

**TOWN OF LEWISTON,
NEW YORK**

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

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Lewiston, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lewiston, New York (the "Town"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 other Required Supplementary 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 Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Drescher & Maleski LLP

July 15, 2022

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

As management of the Town of Lewiston, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,879,847 (*net position*). This consists of \$12,616,482 net investment in capital assets, \$1,868,156 restricted for specific purposes, and an unrestricted net position of \$(10,604,791).
- The Town's net position increased by \$4,567,563 during the year ended December 31, 2021.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$9,756,110, a decrease of \$1,039,144 in comparison with the prior year's fund balance of \$10,795,254.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$929,030, or approximately 34.6 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 36.8 percent of the General Fund's total fund balance of \$2,521,249 at December 31, 2021.
- During the year ended December 31, 2021, the Town renewed bond anticipation notes in the amount of \$12,000,000 for a waterline project. Additionally, the Town's total serial bonds outstanding decreased by \$730,000 during the year ended December 31, 2021 as a result of a refunding bond issuance of \$3,200,000 and principal payments of \$3,930,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise 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 readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or 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 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 of the Town include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The Town reports no business-type activities.

The government-wide financial statements can be found on pages 12-13 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 for 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 financial 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 evaluating 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 statement of revenues, expenditures, and changes in fund balances for the General Fund, Town Outside Village Fund, Highway Fund, Water District Fund, Sewer District Fund, Fire Protection District Fund, Capital Projects Fund and Debt Service Fund, which are considered major funds. Data from the other three funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Town maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on pages 18-19 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 20-46 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 changes in the Town’s total other postemployment benefits (“OPEB”) obligation, and the Town’s budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and related notes to the Required Supplementary Information can be found on pages 47-58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 59-60.

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 \$3,879,847 at the close of the most recent fiscal year, as compared to \$(687,716) at the close of the fiscal year ended December 31, 2020.

Table 1, as shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2021	2020
Current assets	\$ 22,821,005	\$ 24,375,329
Capital assets	26,741,627	21,571,746
Total assets	<u>49,562,632</u>	<u>45,947,075</u>
Deferred outflows of resources	<u>7,602,448</u>	<u>6,804,889</u>
Current liabilities	13,146,924	13,642,690
Noncurrent liabilities	<u>32,114,802</u>	<u>35,602,418</u>
Total liabilities	<u>45,261,726</u>	<u>49,245,108</u>
Deferred inflows of resources	<u>8,023,507</u>	<u>4,194,572</u>
Net position:		
Net investment in capital assets	12,616,482	10,384,240
Restricted	1,868,156	1,762,575
Unrestricted	<u>(10,604,791)</u>	<u>(12,834,531)</u>
Total net position	<u>\$ 3,879,847</u>	<u>\$ (687,716)</u>

The largest portion of the Town’s net position, \$12,616,482, reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure) net of accumulated depreciation, less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town’s investment in capital assets is reported net of related debt, it should be noted that the resources 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 net position, \$1,868,156, represents resources that are subject to external restrictions imposed by creditors, grantors, contributions, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the Town’s net position, \$(10,604,791), is considered to be an unrestricted net deficit. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the Town’s capital assets and are not expected to be repaid from current resources. These long-term liabilities, including compensated absences, OPEB obligation, and net pension liability, are funded annually within the funds.

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

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

	<u>Governmental Activities</u>	
	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 5,732,962	\$ 5,399,664
Operating grants and contributions	1,134,183	338,736
Capital grants and contributions	2,266,528	1,748,976
General revenues	<u>11,507,449</u>	<u>10,749,774</u>
Total revenues	<u>20,641,122</u>	<u>18,237,150</u>
Program expenses	<u>16,073,559</u>	<u>15,476,952</u>
Change in net position	4,567,563	2,760,198
Net position—beginning	<u>(687,716)</u>	<u>(3,447,914)</u>
Net position—ending	<u>\$ 3,879,847</u>	<u>\$ (687,716)</u>

Overall revenues increased 13.2 percent from the prior year. This increase was primarily the result of increased sales tax distributions received from the County as well as increases in operating grants and contributions due to increases in federal aid, Greenway Commission and Hydro grant funding. Total expenses increased 3.9 percent from the prior year, due primarily to increases in culture and recreation and transportation expenditures.

A summary of sources of revenues for the years ended December 31, 2021 and December 31, 2020 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Charges for services	\$ 5,732,962	\$ 5,399,664	\$ 333,298	6.2
Operating grants and contributions	1,134,183	338,736	795,447	234.8
Capital grants and contributions	2,266,528	1,748,976	517,552	29.6
Property taxes and tax items	2,982,265	4,598,149	(1,615,884)	(35.1)
Non-property tax items	7,788,349	5,521,444	2,266,905	41.1
Use of money and property	7,296	80,817	(73,521)	(91.0)
Miscellaneous	223,359	117,899	105,460	89.4
Unrestricted state aid	506,180	431,465	74,715	17.3
Total revenues	<u>\$ 20,641,122</u>	<u>\$ 18,237,150</u>	<u>\$ 2,403,972</u>	13.2

The most significant sources of revenues for the year ended December 31, 2021 were non-property tax items of \$7,788,349, or 37.7 percent of total revenues, and charges for services of \$5,732,962, or 27.8 percent of total revenues. Similarly, the year ended December 31, 2020, the largest sources of revenues were non-property tax items of \$5,521,444 or 30.3 percent of total revenues, and charges for services of \$5,399,664, or 29.6 percent of total revenues.

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

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
General government support	\$ 1,397,764	\$ 1,325,402	\$ 72,362	5.5
Public safety	2,478,546	2,513,547	(35,001)	(1.4)
Health	18,414	20,146	(1,732)	(8.6)
Transportation	2,425,787	1,688,225	737,562	43.7
Economic assistance and opportunity	480	1,100	(620)	(56.4)
Culture and recreation	1,998,043	843,486	1,154,557	136.9
Home and community services	7,288,469	8,774,779	(1,486,310)	(16.9)
Interest and other fiscal charges	466,056	310,267	155,789	50.2
Total expenses	<u>\$ 16,073,559</u>	<u>\$ 15,476,952</u>	<u>\$ 596,607</u>	3.9

The most significant expense items for the year ended December 31, 2021 were home and community services of \$7,288,469, or 45.3 percent of total expenses, public safety of \$2,478,546, or 15.4 percent of total expenses, and transportation of \$2,425,787, or 15.1 percent of total expenses. Similarly, for the year ended December 31, 2020, the most significant expense items were home and community services of \$8,774,779, or 56.7 percent of total expenses, public safety of \$2,513,547, or 16.2 percent of total expenses, and transportation of \$1,688,225, or 10.9 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* and *assigned for specific use* 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 been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated authority to assign resources for use for particular purposes by the Town Board.

At December 31, 2021, the Town's governmental funds reported combined ending fund balances of \$9,756,110, a decrease of \$1,039,144 from the prior year fund balance of \$10,795,254. Excluding the Capital Projects Fund, the Town's governmental funds ending fund balance was \$14,500,504. Approximately 57.2 percent of this amount, \$8,293,091, constitutes *unassigned fund balance* and *fund balance assigned for specific use*, which is available for spending at the Town's discretion or amounts within special revenue funds that are not restricted or committed. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$323,545, (2) restricted for a specific purpose, \$1,868,156, or (3) assigned for encumbrances, \$309,805, assigned for subsequent year's expenditures, \$244,621, assigned for capital improvements, \$3,340,725, assigned for equipment, \$100,000, assigned for resident activities, \$12,161 and assigned for water hydrants, \$8,400.

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 \$929,030, while total fund balance increased to \$2,521,249. The total fund balance of the Town's General Fund increased \$234,478 during the current fiscal year. 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 expenditures. Unassigned fund balance represents approximately 34.6 percent of General Fund expenditures and transfers out, while total fund balance represents 94.0 percent of that same amount.

The Town Outside Village Fund fund balance increased \$249,185 from the prior year, resulting in an ending fund balance of \$3,097,287. Approximately 57.7 percent, \$1,788,370, of this amount is reported as fund balance assigned for specific use.

The Highway Fund fund balance increased \$337,202 from the prior year, resulting in an ending fund balance of \$1,497,797. Approximately 46.8 percent, \$701,649, of this amount is reported as fund balance assigned for specific use.

The Water District Fund fund balance increased \$476,273 from the prior year, resulting in an ending fund balance of \$1,499,735. Approximately 96.9 percent, \$1,453,681, of this amount is reported as fund balance assigned for specific use.

The Sewer District Fund fund balance increased \$347,284 from the prior year, resulting in an ending fund balance of \$3,520,852. Approximately 83.1 percent, \$2,924,933, of this amount is reported as fund balance assigned for specific use.

The Fire Protection District Fund fund balance increased \$148,534 from the prior year, resulting in an ending fund balance of \$2,179,106. Approximately 14.3 percent, \$310,950, of this amount is reported as fund balance assigned for specific use.

The Capital Projects Fund fund balance decreased \$2,835,437 from the prior year, resulting in an ending fund balance deficit of \$(4,744,394). The fund balance decrease was due to increased capital outlay expenditures primarily financed by bond anticipation notes. The deficit will be eliminated as resources are obtained through the issuance of long-term debt.

General Fund Budgetary Highlights

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Town has appropriately assigned an equal amount of fund balance

at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2021 is presented below.

Table 5—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 2,904,950	\$ 2,904,950	\$ 2,916,829	\$ 11,879
Expenditures and other financing sources	<u>3,006,415</u>	<u>3,178,378</u>	<u>2,682,351</u>	<u>496,027</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (101,465)</u>	<u>\$ (273,428)</u>	<u>\$ 234,478</u>	<u>\$ 507,906</u>

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields certain variances. The General Fund had savings from final budgetary appropriations of \$496,027. The most significant savings were realized within general government support and transportation activities as a result of decreased spending on contractual expenditures.

Capital Asset and Debt Administration

Capital assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2021, amounted to \$26,741,627 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, machinery and equipment, and vehicles. 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 at December 31, 2021 and December 31, 2020 are presented below in Table 6.

Table 6—Summary of Capital Assets (Net of Depreciation)—Governmental Activities

	December 31,	
	2021	2020
Land	\$ 278,075	\$ 278,075
Construction in progress	13,797,597	9,025,625
Infrastructure	7,777,816	7,147,053
Buildings and improvements	2,390,476	2,470,978
Machinery and equipment	1,495,368	1,597,706
Vehicles	<u>1,002,295</u>	<u>1,052,309</u>
Total	<u>\$ 26,741,627</u>	<u>\$ 21,571,746</u>

Additional information on the Town’s capital assets can be found in Note 4 to the financial statements.

Long-term debt—At December 31, 2021, the Town had total serial bonds outstanding of \$6,925,000, as compared to \$7,655,000 in the prior year. During the year ended December 31, 2021, the Town issued refunding bonds for \$3,200,000 and made principal payments of \$3,930,000.

A summary of the Town’s long-term liabilities at December 31, 2021 and December 31, 2020 is presented in Table 7 below.

Table 7—Summary of Long-Term Liabilities—Governmental Activities

	December 31,	
	2021	2020
Serial bonds	\$ 6,925,000	\$ 7,655,000
Premiums on serial bonds	140,774	153,015
Compensated absences	1,120,947	1,122,379
OPEB obligation	23,435,716	22,120,310
Net pension liability	492,365	4,551,714
Total	\$ 32,114,802	\$ 35,602,418

Additional information on the Town’s long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2021 was 3.5 percent, as compared to New York State’s unemployment rate of 6.2 percent and the national unemployment rate of 3.9 percent. These factors are considered in preparing the Town’s budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor’s Office, 1375 Ridge Road, Lewiston, NY 14092.

BASIC FINANCIAL STATEMENTS

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TOWN OF LEWISTON, NEW YORK
Statement of Net Position
December 31, 2021

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 10,032,924
Restricted cash and cash equivalents	6,902,027
Investments	899,460
Restricted investments	1,868,156
Receivables	1,311,408
Intergovernmental receivables	1,483,485
Prepaid items	323,545
Capital assets not being depreciated	14,075,672
Capital assets, net of accumulated depreciation	<u>12,665,955</u>
Total assets	<u>49,562,632</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	257,626
Deferred outflows—relating to pensions	4,268,169
Deferred outflows—relating to OPEB	<u>3,076,653</u>
Total deferred outflows of resources	<u>7,602,448</u>
LIABILITIES	
Accounts payable	806,169
Accrued liabilities	335,229
Unearned revenue	5,526
Bond anticipation notes payable	12,000,000
Noncurrent liabilities:	
Due within one year	704,336
Due within more than one year	<u>31,410,466</u>
Total liabilities	<u>45,261,726</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	5,005,791
Deferred inflows—relating to OPEB	<u>3,017,716</u>
Total deferred inflows of resources	<u>8,023,507</u>
NET POSITION	
Net investment in capital assets	12,616,482
Restricted for LOSAP	1,868,156
Unrestricted	<u>(10,604,791)</u>
Total net position	<u>\$ 3,879,847</u>

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

TOWN OF LEWISTON, NEW YORK
Statement of Activities
Year Ended December 31, 2021

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government:					
Governmental activities:					
General government support	\$ 1,397,764	\$ 561,349	\$ 828,475	\$ 1,591,710	\$ 1,583,770
Public safety	2,478,546	431,261	-	-	(2,047,285)
Health	18,414	-	-	-	(18,414)
Transportation	2,425,787	266,268	305,708	-	(1,853,811)
Economic assistance and opportunity	480	-	-	-	(480)
Culture and recreation	1,998,043	112,136	-	-	(1,885,907)
Home and community services	7,288,469	4,361,948	-	674,818	(2,251,703)
Interest and other fiscal charges	466,056	-	-	-	(466,056)
Total primary government	<u>\$ 16,073,559</u>	<u>\$ 5,732,962</u>	<u>\$ 1,134,183</u>	<u>\$ 2,266,528</u>	<u>(6,939,886)</u>
General revenues:					
Property taxes and tax items					2,982,265
Non-property tax items:					
Sales tax					6,208,254
Waste disposal fees					1,580,095
Use of money and property					7,296
Miscellaneous					223,359
Unrestricted state aid					506,180
Total general revenues					<u>11,507,449</u>
Change in net position					4,567,563
Net position—beginning					<u>(687,716)</u>
Net position—ending					<u>\$ 3,879,847</u>

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

TOWN OF LEWISTON, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2021

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Town Outside Village	Highway	Water District	Sewer District	Fire Protection District			
ASSETS									
Cash and cash equivalents	\$ 2,011,948	\$ 2,641,011	\$ 861,118	\$ 1,162,494	\$ 2,832,520	\$ 310,900	\$ -	\$ 212,933	\$ 10,032,924
Restricted cash and cash equivalents	-	5,526	-	-	-	-	6,896,501	-	6,902,027
Investments	206,682	208,633	87,959	152,682	243,504	-	-	-	899,460
Restricted investments	-	-	-	-	-	1,868,156	-	-	1,868,156
Receivables	323,694	222,599	1,254	350,626	333,468	50	79,707	10	1,311,408
Intergovernmental receivables	500	21,695	491,141	2,013	190,128	-	778,008	-	1,483,485
Due from other funds	5,000	-	5,142	-	-	-	-	-	10,142
Prepaid items	53,097	89,428	139,701	34,400	6,919	-	-	-	323,545
Total assets	<u>\$ 2,600,921</u>	<u>\$ 3,188,892</u>	<u>\$ 1,586,315</u>	<u>\$ 1,702,215</u>	<u>\$ 3,606,539</u>	<u>\$ 2,179,106</u>	<u>\$ 7,754,216</u>	<u>\$ 212,943</u>	<u>\$ 22,831,147</u>
LIABILITIES									
Accounts payable	\$ 24,424	\$ 26,613	\$ 13,170	\$ 177,927	\$ 41,960	\$ -	\$ 493,610	\$ 28,465	\$ 806,169
Accrued liabilities	54,315	58,735	75,348	21,815	42,987	-	-	-	253,200
Due to other funds	933	731	-	2,738	740	-	5,000	-	10,142
Unearned revenue	-	5,526	-	-	-	-	-	-	5,526
Bond anticipation notes payable	-	-	-	-	-	-	12,000,000	-	12,000,000
Total liabilities	<u>79,672</u>	<u>91,605</u>	<u>88,518</u>	<u>202,480</u>	<u>85,687</u>	<u>-</u>	<u>12,498,610</u>	<u>28,465</u>	<u>13,075,037</u>
FUND BALANCES (DEFICIT)									
Nonspendable	53,097	89,428	139,701	34,400	6,919	-	-	-	323,545
Restricted	-	-	-	-	-	1,868,156	-	-	1,868,156
Assigned	1,539,122	3,007,859	1,358,096	1,465,335	3,513,933	310,950	-	184,478	11,379,773
Unassigned	929,030	-	-	-	-	-	(4,744,394)	-	(3,815,364)
Total fund balances (deficit)	<u>2,521,249</u>	<u>3,097,287</u>	<u>1,497,797</u>	<u>1,499,735</u>	<u>3,520,852</u>	<u>2,179,106</u>	<u>(4,744,394)</u>	<u>184,478</u>	<u>9,756,110</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,600,921</u>	<u>\$ 3,188,892</u>	<u>\$ 1,586,315</u>	<u>\$ 1,702,215</u>	<u>\$ 3,606,539</u>	<u>\$ 2,179,106</u>	<u>\$ 7,754,216</u>	<u>\$ 212,943</u>	<u>\$ 22,831,147</u>

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

TOWN OF LEWISTON, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)		\$ 9,756,110
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$44,302,017 and the accumulated depreciation is \$17,560,390.		26,741,627
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		257,626
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 607,370	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	3,660,799	
Deferred outflows related to OPEB	3,076,653	
Deferred inflows related to pension plans	(5,005,791)	
Deferred inflows related to OPEB	<u>(3,017,716)</u>	(678,685)
Net accrued interest expense for serial bonds is not reported in the funds.		(82,029)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (6,925,000)	
Premiums on serial bonds	(140,774)	
Compensated absences	(1,120,947)	
OPEB obligation	(23,435,716)	
Net pension liability	<u>(492,365)</u>	<u>(32,114,802)</u>
Net position of governmental activities		<u>\$ 3,879,847</u>

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

TOWN OF LEWISTON, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended December 31, 2021

	Special Revenue							Total Nonmajor Funds	Total Governmental Funds	
	General	Town Outside Village	Highway	Water District	Sewer District	Fire Protection District	Capital Projects			Debt Service
REVENUES										
Real property taxes	\$ 731,459	\$ -	\$ 304,350	\$ 1,126,915	\$ 429,821	\$ 1,488,383	\$ -	\$ -	\$ 356,664	\$ 4,437,592
Other property tax items	55,559	66,701	-	-	-	2,508	-	-	-	124,768
Non-property tax items	1,584,369	2,076,615	2,529,610	-	17,660	-	-	-	-	6,208,254
Departmental income	96,614	431,261	266,268	1,799,376	2,603,000	-	6,611	-	-	5,203,130
Use of money and property	943	997	353	2,275	1,028	-	1,540	-	160	7,296
Licenses and permits	11,074	195,368	-	-	30,640	-	-	-	-	237,082
Fines and forfeitures	264,075	-	-	-	-	-	-	-	-	264,075
Sale of property and compensation for loss	-	30,117	8,736	1,133	4,072	-	-	-	-	44,058
Miscellaneous	5,548	34,724	1,453	5,254	4,360	112,581	1,524,415	-	-	1,688,335
Interfund revenue	31,815	-	-	-	-	-	-	-	-	31,815
State aid and local sources	85,269	420,911	305,708	-	-	-	895,770	-	-	1,707,658
Federal aid	-	674,818	-	-	-	-	-	-	-	674,818
Total revenues	<u>2,866,725</u>	<u>3,931,512</u>	<u>3,416,478</u>	<u>2,934,953</u>	<u>3,090,581</u>	<u>1,603,472</u>	<u>2,428,336</u>	<u>-</u>	<u>356,824</u>	<u>20,628,881</u>
EXPENDITURES										
Current:										
General government support	972,274	124,746	75,957	19,520	32,566	28,000	-	-	-	1,253,063
Public safety	28,430	1,662,266	-	-	-	1,287,790	-	-	-	2,978,486
Health	2,880	15,534	-	-	-	-	-	-	-	18,414
Transportation	222,358	90,671	2,369,554	-	-	-	-	-	12,998	2,695,581
Economic assistance and opportunity	480	-	-	-	-	-	-	-	-	480
Culture and recreation	939,977	353,676	-	-	-	-	-	-	-	1,293,653
Home and community services	22,578	121,410	-	1,150,110	1,851,753	-	-	-	340,489	3,486,340
Employee benefits	492,154	803,003	716,847	276,132	491,179	139,148	-	-	-	2,918,463
Debt service:										
Principal	-	-	11,300	367,081	351,619	-	-	3,200,000	-	3,930,000
Interest and other fiscal charges	-	-	1,028	314,913	96,351	-	-	-	-	412,292
Capital outlay	-	-	-	-	-	-	5,881,253	-	-	5,881,253
Total expenditures	<u>2,681,131</u>	<u>3,171,306</u>	<u>3,174,686</u>	<u>2,127,756</u>	<u>2,823,468</u>	<u>1,454,938</u>	<u>5,881,253</u>	<u>3,200,000</u>	<u>353,487</u>	<u>24,868,025</u>
Excess (deficiency) of revenues over expenditures	<u>185,594</u>	<u>760,206</u>	<u>241,792</u>	<u>807,197</u>	<u>267,113</u>	<u>148,534</u>	<u>(3,452,917)</u>	<u>(3,200,000)</u>	<u>3,337</u>	<u>(4,239,144)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	50,104	163,797	95,410	19,076	180,171	-	1,126,038	-	-	1,634,596
Transfers out	(1,220)	(674,818)	-	(350,000)	(100,000)	-	(508,558)	-	-	(1,634,596)
Refunding bonds issued	-	-	-	-	-	-	-	3,200,000	-	3,200,000
Total other financing sources (uses)	<u>48,884</u>	<u>(511,021)</u>	<u>95,410</u>	<u>(330,924)</u>	<u>80,171</u>	<u>-</u>	<u>617,480</u>	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>
Net change in fund balances	234,478	249,185	337,202	476,273	347,284	148,534	(2,835,437)	-	3,337	(1,039,144)
Fund balances (deficit)—beginning	<u>2,286,771</u>	<u>2,848,102</u>	<u>1,160,595</u>	<u>1,023,462</u>	<u>3,173,568</u>	<u>2,030,572</u>	<u>(1,908,957)</u>	<u>-</u>	<u>181,141</u>	<u>10,795,254</u>
Fund balances (deficit)—ending	<u>\$ 2,521,249</u>	<u>\$ 3,097,287</u>	<u>\$ 1,497,797</u>	<u>\$ 1,499,735</u>	<u>\$ 3,520,852</u>	<u>\$ 2,179,106</u>	<u>\$ (4,744,394)</u>	<u>\$ -</u>	<u>\$ 184,478</u>	<u>\$ 9,756,110</u>

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

TOWN OF LEWISTON, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16) \$ (1,039,144)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and the loss on disposition of assets in the current period.

Capital asset additions, net	\$ 6,040,027	
Loss on disposition of assets	(15,716)	
Depreciation expense	<u>(854,430)</u>	5,169,881

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (34,350)

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

Town pension contributions	\$ 782,046	
Cost of benefits earned, net of employee contributions	<u>(483,553)</u>	298,493

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in assumptions and other inputs. These amounts are shown net of current amortization. 763,830

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (19,414)

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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 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 related items is as follows:

Refunding bonds issued	\$ (3,200,000)	
Repayment of serial bonds	3,930,000	
Amortization of premiums on serial bonds	12,241	
Change in compensated absences	1,432	
Change in OPEB obligation	<u>(1,315,406)</u>	<u>(571,733)</u>

Change in net position of governmental activities \$ 4,567,563

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

TOWN OF LEWISTON, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
December 31, 2021

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 22,596
Receivables	<u>2,500</u>
Total assets	<u>25,096</u>
LIABILITIES	
Amounts held in custody for others	<u>1,490</u>
Total liabilities	<u>1,490</u>
NET POSITION	
Restricted for organizations	<u>\$ 23,606</u>

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

TOWN OF LEWISTON, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
Year Ended December 31, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Funds received on behalf of others	<u>\$ 688</u>
Total additions	<u>688</u>
DEDUCTIONS	
Funds distributed on behalf of others	<u>1,149</u>
Total deductions	<u>1,149</u>
Change in fiduciary net position	(461)
Net position—beginning	<u>24,067</u>
Net position—ending	<u>\$ 23,606</u>

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

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TOWN OF LEWISTON, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Lewiston, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the “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 of 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 certain legally separate component units for which the primary government is financially accountable. The Town reports no component units.

Reporting Entity

The Town, which was established in 1818, is located within the County of Niagara, New York. The Town is governed by Town law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations and the Supervisor serves as chief fiscal officer.

The following basic services are provided: police protection, fire protection through contracts with local volunteer companies, highway, sanitation, recreation, sewer, street lighting, water transmission and general administration.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk
Councilmembers (4)	Town Justices (2)
Superintendent of Highways	

The Town is located in the County of Niagara, New York. A unit of local government which operates within the boundaries of the Town consists of the Village of Lewiston. Public education is provided by one independent school district.

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 a fiduciary fund, even though the latter is 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 Town's various functions. 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 Town's 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.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds.
- *Town Outside Village Fund*—The Town Outside Village Fund represents activity for that part of Town located outside the Village of Lewiston, New York, which is an independent governmental entity. This fund accounts for selected services which cannot be charged to taxable properties located in the Village.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction in the Town.
- *Water District Fund*—The Water District Fund is used to record all revenues and expenditures related to operation and maintenance of the water districts.
- *Sewer District Fund*—The Sewer District Fund is used to record all revenues and expenditures related to the operation and maintenance of the sewer districts.
- *Fire Protection District Fund*—The Fire Protection District Fund is used to record the revenues and expenditures related to fire protection in the Town.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund*—The Debt Service Fund is used to account for and report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the Town reports the following fund type:

Fiduciary Funds—These funds are 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. Fiduciary 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 fund include monies held on behalf 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 the 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 services expenditures, as well as expenditures related to compensated absences, pensions, other postemployment benefits, 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, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Custodial Fund is 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. Investments are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts set aside for unearned revenue, unspent debt proceeds, to support restricted fund balance, and amounts held on behalf of others based on externally imposed restrictions through debt and contractual agreements.

Investments and Restricted Investments—The Town’s investments consist of treasury bills with maturities ranging from six to twelve months from the date of acquisition. The Town also reports annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”) as restricted investments.

Intergovernmental Receivables—Receivables includes amounts due from state and federal governments represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federally funded programs. Receivables are recorded and revenues recognized as earned. Allowances are recorded when appropriate.

Prepaid Items—Certain payments to vendors 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, plant, equipment, and infrastructure assets, 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 an established threshold for the type of asset and an estimated useful life in excess of two 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.

Land and construction in progress are not depreciated. The other capital assets of the Town are depreciated using a straight-line, over the following estimated useful lives:

	<u>Years</u>
Infrastructure	20-30
Buildings and improvements	20-40
Machinery and equipment	2-10
Vehicles	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 highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2021, the Town has three items that qualify for reporting in this category. The first item is a deferred charge on refunding which is being amortized over the life of the related debt. The second item represents the effect of the net change in the Town’s proportion of the collective net pension liability, 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 third item represents the effects of the change in the Town’s proportion of the collective OPEB liability and the difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2021, the Town has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Town’s proportion of the collective net pension liability and the difference during the measurement periods between the Town’s contributions and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the Town’s proportion of the collective OPEB liability and the difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

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, by resolution, 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 revenues 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 Expenses/Expenditures

Program Revenues—The 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 Niagara County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Niagara 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.

Tax payments are due January 1st to 31st without penalty; February 1st to 28th a 1% penalty; and March 1st to 31st a 2% penalty; after March 31st the Town can no longer collect tax payments.

The tax roll is returned to the Niagara County Treasurer after March 31st 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.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2021, the Town reported unearned revenue within the Town Outside Village Fund of \$5,526. The Town received money in advance but has not performed the related services, and therefore recognizes a liability.

Compensated Absences—Most Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacations and compensatory absences must be used by the end of the fiscal year in which they are earned. Employees may accumulate sick leave, but they are not entitled to receive payment for unused sick leave in the event of termination or upon retirement. Employees may include a portion in excess of maximum accumulated sick days for retirement system credit, up to the cost of \$3,000 or \$4,000 per employee, and may be paid to the employee upon retirement or termination of employment.

Payment of sick leave and compensatory time is dependent upon 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.

Pension Plans—The Town is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”) and the New York State Police and Fire Retirement System (“PFRS”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Service Awards—The Town has adopted a Length of Service Award Program (“LOSAP”) for firefighters that serve on a volunteer basis. The defined contribution plan program is administered by an outside agency, with the Town as trustee. More information is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees upon of retirement as discussed in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2021, the Town implemented GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statements No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 89, 91, 92, 93 and 98 did not have a material impact on the Town’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*; and No. 99, *Omnibus 2022*, effective for the year ending December 31, 2022, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023, and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—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 Niagara County by November 20th.
- 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. Management may amend the budget within each function. All other budget amendments and budget transfers require Town Board approval.

Deficit Fund Balance—At December 31, 2021, the Town’s Capital Projects Fund reported an ending fund balance deficit of \$4,744,394. This is the result of certain project expenditures being incurred prior to issuance of long-term debt. The deficit will be eliminated as resources are obtained through long-term debt issuances.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Town’s investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The Supervisor 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.

Cash and cash equivalents at December 31, 2021 are as follows:

	Governmental Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 1,227	\$ -	\$ 1,227
Deposits	<u>16,933,724</u>	<u>22,596</u>	<u>16,956,320</u>
Total	<u>\$ 16,934,951</u>	<u>\$ 22,596</u>	<u>\$ 16,957,547</u>

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 750,000	\$ 750,000
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	<u>16,848,037</u>	<u>16,206,320</u>
Total	<u>\$ 17,598,037</u>	<u>\$ 16,956,320</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. As of December 31, 2021, the Town’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Town’s name.

Restricted Cash and Cash Equivalents—The Town reports restricted cash, totaling \$6,902,027, within its governmental funds. These funds are set aside for unearned revenue and capital projects based on externally imposed restrictions through debt and contractual agreements. Additionally, the Town reports amounts held on behalf of others in the Custodial Fund, \$22,596, as restricted cash and cash equivalents.

Investments—The Town has investments in treasury bills with maturities ranging from six and twelve months, totaling \$899,460, with cost and fair values reported based on Level 1 inputs at December 31, 2021.

Restricted Investments—The Town restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”), a defined contribution volunteer firefighter award program (see Note 7). These annuities are guaranteed fixed annuities, whereby the reported values are reported daily based on the valuation method disclosed in the annuity contract as calculated by the annuity provider and therefore are considered level 2 inputs for fair value measurement purposes. The interest on each annuity varies but they are all fixed rate with a guaranteed minimum rate for a specific period. The cost and fair value of the contracts amounted to \$1,868,156 as of December 31, 2021, and are recorded within the Fire Protection District Fund.

Credit Risk—Investments—In compliance with the State law, Town investments are limited to obligations of the Federal government, obligations guaranteed by the Federal government where the payment of principal and interest are guaranteed by the Federal government, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

Fair Value Measurement—The Town reports its treasury bill fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Town has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and,
 - Inputs derived principally from, or corroborated by, observable market data by 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.

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, Town deposits and investments are placed with multiple institutions.

Interest Rate Risk—In accordance with its investment policy, the Town manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

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

Receivables—Represents amounts due from various sources. Receivables at December 31, 2021 are shown on the following page.

Governmental funds:		
General Fund:		
Tipping fees	\$ 287,472	
Court fees	32,368	
Clerk fees	<u>3,854</u>	\$ 323,694
Town Outside Village Fund:		
Franchise fees	208,917	
Clerk fees	<u>13,682</u>	222,599
Highway Fund:		
Scrap metal		1,254
Water District Fund:		
Water rents		350,626
Sewer District Fund:		
Sewer rents	291,878	
Leachate treatment	<u>41,590</u>	333,468
Fire Protection District:		
Training		50
Capital Projects Fund:		
New York Power Authority		79,707
Sanitation District Fund:		
Clerk fees		<u>10</u>
Total governmental funds		<u>\$ 1,311,408</u>
Fiduciary fund:		
Custodial Fund:		
Clerk fees		<u>\$ 2,500</u>
Total fiduciary fund		<u>\$ 2,500</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Niagara, or other local governments. Intergovernmental receivables at December 31, 2021 are presented below.

General Fund:		
Due from Niagara County		\$ 500
Town Outside Village Fund:		
Due from Niagara County	\$ 8,820	
Due from Niagara Wheatfield Central School District	<u>12,875</u>	21,695
Highway Fund:		
Due from Niagara County		491,141
Water District Fund:		
Due from Town of Cambria		2,013
Sewer District Fund:		
Due from Village of Lewiston and Town of Porter		190,128
Capital Projects Fund:		
Due from Greenway Commission		<u>778,008</u>
Total governmental funds		<u>\$ 1,483,485</u>

4. CAPITAL ASSETS

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

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Capital assets, not being depreciated:				
Land	\$ 278,075	\$ -	\$ -	\$ 278,075
Construction in progress	9,025,625	5,682,700	910,728	13,797,597
Total capital assets, not being depreciated	<u>9,303,700</u>	<u>5,682,700</u>	<u>910,728</u>	<u>14,075,672</u>
Capital assets, being depreciated:				
Infrastructure	9,078,256	925,330	-	10,003,586
Buildings and improvements	8,764,281	75,378	-	8,839,659
Machinery and equipment	7,068,381	132,498	-	7,200,879
Vehicles	4,227,088	134,849	179,716	4,182,221
Total capital assets, being depreciated	<u>29,138,006</u>	<u>1,268,055</u>	<u>179,716</u>	<u>30,226,345</u>
Less accumulated depreciation for:				
Infrastructure	1,931,203	294,567	-	2,225,770
Buildings and improvements	6,293,303	155,880	-	6,449,183
Machinery and equipment	5,470,675	234,836	-	5,705,511
Vehicles	3,174,779	169,147	164,000	3,179,926
Total accumulated depreciation	<u>16,869,960</u>	<u>854,430</u>	<u>164,000</u>	<u>17,560,390</u>
Total capital assets being depreciated, net	<u>12,268,046</u>	<u>413,625</u>	<u>15,716</u>	<u>12,665,955</u>
Total capital assets, net	<u>\$ 21,571,746</u>	<u>\$ 6,096,325</u>	<u>\$ 926,444</u>	<u>\$ 26,741,627</u>

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

General government support	\$ 93,987
Public safety	213,608
Transportation	196,519
Culture and recreation	93,987
Home and community services	256,329
Total	<u>\$ 854,430</u>

5. ACCRUED LIABILITIES

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

	General Fund	Town Outside Village Fund	Highway Fund	Water District Fund	Sewer District Fund	Total Governmental Funds
Salaries and employee benefits	<u>\$ 54,315</u>	<u>\$ 58,735</u>	<u>\$ 75,348</u>	<u>\$ 21,815</u>	<u>\$ 42,987</u>	<u>\$ 253,200</u>

6. PENSION PLANS

Plan Descriptions and Benefits Provided

New York State and Local Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The Town participates in the New York State and Local PFRS and ERS (the “System”). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State’s financial report as a pension trust fund. That report, including information with 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 system is 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 1, 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 System’s 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, 2021, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2020, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town’s proportion of the net pension liabilities were based on projections of the Town’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2021	March 31, 2021
Net pension liability	\$ 480,887	\$ 11,478
Town's portion of the Plan's total net pension liability	0.0276964%	0.0115268%

For the year ended December 31, 2021, the Town recognized pension expenses of \$191,069 and \$292,486, respectively, for PFRS and ERS. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions as shown on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 106,706	\$ 140,174	\$ -	\$ -
Changes of assumptions	1,181,486	2,110,378	-	39,802
Net difference between projected and actual earnings on pension plan investments	-	-	1,414,019	3,297,069
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	23,735	98,320	203,437	51,464
Town contributions subsequent to the measurement date	184,970	422,400	-	-
Total	<u>\$ 1,496,897</u>	<u>\$ 2,771,272</u>	<u>\$ 1,617,456</u>	<u>\$ 3,388,335</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2022	\$ (121,092)	\$ (173,852)
2023	(55,097)	(59,561)
2024	(81,482)	(172,425)
2025	(273,841)	(633,625)
2026	225,983	-

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

	PFRS	ERS
Measurement date	March 31, 2021	March 31, 2021
Actuarial valuation date	April 1, 2020	April 1, 2020
Interest rate	5.9%	5.9%
Salary scale	6.2%	4.4%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.7%	2.7%
Cost-of-living adjustments	1.4%	1.4%

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

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

of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

Measurement date	PFRS and ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
	March 31, 2021	
Asset class:		
Domestic equity	32.0 %	4.1 %
International equity	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Opportunistic absolute return strategy	3.0	4.5
Credit	4.0	3.6
Real assets	3.0	6.0
Fixed income	23.0	0.0
Cash	1.0	1.0
Total	100.0 %	

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. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town’s proportionate share of the net pension liability 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	\$ 2,045,000	\$ 480,887	\$ (813,796)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 3,185,764	\$ 11,478	\$ (2,915,957)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, are shown on the following page.

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

7. LENGTH OF SERVICE AWARDS PROGRAM (“LOSAP”)

The Town established a defined contribution LOSAP for the active volunteer firefighters of the Town of Lewiston Fire Protection District Service Award Program (the “Program”). The Program took effect on January 1, 1990. The Program was established pursuant to Article 11-A of the General Municipal Law. The Program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the Program.

Program Description

Participation, Vesting and Service Credit—Active volunteer firefighters who have reached the age of 18 and who have earned 1 year of service credit are eligible to participate in the Program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the Program’s entitlement age or becoming totally and permanently disabled or dying while an active member. The Program’s entitlement age is age 62. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the Program in which he or she accumulates fifty points.

Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the Program. In the case of total and permanent disability before attaining entitlement age, the individual is entitled to receive the credited contribution and investment earnings that are credited to his account regardless of age or length of service.

Contributions, Balances, and Payouts—Prior to January 1, 2009, an annual contribution of \$480 shall be contributed by the Town, up to a maximum of forty (40) years for each calendar year a participant earned a year of service credit under the point system. Subsequent to January 1, 2009, the annual contribution increases to \$700. Each participant accrues an individual account balance which contains their accrued service award, and includes the total annual contributions earned by a participant plus a proportionate share of allocated investment income earned on the Service Award Program Trust Fund, plus an allocated share of interest paid into such fund on prior service contributions less any investment related expenses paid from such Trust Fund. A participant’s accrued service award is payable as soon as administratively possible after January 1 in the next succeeding calendar year after attaining entitlement age.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the Program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated First Security Benefit Life Insurance and Annuity Company of New York to assist in the administration of the Program. The designated Program administrator's functions include the gathering and maintenance of all data pertinent to the qualification of members, assist in the gathering of documents needed for the preparation of annual administration, work with the actuarial service to prepare report, assist in the processing of disbursements requests through the Trustee in order to gain the proper approval, assist in the adding and deleting of members from the qualified list of active members eligible for term life insurance and guide the Town as to accounts suitable for the pension funds. Disbursements of Program assets for the payment of benefits or administrative expenses must be approved by the Town Board and are based on the documents and records provided by the fire department records keeper.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The trust agreement is dated April 22, 1992, and the trustee is the Supervisor of the Town. Program assets are held in trust with Standard Security Life Insurance Company.

Authority to invest program assets is vested in the Town of Lewiston Fire Protection District Service Award Program. Subject to restrictions in the Program document, Program assets are invested in accordance with a statutory "prudent person" standard.

Program Financial Condition

Assets and Liabilities:

Actuarial present value of benefits at December 31, 2021			\$ 1,868,156
Less: Assets available for benefits			
	<u>% of total</u>		
<i>Receivables:</i>			
Interest and dividends receivable	2.7%	\$	50,400
<i>Investments at fair value:</i>			
Annuity contract	97.3%		<u>1,817,756</u>
Total assets available for benefits			<u>1,868,156</u>
Total unfunded benefits, December 31, 2021			<u>\$ -</u>

Receipts and Disbursements:

Plan net assets, January 1, 2021			\$ 1,762,575
<i>Receipts:</i>			
Contributions for current service		\$	50,400
Plan service fee			3,122
Earnings on investments			<u>69,665</u> 123,187
<i>Disbursements:</i>			
Distributions to participants			(14,484)
Plan service fee			<u>(3,122)</u> (17,606)
Plan net assets, December 31, 2021			<u>\$ 1,868,156</u>

During the year ended December 31, 2021, the Town accounted for amounts held for LOSAP within restricted investments of its Fire Protection District Fund. Information was available as of December 31, 2021 regarding the program assets as follows:

Annuity contract	\$ 1,817,756
Interest receivable	<u>50,400</u>
Total	<u>\$ 1,868,156</u>

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—In addition to pension benefits, the Town pays for a portion of eligible retirees’ health insurance, depending on the type of health plan provided. Eligibility for postemployment benefits is based on age, years of service, accumulated sick leave and depends upon associated group or union. The estimated cost of such benefits totaled \$455,723 for the year ended December 31, 2021.

Employees Covered by Benefit Terms—As of the January 1, 2020 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	39
Active employees	<u>67</u>
Total	<u>106</u>

Total OPEB Liability

The Town’s total OPEB liability of \$23,435,716 was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2020.

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

In the January 1, 2020 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.12% effective December 31, 2020 to 2.03% effective December 31, 2021. The salary scale increased 2.50% from the previous year. Adjusted RPH-2014, fully generational using scale MP-2019 was used for mortality rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 6.5%, while the ultimate healthcare cost trend rate is 4.5%.

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

	Total OPEB Liability
Balance as of December 31, 2020:	<u>\$ 22,120,310</u>
Changes for the year:	
Service cost	901,015
Interest	483,245
Changes in assumptions and other inputs	386,869
Benefits payments	<u>(455,723)</u>
Net changes	<u>1,315,406</u>
Balance at December 31, 2021:	<u>\$ 23,435,716</u>

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

	1% Decrease (1.03%)	Current Discount Rate (2.03%)	1% Increase (3.03%)
Total OPEB liability	\$ 28,400,342	\$ 23,435,716	\$ 19,592,520

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the OPEB liability of a 1% change in the initial (6.50%) and ultimate (4.50%) healthcare cost trend rates.

	1% Decrease (5.50% / 3.50%)	Healthcare Cost Trend Rates (6.50% / 4.50%)	1% Increase (7.50% / 5.50%)
Total OPEB liability	\$ 18,871,471	\$ 23,435,716	\$ 29,598,942

Funding Policy—Authorization for the Town to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the Town Board. Upon retirement, the Town generally pays a portion of the cost of the employee’s current coverage at the time of retirement for a period of time as outlined in the various contracts. The Town recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The Town’s estimated contributions for the fiscal year ended December 31, 2021 were \$455,723.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Town reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table on the following page presents the Town’s deferred outflows and inflows of resources at December 31, 2021.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,854	\$ 1,606,509
Changes of assumptions	<u>2,953,799</u>	<u>1,411,207</u>
Total	<u>\$ 3,076,653</u>	<u>\$ 3,017,716</u>

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

Year Ending December 31,	
2022	\$ 47,042
2023	3,085
2024	5,405
2025	29,716
2026	(70,071)
Thereafter	43,760

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injury to employees, health insurance and unemployment insurance. The Town purchases commercial insurance to cover such potential risks. 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 commercial insurance coverage in the past three fiscal years.

The Town purchases insurance for: automobile, general and umbrella liability. Automobile insurance is limited to \$1 million per accident. The general liability insurance is limited to \$1 million per occurrence, and an aggregate \$3 million limit for products-completed operations hazards and general liability aggregate. Public official liability is limited to \$1,000,000 per occurrence with a \$1,000,000 aggregate. Law enforcement liability is limited to \$1,000,000 per person, \$1,000,000 each wrongful act with a \$1,000,000 annual aggregate. The umbrella liability insurance includes a \$10,000 policy retention and is limited to \$10 million per occurrence, and an aggregate \$10 million limit, that extends over all underlying liability limits listed above.

10. 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 certain capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs used for assessable improvement projects may be renewed for periods equivalent to the life of the permanent financing provided the annual reductions of principal are made. The table on the following page of the Town’s short-term debt for the year ended December 31, 2021.

Description	Interest Rate	Maturity Date	Balance 1/1/2021	Issues	Redemptions	Balance 12/31/2021
Capital Projects Fund:						
Waterline construction	1.25%	8/19/2021	\$ 12,350,000	\$ -	\$ 12,350,000	\$ -
Waterline construction	1.00%	8/18/2022	-	12,000,000	-	12,000,000
Total			<u>\$ 12,350,000</u>	<u>\$ 12,000,000</u>	<u>\$ 12,350,000</u>	<u>\$ 12,000,000</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent 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, premiums on serial bonds, compensated absences, other post-employment benefits ("OPEB") 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 liabilities for the year ended at December 31, 2021 follows:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Governmental activities:					
Serial bonds	\$ 7,655,000	\$ 3,200,000	\$ 3,930,000	\$ 6,925,000	\$ 580,000
Premiums on serial bonds	153,015	-	12,241	140,774	12,241
Compensated absences	1,122,379	393,808	395,240	1,120,947	112,095
OPEB obligation	22,120,310	1,771,129	455,723	23,435,716	-
Net pension liability*	4,551,714	-	4,059,349	492,365	-
Total governmental activities	<u>\$ 35,602,418</u>	<u>\$ 5,364,937</u>	<u>\$ 8,852,553</u>	<u>\$ 32,114,802</u>	<u>\$ 704,336</u>

*Reductions to the net pension liability are shown net of additions.

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 15 to 20 years. Principal is paid annually; interest is paid semi-annually and is recorded in the Highway Fund, Water District Fund, and Sewer District Fund.

On July 13, 2021, the Town issued \$3,200,000 in Refunding Serial Bonds, to refund \$3,180,000 of the previously issued 2013 Public Improvement Serial Bonds. The refunding bonds included issuance costs of \$20,000. The bonds mature on July 13, 2033, and carry an interest rate ranging from 0.5 to 2.0 percent. The refunding resulted in a net present value benefit savings of \$488,943 to the Town.

A default will have occurred if the payment of principal or interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the Town of the amount due thereon. The Town does not have any lines of credit.

A summary of the Town’s general obligation bonds is presented below:

Description	Year of	Original	Interest	Balance			Balance
	Issue/ Maturity			Issue	Rate (%)	1/1/2021	
Governmental activities:							
EFC Sewer Miller Nesbit (Phase I)	2002/2021	\$ 103,000	2.2	\$ 5,000	\$ -	\$ 5,000	\$ -
EFC Sewer Sanborn (Phase II)	2002/2021	370,000	2.5	20,000	-	20,000	-
EFC Sewer Sanborn (Phase III)	2002/2021	380,000	2.5	25,000	-	25,000	-
EFC Sewer Hewitt/Edna/Brookside	2002/2022	422,557	2.2	40,000	-	20,000	20,000
Master sewer improvements	2013/2033	5,119,159	3.3-4.0	3,430,000	-	3,430,000	-
Public improvement refunding	2015/2033	6,080,000	2.3-4.0	4,135,000	-	430,000	3,705,000
Public improvement refunding	2021/2033	3,200,000	0.5-2.0	-	3,200,000	-	3,200,000
Total governmental activities				<u>\$ 7,655,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,930,000</u>	<u>\$ 6,925,000</u>

Premiums on Serial Bonds—On July 8, 2015 the Town issued serial bonds totaling \$6,080,000 and received a bond premium of \$220,341. The premium is being amortized on a straight-line basis over the life of the bonds, which mature on June 15, 2033. The unamortized premium as of December 31, 2021 was \$140,774.

Compensated Absences—As described in Note 1, the Town records the value of compensated absences. The annual budgets of the respective funds for which the employees’ payroll is recorded provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2021 for governmental activities is \$1,120,947. Since the payment of sick time is dependent upon many factors, the timing of future payments is not readily determinable; however, management estimates \$112,095 is due within one year.

OPEB Obligation—As explained in Note 8, the Town provides a portion of health care benefits for retirees. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount determined in accordance with the parameters of GASB. The Town’s long-term OPEB obligation is estimated to be \$23,435,716 at December 31, 2021.

Net Pension Liability—The Town reported a liability for its proportionate share of the net pension liability for the New York State Police and Fire Retirement System and Employees’ Retirement System. The total net pension liability is estimated to be \$492,365 in the governmental activities. Refer to Note 6 for additional information related to the Town’s net pension liability.

A maturity schedule of the Town’s indebtedness is presented on the following page.

Year Ending December 31,	Serial Bonds	Premiums on Serial Bonds	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2022	\$ 580,000	\$ 12,241	\$ 112,095	\$ -	\$ -	\$ 704,336
2023	560,000	12,241	-	-	-	572,241
2024	565,000	12,241	-	-	-	577,241
2025	560,000	12,241	-	-	-	572,241
2026	560,000	12,241	-	-	-	572,241
2027-2031	2,885,000	61,205	-	-	-	2,946,205
2032-2036	1,215,000	18,364	-	-	-	1,233,364
2037-thereafter	-	-	1,008,852	23,435,716	492,365	24,936,933
Total	<u>\$ 6,925,000</u>	<u>\$ 140,774</u>	<u>\$ 1,120,947</u>	<u>\$ 23,435,716</u>	<u>\$ 492,365</u>	<u>\$ 32,114,802</u>

Interest requirements on serial bonds payable are as follows:

Year Ending December 31,	Interest
2022	\$ 128,770
2023	122,588
2024	116,108
2025	108,894
2026	100,538
2027-2031	326,748
2032-2033	38,365
Total	<u>\$ 942,011</u>

12. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. 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. A reconciliation of the Town's governmental activities net investment in capital assets is shown below:

Capital assets, net of accumulated depreciation	\$ 26,741,627
Less related debt:	
Serial bonds	\$ (6,925,000)
Unspent debt proceeds	4,683,003
Unamortized bond premium	(140,774)
Deferred charge on refunding	257,626
Bond anticipation notes payable	<u>(12,000,000)</u>
Net investment in capital assets	<u>\$ 12,616,482</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. The restricted component of net position consists of \$1,868,156 is restricted for the Town’s LOSAP within governmental activities.
- **Unrestricted Net Position**—This category represents the 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 balance maintained by the Town at December 31, 2021 includes:

- **Prepaid Items**—Represents amounts prepaid that are applicable to future accounting periods. The General, Town Outside Village, Highway, Water District, and Sewer District Funds reported amounts of \$53,097, \$89,428, \$139,701, \$34,400, and \$6,919, respectively, at December 31, 2021.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. At December 31, 2021, the Town reported the following restricted fund balances:

- **Restricted for LOSAP**—Represents monies, \$1,868,156, held in trust for the administration of the Town’s LOSAP.

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. At December 31, 2021, the Town reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Town. At December 31, 2021, the Town reported the following fund balance assignments:

	Encumbrances	Subsequent Year's Expenditures	Capital Improvements	Equipment	Resident Activities	Water Hydrant	Specific Use	Total Assigned
General Fund	\$ 249	\$ 25,410	\$ 1,501,302	\$ -	\$ 12,161	\$ -	\$ -	\$ 1,539,122
Town Outside Village Fund	136,072	109,211	974,206	-	-	-	1,788,370	3,007,859
Highway Fund	170,230	-	386,217	100,000	-	-	701,649	1,358,096
Water District Fund	3,254	-	-	-	-	8,400	1,453,681	1,465,335
Sewer District Fund	-	110,000	479,000	-	-	-	2,924,933	3,513,933
Fire Protection District	-	-	-	-	-	-	310,950	310,950
Nonmajor governmental funds	-	-	-	-	-	-	184,478	184,478
Total	\$ 309,805	\$ 244,621	\$ 3,340,725	\$ 100,000	\$ 12,161	\$ 8,400	\$ 7,364,061	\$ 11,379,773

- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditures requirements in the 2022 fiscal year.

- *Assigned to Capital Improvements*—Represents funds set aside for future equipment and building renovation and repairs expenditures.
- *Assigned to Equipment*—Represents amounts that are assigned for future purchases of various equipment.
- *Assigned to Resident Activities*—Represents funds set aside for power authority activities.
- *Assigned to Water Hydrant*—Represents funds set aside for water hydrant expenditures.
- *Assigned to Specific Use*—Represents remaining fund balance within the special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent the remaining amounts within funds that are not restricted or committed.

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 the 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 funds are available, the Town will use unassigned fund balance.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of December 31, 2021 is shown below:

Fund	Interfund	
	Receivable	Payable
General Fund	\$ 5,000	\$ 933
Town Outside Village Fund	-	731
Highway Fund	5,142	-
Water District Fund	-	2,738
Sewer District Fund	-	740
Capital Projects Fund	-	5,000
Total	<u>\$ 10,142</u>	<u>\$ 10,142</u>

The outstanding balances between the funds result from payments made on behalf of the other fund or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The Town made the following transfers during the year ended December 31, 2021:

Fund	Transfers in:						Total
	General Fund	Town Outside Village	Highway Fund	Water District Fund	Sewer District Fund	Capital Projects Fund	
Transfers out:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,220	\$ 1,220
Town Outside Village Fund	-	-	-	-	-	674,818	674,818
Water District Fund	-	-	-	-	-	350,000	350,000
Sewer District Fund	-	-	-	-	-	100,000	100,000
Capital Projects Fund	<u>50,104</u>	<u>163,797</u>	<u>95,410</u>	<u>19,076</u>	<u>180,171</u>	<u>-</u>	<u>508,558</u>
Total	<u>\$ 50,104</u>	<u>\$ 163,797</u>	<u>\$ 95,410</u>	<u>\$ 19,076</u>	<u>\$ 180,171</u>	<u>\$ 1,126,038</u>	<u>\$ 1,634,596</u>

Transfers are used primarily to move various fund revenues that the Town must account for in other funds in accordance with budgetary authorizations. Additionally, transfers from certain funds are used to finance various capital projects within the Capital Projects Fund.

14. LABOR CONTRACTS

Certain Town employees are represented by four bargaining units, with the balance governed by Town Board rules and regulations. The Civil Service Employees Association, Inc., the Teamsters Local 264 (Police Department) and the Teamsters Local 264 Clerical have negotiated contracts in place through December 31, 2023, December 31, 2021 and December 31, 2023, respectively. The Teamsters Local 264 (Highway, Drainage, and Water Departments) contract has expired as of December 31, 2020, and is currently in negotiations.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appointed 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. The Town had the following significant encumbrances at December 31, 2021.

Fund	Purpose	Amount
Town Outside Village Fund	Parks equipment	\$ 100,000
Highway Fund	Machinery equipment	88,506
Highway Fund	Machinery equipment	58,924
Capital Projects Fund	Playground equipment	435,170
Capital Projects Fund	Playground equipment	120,890

16. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Niagara County Industrial Development Agency (the “IDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the IDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town, abatements may result in reduction of property taxes, which the Town administers as a temporary reduction in the taxable value of the property involved. The agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the IDA, the Town collected \$4,274 during 2021 in payments in lieu of taxes (“PILOTs”), these collections were made in lieu of \$4,532 in property taxes.

17. CONTINGENCIES

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.

Litigation—The Town is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the Town. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the Town’s financial condition or results of operations.

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.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 15, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0276964%	0.0267616%	0.0284447%	0.0272623%	0.0303254%	0.0289796%	0.0288857%	0.0288857%
Town's proportionate share of the net pension liability	<u>\$ 480,887</u>	<u>\$ 1,430,388</u>	<u>\$ 477,036</u>	<u>\$ 275,556</u>	<u>\$ 628,536</u>	<u>\$ 858,023</u>	<u>\$ 79,511</u>	<u>\$ 120,254</u>
Town's covered payroll	\$ 987,579	\$ 898,548	\$ 862,889	\$ 802,714	\$ 824,469	\$ 754,086	\$ 795,500	\$ 724,885
Town's proportionate share of the net pension liability as a percentage of its covered payroll	48.7%	159.2%	55.3%	34.3%	76.2%	113.8%	10.0%	16.6%
Plan fiduciary net position as a percentage of the total pension liability	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%	98.5%

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

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 231,888	\$ 183,606	\$ 170,633	\$ 168,819	\$ 168,570	\$ 169,609	\$ 195,493	\$ 218,738
Contribution in relation to the contractually required contribution	<u>(231,888)</u>	<u>(183,606)</u>	<u>(170,633)</u>	<u>(168,819)</u>	<u>(168,570)</u>	<u>(169,609)</u>	<u>(195,493)</u>	<u>(218,738)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 1,025,039	\$ 971,121	\$ 877,540	\$ 852,631	\$ 824,937	\$ 851,334	\$ 756,478	\$ 829,362
Contributions as a percentage of covered payroll	22.6%	18.9%	19.4%	19.8%	20.4%	19.9%	25.8%	26.4%

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

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0115268%	0.0117872%	0.0121677%	0.0128012%	0.0126493%	0.0128622%	0.0128530%	0.0128530%
Town's proportionate share of the net pension liability	<u>\$ 11,478</u>	<u>\$ 3,121,326</u>	<u>\$ 862,119</u>	<u>\$ 413,150</u>	<u>\$ 1,188,559</u>	<u>\$ 2,064,420</u>	<u>\$ 434,206</u>	<u>\$ 580,809</u>
Town's covered payroll	\$ 3,642,871	\$ 3,592,307	\$ 3,651,174	\$ 3,492,927	\$ 3,799,662	\$ 3,601,470	\$ 3,574,020	\$ 3,825,984
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.3%	86.9%	23.6%	11.8%	31.3%	57.3%	12.1%	15.2%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

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

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 550,158	\$ 512,333	\$ 518,412	\$ 531,612	\$ 544,407	\$ 530,329	\$ 601,823	\$ 751,255
Contribution in relation to the contractually required contribution	<u>(550,158)</u>	<u>(512,333)</u>	<u>(518,412)</u>	<u>(531,612)</u>	<u>(544,407)</u>	<u>(530,329)</u>	<u>(601,823)</u>	<u>(751,255)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 3,888,930	\$ 3,556,264	\$ 3,660,844	\$ 3,626,849	\$ 4,099,380	\$ 4,001,699	\$ 3,938,398	\$ 4,277,004
Contributions as a percentage of covered payroll	14.1%	14.4%	14.2%	14.7%	13.3%	13.3%	15.3%	17.6%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 901,015	\$ 720,172	\$ 640,848	\$ 774,503
Interest	483,245	533,028	767,488	690,041
Differences between expected and actual experience	-	(2,428,023)	-	-
Changes of assumptions	386,869	(918,716)	5,373,059	(2,264,132)
Benefit payments	<u>(455,723)</u>	<u>(426,561)</u>	<u>(434,302)</u>	<u>(380,657)</u>
Net change in total OPEB liability	1,315,406	(2,520,100)	6,347,093	(1,180,245)
Total OPEB liability—beginning	<u>22,120,310</u>	<u>24,640,410</u>	<u>18,293,317</u>	<u>19,473,562</u>
Total OPEB liability—ending	<u>\$ 23,435,716</u>	<u>\$ 22,120,310</u>	<u>\$ 24,640,410</u>	<u>\$ 18,293,317</u>
Plan fiduciary net position				
Contributions—employer	\$ 455,723	\$ 426,561	\$ 434,302	\$ 380,657
Benefit payments	<u>(455,723)</u>	<u>(426,561)</u>	<u>(434,302)</u>	<u>(380,657)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's total OPEB liability—ending	<u>\$ 23,435,716</u>	<u>\$ 22,120,310</u>	<u>\$ 24,640,410</u>	<u>\$ 18,293,317</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 3,603,585	\$ 3,515,692	\$ 3,815,919	\$ 3,722,849
Total OPEB liability as a percentage of covered-employee payroll	650.3%	629.2%	645.7%	491.4%

*Information prior to the year ended December 31, 2018 is not available.
The notes to the required supplementary information are an integral part of this schedule.

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 731,922	\$ 731,922	\$ 731,459	\$ (463)
Other property tax items	53,400	53,400	55,559	2,159
Non-property tax items	1,530,170	1,530,170	1,584,369	54,199
Departmental income	122,590	122,590	96,614	(25,976)
Use of money and property	-	-	943	943
Licenses and permits	-	-	11,074	11,074
Fines and forfeitures	314,100	314,100	264,075	(50,025)
Miscellaneous	5,000	5,000	5,548	548
Interfund revenue	31,402	31,402	31,815	413
State aid and local sources	68,216	68,216	85,269	17,053
Total revenues	<u>2,856,800</u>	<u>2,856,800</u>	<u>2,866,725</u>	<u>9,925</u>
EXPENDITURES				
Current:				
General government support	1,181,983	1,181,983	972,274	209,709
Public safety	42,034	42,034	28,430	13,604
Health	2,880	2,880	2,880	-
Transportation	294,118	294,118	222,358	71,760
Economic assistance and opportunity	480	480	480	-
Culture and recreation	916,372	1,088,335	939,977	148,358
Home and community services	27,158	27,158	22,578	4,580
Employee benefits	541,390	540,170	492,154	48,016
Total expenditures	<u>3,006,415</u>	<u>3,177,158</u>	<u>2,681,131</u>	<u>496,027</u>
Excess (deficiency) of revenues over expenditures	<u>(149,615)</u>	<u>(320,358)</u>	<u>185,594</u>	<u>505,952</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	48,150	48,150	50,104	1,954
Transfers out	-	(1,220)	(1,220)	-
Total other financing sources (uses)	<u>48,150</u>	<u>46,930</u>	<u>48,884</u>	<u>1,954</u>
Net change in fund balances*	(101,465)	(273,428)	234,478	507,906
Fund balances—beginning	<u>2,286,771</u>	<u>2,286,771</u>	<u>2,286,771</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,185,306</u>	<u>\$ 2,013,343</u>	<u>\$ 2,521,249</u>	<u>\$ 507,906</u>

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

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

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Town Outside Village Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other property tax items	\$ 75,866	\$ 75,866	\$ 66,701	\$ (9,165)
Non-property tax items	2,059,084	2,059,084	2,076,615	17,531
Departmental income	379,000	379,000	431,261	52,261
Use of money and property	-	-	997	997
Licenses and permits	113,000	113,000	195,368	82,368
Sale of property and compensation for loss	3,000	3,000	30,117	27,117
Miscellaneous	12,000	12,000	34,724	22,724
State aid	260,000	260,000	420,911	160,911
Federal aid	-	674,818	674,818	-
Total revenues	<u>2,901,950</u>	<u>3,576,768</u>	<u>3,931,512</u>	<u>354,744</u>
EXPENDITURES				
Current:				
General government support	195,934	155,979	124,746	31,233
Public safety	1,551,737	1,662,266	1,662,266	-
Health	18,272	18,272	15,534	2,738
Transportation	105,000	105,000	90,671	14,329
Culture and recreation	393,282	393,282	353,676	39,606
Home and community services	131,811	131,811	121,410	10,401
Employee benefits	841,757	841,757	803,003	38,754
Total expenditures	<u>3,237,793</u>	<u>3,308,367</u>	<u>3,171,306</u>	<u>137,061</u>
Excess (deficiency) of revenues over expenditures	<u>(335,843)</u>	<u>268,401</u>	<u>760,206</u>	<u>491,805</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	177,000	177,000	163,797	(13,203)
Transfers out	-	(674,818)	(674,818)	-
Total other financing sources (uses)	<u>177,000</u>	<u>(497,818)</u>	<u>(511,021)</u>	<u>(13,203)</u>
Net change in fund balances *	(158,843)	(229,417)	249,185	478,602
Fund balances—beginning	2,848,102	2,848,102	2,848,102	-
Fund balances—ending	<u>\$ 2,689,259</u>	<u>\$ 2,618,685</u>	<u>\$ 3,097,287</u>	<u>\$ 478,602</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 are an integral part of this schedule.

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Highway Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 304,350	\$ 304,350	\$ 304,350	\$ -
Non-property tax items	1,823,996	1,823,996	2,529,610	705,614
Departmental income	144,000	144,000	266,268	122,268
Intergovernmental charges	-	-	353	353
Fines and forfeitures	14,300	14,300	8,736	(5,564)
Sale of property and compensation for loss	6,500	6,500	1,453	(5,047)
Interfund revenue	<u>156,800</u>	<u>156,800</u>	<u>305,708</u>	<u>148,908</u>
Total revenues	<u>2,449,946</u>	<u>2,449,946</u>	<u>3,416,478</u>	<u>966,532</u>
EXPENDITURES				
Current:				
General government support	83,834	83,834	75,957	7,877
Transportation	2,292,630	2,473,571	2,369,554	104,017
Employee benefits	717,006	717,006	716,847	159
Debt service:				
Principal	11,300	11,300	11,300	-
Interest and other fiscal charges	<u>1,028</u>	<u>1,028</u>	<u>1,028</u>	<u>-</u>
Total expenditures	<u>3,105,798</u>	<u>3,286,739</u>	<u>3,174,686</u>	<u>112,053</u>
Excess (deficiency) of revenues over expenditures	<u>(655,852)</u>	<u>(836,793)</u>	<u>241,792</u>	<u>1,078,585</u>
OTHER FINANCING SOURCES				
Transfers in	<u>572,200</u>	<u>572,200</u>	<u>95,410</u>	<u>(476,790)</u>
Total other financing sources	<u>572,200</u>	<u>572,200</u>	<u>95,410</u>	<u>(476,790)</u>
Net change in fund balances *	(83,652)	(264,593)	337,202	601,795
Fund balances—beginning	<u>1,160,595</u>	<u>1,160,595</u>	<u>1,160,595</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,076,943</u>	<u>\$ 896,002</u>	<u>\$ 1,497,797</u>	<u>\$ 601,795</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 are an integral part of this schedule.

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Water District Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,126,915	\$ 1,126,915	\$ 1,126,915	\$ -
Departmental income	1,640,189	1,640,189	1,799,376	159,187
Use of money and property	-	-	2,275	2,275
Sale of property and compensation for loss	500	500	1,133	633
Miscellaneous	1,000	1,000	5,254	4,254
Total revenues	<u>2,768,604</u>	<u>2,768,604</u>	<u>2,934,953</u>	<u>166,349</u>
EXPENDITURES				
Current:				
General government support	22,000	22,000	19,520	2,480
Home and community services	1,327,629	1,327,629	1,150,110	177,519
Employee benefits	315,340	315,340	276,132	39,208
Debt service:				
Principal	371,881	371,881	367,081	4,800
Interest and other fiscal charges	314,914	314,914	314,913	1
Total expenditures	<u>2,351,764</u>	<u>2,351,764</u>	<u>2,127,756</u>	<u>224,008</u>
Excess of revenues over expenditures	<u>416,840</u>	<u>416,840</u>	<u>807,197</u>	<u>390,357</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	108,160	108,160	19,076	(89,084)
Transfers out	(525,000)	(525,000)	(350,000)	175,000
Total other financing sources (uses)	<u>(416,840)</u>	<u>(416,840)</u>	<u>(330,924)</u>	<u>85,916</u>
Net change in fund balances	-	-	476,273	476,273
Fund balances—beginning	1,023,462	1,023,462	1,023,462	-
Fund balances—ending	<u>\$ 1,023,462</u>	<u>\$ 1,023,462</u>	<u>\$ 1,499,735</u>	<u>\$ 476,273</u>

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

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Sewer District Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 429,836	\$ 429,836	\$ 429,821	\$ (15)
Other tax items	20,000	20,000	17,660	(2,340)
Departmental income	2,493,271	2,493,271	2,603,000	109,729
Use of money and property	-	-	1,028	1,028
Licenses and permits	20,000	20,000	30,640	10,640
Sale of property and compensation for loss	1,000	1,000	4,072	3,072
Miscellaneous	-	-	4,360	4,360
Total revenues	<u>2,964,107</u>	<u>2,964,107</u>	<u>3,090,581</u>	<u>126,474</u>
EXPENDITURES				
Current:				
General government support	36,674	36,674	32,566	4,108
Home and community services	2,081,392	1,981,392	1,851,753	129,639
Employee benefits	565,369	565,369	491,179	74,190
Debt service:				
Principal	366,819	366,819	351,619	15,200
Interest and other fiscal charges	96,353	96,353	96,351	2
Total expenditures	<u>3,146,607</u>	<u>3,046,607</u>	<u>2,823,468</u>	<u>223,139</u>
Excess (deficiency) of revenues over expenditures	<u>(182,500)</u>	<u>(82,500)</u>	<u>267,113</u>	<u>349,613</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,377,352	1,377,352	1,465,023	87,671
Transfers out	<u>(1,284,852)</u>	<u>(1,384,852)</u>	<u>(1,384,852)</u>	<u>-</u>
Total other financing sources (uses)	<u>92,500</u>	<u>(7,500)</u>	<u>80,171</u>	<u>87,671</u>
Net change in fund balances*	(90,000)	(90,000)	347,284	437,284
Fund balances—beginning	<u>3,173,568</u>	<u>3,173,568</u>	<u>3,173,568</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,083,568</u>	<u>\$ 3,083,568</u>	<u>\$ 3,520,852</u>	<u>\$ 437,284</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 are an integral part of this schedule.

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Fire Protection District Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,488,383	\$ 1,488,383	\$ 1,488,383	\$ -
Other property tax items	2,507	2,507	2,508	1
Miscellaneous	-	-	112,581	112,581
Total revenues	<u>1,490,890</u>	<u>1,490,890</u>	<u>1,603,472</u>	<u>112,582</u>
EXPENDITURES				
Current:				
General government support	28,000	28,000	28,000	-
Public safety	1,287,790	1,287,790	1,287,790	-
Employee benefits	<u>175,100</u>	<u>175,100</u>	<u>139,148</u>	<u>35,952</u>
Total expenditures	<u>1,490,890</u>	<u>1,490,890</u>	<u>1,454,938</u>	<u>35,952</u>
Net change in fund balances	-	-	148,534	148,534
Fund balances—beginning	<u>2,030,572</u>	<u>2,030,572</u>	<u>2,030,572</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,030,572</u>	<u>\$ 2,030,572</u>	<u>\$ 2,179,106</u>	<u>\$ 148,534</u>

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

TOWN OF LEWISTON, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2021

1. OPEB LIABILITY

Changes of Assumptions—Significant changes in assumptions reflect the effects of changes in the discount rate. The discount rate is based on the (Bond Buyer 20-Year Bond Index rate as of the measurement date, which decreased from 2.12% at December 31, 2020 to 2.03% at December 31, 2021. Finally, the healthcare cost trend rate used is 6.5%, while the ultimate healthcare cost trend rate is 4.5%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects 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 appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional classification.

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

Actual results of operations presented in accordance with GAAP and the Town’s accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

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SUPPLEMENTARY INFORMATION

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TOWN OF LEWISTON, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
December 31, 2021

	<u>Sanitation District</u>	<u>Lighting District</u>	<u>Drainage District</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Cash and cash equivalents	\$ 162,091	\$ 36,802	\$ 14,040	\$ 212,933
Receivables	10	-	-	10
Total assets	<u>\$ 162,101</u>	<u>\$ 36,802</u>	<u>\$ 14,040</u>	<u>\$ 212,943</u>
LIABILITIES				
Accounts payable	\$ 27,178	\$ 1,287	\$ -	\$ 28,465
Total liabilities	<u>27,178</u>	<u>1,287</u>	<u>-</u>	<u>28,465</u>
FUND BALANCES				
Assigned	134,923	35,515	14,040	184,478
Total fund balances	<u>134,923</u>	<u>35,515</u>	<u>14,040</u>	<u>184,478</u>
Total liabilities and fund balances	<u>\$ 162,101</u>	<u>\$ 36,802</u>	<u>\$ 14,040</u>	<u>\$ 212,943</u>

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

	<u>Sanitation District</u>	<u>Lighting District</u>	<u>Drainage District</u>	<u>Total Nonmajor Funds</u>
REVENUES				
Real property taxes	\$ 340,314	\$ 11,000	\$ 5,350	\$ 356,664
Use of money and property	160	-	-	160
Total revenues	<u>340,474</u>	<u>11,000</u>	<u>5,350</u>	<u>356,824</u>
EXPENDITURES				
Current:				
Transportation	-	12,998	-	12,998
Home and community services	326,129	-	14,360	340,489
Total expenditures	<u>326,129</u>	<u>12,998</u>	<u>14,360</u>	<u>353,487</u>
Net change in fund balances	14,345	(1,998)	(9,010)	3,337
Fund balances—beginning	120,578	37,513	23,050	181,141
Fund balances—ending	<u>\$ 134,923</u>	<u>\$ 35,515</u>	<u>\$ 14,040</u>	<u>\$ 184,478</u>

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Certified Public Accountants

**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**

Honorable Town Board
Town of Lewiston, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lewiston, New York (the "Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 15, 2022.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

July 15, 2022