

**TOWN OF LEWISTON,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2023
and Independent Auditors' Reports*

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INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Lewiston, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lewiston, New York (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

July 22, 2024

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

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,480,827 (*net position*). This consists of \$17,254,243 net investment in capital assets, \$8,743,016 restricted for specific purposes, and an unrestricted net position of \$(11,156,432).
- The Town's net position increased by \$4,081,833 during the year ended December 31, 2023.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$21,945,031, an increase of \$2,155,900 in comparison with the prior year's fund balance of \$19,789,131.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$1,469,455, or approximately 47.5 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 66.4 percent of the General Fund's total fund balance of \$2,212,309 at December 31, 2023.
- During the year ended December 31, 2023, the Town's total serial bonds outstanding decreased by \$780,000 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 12-13 of this report.

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

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

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

The Town maintains 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 14-17 of this report.

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

The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-47 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 48-59 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 60-61.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,380,857 at the close of the most recent fiscal year, as compared to \$10,758,994 at the close of the fiscal year ended December 31, 2022.

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,	
	2023	2022
Current assets	\$ 22,621,183	\$ 20,907,668
Noncurrent assets	31,112,401	30,706,098
Total assets	<u>53,733,584</u>	<u>51,613,766</u>
Deferred outflows of resources	7,153,621	6,697,159
Current liabilities	742,143	1,187,183
Noncurrent liabilities	37,613,026	31,332,801
Total liabilities	<u>38,355,169</u>	<u>32,519,984</u>
Deferred inflows of resources	7,691,209	15,031,947
Net position:		
Net investment in capital assets	17,254,243	15,549,594
Restricted	8,743,016	7,403,884
Unrestricted	<u>(11,156,432)</u>	<u>(12,194,484)</u>
Total net position	<u>\$ 14,840,827</u>	<u>\$ 10,758,994</u>

The largest portion of the Town’s net position, \$17,254,243, reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure) net of accumulated depreciation/amortization, less any related outstanding debt used to acquire those assets. The Town uses these capital assets and right-to-use subscription 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, \$8,743,016, 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, \$(11,156,432), 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, 2023 and December 31, 2022.

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

	Governmental Activities	
	Year Ended December 31,	
	2023	2022
Program revenues:		
Charges for services	\$ 5,721,628	\$ 5,252,371
Operating grants and contributions	1,162,285	2,198,793
Capital grants and contributions	1,383,550	2,384,197
General revenues	<u>12,855,241</u>	<u>11,680,009</u>
Total revenues	<u>21,122,704</u>	<u>21,515,370</u>
Program expenses	<u>17,040,871</u>	<u>14,636,223</u>
Change in net position	4,081,833	6,879,147
Net position—beginning	<u>10,758,994</u>	<u>3,879,847</u>
Net position—ending	<u>\$ 14,840,827</u>	<u>\$ 10,758,994</u>

Overall revenues decreased 1.8 percent from the prior year. This decrease was primarily the result of decreases in operating grants and contributions and capital grants and contributions related to decreases in state and federal aid. Total expenses increased 16.4 percent from the prior year, due primarily to increases in public safety and home and community services expenses related to the allocable costs of the Town’s OPEB obligation and net pension liabilities.

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

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 5,721,628	\$ 5,252,371	\$ 469,257	8.9
Operating grants and contributions	1,162,285	2,198,793	(1,036,508)	(47.1)
Capital grants and contributions	1,383,550	2,384,197	(1,000,647)	(42.0)
Property taxes and tax items	4,629,651	4,526,345	103,306	2.3
Non-property tax items	6,674,041	6,392,677	281,364	4.4
Use of money and property	460,838	20,873	439,965	2,107.8
Miscellaneous	750,753	145,497	605,256	416.0
Unrestricted state aid	339,958	594,617	(254,659)	(42.8)
Total revenues	<u>\$ 21,122,704</u>	<u>\$ 21,515,370</u>	<u>\$ (392,666)</u>	(1.8)

The most significant sources of revenues for the year ended December 31, 2023 were non-property tax items of \$6,674,041, or 31.6 percent of total revenues, and charges for services of \$5,721,628, or 27.1 percent of total revenues. Similarly, for the year ended December 31, 2022, the largest sources of revenues were non-property tax items of \$6,392,677, or 29.7 percent of total revenues, and charges for services of \$5,252,371, or 24.4 percent of total revenues.

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

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 1,948,412	\$ 1,424,994	\$ 523,418	36.7
Public safety	4,121,397	2,632,494	1,488,903	56.6
Health	23,209	20,091	3,118	15.5
Transportation	3,393,081	3,057,098	335,983	11.0
Economic assistance and opportunity	7,953	600	7,353	1,225.5
Culture and recreation	2,279,361	3,244,249	(964,888)	(29.7)
Home and community services	4,588,909	3,952,202	636,707	16.1
Interest and other fiscal charges	678,549	304,495	374,054	122.8
Total expenses	<u>\$ 17,040,871</u>	<u>\$ 14,636,223</u>	<u>\$ 2,404,648</u>	16.4

The most significant expense items for the year ended December 31, 2023 were home and community services of \$4,588,909, or 26.9 percent of total expenses, public safety of \$4,121,397, or 24.2 percent of total expenses, and transportation of \$3,393,081, or 20.0 percent of total expenses. For the year ended December 31, 2022, the most significant expense items were home and community services of \$3,952,202, or 27.0 percent of total expenses, culture and recreation of \$3,244,249, or 22.2 percent of total expenses, and transportation of \$3,057,098, or 20.9 percent of total expenses.

Financial Analysis of Governmental Funds

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

At December 31, 2023, the Town’s governmental funds reported combined ending fund balances of \$21,945,031, an increase of \$2,155,900 from the prior year fund balance of \$19,789,131. Approximately 39.2 percent of this amount, \$8,603,820, 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, \$335,684, (2) restricted for a specific purpose, \$9,370,415, or (3) assigned for encumbrances, \$661,622, assigned for subsequent year’s expenditures, \$620,437, assigned for capital improvements, \$934,921, assigned for litigation, \$100,000, assigned for property assessments, \$500,000, assigned for equipment, \$797,571, 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 \$1,469,455, while total fund balance increased to \$2,212,309. The total fund balance of the Town’s General Fund increased \$154,809 during the current fiscal year primarily as a result of greater than anticipated payments in lieu of taxes and interest earnings. 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 47.5 percent of General Fund expenditures and transfers out, while total fund balance represents 71.5 percent of that same amount.

The Town Outside Village Fund fund balance decreased \$264,060 from the prior year, resulting in an ending fund balance of \$2,256,856. The decrease in fund balance is primarily related to less than anticipated mortgage tax revenue. Approximately 72.4 percent, \$1,633,179, of this amount is reported as fund balance assigned for specific use.

The Highway Fund fund balance increased \$657,589 from the prior year, resulting in an ending fund balance of \$1,884,175. The increase in fund balance is related to an increase in sales tax collections. Approximately 65.3 percent, \$1,230,261, of this amount is reported as fund balance assigned for specific use.

The Water District Fund fund balance increased \$255,187 from the prior year, resulting in an ending fund balance of \$2,130,210. The increase in fund balance is related to savings realized within home and community services expenditures and higher than anticipated departmental income. Approximately 97.8 percent, \$2,083,743, of this amount is reported as fund balance assigned for specific use.

The Sewer District Fund fund balance increased \$118,358 from the prior year, resulting in an ending fund balance of \$3,598,429. The increase in fund balance is attributed to savings realized within home and community services expenditures and increases in interest earnings. Approximately 50.1 percent, \$1,804,545, of this amount is reported as fund balance assigned for specific use.

The Fire Protection District Fund fund balance increased \$38,495 from the prior year, resulting in an ending fund balance of \$2,273,589. The increase is related to greater than expected interest earnings. Approximately 11.0 percent, \$249,441, of this amount is reported as fund balance assigned for specific use.

The Capital Projects Fund fund balance increased \$1,192,242 from the prior year, resulting in an ending fund balance of \$7,446,267. The fund balance increase was due to higher than anticipated revenues from third parties, which exceeded capital outlay.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2023 is presented below.

Table 5—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 2,880,327	\$ 3,252,685	\$ 3,248,481	\$ (4,204)
Expenditures and other financing sources	2,893,357	3,249,555	3,093,672	155,883
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (13,030)	\$ 3,130	\$ 154,809	\$ 151,679

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$356,198. Significant amendments to the budget included \$100,000 to cover attorney fees and \$55,000 of transfers to the Capital Projects Fund to support various projects and increases to public safety for new police software and equipment.

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 \$149,999. The most significant savings were realized within general government support and culture and recreation activities as a result of decreased spending on contractual expenditures.

Capital Asset and Debt Administration

Capital assets—The Town’s investment in capital assets and right-to-use subscription assets for its governmental activities as of December 31, 2023, amounted to \$31,112,401 (net of accumulated depreciation/amortization). 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/amortized from acquisition date to the end of the current year, as outlined in the Town’s capital asset policy.

Capital assets and right-to-use subscription assets, net of depreciation/amortization, for the governmental activities at December 31, 2023 and December 31, 2022 are presented on the following page in Table 6.

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

	December 31,	
	2023	2022
Land	\$ 278,075	\$ 278,075
Construction in progress	4,255,167	3,509,298
Infrastructure	21,067,867	20,885,319
Buildings and improvements	2,351,987	2,459,967
Machinery and equipment	1,507,483	1,677,133
Vehicles	1,513,506	870,842
Right-to-use subscription assets	138,316	-
Total	<u>\$ 31,112,401</u>	<u>\$ 29,680,634</u>

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

Long-term debt—At December 31, 2023, the Town had total serial bonds outstanding of \$14,190,000, as compared to \$14,970,000 in the prior year. During the year ended December 31, 2023, the Town made principal payments of \$780,000.

A summary of the Town’s long-term liabilities at December 31, 2023 and December 31, 2022 is presented in Table 7 below.

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

	December 31,	
	2023	2022
Serial bonds	\$ 14,190,000	\$ 14,970,000
Premiums on serial bonds	116,292	128,533
Subscription liability	136,242	-
Compensated absences	1,041,320	962,440
OPEB obligation	17,014,913	15,084,657
Net pension liability	5,114,259	187,171
Total	<u>\$ 37,613,026</u>	<u>\$ 31,332,801</u>

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

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2023 was 4.5 percent, as compared to New York State’s unemployment rate of 4.5 percent and the national unemployment rate of 3.7 percent. These factors are considered in preparing the Town’s budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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TOWN OF LEWISTON, NEW YORK
Statement of Net Position
December 31, 2023

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,883,288
Restricted cash and cash equivalents	4,245,344
Investments	4,453,290
Restricted investments	1,924,148
Receivables	1,226,858
Intergovernmental receivables	2,552,571
Prepaid items	335,684
Capital and subscription assets not being depreciated/amortized	4,533,242
Capital and subscription assets, net of accumulated depreciation/amortization	26,579,159
Total assets	53,733,584
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	3,984,524
Deferred outflows—relating to OPEB	3,169,097
Total deferred outflows of resources	7,153,621
LIABILITIES	
Accounts payable	428,366
Accrued liabilities	309,479
Unearned revenue	4,298
Noncurrent liabilities:	
Due within one year	938,939
Due within more than one year	36,674,087
Total liabilities	38,355,169
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	499,109
Deferred inflows—relating to OPEB	7,192,100
Total deferred inflows of resources	7,691,209
NET POSITION	
Net investment in capital assets	17,254,243
Restricted for:	
LOSAP	1,924,148
Capital projects	6,818,868
Unrestricted	(11,156,432)
Total net position	\$ 14,840,827

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, 2023

<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>
Primary government:					
Governmental activities:					
General government support	\$ 1,940,222	\$ 379,844	\$ 840,436	\$ 23,550	\$ (696,392)
Public safety	4,101,473	703,696	-	-	(3,397,777)
Health	23,025	-	-	-	(23,025)
Transportation	3,526,547	241,325	321,849	850,000	(2,113,373)
Economic assistance and opportunity	7,969	-	-	-	(7,969)
Culture and recreation	2,084,360	140,972	-	510,000	(1,433,388)
Home and community services	5,138,696	4,255,791	-	-	(882,905)
Interest and other fiscal charges	678,549	-	-	-	(678,549)
Total governmental activities	<u>\$ 17,500,841</u>	<u>\$ 5,721,628</u>	<u>\$ 1,162,285</u>	<u>\$ 1,383,550</u>	<u>(9,233,378)</u>
General revenues:					
Property taxes and tax items					4,629,651
Non-property tax items:					
Sales tax					4,951,574
Waste disposal fees					1,722,467
Use of money and property					460,838
Miscellaneous					750,753
Unrestricted state aid					339,958
Total general revenues					<u>12,855,241</u>
Change in net position					3,621,863
Net position—beginning					10,758,994
Net position—ending					<u>\$ 14,380,857</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, 2023

	Special Revenue							Total Nonmajor Funds	Total Governmental Funds
	General	Town Outside Village	Highway	Water District	Sewer District	Fire Protection District	Capital Projects		
ASSETS									
Cash and cash equivalents	\$ 1,204,769	\$ 1,325,292	\$ 1,184,083	\$ 1,497,395	\$ 2,145,210	\$ 348,241	\$ -	\$ 178,298	\$ 7,883,288
Restricted cash and cash equivalents	-	4,298	-	-	-	-	4,241,046	-	4,245,344
Investments	650,071	633,740	135,222	513,800	1,043,960	-	1,476,497	-	4,453,290
Restricted investments	-	-	-	-	-	1,924,148	-	-	1,924,148
Receivables	357,108	218,770	-	302,788	280,541	1,200	66,451	-	1,226,858
Intergovernmental receivables	500	140,315	494,291	2,003	210,166	-	1,705,296	-	2,552,571
Due from other funds	233	1,080	953	-	-	-	-	-	2,266
Prepaid items	62,759	78,985	149,746	38,067	6,127	-	-	-	335,684
Total assets	<u>\$ 2,275,440</u>	<u>\$ 2,402,480</u>	<u>\$ 1,964,295</u>	<u>\$ 2,354,053</u>	<u>\$ 3,686,004</u>	<u>\$ 2,273,589</u>	<u>\$ 7,489,290</u>	<u>\$ 178,298</u>	<u>\$ 22,623,449</u>
LIABILITIES									
Accounts payable	\$ 15,501	\$ 67,650	\$ 21,392	\$ 207,381	\$ 38,317	\$ -	\$ 43,023	\$ 35,102	\$ 428,366
Accrued liabilities	47,243	73,198	58,728	15,772	48,547	-	-	-	243,488
Due to other funds	387	478	-	690	711	-	-	-	2,266
Unearned revenue	-	4,298	-	-	-	-	-	-	4,298
Total liabilities	<u>63,131</u>	<u>145,624</u>	<u>80,120</u>	<u>223,843</u>	<u>87,575</u>	<u>-</u>	<u>43,023</u>	<u>35,102</u>	<u>678,418</u>
FUND BALANCES									
Nonspendable	62,759	78,985	149,746	38,067	6,127	-	-	-	335,684
Restricted	-	-	-	-	-	1,924,148	7,446,267	-	9,370,415
Assigned	680,095	2,177,871	1,734,429	2,092,143	3,592,302	349,441	-	143,196	10,769,477
Unassigned	1,469,455	-	-	-	-	-	-	-	1,469,455
Total fund balances	<u>2,212,309</u>	<u>2,256,856</u>	<u>1,884,175</u>	<u>2,130,210</u>	<u>3,598,429</u>	<u>2,273,589</u>	<u>7,446,267</u>	<u>143,196</u>	<u>21,945,031</u>
Total liabilities and fund balances	<u>\$ 2,275,440</u>	<u>\$ 2,402,480</u>	<u>\$ 1,964,295</u>	<u>\$ 2,354,053</u>	<u>\$ 3,686,004</u>	<u>\$ 2,273,589</u>	<u>\$ 7,489,290</u>	<u>\$ 178,298</u>	<u>\$ 22,623,449</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, 2023

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

Total fund balances—governmental funds (page 14)	\$	21,945,031
Capital assets and right-to-use subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$51,363,212 and the accumulated depreciation is \$20,250,811.		31,112,401
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	\$ 586,866	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	3,397,658	
Deferred outflows related to OPEB	3,169,097	
Deferred inflows related to pension plans	(499,109)	
Deferred inflows related to OPEB	<u>(7,192,100)</u>	(537,588)
Net accrued interest expense for serial bonds is not reported in the fund statements.		(65,991)
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	\$ (14,190,000)	
Premiums on serial bonds	(116,292)	
Subscription liability	(136,242)	
Compensated absences	(1,041,320)	
OPEB obligation	(17,014,913)	
Net pension liability	<u>(5,114,259)</u>	<u>(37,613,026)</u>
Net position of governmental activities	\$	<u>14,840,827</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—Governmental Funds
Year Ended December 31, 2023

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Town Outside Village	Highway	Water District	Sewer District	Fire Protection District			
REVENUES									
Real property taxes	\$ 612,819	\$ -	\$ 256,838	\$ 979,533	\$ 300,425	\$ 1,524,871	\$ -	\$ 417,650	\$ 4,092,136
Other property tax items	48,081	94,761	-	-	-	2,863	-	-	145,705
Non-property tax items	1,874,920	1,976,279	3,195,174	-	19,478	-	-	-	7,065,851
Departmental income	94,297	712,156	241,325	1,795,577	2,499,986	-	-	-	5,343,341
Use of money and property	65,959	67,066	31,047	61,984	106,977	-	127,765	40	460,838
Licenses and permits	13,590	177,335	-	-	26,793	-	-	-	217,718
Fines and forfeitures	178,562	-	-	-	-	-	-	-	178,562
Sale of property and compensation for loss	30	51,352	14,090	314	1,410	-	-	-	67,196
Miscellaneous	671	37,627	5,539	7,324	-	41,872	1,880,786	-	1,973,819
Interfund revenue	34,090	-	-	-	-	-	-	-	34,090
State aid and local sources	85,269	254,689	321,849	-	-	-	869,400	-	1,531,207
Total revenues	<u>3,008,288</u>	<u>3,371,265</u>	<u>4,065,862</u>	<u>2,844,732</u>	<u>2,955,069</u>	<u>1,569,606</u>	<u>2,877,951</u>	<u>417,690</u>	<u>21,110,463</u>
EXPENDITURES									
Current:									
General government support	1,159,588	159,313	83,539	22,180	36,747	38,000	-	-	1,499,367
Public safety	157,451	2,097,806	-	-	-	1,386,333	-	-	3,641,590
Health	3,600	17,146	-	-	-	-	-	-	20,746
Transportation	213,182	89,618	2,706,031	-	-	-	-	10,581	3,019,412
Economic assistance and opportunity	600	6,583	-	-	-	-	-	-	7,183
Culture and recreation	932,665	348,231	-	-	-	-	-	-	1,280,896
Home and community services	26,615	129,382	-	1,358,302	1,954,001	-	-	403,829	3,872,129
Employee benefits	508,318	912,321	718,847	249,742	534,329	106,778	-	-	3,030,335
Debt service:									
Principal	36,653	-	10,800	549,200	220,000	-	-	-	816,653
Interest and other fiscal charges	-	-	539	430,332	27,057	-	-	-	457,928
Capital outlay	-	-	-	-	-	-	1,481,219	-	1,481,219
Total expenditures	<u>3,038,672</u>	<u>3,760,400</u>	<u>3,519,756</u>	<u>2,609,756</u>	<u>2,772,134</u>	<u>1,531,111</u>	<u>1,481,219</u>	<u>414,410</u>	<u>19,127,458</u>
Excess (deficiency) of revenues over expenditures	<u>(30,384)</u>	<u>(389,135)</u>	<u>546,106</u>	<u>234,976</u>	<u>182,935</u>	<u>38,495</u>	<u>1,396,732</u>	<u>3,280</u>	<u>1,983,005</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	67,298	180,075	111,483	20,211	178,227	-	352,804	-	910,098
Transfers out	(55,000)	(55,000)	-	-	(242,804)	-	(557,294)	-	(910,098)
Subscription liability issued	172,895	-	-	-	-	-	-	-	172,895
Total other financing sources (uses)	<u>185,193</u>	<u>125,075</u>	<u>111,483</u>	<u>20,211</u>	<u>(64,577)</u>	<u>-</u>	<u>(204,490)</u>	<u>-</u>	<u>172,895</u>
Net change in fund balances	154,809	(264,060)	657,589	255,187	118,358	38,495	1,192,242	3,280	2,155,900
Fund balances—beginning	2,057,500	2,520,916	1,226,586	1,875,023	3,480,071	2,235,094	6,254,025	139,916	19,789,131
Fund balances—ending	<u>\$ 2,212,309</u>	<u>\$ 2,256,856</u>	<u>\$ 1,884,175</u>	<u>\$ 2,130,210</u>	<u>\$ 3,598,429</u>	<u>\$ 2,273,589</u>	<u>\$ 7,446,267</u>	<u>\$ 143,196</u>	<u>\$ 21,945,031</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—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2023

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

Net change in fund balances—total governmental funds (page 16) \$ 2,155,900

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital asset and right-to-use subscription asset additions, net	\$ 2,592,932	
Depreciation/amortization expense	<u>(1,161,165)</u>	1,431,767

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. (223,276)

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

Town pension contributions	\$ 763,622	
Cost of benefits earned, net of employee contributions	<u>(1,691,601)</u>	(927,979)

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. (864,609)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 2,655

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	\$ 780,000	
Amortization of premiums on serial bonds	12,241	
Subscription liability issued	(172,895)	
Repayment of subscription liability	36,653	
Change in compensated absences	(78,880)	
Change in OPEB obligation	<u>1,930,256</u>	<u>2,507,375</u>

Change in net position of governmental activities \$ 4,081,833

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, 2023

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 19,394
Total assets	<u>19,394</u>
LIABILITIES	
Amounts held in custody for others	<u>1,629</u>
Total liabilities	<u>1,629</u>
NET POSITION	
Restricted for organizations	<u>\$ 17,765</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, 2023

	Custodial Fund
ADDITIONS	
Funds received on behalf of others	\$ 2,051
Total additions	2,051
DEDUCTIONS	
Funds distributed on behalf of others	5,914
Total deductions	5,914
Change in fiduciary net position	(3,863)
Net position—beginning	21,628
Net position—ending	\$ 17,765

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Lewiston, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Description of Government-Wide Financial Statements

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

Reporting Entity

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

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

Independently elected officials of the Town consist of the following:

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

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

Basis of Presentation—Government-wide Financial Statements

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

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

Basis of Presentation – Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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, infrastructure assets, and right-to-use subscription 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. Subscription assets are initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs and are amortized on a straight line basis over their useful lives.

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

	<u>Years</u>
Infrastructure	20-30
Buildings and improvements	20-40
Machinery and equipment	3-10
Vehicles	4
Right-to-use subscription assets	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, 2023, 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, the difference during the measurement period between the Town’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item represents the effects of the change in the Town’s proportion of the collective OPEB liability and the difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2023, the Town has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Town’s proportion of the collective net pension liability and the difference during the measurement periods between the Town’s contributions and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the Town’s proportion of the collective OPEB liability and the difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

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

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

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

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

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

Revenues and Expenses/Expenditures

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

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

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

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

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2023, the Town reported unearned revenues within the Town Outside Village Fund of \$4,298. The Town received money in advance but has not performed the related services, and therefore recognizes a liability.

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

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

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

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

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

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2023, the Town implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the Town’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*. The Town is, therefore, unable to disclose the impact

that adopting GASB Statements No. 99, 100, 101, 102, and 103 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

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

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, cash equivalents, and investments at December 31, 2023 are as follows:

	Governmental Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 1,284	\$ -	\$ 1,284
Deposits	12,127,348	19,394	12,146,742
Investments	6,377,438	-	6,377,438
Total	<u>\$ 18,506,070</u>	<u>\$ 19,394</u>	<u>\$ 18,525,464</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2022 shown below:

	Bank Balance	Carrying Amount
FDIC insured	\$ 750,000	\$ 750,000
Uninsured:		
Collateral held by pledging bank's agent in the County's name	<u>11,697,821</u>	<u>11,396,742</u>
Total	<u>\$ 12,447,821</u>	<u>\$ 12,146,742</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, 2023, the Town’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Town’s name.

Restricted Cash and Cash Equivalents—The Town reports restricted cash, totaling \$4,245,344, 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, \$19,394, as restricted cash and cash equivalents.

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.

Investments—The Town has investments in treasury bills with maturities ranging from six and twelve months, totaling \$4,453,290, with cost and fair values reported based on Level 1 inputs at December 31, 2023.

Restricted Investments—The Town restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”), a defined contribution volunteer firefighter award program (see Note 7). These annuities are guaranteed fixed annuities, whereby the reported values are reported daily based on the valuation method disclosed in the annuity contract as calculated by the annuity provider and therefore are considered level 2 inputs for fair value measurement purposes. The interest on each annuity varies but they are all fixed rate with a guaranteed minimum rate for a specific period. The cost and fair value of the contracts amounted to \$1,924,148 as of December 31, 2023, and are recorded within the Fire Protection District Fund.

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

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, 2023 include:

Receivables—Represents amounts due from various sources. Receivables at December 31, 2023 are shown below:

General Fund:		
Tipping fees	\$ 329,619	
Court fees	26,231	
Clerk fees	1,172	
Miscellaneous	<u>86</u>	\$ 357,108
Town Outside Village Fund:		
Franchise fees	216,265	
Clerk fees	1,745	
Police fees	160	
Miscellaneous	<u>600</u>	218,770
Water District Fund:		
Water rents	302,575	
Scrap metal	<u>213</u>	302,788
Sewer District Fund:		
Sewer rents		280,541
Fire Protection District:		
Clerk fees		1,200
Capital Projects Fund:		
New York Power Authority		<u>66,451</u>
Total		<u>\$ 1,226,858</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, 2023 are presented below:

General Fund:		
Due from Niagara County		\$ 500
Town Outside Village Fund:		
Due from Niagara County	\$ 12,818	
Due from Niagara Falls Bridge Commission	83,840	
Due from School Districts	35,019	
Due from New York State	6,300	
Other	<u>2,338</u>	140,315
Highway Fund:		
Due from Niagara County		494,291
Water District Fund:		
Due from Town of Cambria		2,003
Sewer District Fund:		
Due from Village of Lewiston, Youngstown and Town of Porter		210,166
Capital Projects Fund:		
Due from Greenway Commission		<u>1,705,296</u>
Total governmental funds		<u>\$ 2,552,571</u>

4. CAPITAL ASSETS AND SUBSCRIPTION ASSETS

Capital asset and subscription asset activity for governmental activities for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated/amortized:				
Land	\$ 278,075	\$ -	\$ -	\$ 278,075
Construction in progress	3,509,298	745,869	-	4,255,167
Total capital assets, not being depreciated/amortized	<u>3,787,373</u>	<u>745,869</u>	<u>-</u>	<u>4,533,242</u>
Capital assets and subscription assets, being depreciated/amortized:				
Infrastructure	23,716,565	659,588	-	24,376,153
Buildings and improvements	9,155,094	33,782	-	9,188,876
Machinery and equipment	7,673,999	95,297	28,600	7,740,696
Vehicles	4,489,545	885,501	23,696	5,351,350
Right-to-use subscription assets	-	172,895	-	172,895
Total capital assets and subscription assets, being depreciated/amortized	<u>45,035,203</u>	<u>1,847,063</u>	<u>52,296</u>	<u>46,829,970</u>
Less accumulated depreciation/amortization for:				
Infrastructure	2,831,246	477,040	-	3,308,286
Buildings and improvements	6,695,127	141,762	-	6,836,889
Machinery and equipment	5,996,866	264,947	28,600	6,233,213
Vehicles	3,618,703	242,837	23,696	3,837,844
Right-to-use subscription assets	-	34,579	-	34,579
Total accumulated depreciation/amortization	<u>19,141,942</u>	<u>1,161,165</u>	<u>52,296</u>	<u>20,250,811</u>
Total capital assets and subscription assets being depreciated/amortized, net	<u>25,893,261</u>	<u>685,898</u>	<u>-</u>	<u>26,579,159</u>
Total capital assets and subscription assets, net	<u>\$ 29,680,634</u>	<u>\$ 1,431,767</u>	<u>\$ -</u>	<u>\$ 31,112,401</u>

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

General government support	\$ 127,728
Public safety	267,068
Transportation	313,515
Culture and recreation	116,116
Home and community services	336,738
Total	<u>\$ 1,161,165</u>

5. ACCRUED LIABILITIES

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

	General Fund	Town Outside Village Fund	Highway Fund	Water District Fund	Sewer District Fund	Total Governmental Funds
Salaries and employee benefits	\$ 47,243	\$ 73,198	\$ 58,728	\$ 15,772	\$ 48,547	\$ 243,488

6. PENSION PLANS

Plan Descriptions and Benefits Provided

New York State and Local Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The Town participates in the New York State and Local PFRS and ERS (the “System”). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the Town reported the following liability for its proportionate share of the net pension liability for PFRS and ERS. The net pension liability were measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of April 1, 2022, with update procedures used to roll forward the total net pension liability to the measurement date. The Town’s proportion of the net pension liability were based on projections of the Town’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 2,101,887	\$ 3,012,372
Town's portion of the Plan's total net pension liability	0.0381435%	0.0140476%

For the year ended December 31, 2023, the Town recognized pension expenses of \$595,125 and \$1,097,470, respectively, for PFRS and ERS. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions as shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 205,438	\$ 320,841	\$ -	\$ 84,599
Changes of assumptions	1,024,244	1,463,002	-	16,169
Net difference between projected and actual earnings on pension plan investments	3,716	-	-	17,698
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	159,663	220,754	281,987	98,656
Town contributions subsequent to the measurement date	215,098	371,768	-	-
Total	<u>\$ 1,608,159</u>	<u>\$ 2,376,365</u>	<u>\$ 281,987</u>	<u>\$ 217,122</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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2024	\$ 188,513	\$ 434,484
2025	(80,407)	(126,234)
2026	602,949	646,547
2027	373,122	832,678
2028	26,897	-

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

	ERS	PFRS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.9%	5.9%
Salary scale	4.4%	6.2%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustments	1.5%	1.5%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. The actuarial assumptions used in the April 1, 2022 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

	PFRS and ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
	March 31, 2023	
Measurement date		
Asset class:		
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Opportunistic/absolute return strategies	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.0
Total	<u>100 %</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the Town’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the Town’s proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability—PFRS	\$ 4,381,482	\$ 2,101,887	\$ 214,246
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 7,279,610	\$ 3,012,372	\$ (553,403)

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

7. 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, 2023			\$ 1,924,148
Less: Assets available for benefits			
		<u>% of total</u>	
<i>Receivables:</i>			
Interest and dividends receivable	1.6%	\$	30,044
<i>Investments at fair value:</i>			
Annuity contract	98.4%		<u>1,894,104</u>
Total assets available for benefits			<u>1,924,148</u>
Total unfunded benefits, December 31, 2023			<u>\$ -</u>

Receipts and Disbursements:

Plan net assets, January 1, 2023			\$ 1,894,076
<i>Receipts:</i>			
Contributions for current service		\$	28,644
Plan service fee			4,539
Earnings on investments			<u>73,360</u>
			106,543
<i>Disbursements:</i>			
Distributions to participants			(73,332)
Plan service fee			<u>(3,139)</u>
			<u>(76,471)</u>
Plan net assets, December 31, 2023			<u>\$ 1,924,148</u>

During the year ended December 31, 2023, the Town accounted for amounts held for LOSAP within restricted investments of its Fire Protection District Fund. Information was available as of December 31, 2023 regarding the program assets as follows:

Annuity contract	\$	1,894,104
Interest receivable		<u>30,044</u>
Total	\$	<u>1,924,148</u>

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—In addition to pension benefits, the Town pays for a portion of eligible retirees’ health insurance, depending on the type of health plan provided. Eligibility for postemployment benefits is based on age, years of service, accumulated sick leave and depends upon associated group or union. The estimated cost of such benefits totaled \$450,551 for the year ended December 31, 2023.

Employees Covered by Benefit Terms—As of the January 1, 2023 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	44
Active employees	<u>74</u>
Total	<u><u>118</u></u>

Total OPEB Liability

The Town’s total OPEB liability of \$17,014,913 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023.

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, 2023 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.72% effective December 31, 2022 to 3.26% effective December 31, 2023. The salary scale increased 3.50% from the previous year. Adjusted RPH-2014, fully generational using scale MP-2021 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 7.0%, 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, by source.

	<u>Total OPEB Liability</u>
Balance as of December 31, 2022:	<u>\$ 15,084,657</u>
Changes for the year:	
Service cost	552,039
Interest	573,383
Changes in assumptions and other inputs	1,255,385
Benefits payments	<u>(450,551)</u>
Net changes	<u>1,930,256</u>
Balance at December 31, 2023:	<u><u>\$ 17,014,913</u></u>

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

	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(2.26%)</u>	<u>(3.26%)</u>	<u>(4.26%)</u>
Total OPEB liability	\$ 20,281,878	\$ 17,014,913	\$ 14,449,980

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

	1% Decrease (5.00% / 3.50%)	Healthcare Cost Trend Rates (6.00% / 4.50%)	1% Increase (7.00% / 5.50%)
Total OPEB liability	\$ 13,948,075	\$ 17,014,913	\$ 21,089,180

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, 2023 were \$450,551.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Town reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table below presents the Town’s deferred outflows and inflows of resources at December 31, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,234	\$ 2,913,624
Changes of assumptions	3,072,863	4,278,476
Total	<u>\$ 3,169,097</u>	<u>\$ 7,192,100</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,	
2024	\$ (389,387)
2025	(496,719)
2026	(596,506)
2027	(596,506)
2028	(518,372)
Thereafter	(1,425,513)

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injury to employees, health insurance and unemployment insurance. The Town purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years.

The Town purchases insurance for: automobile, general and umbrella liability. Automobile insurance is limited to \$1 million per accident. The general liability insurance is limited to \$1 million per occurrence, and an aggregate \$3 million limit for products-completed operations hazards and general liability aggregate. Public official liability is limited to \$1,000,000 per occurrence with a \$2,000,000 aggregate. Law enforcement liability is limited to \$1,000,000 per person, \$1,000,000 each wrongful act with a \$2,000,000 annual aggregate. The umbrella liability insurance includes a \$10,000 policy retention and is limited to \$10 million per occurrence, and an aggregate \$10 million limit, that extends over all underlying liability limits listed above.

10. SUBSCRIPTION LIABILITIES

The Town is a subscriber of various information technology agreements. Under GASB Statement No. 96, *Subscription Based Information Technology Agreements*, the Town recognizes a subscription liability and a subscription asset in the government-wide financial statements. The Town recognizes subscription liabilities if they are considered significant, individually or in the aggregate.

At the commencement of a lease, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The subscription terms include the noncancellable period of the subscription. Subscription payments included in the measurement of the liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

At December 31, 2023, the Town maintained various subscription based information technology agreements. As a result of the implementation of the GASB Statement No. 96, *Subscription Based Information Technology Agreements*, the Town now reports these agreements as subscription liabilities. As of December 31, 2023, the value of the outstanding subscription liability was \$136,242. The agreements have interest rates of 3.0%. The value of the subscription assets as of the end of the current fiscal year was \$172,895 and had accumulated amortization of \$34,579.

The future principal and interest payments as of December 31, 2023, are shown below:

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	\$ 32,566	\$ 4,087	\$ 36,653
2025	33,543	3,111	36,654
2026	34,549	2,104	36,653
2027	35,584	1,067	36,651
Totals	<u>\$ 136,242</u>	<u>\$ 10,369</u>	<u>\$ 146,611</u>

11. LONG-TERM LIABILITIES

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

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

The Town's outstanding long-term liabilities include serial bonds, premiums on serial bonds, subscription liability, 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, 2023 follows:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Governmental activities:					
Serial bonds	\$ 14,970,000	\$ -	\$ 780,000	\$ 14,190,000	\$ 790,000
Premiums on serial bonds	128,533	-	12,241	116,292	12,241
Subscription liability	-	172,895	36,653	136,242	32,566
Compensated absences	962,440	530,167	451,287	1,041,320	104,132
OPEB obligation	15,084,657	3,055,678	1,125,422	17,014,913	-
Net pension liability*	187,171	4,927,088	-	5,114,259	-
Total governmental activities	<u>\$ 31,332,801</u>	<u>\$ 8,685,828</u>	<u>\$ 2,405,603</u>	<u>\$ 37,613,026</u>	<u>\$ 938,939</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 default will have occurred if the payment of principal or interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the Town of the amount due thereon. The Town does not have any lines of credit.

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

Description	Year of Issue/ Maturity	Original Issue	Interest Rate (%)				Balance 12/31/2023
				Balance 1/1/2023	Additions	Reductions	
Governmental activities:							
Public improvement refunding	2015/2033	\$ 6,080,000	2.3-4.0	\$ 3,440,000	\$ -	\$ 270,000	\$ 3,170,000
Public improvement refunding	2021/2033	3,200,000	0.5-2.0	2,905,000	-	290,000	2,615,000
Public improvement serial bond	2022/2047	8,625,000	3.0-4.0	8,625,000	-	220,000	8,405,000
Total governmental activities				<u>\$ 14,970,000</u>	<u>\$ -</u>	<u>\$ 780,000</u>	<u>\$ 14,190,000</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, 2023 was \$116,292.

Subscription Liability—The Town entered into long-term subscription based information technology agreements. The outstanding balance at December 31, 2023 was \$136,242. Refer to Note 10 for additional information related to the Town’s subscription liability.

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, 2023 for governmental activities is \$1,041,320. Since the payment of sick time is dependent upon many factors, the timing of future payments is not readily determinable; however, management estimates \$104,132 is due within one year.

OPEB Obligation—As explained in Note 8, the Town provides a portion of health care benefits for retirees. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount determined in accordance with the parameters of GASB. The Town’s long-term OPEB obligation is estimated to be \$17,014,913 at December 31, 2023.

Net Pension Liability—The Town reported a liability for its proportionate share of the net pension liability for the Local Employees’ Retirement System and New York State Police and Fire Retirement System. The total net pension liability is estimated to be \$5,114,259 in the governmental activities. Refer to Note 6 for additional information related to the Town’s net pension liability.

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

Year Ending December 31,	Serial Bonds	Premiums on Serial Bonds	Subscription Liability	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2024	\$ 790,000	\$ 12,241	\$ 32,566	\$ 104,132	\$ -	\$ -	\$ 938,939
2025	795,000	12,241	33,543	-	-	-	840,784
2026	800,000	12,241	34,549	-	-	-	846,790
2027	815,000	12,241	35,584	-	-	-	862,825
2028	815,000	12,241	-	-	-	-	827,241
2029-2033	4,395,000	55,087	-	-	-	-	4,450,087
2034-2038	1,720,000	-	-	-	-	-	1,720,000
2039-2043	2,080,000	-	-	-	-	-	2,080,000
2044-thereafter	1,980,000	-	-	937,188	17,014,913	5,114,259	25,046,360
Total	<u>\$ 14,190,000</u>	<u>\$ 116,292</u>	<u>\$ 136,242</u>	<u>\$ 1,041,320</u>	<u>\$ 17,014,913</u>	<u>\$ 5,114,259</u>	<u>\$ 37,613,026</u>

Interest requirements on serial bonds payable and subscription liabilities are as follows:

Year Ending December 31,	Serial Bonds	Subscription Liabilities
2024	\$ 413,077	\$ 4,087
2025	398,832	3,111
2026	383,132	2,104
2027	365,074	1,067
2028	345,331	-
2029-2033	1,407,653	-
2034-2038	962,758	-
2039-2043	641,407	-
2044-2047	202,000	-
Total	<u>\$ 5,119,264</u>	<u>\$ 10,369</u>

12. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town's governmental activities net investment in capital assets is shown on the following page.

Capital assets and SBITA's, net of accumulated depreciation	\$ 31,112,401
Less related debt and subscription liabilities:	
Serial bonds	\$ (14,190,000)
Unspent debt proceeds	627,399
Unamortized bond premium	(116,292)
Subscription liabilities	(136,242)
Capital Projects Fund accounts payable	(43,023)
	<u>(13,858,158)</u>
Net investment in capital assets	<u>\$ 17,254,243</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 \$8,743,016, which is restricted for the Town’s LOSAP and capital projects 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, 2023 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 \$62,759, \$78,985, \$149,746, \$38,067, and \$6,127, respectively, at December 31, 2023.

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, 2023, the Town reported the following restricted fund balances:

- **Restricted for LOSAP**—Represents monies, \$1,924,148, held in trust for the administration of the Town’s LOSAP reported in the Fire Protection District.
- **Restricted for Capital Projects**—Represents funds accumulated for specific capital purposes in the Capital Projects Fund.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town’s highest level of decision-making authority. At December 31, 2023, 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, 2023 the Town reported fund balance assignments as shown on the following page.

	Encumbrances	Subsequent		Equipment	Litigation	Property Assessments	Resident Activities	Water Hydrant	Specific Use	Total Assigned
		Year's Expenditures	Capital Improvements							
General Fund	\$ 5,884	\$ -	\$ -	\$ 62,050	\$ 100,000	\$ 500,000	\$ 12,161	\$ -	\$ -	\$ 680,095
Town Outside Village Fund	12,271	171,900	-	360,521	-	-	-	-	1,633,179	2,177,871
Highway Fund	129,168	-	-	375,000	-	-	-	-	1,230,261	1,734,429
Water District Fund	-	-	-	-	-	-	-	8,400	2,083,743	2,092,143
Sewer District Fund	514,299	338,537	934,921	-	-	-	-	-	1,804,545	3,592,302
Fire Protection District	-	100,000	-	-	-	-	-	-	249,441	349,441
Nonmajor governmental funds	-	10,000	-	-	-	-	-	-	133,196	143,196
Total	\$ 661,622	\$ 620,437	\$ 934,921	\$ 797,571	\$ 100,000	\$ 500,000	\$ 12,161	\$ 8,400	\$ 7,134,365	\$ 10,769,477

- **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 2024 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 Litigation**—Represents funds set aside for future litigation expenditures.
- **Assigned to Property Assessments**—Represents funds set aside for the cost of future property assessments.
- **Assigned to Resident Activities**—Represents funds set aside for power authority activities.
- **Assigned to Water Hydrant**—Represents funds set aside for water hydrant expenditures.
- **Assigned to Specific Use**—Represents remaining fund balance within the special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent the remaining amounts within funds that are not restricted or committed.

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

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of December 31, 2023 is shown on the following page.

Fund	Interfund	
	Receivable	Payable
General Fund	\$ 233	\$ 387
Town Outside Village Fund	1,080	478
Highway Fund	953	-
Water District Fund	-	690
Sewer District Fund	-	711
Total	<u>\$ 2,266</u>	<u>\$ 2,266</u>

The outstanding balances between the funds result from payments made on behalf of the other fund or temporary advances related to fuel and payroll reimbursements at year end. 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, 2023:

Fund	Transfers in:						Total
	General Fund	Town Outside Village	Highway Fund	Water District Fund	Sewer District Fund	Capital Projects Fund	
Transfers out:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 55,000
Town Outside Village Fund	-	-	-	-	-	55,000	55,000
Sewer District Fund	-	-	-	-	-	242,804	242,804
Capital Projects Fund	<u>67,298</u>	<u>180,075</u>	<u>111,483</u>	<u>20,211</u>	<u>178,227</u>	<u>-</u>	<u>557,294</u>
Total	<u>\$ 67,298</u>	<u>\$ 180,075</u>	<u>\$ 111,483</u>	<u>\$ 20,211</u>	<u>\$ 178,227</u>	<u>\$ 352,804</u>	<u>\$ 910,098</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. Meanwhile, transfers out of the Capital Projects Fund are primarily for hydro reimbursements.

14. LABOR CONTRACTS

Certain Town employees are represented by four bargaining units, with the balance governed by Town Board rules and regulations. The Teamsters Local 264 Clerical has a negotiated contract in place through December 31, 2023. The Teamsters Local 264 (Highway, Drainage, and Water Departments) and Teamsters Local 264 (Police Department) have negotiated contracts in place through December 31, 2024 and 2025, respectively.

15. COMMITMENTS

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

encumbered in excess of \$50,000. The Town reported the following significant encumbrances at December 31, 2023.

Fund	Purpose	Amount
Highway Fund	Machinery equipment	\$ 129,168
Sewer District Fund	Machinery equipment	460,669
Sewer District Fund	Machinery equipment	53,560

16. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Niagara County Industrial Development Agency (the “IDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the IDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town, abatements may result in reduction of property taxes, which the Town administers as a temporary reduction in the taxable value of the property involved. The agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the IDA, the Town collected \$7,390 during 2023 in payments in lieu of taxes (“PILOTs”), these collections were made in lieu of \$24,785 in property taxes.

17. CONTINGENCIES

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

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

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

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2024, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

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 Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0381435%	0.0329500%	0.0276964%	0.0267616%	0.0284447%	0.0272623%	0.0303254%	0.0289796%	0.0288857%	0.0288857%
Town's proportionate share of the net pension liability	<u>\$ 2,101,887</u>	<u>\$ 187,171</u>	<u>\$ 480,887</u>	<u>\$ 1,430,388</u>	<u>\$ 477,036</u>	<u>\$ 275,556</u>	<u>\$ 628,536</u>	<u>\$ 858,023</u>	<u>\$ 79,511</u>	<u>\$ 120,254</u>
Town's covered payroll	\$ 1,173,495	\$ 1,060,994	\$ 987,579	\$ 898,548	\$ 862,889	\$ 802,714	\$ 824,469	\$ 754,086	\$ 795,500	\$ 724,885
Town's proportionate share of the net pension liability as a percentage of its covered payroll	179.1%	17.6%	48.7%	159.2%	55.3%	34.3%	76.2%	113.8%	10.0%	16.6%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%	98.5%

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

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 279,796	\$ 255,751	\$ 231,888	\$ 183,606	\$ 170,633	\$ 168,819	\$ 168,570	\$ 169,609	\$ 195,493	\$ 218,738
Contribution in relation to the contractually required contribution	<u>(279,796)</u>	<u>(255,751)</u>	<u>(231,888)</u>	<u>(183,606)</u>	<u>(170,633)</u>	<u>(168,819)</u>	<u>(168,570)</u>	<u>(169,609)</u>	<u>(195,493)</u>	<u>(218,738)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 1,290,739	\$ 1,120,846	\$ 1,025,039	\$ 971,121	\$ 877,540	\$ 852,631	\$ 824,937	\$ 851,334	\$ 756,478	\$ 829,362
Contributions as a percentage of covered payroll	21.7%	22.8%	22.6%	18.9%	19.4%	19.8%	20.4%	19.9%	25.8%	26.4%

TOWN OF LEWISTON, NEW YORK
Schedule of the Town's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability/(asset)	0.0140476%	0.0125445%	0.0115268%	0.0117872%	0.0121677%	0.0128012%	0.0126493%	0.0128622%	0.0128530%	0.0128530%
Town's proportionate share of the net pension liability/(asset)	<u>\$ 3,012,372</u>	<u>\$ (1,025,464)</u>	<u>\$ 11,478</u>	<u>\$ 3,121,326</u>	<u>\$ 862,119</u>	<u>\$ 413,150</u>	<u>\$ 1,188,559</u>	<u>\$ 2,064,420</u>	<u>\$ 434,206</u>	<u>\$ 580,809</u>
Town's covered payroll	\$ 4,060,126	\$ 4,092,345	\$ 3,642,871	\$ 3,592,307	\$ 3,651,174	\$ 3,492,927	\$ 3,799,662	\$ 3,601,470	\$ 3,574,020	\$ 3,825,984
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	74.2%	(25.1)%	0.3%	86.9%	55.3%	11.8%	31.3%	57.3%	12.1%	15.2%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	98.0%	97.2%

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

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 483,826	\$ 476,975	\$ 550,158	\$ 512,333	\$ 518,412	\$ 531,612	\$ 544,407	\$ 530,329	\$ 601,823	\$ 751,255
Contribution in relation to the contractually required contribution	(483,826)	(476,975)	(550,158)	(512,333)	(518,412)	(531,612)	(544,407)	(530,329)	(601,823)	(751,255)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,122,904	\$ 4,031,642	\$ 3,888,930	\$ 3,556,264	\$ 3,660,844	\$ 3,626,849	\$ 4,099,380	\$ 4,001,699	\$ 3,938,398	\$ 4,277,004
Contributions as a percentage of covered payroll	11.7%	11.8%	14.1%	14.4%	14.2%	14.7%	13.3%	13.3%	15.3%	17.6%

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

	Year Ended December 31,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 552,039	\$ 913,391	\$ 901,015	\$ 720,172	\$ 640,848	\$ 774,503
Interest	573,383	406,967	483,245	533,028	767,488	690,041
Differences between expected and actual experience	-	(3,797,978)	-	(2,428,023)	-	-
Changes of assumptions and other inputs	1,255,385	(5,455,688)	386,869	(918,716)	5,373,059	(2,264,132)
Benefit payments	<u>(450,551)</u>	<u>(417,751)</u>	<u>(455,723)</u>	<u>(426,561)</u>	<u>(434,302)</u>	<u>(380,657)</u>
Net changes in total OPEB liability	1,930,256	(8,351,059)	1,315,406	(2,520,100)	6,347,093	(1,180,245)
Total OPEB liability—beginning	<u>15,084,657</u>	<u>23,435,716</u>	<u>22,120,310</u>	<u>24,640,410</u>	<u>18,293,317</u>	<u>19,473,562</u>
Total OPEB liability—ending	<u>\$ 17,014,913</u>	<u>\$ 15,084,657</u>	<u>\$ 23,435,716</u>	<u>\$ 22,120,310</u>	<u>\$ 24,640,410</u>	<u>\$ 18,293,317</u>
Plan Fiduciary Net Position						
Contributions—employer	\$ 450,551	\$ 417,751	\$ 455,723	\$ 426,561	\$ 434,302	\$ 380,657
Benefit payments	<u>(450,551)</u>	<u>(417,751)</u>	<u>(455,723)</u>	<u>(426,561)</u>	<u>(434,302)</u>	<u>(380,657)</u>
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's net OPEB liability—ending	<u>\$ 17,014,913</u>	<u>\$ 15,084,657</u>	<u>\$ 23,435,716</u>	<u>\$ 22,120,310</u>	<u>\$ 24,640,410</u>	<u>\$ 18,293,317</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 4,327,162	\$ 4,221,622	\$ 3,603,585	\$ 3,515,692	\$ 3,815,919	\$ 3,722,849
Town's net OPEB liability as a percentage of covered-employee payroll	393.2%	357.3%	650.3%	629.2%	645.7%	491.4%

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

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

TOWN OF LEWISTON, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 612,819	\$ 612,819	\$ 612,819	\$ -
Other property tax items	45,700	45,700	48,081	2,381
Non-property tax items	1,678,615	1,678,615	1,874,920	196,305
Departmental income	62,488	75,988	94,297	18,309
Use of money and property	-	-	65,959	65,959
Licenses and permits	11,900	11,900	13,590	1,690
Fines and forfeitures	260,000	260,000	178,562	(81,438)
Sale of property and compensation for loss	-	-	30	30
Miscellaneous	-	-	671	671
Interfund revenue	34,086	34,086	34,090	4
State aid and local sources	85,269	85,269	85,269	-
Total revenues	2,790,877	2,804,377	3,008,288	203,911
EXPENDITURES				
Current:				
General government support	1,077,114	1,200,777	1,159,588	41,189
Public safety	37,261	160,453	157,451	3,002
Health	3,600	3,600	3,600	-
Transportation	246,546	239,246	213,182	26,064
Economic assistance and opportunity	600	600	600	-
Culture and recreation	950,629	975,529	932,665	42,864
Home and community services	31,110	31,110	26,615	4,495
Employee benefits	546,497	546,587	508,318	38,269
Debt service:				
Principal	-	36,653	36,653	-
Total expenditures	2,893,357	3,194,555	3,038,672	155,883
Excess (deficiency) of revenues over expenditures	(102,480)	(390,178)	(30,384)	359,794
OTHER FINANCING SOURCES (USES)				
Transfers in	89,450	275,413	67,298	(208,115)
Transfers out	-	(55,000)	(55,000)	-
Subscription liability issued	-	172,895	172,895	-
Total other financing sources (uses)	89,450	393,308	185,193	(208,115)
Net change in fund balances*	(13,030)	3,130	154,809	151,679
Fund balances—beginning	2,057,500	2,057,500	2,057,500	-
Fund balances—ending	\$ 2,044,470	\$ 2,060,630	\$ 2,212,309	\$ 151,679

* 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other property tax items	\$ 85,920	\$ 85,920	\$ 94,761	\$ 8,841
Non-property tax items	1,958,400	1,958,400	1,976,279	17,879
Departmental income	628,700	695,160	712,156	16,996
Use of money and property	-	-	67,066	67,066
Licenses and permits	171,000	171,000	177,335	6,335
Sale of property and compensation for loss	7,000	46,146	51,352	5,206
Miscellaneous	16,000	33,203	37,627	4,424
State aid and local sources	400,000	400,000	254,689	(145,311)
Total revenues	<u>3,267,020</u>	<u>3,389,829</u>	<u>3,371,265</u>	<u>(18,564)</u>
EXPENDITURES				
Current:				
General government support	202,475	196,013	159,313	36,700
Public safety	1,898,791	2,097,849	2,097,806	43
Health	18,163	18,163	17,146	1,017
Transportation	90,000	90,000	89,618	382
Economic assistance and opportunity	-	6,585	6,583	2
Culture and recreation	289,703	405,650	348,231	57,419
Home and community services	154,705	150,780	129,382	21,398
Employee benefits	947,995	937,713	912,321	25,392
Total expenditures	<u>3,601,832</u>	<u>3,902,753</u>	<u>3,760,400</u>	<u>142,353</u>
Excess (deficiency) of revenues over expenditures	<u>(334,812)</u>	<u>(512,924)</u>	<u>(389,135)</u>	<u>123,789</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	184,250	176,085	180,075	3,990
Transfers out	-	(55,000)	(55,000)	-
Total other financing sources (uses)	<u>184,250</u>	<u>121,085</u>	<u>125,075</u>	<u>3,990</u>
Net change in fund balances*	(150,562)	(391,839)	(264,060)	127,779
Fund balances—beginning	<u>2,520,916</u>	<u>2,520,916</u>	<u>2,520,916</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,370,354</u>	<u>\$ 2,129,077</u>	<u>\$ 2,256,856</u>	<u>\$ 127,779</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 256,838	\$ 256,838	\$ 256,838	\$ -
Other property tax items	2,293,600	2,293,600	3,195,174	901,574
Departmental income	200,000	200,000	241,325	41,325
Use of money and property	-	-	31,047	31,047
Sale of property and compensation for loss	8,000	8,000	14,090	6,090
Miscellaneous	3,000	3,000	5,539	2,539
State aid and local sources	266,323	266,323	321,849	55,526
Total revenues	<u>3,027,761</u>	<u>3,027,761</u>	<u>4,065,862</u>	<u>1,038,101</u>
EXPENDITURES				
Current:				
General government support	85,769	85,769	83,539	2,230
Transportation	3,016,703	3,016,703	2,706,031	310,672
Employee benefits	763,080	763,080	718,847	44,233
Debt service:				
Principal	10,800	10,800	10,800	-
Interest and other fiscal charges	540	540	539	1
Total expenditures	<u>3,876,892</u>	<u>3,876,892</u>	<u>3,519,756</u>	<u>357,136</u>
Excess (deficiency) of revenues over expenditures	<u>(849,131)</u>	<u>(849,131)</u>	<u>546,106</u>	<u>1,395,237</u>
OTHER FINANCING SOURCES				
Transfers in	773,000	930,901	111,483	(819,418)
Total other financing sources	<u>773,000</u>	<u>930,901</u>	<u>111,483</u>	<u>(819,418)</u>
Net change in fund balances*	(76,131)	81,770	657,589	575,819
Fund balances—beginning	1,226,586	1,226,586	1,226,586	-
Fund balances—ending	<u>\$ 1,150,455</u>	<u>\$ 1,308,356</u>	<u>\$ 1,884,175</u>	<u>\$ 575,819</u>

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

The notes to the required supplementary information 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 979,533	\$ 979,533	\$ 979,533	\$ -
Departmental income	1,690,362	1,690,362	1,795,577	105,215
Use of money and property	-	-	61,984	61,984
Sale of property and compensation for loss	500	500	314	(186)
Miscellaneous	1,000	1,000	7,324	6,324
Total revenues	<u>2,671,395</u>	<u>2,671,395</u>	<u>2,844,732</u>	<u>173,337</u>
EXPENDITURES				
Current:				
General government support	22,500	22,500	22,180	320
Home and community services	1,456,007	1,456,007	1,358,302	97,705
Employee benefits	271,998	271,998	249,742	22,256
Debt service:				
Principal	549,200	549,200	549,200	-
Interest and other fiscal charges	430,333	430,333	430,332	1
Total expenditures	<u>2,730,038</u>	<u>2,730,038</u>	<u>2,609,756</u>	<u>120,282</u>
Excess (deficiency) of revenues over expenditures	<u>(58,643)</u>	<u>(58,643)</u>	<u>234,976</u>	<u>293,619</u>
OTHER FINANCING SOURCES				
Transfers in	26,700	26,700	20,211	(6,489)
Total other financing sources	<u>26,700</u>	<u>26,700</u>	<u>20,211</u>	<u>(6,489)</u>
Net change in fund balances*	(31,943)	(31,943)	255,187	287,130
Fund balances—beginning	1,875,023	1,875,023	1,875,023	-
Fund balances—ending	<u>\$ 1,843,080</u>	<u>\$ 1,843,080</u>	<u>\$ 2,130,210</u>	<u>\$ 287,130</u>

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

The notes to the required supplementary information 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 300,446	\$ 300,446	\$ 300,425	\$ (21)
Other property tax items	20,000	20,000	19,478	(522)
Departmental income	2,424,181	2,424,181	2,499,986	75,805
Use of money and property	-	-	106,977	106,977
Licenses and permits	11,000	11,000	26,793	15,793
Sale of property and compensation for loss	893	893	1,410	517
Total revenues	<u>2,756,520</u>	<u>2,756,520</u>	<u>2,955,069</u>	<u>198,549</u>
EXPENDITURES				
Current:				
General government support	37,500	37,500	36,747	753
Home and community services	2,425,625	2,906,081	1,954,001	952,080
Employee benefits	608,418	590,462	534,329	56,133
Debt service:				
Principal	220,000	220,000	220,000	-
Interest and other fiscal charges	27,057	27,057	27,057	-
Total expenditures	<u>3,318,600</u>	<u>3,781,100</u>	<u>2,772,134</u>	<u>1,008,966</u>
Excess (deficiency) of revenues over expenditures	<u>(562,080)</u>	<u>(1,024,580)</u>	<u>182,935</u>	<u>1,207,515</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	233,000	234,500	178,227	(56,273)
Transfers out	-	(242,805)	(242,804)	1
Total other financing sources (uses)	<u>233,000</u>	<u>(8,305)</u>	<u>(64,577)</u>	<u>(56,272)</u>
Net change in fund balances*	(329,080)	(1,032,885)	118,358	1,151,243
Fund balances—beginning	3,480,071	3,480,071	3,480,071	-
Fund balances—ending	<u>\$ 3,150,991</u>	<u>\$ 2,447,186</u>	<u>\$ 3,598,429</u>	<u>\$ 1,151,243</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—Fire Protection District Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 1,524,871	\$ 1,524,871	\$ 1,524,871	\$ -
Non-property tax items	2,862	2,862	2,863	1
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>41,872</u>	<u>36,872</u>
Total revenues	<u>1,532,733</u>	<u>1,532,733</u>	<u>1,569,606</u>	<u>36,873</u>
EXPENDITURES				
Current:				
General government support	38,000	38,000	38,000	-
Public safety	1,386,333	1,386,333	1,386,333	-
Employee benefits	<u>108,400</u>	<u>108,400</u>	<u>106,778</u>	<u>1,622</u>
Total expenditures	<u>1,532,733</u>	<u>1,532,733</u>	<u>1,531,111</u>	<u>1,622</u>
Net change in fund balances	-	-	38,495	38,495
Fund balances—beginning	<u>2,235,094</u>	<u>2,235,094</u>	<u>2,235,094</u>	-
Fund balances—ending	<u><u>\$ 2,235,094</u></u>	<u><u>\$ 2,235,094</u></u>	<u><u>\$ 2,273,589</u></u>	<u><u>\$ 38,495</u></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, 2023

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 increased from 3.72% at December 31, 2022 to 3.26% at December 31, 2023. 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, 2023

	Sanitation District	Lighting District	Drainage District	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 118,021	\$ 35,537	\$ 24,740	\$ 178,298
Total assets	\$ 118,021	\$ 35,537	\$ 24,740	\$ 178,298
LIABILITIES				
Accounts payable	\$ 34,241	\$ 861	\$ -	\$ 35,102
Total liabilities	34,241	861	-	35,102
FUND BALANCES				
Assigned	83,780	34,676	24,740	143,196
Total fund balances	83,780	34,676	24,740	143,196
Total liabilities and fund balances	\$ 118,021	\$ 35,537	\$ 24,740	\$ 178,298

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

	<u>Sanitation District</u>	<u>Lighting District</u>	<u>Drainage District</u>	<u>Total Nonmajor Funds</u>
REVENUES				
Real property taxes	\$ 397,300	\$ 15,000	\$ 5,350	\$ 417,650
Use of money and property	<u>40</u>	<u>-</u>	<u>-</u>	<u>40</u>
Total revenues	<u>397,340</u>	<u>15,000</u>	<u>5,350</u>	<u>417,690</u>
EXPENDITURES				
Current:				
Transportation	-	10,581	-	10,581
Home and community services	<u>403,829</u>	<u>-</u>	<u>-</u>	<u>403,829</u>
Total expenditures	<u>403,829</u>	<u>10,581</u>	<u>-</u>	<u>414,410</u>
Net change in fund balances	(6,489)	4,419	5,350	3,280
Fund balances—beginning	<u>90,269</u>	<u>30,257</u>	<u>19,390</u>	<u>139,916</u>
Fund balances—ending	<u>\$ 83,780</u>	<u>\$ 34,676</u>	<u>\$ 24,740</u>	<u>\$ 143,196</u>

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

Honorable Town Board
Town of Lewiston, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lewiston, New York (the "Town") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Drescher + Maleki LLP

July 22, 2024