</u>
Net change in fund balances	(80,125)	(74,999)	1,223,067	1,298,066
Fund balances - beginning	<u>893,049</u>	<u>893,049</u>	<u>893,049</u>	<u>-</u>
Fund balances - ending	<u>\$ 812,924</u>	<u>\$ 818,050</u>	<u>\$ 2,116,116</u>	<u>\$ 1,298,066</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, 2023

1. PENSION PLANS

Changes of benefit terms—There were no significant legislative changes in benefits for the April 1, 2022 actuarial valuation.

Changes of assumptions—The demographic assumptions (pensioner mortality and active member decrements) remained the same, based on the System’s experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption remained the same, utilizing the Society of Actuaries’ Scale MP-2021, inflation was 2.9%, cost-of-living was 1.5%, salary scale was 4.4% (ERS) and 6.2% (PFRS), and the interest rate assumption was 5.9% for the April 1, 2021 and April 1, 2022 actuarial valuation.

2. OPEB LIABILITY

Changes of assumptions—The assumption changes as of December 31, 2023 include a change in the discount rate from 4.05% to 3.77% and updated health care trends.

Trust assets—There are no assets accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits.

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.

SUPPLEMENTARY INFORMATION

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TOWN OF ORCHARD PARK, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2023

	Special Revenue				Total Nonmajor Funds
	Town Outside Village	Lighting	Drainage	Miscellaneous Special Revenue	
ASSETS					
Cash and cash equivalents	\$ 856,211	\$ 365,422	\$ 236,820	\$ 1,777,078	\$ 3,235,531
Investments	296,638	173,892	72,628	-	543,158
Receivables	41,882	670	-	-	42,552
Prepaid items	14,903	-	-	-	14,903
Total assets	<u>\$ 1,209,634</u>	<u>\$ 539,984</u>	<u>\$ 309,448</u>	<u>\$ 1,777,078</u>	<u>\$ 3,836,144</u>
LIABILITIES					
Accounts payable	\$ 8,323	\$ 35,376	\$ -	\$ -	\$ 43,699
Accrued liabilities	10,835	-	-	-	10,835
Total liabilities	<u>19,158</u>	<u>35,376</u>	<u>-</u>	<u>-</u>	<u>54,534</u>
FUND BALANCES					
Nonspendable	14,903	-	-	-	14,903
Assigned	1,175,573	504,608	309,448	1,777,078	3,766,707
Total fund balances	<u>1,190,476</u>	<u>504,608</u>	<u>309,448</u>	<u>1,777,078</u>	<u>3,781,610</u>
Total liabilities and fund balances	<u>\$ 1,209,634</u>	<u>\$ 539,984</u>	<u>\$ 309,448</u>	<u>\$ 1,777,078</u>	<u>\$ 3,836,144</u>

TOWN OF ORCHARD PARK, NEW YORK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2023

	Special Revenue			Miscellaneous Special Revenue	Total Nonmajor Funds
	Town Outside Village	Lighting	Drainage		
REVENUES					
Real property taxes	\$ -	\$ 318,975	\$ 53,975	\$ -	\$ 372,950
Non property tax items	438,935	-	-	-	438,935
Departmental income	535,148	-	-	101,568	636,716
Use of money and property	45,894	26,904	11,237	-	84,035
Licenses and permits	2,200	-	-	-	2,200
Total revenues	<u>1,022,177</u>	<u>345,879</u>	<u>65,212</u>	<u>101,568</u>	<u>1,534,836</u>
EXPENDITURES					
Current:					
General government support	1,399	-	-	-	1,399
Public safety	410,816	-	-	-	410,816
Health	4,594	-	-	-	4,594
Transportation	13,550	351,434	-	-	364,984
Culture and recreation	-	-	-	111,630	111,630
Home and community services	154,773	-	-	200	154,973
Employee benefits	165,592	-	-	-	165,592
Total expenditures	<u>750,724</u>	<u>351,434</u>	<u>-</u>	<u>111,830</u>	<u>1,213,988</u>
Net change in fund balances	271,453	(5,555)	65,212	(10,262)	320,848
Fund balances - beginning	<u>919,023</u>	<u>510,163</u>	<u>244,236</u>	<u>1,787,340</u>	<u>3,460,762</u>
Fund balances - ending	<u>\$ 1,190,476</u>	<u>\$ 504,608</u>	<u>\$ 309,448</u>	<u>\$ 1,777,078</u>	<u>\$ 3,781,610</u>

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FEDERAL AWARDS INFORMATION

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor Program or Cluster Title (1a)	Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Total Federal Expenditures (1d)
U.S. Department of Housing and Urban Development :			
Direct Program:			
Community Development Block Grant	14.218	N/A	\$ <u>12,935</u>
Total U.S. Department of Housing and Urban Development			<u>12,935</u>
U.S. Department of the Treasury:			
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>703,845</u>
Total U.S. Department of the Treasury			<u>703,845</u>
U.S. Department of Health:			
<i>Passed through Erie County:</i>			
Special Programs for the Aging - Title II	93.045	N/A	<u>5,050</u>
Total U.S. Department of Health			<u>5,050</u>
U.S. Department of Homeland Security:			
<i>Passed through New York State Division of Homeland Security and Emergency Services:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	3589/4694 DRNY	<u>76,714</u>
Total U.S. Department of Homeland Security			<u>76,714</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			<u>\$ 798,544</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

TOWN OF ORCHARD PARK, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Town of Orchard Park, New York (the “Town”) under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the Town of Orchard Park, New York.
- b) Source: Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. MATCHING COSTS

Matching costs, i.e., the Town’s share of certain program costs, are not included in the reported expenditures.



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

To the Honorable Members of the Town Board
of the 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 24, 2024.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.A. Mercer & Co., P.C.

R.A. MERCER & CO., P.C.

West Seneca, NY
June 24, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Town of Orchard Park, New York's (the "Town's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:



- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

R.A. Mercer & Co., P.C.
R.A. MERCER & CO., P.C.

West Seneca, NY
June 24, 2024

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major federal programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Identification of major federal programs:

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs?		\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

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