

**TOWN OF LEWISTON,  
NEW YORK**

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



**TOWN OF LEWISTON, NEW YORK**  
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**Year Ended December 31, 2020**

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Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

Honorable Town Board  
Town of Lewiston, New York:

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

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

## ***Other Matters***

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

### *Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 & Malecki LLP*

June 25, 2021

**TOWN OF LEWISTON, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2020**

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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, 2020. 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 liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$687,716 (*net position*). This consists of \$10,384,240 net investment in capital assets, \$1,762,575 restricted for specific purposes, and an unrestricted net position of \$(12,834,531).
- The Town's net position increased by \$2,760,198 during the year ended December 31, 2020.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$10,795,254, a decrease of \$4,131,501 in comparison with the prior year's fund balance of \$14,926,755.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$1,927,256, or approximately 78.3 percent of General Fund expenditures. This total amount is *available for spending* at the Town's discretion and constitutes approximately 84.3 percent of the General Fund's total fund balance of \$2,286,771 at December 31, 2020.
- During the year ended December 31, 2020, the Town issued bond anticipation notes in the amount of \$12,350,000 for a waterline project. Additionally, the Town's total serial bonds outstanding decreased by \$825,000 during the year ended December 31, 2020 as a result of scheduled principal payments.

**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 11-12 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 ten 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 and Capital Projects 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 13-16 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 17-18 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 19-44 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 45-56 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 57-58.

### 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$687,716 at the close of the most recent fiscal year, as compared to \$3,447,914 at the close of the fiscal year ended December 31, 2019.

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,	
	2020	2019
Current assets	\$ 24,375,329	\$ 15,836,990
Capital assets	21,571,746	13,560,534
Total assets	<u>45,947,075</u>	<u>29,397,524</u>
Deferred outflows of resources	<u>6,804,889</u>	<u>5,664,566</u>
Current liabilities	13,642,690	976,650
Noncurrent liabilities	<u>35,602,418</u>	<u>35,636,579</u>
Total liabilities	<u>49,245,108</u>	<u>36,613,229</u>
Deferred inflows of resources	<u>4,194,572</u>	<u>1,896,775</u>
Net position:		
Net investment in capital assets	10,384,240	6,600,311
Restricted	1,762,575	4,484,345
Unrestricted	<u>(12,834,531)</u>	<u>(14,532,570)</u>
Total net position	<u>\$ (687,716)</u>	<u>\$ (3,447,914)</u>

The largest portion of the Town’s net position, \$10,384,240, reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), 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, \$1,762,575, 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, \$(12,834,531), 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, 2020 and December 31, 2019.

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

	Governmental Activities	
	Year Ended December 31,	
	2020	2019
Program revenues:		
Charges for services	\$ 5,399,664	\$ 5,499,261
Operating grants and contributions	338,736	540,310
Capital grants and contributions	1,748,976	1,508,196
General revenues	<u>10,749,774</u>	<u>10,776,705</u>
Total revenues	<u>18,237,150</u>	<u>18,324,472</u>
Program expenses	<u>15,476,952</u>	<u>16,528,251</u>
Change in net position	2,760,198	1,796,221
Net position—beginning	<u>(3,447,914)</u>	<u>(5,244,135)</u>
Net position—ending	<u>\$ (687,716)</u>	<u>\$ (3,447,914)</u>

Overall revenues decreased 0.5 percent from the prior year. This decrease was primarily the result of decreases in charges for services and operating grants and contributions. Total expenses decreased 6.4 percent from the prior year, due primarily to decreases in transportation and public safety expenditures as a result of the COVID-19 pandemic.

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

**Table 3—Summary of Sources of Revenues—Governmental Activities**

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 5,399,664	\$ 5,499,261	\$ (99,597)	(1.8)
Operating grants and contributions	338,736	540,310	(201,574)	(37.3)
Capital grants and contributions	1,748,976	1,508,196	240,780	16.0
Property taxes and tax items	4,598,149	4,617,671	(19,522)	(0.4)
Non-property tax items	5,521,444	5,595,334	(73,890)	(1.3)
Use of money and property	80,817	14,525	66,292	456.4
Miscellaneous	117,899	204,905	(87,006)	(42.5)
Unrestricted state aid	431,465	344,270	87,195	25.3
Total revenues	<u>\$ 18,237,150</u>	<u>\$ 18,324,472</u>	<u>\$ (87,322)</u>	(0.5)

The most significant sources of revenues for the year ended December 31, 2020 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. Similarly, the year ended December 31, 2019, the largest sources of revenues were non-property tax items of \$5,595,334, or 30.5 percent of total revenues, and charges for services of \$5,499,261, or 30.0 percent of total revenues.

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

**Table 4—Summary of Program Expenses—Governmental Activities**

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General government support	\$ 1,325,402	\$ 1,986,327	\$ (660,925)	(33.3)
Public safety	2,513,547	3,514,566	(1,001,019)	(28.5)
Health	20,146	20,359	(213)	(1.0)
Transportation	1,688,225	3,498,192	(1,809,967)	(51.7)
Economic assistance and opportunity	1,100	1,100	-	-
Culture and recreation	843,486	1,839,642	(996,156)	(54.1)
Home and community services	8,774,779	5,324,294	3,450,485	64.8
Interest and other fiscal charges	310,267	343,771	(33,504)	(9.7)
Total expenses	<u>\$ 15,476,952</u>	<u>\$ 16,528,251</u>	<u>\$ (1,051,299)</u>	(6.4)

The most significant expense items for the year ended December 31, 2020 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. Similarly, for the year ended December 31, 2019, the most significant expense items were home and community services of \$5,324,294, or 32.2 percent of total expenses, public safety of \$3,514,566, or 21.3 percent of total expenses, and transportation of \$3,498,192, or 21.2 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, 2020, the Town's governmental funds reported combined ending fund balances of \$10,795,254, a decrease of \$4,131,501 from the prior year fund balance of \$14,926,755. Approximately 65.1 percent of this amount, \$7,024,683, 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, \$318,475, (2) restricted for a specific purpose, \$1,762,575, or (3) assigned for encumbrances, \$121,167, assigned for subsequent year's expenditures, \$312,793, assigned for capital improvements, \$1,135,000, 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 \$1,927,256, while total fund balance increased to \$2,286,771. The total fund balance of the Town's General Fund increased \$375,479 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 78.3 percent of General Fund expenditures, while total fund balance represents 92.9 percent of that same amount.

The Town Outside Village Fund fund balance increased \$485,829 from the prior year, resulting in an ending fund balance of \$2,848,102. Approximately 72.7 percent, \$2,072,292, of this amount is reported as fund balance assigned for specific use.

The Highway Fund fund balance increased \$62,895 from the prior year, resulting in an ending fund balance of \$1,160,595. Approximately 73.0 percent, \$847,276, of this amount is reported as fund balance assigned for specific use.

The Water District Fund fund balance increased \$613,860 from the prior year, resulting in an ending fund balance of \$1,023,462. Approximately 95.9 percent, \$980,980, of this amount is reported as fund balance assigned for specific use.

The Sewer District Fund fund balance increased \$252,735 from the prior year, resulting in an ending fund balance of \$3,173,568. Approximately 83.7 percent, \$2,656,698, of this amount is reported as fund balance assigned for specific use.

The Fire Protection District Fund fund balance increased \$74,954 from the prior year, resulting in an ending fund balance of \$2,030,572. Approximately 86.8 percent, \$1,762,575, of this amount is reported as fund balance restricted for LOSAP.

The Capital Projects Fund fund balance decreased \$6,031,899 from the prior year, resulting in an ending fund balance deficit of \$(1,908,957). 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, 2020 is presented on the following page.

**Table 5—General Fund Budget**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 2,964,195	\$ 2,964,195	\$ 2,837,994	\$ (126,201)
Expenditures and other financing sources	3,065,048	3,094,314	2,462,515	631,799
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (100,853)	\$ (130,119)	\$ 375,479	\$ 505,598

**Original budget compared to final budget**—The overall budgeted appropriations increased \$29,266 throughout the year, with adjustments performed for increased transfers out of the General Fund.

**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 \$631,799. The most significant savings were realized within culture and recreation and general government support activities as a result of decreased spending during the COVID-19 pandemic.

### Capital Asset and Debt Administration

**Capital assets**—The Town’s investment in capital assets for its governmental activities as of December 31, 2020, amounted to \$21,571,746 (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, 2020 and December 31, 2019 are presented below in Table 6.

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

	December 31,	
	2020	2019
Land	\$ 278,075	\$ 278,075
Construction in progress	9,025,625	1,797,659
Infrastructure	7,147,053	7,088,459
Buildings and improvements	2,470,978	2,018,773
Machinery and equipment	1,597,706	1,460,876
Vehicles	1,052,309	916,692
Total	\$ 21,571,746	\$ 13,560,534

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

**Long-term debt**—At December 31, 2020, the Town had total serial bonds outstanding of \$7,655,000, as compared to \$8,480,000 in the prior year. During the year ended December 31, 2020, the Town made scheduled principal payments of \$825,000.

A summary of the Town’s long-term liabilities at December 31, 2020 and December 31, 2019 is presented in Table 7 on the following page.

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

	December 31,	
	2020	2019
Serial bonds	\$ 7,655,000	\$ 8,480,000
Premiums on serial bonds	153,015	165,256
Compensated absences	1,122,379	1,011,758
OPEB obligation	22,120,310	24,640,410
Net pension liability	4,551,714	1,339,155
Total	<u>\$ 35,602,418</u>	<u>\$ 35,636,579</u>

Additional information on the Town’s long-term liabilities can be found in Note 10 to the financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

On January 31, 2020, the United States Secretary of Health and Human Services (“HHS”) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. The extent of the impact of COVID-19 on the Town’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted. Largely as a result of the public health emergency, the unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2020 was 7.9 percent, as compared to New York State’s unemployment rate of 8.5 percent and the national unemployment rate of 6.7 percent. These factors are considered in preparing the Town’s budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2021 budget. The Town’s 2021 budget includes the appropriation of \$49,283 of fund balance in the General Fund. Additional information on the Town’s budgeted appropriations of fund balance can be found in Note 11 to the financial statements

**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, 2020**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,293,373
Restricted cash and cash equivalents	8,997,488
Investments	3,899,172
Restricted investments	2,761,603
Receivables	1,092,470
Intergovernmental receivables	2,012,748
Prepaid items	318,475
Capital assets not being depreciated	9,303,700
Capital assets, net of accumulated depreciation	<u>12,268,046</u>
Total assets	<u>45,947,075</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	291,976
Deferred outflows—relating to pensions	3,342,464
Deferred outflows—relating to OPEB	<u>3,170,449</u>
Total deferred outflows of resources	<u>6,804,889</u>
<b>LIABILITIES</b>	
Accounts payable	1,223,935
Accrued liabilities	62,615
Unearned revenue	6,140
Bond anticipation notes payable	12,350,000
Noncurrent liabilities:	
Due within one year	874,479
Due within more than one year	<u>34,727,939</u>
Total liabilities	<u>49,245,108</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pensions	319,230
Deferred inflows—relating to OPEB	<u>3,875,342</u>
Total deferred inflows of resources	<u>4,194,572</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,384,240
Restricted	1,762,575
Unrestricted	<u>(12,834,531)</u>
Total net position	<u>\$ (687,716)</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, 2020**

<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 Government Governmental Activities</u>
<b>Primary government:</b>					
Governmental activities:					
General government support	\$ 1,325,402	\$ 314,909	\$ 181,320	\$ 1,694,188	\$ 865,015
Public safety	2,513,547	407,646	-	-	(2,105,901)
Health	20,146	-	-	-	(20,146)
Transportation	1,688,225	197,002	157,416	-	(1,333,807)
Economic assistance and opportunity	1,100	-	-	-	(1,100)
Culture and recreation	843,486	150,159	-	54,788	(638,539)
Home and community services	8,774,779	4,329,948	-	-	(4,444,831)
Interest and other fiscal charges	310,267	-	-	-	(310,267)
Total primary government	<u>\$ 15,476,952</u>	<u>\$ 5,399,664</u>	<u>\$ 338,736</u>	<u>\$ 1,748,976</u>	<u>(7,989,576)</u>
General revenues:					
Property taxes and tax items					4,598,149
Non-property tax items:					
Sales tax					3,798,814
Waste disposal fees					1,550,175
Other					172,455
Use of money and property					80,817
Miscellaneous					117,899
Unrestricted state aid					431,465
Total general revenues					<u>10,749,774</u>
Change in net position					2,760,198
Net position—beginning					<u>(3,447,914)</u>
Net position—ending					<u>\$ (687,716)</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, 2020**

	Special Revenue							Total Nonmajor Funds	Total Governmental Funds
	General	Town Outside Village	Highway	Water District	Sewer District	Fire Protection District	Capital Projects		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,011,140	\$ 1,201,830	\$ 450,675	\$ 561,499	\$ 1,594,619	\$ 264,326	\$ -	\$ 209,284	\$ 5,293,373
Restricted cash and cash equivalents	-	6,140	-	-	-	-	8,991,348	-	8,997,488
Investments	1,055,511	1,095,741	389,368	288,614	1,069,938	-	-	-	3,899,172
Restricted investments	-	-	-	-	-	1,762,575	999,028	-	2,761,603
Receivables	241,646	213,909	-	316,839	294,858	3,850	21,368	-	1,092,470
Intergovernmental receivables	500	252,238	229,026	9,475	289,094	-	1,232,415	-	2,012,748
Due from other funds	-	-	2,570	-	-	-	-	-	2,570
Prepaid items	55,889	91,967	129,667	34,082	6,870	-	-	-	318,475
Total assets	<u>\$ 2,364,686</u>	<u>\$ 2,861,825</u>	<u>\$ 1,201,306</u>	<u>\$ 1,210,509</u>	<u>\$ 3,255,379</u>	<u>\$ 2,030,751</u>	<u>\$ 11,244,159</u>	<u>\$ 209,284</u>	<u>\$ 24,377,899</u>
<b>LIABILITIES</b>									
Liabilities:									
Accounts payable	\$ 77,635	\$ 7,074	\$ 40,711	\$ 186,040	\$ 81,037	\$ 179	\$ 803,116	\$ 28,143	\$ 1,223,935
Due to other funds	280	509	-	1,007	774	-	-	-	2,570
Unearned revenue	-	6,140	-	-	-	-	-	-	6,140
Bond anticipation notes payable	-	-	-	-	-	-	12,350,000	-	12,350,000
Total liabilities	<u>77,915</u>	<u>13,723</u>	<u>40,711</u>	<u>187,047</u>	<u>81,811</u>	<u>179</u>	<u>13,153,116</u>	<u>28,143</u>	<u>13,582,645</u>
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable	55,889	91,967	129,667	34,082	6,870	-	-	-	318,475
Restricted	-	-	-	-	-	1,762,575	-	-	1,762,575
Assigned	303,626	2,756,135	1,030,928	989,380	3,166,698	267,997	-	181,141	8,695,905
Unassigned	1,927,256	-	-	-	-	-	(1,908,957)	-	18,299
Total fund balances (deficit)	<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>181,141</u>	<u>10,795,254</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,364,686</u>	<u>\$ 2,861,825</u>	<u>\$ 1,201,306</u>	<u>\$ 1,210,509</u>	<u>\$ 3,255,379</u>	<u>\$ 2,030,751</u>	<u>\$ 11,244,159</u>	<u>\$ 209,284</u>	<u>\$ 24,377,899</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, 2020**

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Amounts reported for governmental activities in the statement of net position (page 11) are different because:

Total fund balances (deficit)—governmental funds (page 13)		\$ 10,795,254
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 \$38,441,706 and the accumulated depreciation is \$16,869,960.		21,571,746
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.		291,976
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	\$ 524,027	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	2,818,437	
Deferred outflows related to OPEB	3,170,449	
Deferred inflows related to pension plans	(319,230)	
Deferred inflows related to OPEB	<u>(3,875,342)</u>	2,318,341
Net accrued interest expense for serial bonds is not reported in the funds.		(62,615)
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	\$ (7,655,000)	
Premiums on serial bonds	(153,015)	
Compensated absences	(1,122,379)	
OPEB obligation	(22,120,310)	
Net pension liability	<u>(4,551,714)</u>	<u>(35,602,418)</u>
Net position of governmental activities		<u>\$ (687,716)</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, 2020**

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Town Outside Village	Highway	Water District	Sewer District	Fire Protection District			
<b>REVENUES</b>									
Real property taxes	\$ 738,912	\$ -	\$ 279,595	\$ 1,126,915	\$ 426,119	\$ 1,500,915	\$ -	\$ 375,150	\$ 4,447,606
Other property tax items	59,634	88,433	-	-	-	2,476	-	-	150,543
Non-property tax items	1,550,384	2,097,160	1,910,024	-	18,664	-	-	-	5,576,232
Departmental income	23,562	407,646	197,002	1,870,720	2,459,228	-	-	-	4,958,158
Use of money and property	19,076	17,413	4,316	3,076	14,505	-	22,351	80	80,817
Licenses and permits	14,089	127,466	-	-	-	-	-	-	141,555
Fines and forfeitures	269,192	-	-	-	-	-	-	-	269,192
Sale of property and compensation for loss	8,379	2,756	11,035	1,057	688	-	-	-	23,915
Miscellaneous	768	61,421	3,659	5,145	6,800	3,950	957,661	-	1,039,404
Interfund revenue	30,759	-	-	-	-	-	-	-	30,759
State aid and local sources	85,269	346,196	157,416	-	-	-	917,847	-	1,506,728
Total revenues	<u>2,800,024</u>	<u>3,148,491</u>	<u>2,563,047</u>	<u>3,006,913</u>	<u>2,926,004</u>	<u>1,507,341</u>	<u>1,897,859</u>	<u>375,230</u>	<u>18,224,909</u>
<b>EXPENDITURES</b>									
Current:									
General government support	980,400	135,868	75,760	20,492	33,887	-	-	-	1,246,407
Public safety	34,111	1,545,464	-	-	-	1,331,790	-	-	2,911,365
Health	3,600	16,546	-	-	-	-	-	-	20,146
Transportation	253,618	97,282	1,983,875	-	-	-	-	10,315	2,345,090
Economic assistance and opportunity	1,100	-	-	-	-	-	-	-	1,100
Culture and recreation	736,933	197,580	-	-	-	-	-	-	934,513
Home and community services	23,178	123,751	-	1,273,217	1,822,393	-	-	330,269	3,572,808
Employee benefits	429,575	687,257	722,284	281,382	490,513	100,597	-	-	2,711,608
Debt service:									
Principal	-	-	61,100	406,425	357,475	-	-	-	825,000
Interest and other fiscal charges	-	-	1,752	173,538	104,426	-	-	-	279,716
Capital outlay	-	-	-	-	-	-	7,508,657	-	7,508,657
Total expenditures	<u>2,462,515</u>	<u>2,803,748</u>	<u>2,844,771</u>	<u>2,155,054</u>	<u>2,808,694</u>	<u>1,432,387</u>	<u>7,508,657</u>	<u>340,584</u>	<u>22,356,410</u>
Excess (deficiency) of revenues over expenditures	<u>337,509</u>	<u>344,743</u>	<u>(281,724)</u>	<u>851,859</u>	<u>117,310</u>	<u>74,954</u>	<u>(5,610,798)</u>	<u>34,646</u>	<u>(4,131,501)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	37,970	141,086	344,619	12,001	135,425	-	250,000	-	921,101
Transfers out	-	-	-	(250,000)	-	-	(671,101)	-	(921,101)
Total other financing sources (uses)	<u>37,970</u>	<u>141,086</u>	<u>344,619</u>	<u>(237,999)</u>	<u>135,425</u>	<u>-</u>	<u>(421,101)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	375,479	485,829	62,895	613,860	252,735	74,954	(6,031,899)	34,646	(4,131,501)
Fund balances—beginning	1,911,292	2,362,273	1,097,700	409,602	2,920,833	1,955,618	4,122,942	146,495	14,926,755
Fund balances (deficit)—ending	<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>\$ 181,141</u>	<u>\$ 10,795,254</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, 2020**

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

Net change in fund balances—total governmental funds (page 15) \$ (4,131,501)

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	\$ 8,787,644	
Loss on disposition of assets	(50,148)	
Depreciation expense	<u>(726,284)</u>	8,011,212

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. (34,351)

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

Town pension contributions	\$ 695,939	
Cost of benefits earned, net of employee contributions	<u>(1,518,764)</u>	(822,825)

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. 1,527,343

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 3,800

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:

Repayment of serial bonds	\$ 825,000	
Amortization of premiums on serial bonds	12,241	
Change in compensated absences	(110,621)	
Change in OPEB obligation	<u>(2,520,100)</u>	<u>(1,793,480)</u>

Change in net position of governmental activities \$ 2,760,198

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, 2020**

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	<b><u>Custodial Fund</u></b>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 24,686
Total assets	<u>24,686</u>
<b>LIABILITIES</b>	
Amounts held in custody for others	<u>619</u>
Total liabilities	<u>619</u>
<b>NET POSITION</b>	
Restricted for organizations	<u>\$ 24,067</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, 2020**

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	<b><u>Custodial Fund</u></b>
<b>ADDITIONS</b>	
Funds received on behalf of others	\$ 423
Total additions	<u>423</u>
<b>DEDUCTIONS</b>	
Funds distributed to others	<u>2,943</u>
Total deductions	<u>2,943</u>
Change in fiduciary net position	(2,520)
Net position—beginning	<u>26,587</u>
Net position—ending	<u>\$ 24,067</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, 2020**

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**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 1823, 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.

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, 2020, 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 net 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 net 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, 2020, 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 net 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 net 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 1<sup>st</sup> based on assessed property values as of that date.

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

The tax roll is returned to the Niagara County Treasurer after March 31<sup>st</sup> at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items that are returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

***Unearned Revenue***—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2020, the Town reported unearned revenue within the Town Outside Village Fund of \$6,140. 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 5.

**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 6.

**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 7.

### **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, 2020, the Town implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*. GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. The implementation of GASB Statement No. 97 did not have a material impact on the Town’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2021, No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; and No. 92, *Omnibus 2020*, effective for the year ending December 31, 2022, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 92, 93, 94, and 96 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 30<sup>th</sup>, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1<sup>st</sup>. This budget, which includes

appropriations and estimated revenues, is then presented to the full Town Board by October 5<sup>th</sup>.

- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Niagara County by November 20<sup>th</sup>.
- 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, 2020, the Town’s Capital Projects Fund reported an ending fund balance deficit of \$1,908,957. 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, 2020 are as follows:

	Governmental Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 1,180	\$ -	\$ 1,180
Deposits	14,289,681	24,686	14,314,367
Total	<u>\$ 14,290,861</u>	<u>\$ 24,686</u>	<u>\$ 14,315,547</u>

**Deposits**—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2020 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>14,204,306</u>	<u>13,564,367</u>
Total	<u>\$ 14,954,306</u>	<u>\$ 14,314,367</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, 2020, the Town’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Town’s name.

***Restricted Cash and Cash Equivalents***—The Town reports restricted cash, totaling \$8,997,488, 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, \$24,686, as restricted cash and cash equivalents.

***Investments***— The Town has investments in treasury bills with maturities ranging from six and twelve months, totaling \$3,899,172, with cost and fair values reported based on Level 1 inputs at December 31, 2020.

***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 6). 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 \$1,762,575 as of December 31, 2020, and are recorded within the Fire Protection District Fund. Additionally, the Town reports \$999,028 of treasury bills as restricted investments within the Capital Projects Fund to support fund balance amounts.

***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, 2020 include:

**Receivables**—Represents amounts due for tipping fees, water rents, sewer rents and from other Town departments who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Receivables at December 31, 2020 are shown below:

General Fund:		
Tipping fees	\$ 205,311	
Court fees	33,791	
Clerk fees	<u>2,544</u>	\$ 241,646
Town Outside Village Fund:		
Franchise fees	204,863	
Clerk fees	<u>9,046</u>	213,909
Water District Fund:		
Water rents		316,839
Sewer District Fund:		
Sewer rents	257,302	
Leachate treatment	<u>37,556</u>	294,858
Fire Protection District:		
Training		3,850
Capital Projects Fund:		
New York Power Authority		<u>21,368</u>
Total governmental funds		<u>\$ 1,092,470</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, 2020 are presented on the following page.

General Fund:	
Due from Niagara County	\$ 500
Town Outside Village Fund:	
Due from Niagara County	252,238
Highway Fund:	
Due from Niagara County	229,026
Water District Fund:	
Due from Town of Cambria	9,475
Sewer District Fund:	
Due from Village of Lewiston and Town of Porter	289,094
Capital Projects Fund:	
Due from Greenway Commission	<u>1,232,415</u>
Total governmental funds	<u>\$ 2,012,748</u>

#### 4. CAPITAL ASSETS

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

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 278,075	\$ -	\$ -	\$ 278,075
Construction in progress	<u>1,797,659</u>	<u>7,360,458</u>	<u>132,492</u>	<u>9,025,625</u>
Total capital assets, not being depreciated	<u>2,075,734</u>	<u>7,360,458</u>	<u>132,492</u>	<u>9,303,700</u>
Capital assets, being depreciated:				
Infrastructure	8,757,200	321,056	-	9,078,256
Buildings and improvements	8,140,347	623,934	-	8,764,281
Machinery and equipment	6,904,780	309,820	146,219	7,068,381
Vehicles	<u>4,717,827</u>	<u>304,868</u>	<u>795,607</u>	<u>4,227,088</u>
Total capital assets, being depreciated	<u>28,520,154</u>	<u>1,559,678</u>	<u>941,826</u>	<u>29,138,006</u>
Less accumulated depreciation for:				
Infrastructure	1,668,741	262,462	-	1,931,203
Buildings and improvements	6,121,017	172,286	-	6,293,303
Machinery and equipment	5,447,977	157,874	135,176	5,470,675
Vehicles	<u>3,797,619</u>	<u>133,662</u>	<u>756,502</u>	<u>3,174,779</u>
Total accumulated depreciation	<u>17,035,354</u>	<u>726,284</u>	<u>891,678</u>	<u>16,869,960</u>
Total capital assets being depreciated, net	<u>11,484,800</u>	<u>833,394</u>	<u>50,148</u>	<u>12,268,046</u>
Total capital assets, net	<u>\$ 13,560,534</u>	<u>\$ 8,193,852</u>	<u>\$ 182,640</u>	<u>\$ 21,571,746</u>

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

General government support	\$ 79,891
Public safety	196,096
Transportation	152,520
Culture and recreation	58,103
Home and community services	<u>239,674</u>
Total	<u>\$ 726,284</u>

## 5. 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 “Systems”). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems 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 Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. 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 Systems, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Systems are included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 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, 2020, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2019, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town’s proportion of the net pension liabilities were based on projections of the Town’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the Town.

	<u>PFRS</u>	<u>ERS</u>
Measurement date	March 31, 2020	March 31, 2020
Net pension liability	\$ 1,430,388	\$ 3,121,326
Town's portion of the Plan's total net pension liability	0.0267616%	0.0117872%

For the year ended December 31, 2020, the Town recognized pension expenses of \$436,878 and \$1,081,885, respectively, for PFRS and ERS. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions below:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>
Differences between expected and actual experiences	\$ 95,249	\$ 183,703	\$ 23,959	\$ -
Changes of assumptions	122,264	62,849	-	54,269
Net difference between projected and actual earnings on pension plan investments	644,149	1,600,143	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	9,332	100,748	199,663	41,339
Town contributions subsequent to the measurement date	140,754	383,273	-	-
Total	<u>\$ 1,011,748</u>	<u>\$ 2,330,716</u>	<u>\$ 223,622</u>	<u>\$ 95,608</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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>PFRS</u>	<u>ERS</u>
2021	\$ 118,361	\$ 323,833
2022	142,932	469,700
2023	207,175	586,819
2024	182,205	471,483
2025	(3,301)	-

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

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

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

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

	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2020	
Measurement date		
Asset class:		
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.1
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	1.0
Cash	1.0	-
Inflation-indexed bonds	4.0	1.0
Total	100.0 %	

**Discount Rate**—The discount rate used to calculate the total pension liabilities was 6.8%. 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 Systems’ 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 6.8%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability—PFRS	\$ 2,557,563	\$ 1,430,388	\$ 420,977
Employer's proportionate share of the net pension liability—ERS	\$ 5,728,514	\$ 3,121,326	\$ 720,094

**Pension Plan Fiduciary Net Position**—The components of the current-year net pension liabilities of the employers as of the valuation dates are shown below:

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

## 6. 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, 2020			\$ 1,762,575
Less: Assets available for benefits			
	<u>% of total</u>		
<i>Receivables:</i>			
Interest and dividends receivable	2.0%	\$	34,855
<i>Investments at fair value:</i>			
Annuity contract	98.0%		<u>1,727,720</u>
Total assets available for benefits			<u>1,762,575</u>
Total unfunded benefits, December 31, 2020		\$	<u><u>-</u></u>

**Receipts and Disbursements:**

Plan net assets, January 1, 2020		\$ 1,720,109
Receipts:		
Interest and dividends receivable	\$ 34,855	
Plan service fee	3,728	
Earnings on investments	<u>66,559</u>	105,142
Disbursements:		
Distributions to participants	(59,648)	
Plan service fee	<u>(3,028)</u>	<u>(62,676)</u>
Plan net assets, December 31, 2020		<u>\$ 1,762,575</u>

During the year ended December 31, 2020, the Town accounted for amounts held for LOSAP within restricted investments of its Fire Protection District Fund. Information was available as of December 31, 2020 regarding the program assets as follows:

Annuity contract	\$ 1,727,720
Interest receivable	<u>34,855</u>
Total	<u>\$ 1,762,575</u>

**7. 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 \$426,561 for the year ended December 31, 2020.

**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>

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

**Total OPEB Liability**

The Town’s total OPEB liability of \$22,120,310 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

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

In the January 1, 2020 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.74% effective December 31, 2019 to 2.12% effective December 31, 2020. The salary scale increased 3.50% 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 7.00%, while the ultimate healthcare cost trend rate is 4.50%.

**Changes in the Total OPEB Liability**—The table below presents the changes to the total OPEB liability during the fiscal year.

	Total OPEB Liability
Balance at December 31, 2019	\$ 24,640,410
Changes for the year:	
Service cost	720,172
Interest	533,028
Differences between expected and actual experience	(2,428,023)
Changes of assumptions	(918,716)
Benefit payments	(426,561)
Net changes	(2,520,100)
Balance at December 31, 2020	\$ 22,120,310

**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 a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 26,790,813	\$ 22,120,310	\$ 18,501,886

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (7.00%) and ultimate (4.50%) healthcare cost trend rates:

	1% Decrease (6.00% / 3.50%)	Healthcare Cost Trend Rates (7.00% / 4.50%)	1% Increase (8.00% / 5.50%)
Total OPEB liability	\$ 17,987,698	\$ 22,120,310	\$ 27,661,320

**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, 2020 were \$426,561.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***—The Town reports 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 total OPEB liability are required to be determined. The table below presents the Town’s deferred outflows and inflows of resources at December 31, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 136,164	\$ 2,092,003
Changes of assumptions	3,034,285	1,783,339
Total	<u>\$ 3,170,449</u>	<u>\$ 3,875,342</u>

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

Year Ending December 31,	
2021	\$ (459,076)
2022	(34,541)
2023	(25,877)
2024	(23,557)
2025	754
Thereafter	(162,596)

## **8. 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.

## 9. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for 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 following is a summary of the Town’s short-term debt for the year ended December 31, 2020:

Description	Interest Rate	Maturity Date	Balance 1/1/2020	Issues	Redemptions	Balance 12/31/2020
Capital Projects Fund:						
Waterline construction	1.68%	8/20/2020	\$ 250,000	\$ -	\$ 250,000	\$ -
Waterline construction	1.25%	8/19/2021	-	12,350,000	-	12,350,000
Total			<u>\$ 250,000</u>	<u>\$ 12,350,000</u>	<u>\$ 250,000</u>	<u>\$ 12,350,000</u>

## 10. 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, 2020 follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Governmental activities:					
Serial bonds	\$ 8,480,000	\$ -	\$ 825,000	\$ 7,655,000	\$ 750,000
Premiums on serial bonds	165,256	-	12,241	153,015	12,241
Compensated absences	1,011,758	488,036	377,415	1,122,379	112,238
OPEB obligation	24,640,410	1,253,200	3,773,300	22,120,310	-
Net pension liability*	1,339,155	3,212,559	-	4,551,714	-
Total governmental activities	<u>\$ 35,636,579</u>	<u>\$ 4,953,795</u>	<u>\$ 4,987,956</u>	<u>\$ 35,602,418</u>	<u>\$ 874,479</u>

\*Additions to the net pension liability are shown net of reductions.

**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.

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

Description	Year of	Original	Interest	Balance			Balance
	Issue/ Maturity			Issue	Rate (%)	1/1/2020	
<b>Governmental activities:</b>							
EFC Sewer Miller Nesbit (Phase I)	2002/2021	\$ 103,000	2.2	\$ 10,000	\$ -	\$ 5,000	\$ 5,000
EFC Sewer Sanborn (Phase II)	2002/2021	370,000	2.5	40,000	-	20,000	20,000
EFC Sewer Sanborn (Phase III)	2002/2021	380,000	2.5	50,000	-	25,000	25,000
EFC Sewer Hewitt/Edna/Brookside	2002/2022	422,557	2.2	60,000	-	20,000	40,000
Master sewer improvements	2013/2033	5,119,159	3.3-4.0	3,680,000	-	250,000	3,430,000
Public improvement refunding	2015/2033	6,080,000	2.3-4.0	4,640,000	-	505,000	4,135,000
Total governmental activities				<u>\$ 8,480,000</u>	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ 7,655,000</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, 2020 was \$153,015.

**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, 2020 for governmental activities is \$1,122,379. Since the payment of sick time is dependent upon many factors, the timing of future payments is not readily determinable; however, management estimates \$112,238 is due within one year.

**OPEB Obligation**—As explained in Note 7, 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 \$22,120,310 at December 31, 2020.

**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 \$4,551,714 in the governmental activities. Refer to Note 5 for additional information related to the Town’s net pension liability.

A maturity schedule of the Town's indebtedness is presented below:

Year Ending December 31,	Serial Bonds	Premiums on Serial Bonds	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2021	\$ 750,000	\$ 12,241	\$ 112,238	\$ -	\$ -	\$ 874,479
2022	540,000	12,241	-	-	-	552,241
2023	525,000	12,241	-	-	-	537,241
2024	535,000	12,241	-	-	-	547,241
2025	540,000	12,241	-	-	-	552,241
2026-2030	2,845,000	61,205	-	-	-	2,906,205
2031-2035	1,920,000	30,605	-	-	-	1,950,605
2036-thereafter	-	-	1,010,141	22,120,310	4,551,714	27,682,165
Total	<u>\$ 7,655,000</u>	<u>\$ 153,015</u>	<u>\$ 1,122,379</u>	<u>\$ 22,120,310</u>	<u>\$ 4,551,714</u>	<u>\$ 35,602,418</u>

Interest requirements on serial bonds payable are as follows:

Year Ending December 31,	Interest
2021	\$ 259,365
2022	243,301
2023	229,175
2024	214,819
2025	199,432
2026-2030	696,588
2031-2035	133,400
Total	<u>\$ 1,976,080</u>

## 11. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net 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	\$ 21,571,746
Less related debt:	
Serial bonds	\$ (7,655,000)
Unspent debt proceeds	8,678,533
Unamortized bond premium	(153,015)
Deferred charge on refunding	291,976
Bond anticipation notes payable	<u>(12,350,000)</u>
Net investment in capital assets	<u>\$ 10,384,240</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 \$1,762,575 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, 2020 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 \$55,889, \$91,967, \$129,667, \$34,082, and \$6,870, respectively, at December 31, 2020.

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, 2020, the Town reported the following restricted fund balances:

- **Restricted for LOSAP**—Represents monies, \$1,762,575, 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, 2020, 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, 2020, 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	\$ 52,182	\$ 49,283	\$ 190,000	\$ -	\$ 12,161	\$ -	\$ -	\$ 303,626
Town Outside Village Fund	67,333	91,510	525,000	-	-	-	2,072,292	2,756,135
Highway Fund	1,652	82,000	-	100,000	-	-	847,276	1,030,928
Water District Fund	-	-	-	-	-	8,400	980,980	989,380
Sewer District Fund	-	90,000	420,000	-	-	-	2,656,698	3,166,698
Fire Protection District	-	-	-	-	-	-	267,997	267,997
Nonmajor governmental funds	-	-	-	-	-	-	181,141	181,141
<b>Total</b>	<b>\$ 121,167</b>	<b>\$ 312,793</b>	<b>\$ 1,135,000</b>	<b>\$ 100,000</b>	<b>\$ 12,161</b>	<b>\$ 8,400</b>	<b>\$ 7,006,384</b>	<b>\$ 8,695,905</b>

- **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 2021 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.

## 12. 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, 2020 is shown below:

Fund	Interfund	
	Receivable	Payable
General Fund	\$ -	\$ 280
Town Outside Village Fund	-	509
Highway Fund	2,570	-
Water District Fund	-	1,007
Sewer District Fund	-	774
Total	<u>\$ 2,570</u>	<u>\$ 2,570</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, 2020:

Fund	Transfers in:						Total
	General Fund	Town Outside Village	Highway Fund	Water District Fund	Sewer District Fund	Capital Projects Fund	
Transfers out:							
Water District Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Capital Projects Fund	<u>37,970</u>	<u>141,086</u>	<u>344,619</u>	<u>12,001</u>	<u>135,425</u>	<u>-</u>	<u>671,101</u>
Total	<u>\$ 37,970</u>	<u>\$ 141,086</u>	<u>\$ 344,619</u>	<u>\$ 12,001</u>	<u>\$ 135,425</u>	<u>\$ 250,000</u>	<u>\$ 921,101</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.

### 13. LABOR CONTRACTS

Certain Town employees are represented by three bargaining units, with the balance governed by Town Board rules and regulations. The Teamsters Local 264 (Police Department), the Teamsters Local 264 (Highway, Drainage, and Water Departments) and the Civil Service Employees Association, Inc., have negotiated contracts in place through December 31, 2021, December 31, 2023 and December 31, 2023, respectively.

### 14. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-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 did not have any significant encumbrances as of December 31, 2020.

### 15. 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 \$209 during 2020 in payments in lieu of taxes (“PILOTs”), these collections were made in lieu of \$5,584 in property taxes.

## 16. 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.

## 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2021, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

\* \* \* \* \*

## 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 Seven Fiscal Years \***

	<b>Year Ended December 31,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0267616%	0.0284447%	0.0272623%	0.0303254%	0.0289796%	0.0288857%	0.0288857%
Town's proportionate share of the net pension liability	<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	\$ 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	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	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 Seven Fiscal Years \***

	<b>Year Ended December 31,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 183,606	\$ 170,633	\$ 168,819	\$ 168,570	\$ 169,609	\$ 195,493	\$ 218,738
Contribution in relation to the contractually required contribution	<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>
Town's covered payroll	\$ 971,121	\$ 877,540	\$ 852,631	\$ 824,937	\$ 851,334	\$ 756,478	\$ 829,362
Contributions as a percentage of covered payroll	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 Seven Fiscal Years \***

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0117872%	0.0121677%	0.0128012%	0.0126493%	0.0128622%	0.0128530%	0.0128530%
Town's proportionate share of the net pension liability	<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	\$ 3,592,307	\$ 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	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	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 Seven Fiscal Years \***

	<b>Year Ended December 31,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 512,333	\$ 518,412	\$ 531,612	\$ 544,407	\$ 530,329	\$ 601,823	\$ 751,255
Contribution in relation to the contractually required contribution	<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>
Town's covered payroll	\$ 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	14.4%	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 Three Fiscal Years\***

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 738,912	\$ 738,912	\$ 738,912	\$ -
Other property tax items	57,200	57,200	59,634	2,434
Non-property tax items	1,520,204	1,520,204	1,550,384	30,180
Departmental income	172,460	172,460	23,562	(148,898)
Use of money and property	-	-	19,076	19,076
Licenses and permits	16,200	16,200	14,089	(2,111)
Fines and forfeitures	300,000	300,000	269,192	(30,808)
Sale of property and compensation for loss	-	-	8,379	8,379
Miscellaneous	5,500	5,500	768	(4,732)
Interfund revenue	-	-	30,759	30,759
State aid and local sources	85,269	85,269	85,269	-
Total revenues	<u>2,895,745</u>	<u>2,895,745</u>	<u>2,800,024</u>	<u>(95,721)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	1,162,261	1,162,261	980,400	181,861
Public safety	42,273	42,273	34,111	8,162
Health	3,600	3,600	3,600	-
Transportation	292,941	292,941	253,618	39,323
Economic assistance and opportunity	1,100	1,100	1,100	-
Culture and recreation	1,064,325	1,064,325	736,933	327,392
Home and community services	30,810	30,810	23,178	7,632
Employee benefits	467,738	467,738	429,575	38,163
Total expenditures	<u>3,065,048</u>	<u>3,065,048</u>	<u>2,462,515</u>	<u>602,533</u>
Excess (deficiency) of revenues over expenditures	<u>(169,303)</u>	<u>(169,303)</u>	<u>337,509</u>	<u>506,812</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	68,450	68,450	37,970	(30,480)
Transfers out	-	(29,266)	-	29,266
Total other financing sources (uses)	<u>68,450</u>	<u>39,184</u>	<u>37,970</u>	<u>(1,214)</u>
Net change in fund balances*	(100,853)	(130,119)	375,479	505,598
Fund balances—beginning	<u>1,911,292</u>	<u>1,911,292</u>	<u>1,911,292</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,810,439</u>	<u>\$ 1,781,173</u>	<u>\$ 2,286,771</u>	<u>\$ 505,598</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other property tax items	\$ 80,000	\$ 80,000	\$ 88,433	\$ 8,433
Non-property tax items	1,944,605	1,944,605	2,097,160	152,555
Departmental income	377,000	377,000	407,646	30,646
Use of money and property	-	-	17,413	17,413
Licenses and permits	118,000	118,000	127,466	9,466
Sale of property and compensation for loss	-	-	2,756	2,756
Miscellaneous	22,000	22,000	61,421	39,421
State aid	<u>252,000</u>	<u>252,000</u>	<u>346,196</u>	<u>94,196</u>
Total revenues	<u>2,793,605</u>	<u>2,793,605</u>	<u>3,148,491</u>	<u>354,886</u>
<b>EXPENDITURES</b>				
Current:				
General government support	192,673	192,673	135,868	56,805
Public safety	1,569,490	1,569,490	1,545,464	24,026
Health	17,419	17,419	16,546	873
Transportation	110,000	110,000	97,282	12,718
Culture and recreation	336,476	336,476	197,580	138,896
Home and community services	136,122	136,122	123,751	12,371
Employee benefits	<u>735,441</u>	<u>735,441</u>	<u>687,257</u>	<u>48,184</u>
Total expenditures	<u>3,097,621</u>	<u>3,097,621</u>	<u>2,803,748</u>	<u>293,873</u>
Excess (deficiency) of revenues over expenditures	<u>(304,016)</u>	<u>(304,016)</u>	<u>344,743</u>	<u>648,759</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>183,900</u>	<u>183,900</u>	<u>141,086</u>	<u>(42,814)</u>
Total other financing sources	<u>183,900</u>	<u>183,900</u>	<u>141,086</u>	<u>(42,814)</u>
Net change in fund balances *	(120,116)	(120,116)	485,829	605,945
Fund balances—beginning	<u>2,362,273</u>	<u>2,362,273</u>	<u>2,362,273</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,242,157</u>	<u>\$ 2,242,157</u>	<u>\$ 2,848,102</u>	<u>\$ 605,945</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 279,595	\$ 279,595	\$ 279,595	\$ -
Non-property tax items	1,792,466	1,792,466	1,910,024	117,558
Departmental income	180,000	180,000	197,002	17,002
Use of money and property	-	-	4,316	4,316
Sale of property and compensation for loss	14,300	14,300	11,035	(3,265)
Miscellaneous	6,500	6,500	3,659	(2,841)
State aid and local sources	196,000	196,000	157,416	(38,584)
Total revenues	<u>2,468,861</u>	<u>2,468,861</u>	<u>2,563,047</u>	<u>94,186</u>
<b>EXPENDITURES</b>				
Current:				
General government support	79,673	79,673	75,760	3,913
Transportation	2,403,266	2,387,161	1,983,875	403,286
Employee benefits	714,470	730,575	722,284	8,291
Debt service:				
Principal	61,100	61,100	61,100	-
Interest and other fiscal charges	1,752	1,752	1,752	-
Total expenditures	<u>3,260,261</u>	<u>3,260,261</u>	<u>2,844,771</u>	<u>415,490</u>
Excess (deficiency) of revenues over expenditures	<u>(791,400)</u>	<u>(791,400)</u>	<u>(281,724)</u>	<u>509,676</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	601,000	601,000	344,619	(256,381)
Total other financing sources	<u>601,000</u>	<u>601,000</u>	<u>344,619</u>	<u>(256,381)</u>
Net change in fund balances *	(190,400)	(190,400)	62,895	253,295
Fund balances—beginning	1,097,700	1,097,700	1,097,700	-
Fund balances—ending	<u>\$ 907,300</u>	<u>\$ 907,300</u>	<u>\$ 1,160,595</u>	<u>\$ 253,295</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 1,126,915	\$ 1,126,915	\$ 1,126,915	\$ -
Departmental income	1,620,192	1,620,192	1,870,720	250,528
Use of money and property	-	-	3,076	3,076
Sale of property and compensation for loss	500	500	1,057	557
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>5,145</u>	<u>4,145</u>
Total revenues	<u>2,748,607</u>	<u>2,748,607</u>	<u>3,006,913</u>	<u>258,306</u>
<b>EXPENDITURES</b>				
Current:				
General government support	20,500	20,500	20,492	8
Home and community services	1,337,121	1,337,121	1,273,217	63,904
Employee benefits	304,778	304,778	281,382	23,396
Debt service:				
Principal	406,425	406,425	406,425	-
Interest and other fiscal charges	<u>285,490</u>	<u>285,490</u>	<u>173,538</u>	<u>111,952</u>
Total expenditures	<u>2,354,314</u>	<u>2,354,314</u>	<u>2,155,054</u>	<u>199,260</u>
Excess of revenues over expenditures	<u>394,293</u>	<u>394,293</u>	<u>851,859</u>	<u>457,566</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18,800	18,800	12,001	(6,799)
Transfers out	<u>(435,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(416,200)</u>	<u>(231,200)</u>	<u>(237,999)</u>	<u>(6,799)</u>
Net change in fund balances	(21,907)	163,093	613,860	450,767
Fund balances—beginning	<u>409,602</u>	<u>409,602</u>	<u>409,602</u>	<u>-</u>
Fund balances—ending	<u>\$ 387,695</u>	<u>\$ 572,695</u>	<u>\$ 1,023,462</u>	<u>\$ 450,767</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 426,128	\$ 426,128	\$ 426,119	\$ (9)
Non-property tax items	20,000	20,000	18,664	(1,336)
Departmental income	2,495,583	2,495,583	2,459,228	(36,355)
Use of money and property	-	-	14,505	14,505
Sale of property and compensation for loss	2,000	2,000	688	(1,312)
Miscellaneous	25,000	25,000	6,800	(18,200)
Total revenues	<u>2,968,711</u>	<u>2,968,711</u>	<u>2,926,004</u>	<u>(42,707)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	33,900	33,900	33,887	13
Home and community services	2,136,669	2,136,669	1,822,393	314,276
Employee benefits	590,992	590,992	490,513	100,479
Debt service:				
Principal	357,823	357,823	357,475	348
Interest and other fiscal charges	104,427	104,427	104,426	1
Total expenditures	<u>3,223,811</u>	<u>3,223,811</u>	<u>2,808,694</u>	<u>415,117</u>
Excess (deficiency) of revenues over expenditures	<u>(255,100)</u>	<u>(255,100)</u>	<u>117,310</u>	<u>372,410</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	190,100	190,100	135,425	(54,675)
Total other financing sources	<u>190,100</u>	<u>190,100</u>	<u>135,425</u>	<u>(54,675)</u>
Net change in fund balances*	(65,000)	(65,000)	252,735	317,735
Fund balances—beginning	2,920,833	2,920,833	2,920,833	-
Fund balances—ending	<u>\$ 2,855,833</u>	<u>\$ 2,855,833</u>	<u>\$ 3,173,568</u>	<u>\$ 317,735</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 1,500,915	\$ 1,500,915	\$ 1,500,915	\$ -
Other property tax items	2,475	2,475	2,476	1
Miscellaneous	-	-	3,950	3,950
Total revenues	<u>1,503,390</u>	<u>1,503,390</u>	<u>1,507,341</u>	<u>3,951</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,331,790	1,331,790	1,331,790	-
Employee benefits	<u>171,600</u>	<u>171,600</u>	<u>100,597</u>	<u>71,003</u>
Total expenditures	<u>1,503,390</u>	<u>1,503,390</u>	<u>1,432,387</u>	<u>71,003</u>
Net change in fund balances	-	-	74,954	(74,954)
Fund balances—beginning	<u>1,955,618</u>	<u>1,955,618</u>	<u>1,955,618</u>	-
Fund balances—ending	<u>\$ 1,955,618</u>	<u>\$ 1,955,618</u>	<u>\$ 2,030,572</u>	<u>\$ (74,954)</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, 2020**

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**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 2.74% at December 31, 2019 to 2.12% at December 31, 2020. Finally, the healthcare cost trend rate used is 7.0%, 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, 2020**

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	<b>Sanitation District</b>	<b>Lighting District</b>	<b>Drainage District</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 147,756	\$ 38,478	\$ 23,050	\$ 209,284
Total assets	\$ 147,756	\$ 38,478	\$ 23,050	\$ 209,284
<b>LIABILITIES</b>				
Accounts payable	\$ 27,178	\$ 965	\$ -	\$ 28,143
Total liabilities	27,178	965	-	28,143
<b>FUND BALANCES</b>				
Assigned	120,578	37,513	23,050	181,141
Total fund balances	120,578	37,513	23,050	181,141
Total liabilities and fund balances	\$ 147,756	\$ 38,478	\$ 23,050	\$ 209,284

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

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	<b>Sanitation District</b>	<b>Lighting District</b>	<b>Drainage District</b>	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>				
Real property taxes	\$ 358,800	\$ 11,000	\$ 5,350	\$ 375,150
Use of money and property	80	-	-	80
Total revenues	358,880	11,000	5,350	375,230
<b>EXPENDITURES</b>				
Current:				
Transportation	-	10,315	-	10,315
Home and community services	330,269	-	-	330,269
Total expenditures	330,269	10,315	-	340,584
Net change in fund balances	28,611	685	5,350	34,646
Fund balances—beginning	91,967	36,828	17,700	146,495
Fund balances—ending	\$ 120,578	\$ 37,513	\$ 23,050	\$ 181,141

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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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 25, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

June 25, 2021