

**TOWN OF NIAGARA,
NEW YORK**

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

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DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Niagara, 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 Niagara, 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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 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.

Brescher & Malecki, LLC

April 19, 2024

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

As management of the Town of Niagara, 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 liabilities and deferred inflows of resources of the Town's governmental activities exceeded the assets and deferred outflows of resources at the close of the most recent fiscal year by \$522,554 (*net position*). This consists of \$12,060,844 net investment in capital assets, \$321,185 restricted for specific purposes, and unrestricted net position of \$(12,904,583).
- The Town's governmental activities total net position increased \$2,772,817 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 \$6,208,449, an increase of \$806,630 in comparison with the prior year's fund balance of \$5,401,819.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$1,019,518, or 16.9 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town's discretion and constitutes approximately 65.5 percent of the General Fund's total fund balance of \$1,557,454 at December 31, 2023.
- The Town's total serial bonds outstanding decreased by \$720,000 during the current year as a result of scheduled principal payments.

Overview of the Financial Statements

This 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 of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest and other fiscal charges. The Town does not report any 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 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 seven 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, Highway, Water, Sewer, Fire District, Lighting District and Capital Projects Funds, which are considered to be major funds.

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 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 20-45 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 for the police and fire retirement system and employees' retirement system, the Town's total OPEB liability and related ratios, the Town's total pension liability related to its length of service awards program, and the Town's budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and the related notes can be found on pages 46-59 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$403,777 at the close of the most recent year, as compared to \$3,295,371 at the close of the fiscal year ended December 31, 2022.

Table 1, 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	\$ 9,213,759	\$ 7,320,975
Noncurrent assets	15,781,109	15,732,634
Total assets	24,994,868	23,053,609
Deferred outflows of resources	3,203,335	2,288,282
Current liabilities	913,594	957,388
Noncurrent liabilities	21,718,802	19,455,014
Total liabilities	22,632,396	20,412,402
Deferred inflows of resources	6,088,361	8,224,860
Net position:		
Net investment in capital assets	12,060,844	11,468,375
Restricted	321,185	221,404
Unrestricted	(12,904,583)	(14,985,150)
Total net position	\$ (522,554)	\$ (3,295,371)

The largest portion of the Town's net position, \$12,060,844, reflects its investment in capital assets (such as land, construction in progress, buildings, machinery, equipment, and infrastructure), net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$321,185, represents resources that are subject to 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 remaining balance of the Town's net position, \$(12,904,583), is considered to be unrestricted. The deficit is caused primarily by long-term 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, other postemployment benefits ("OPEB") obligation, and net pension liabilities are funded annually within the funds.

Table 2, 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	\$ 3,975,825	\$ 2,778,326
Operating grants and contributions	266,080	95,355
Capital grants and contributions	1,875,392	1,607,226
General revenues	6,473,981	6,007,364
Total revenues	12,591,278	10,488,271
Total expenses	9,818,461	9,721,581
Change in net position	2,772,817	766,690
Net position—beginning	(3,295,371)	(4,062,061)
Net position—ending	\$ (522,554)	\$ (3,295,371)

Overall revenues increased by 20.1 percent from the prior year due to increases in charges for services related to Amazon.com, Inc.'s one-time purchase of land and related license and permit fees to conduct business in the Town. Total expenses increased 1.0 percent from the year ended December 31, 2022.

A summary of sources of revenues of the governmental activities for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 3.

Table 3—Summary of Sources of Revenues

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 3,975,825	\$ 2,778,326	\$ 1,197,499	43.1
Operating grants and contributions	266,080	95,355	170,725	179.0
Capital grants and contributions	1,875,392	1,607,226	268,166	16.7
Property and other taxes	5,910,969	5,631,982	278,987	5.0
Use of money and property	212,151	1,205	210,946	17,505.9
Sale of property and compensation for loss	54,030	20,866	33,164	158.9
Miscellaneous	101,147	144,477	(43,330)	(30.0)
State sources—unrestricted	195,684	208,834	(13,150)	(6.3)
Total revenues, net	\$ 12,591,278	\$ 10,488,271	\$ 2,103,007	20.1

The most significant source of revenues is property and other taxes, which accounts for \$5,910,969, or 47.0 percent of total revenues for the year ended December 31, 2023, and \$5,631,982, or 53.7 percent of total revenues, for the year ended December 31, 2022. The next largest source of revenue is charges for services, which comprises \$3,975,825, or 31.6 percent of total revenues and \$2,778,326, or 26.5 percent of total revenues for the years ended December 31, 2023 and 2022, respectively.

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

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 1,488,422	\$ 1,588,482	\$ (100,060)	(6.3)
Public safety	1,891,820	2,048,787	(156,967)	(7.7)
Health	3,686	3,954	(268)	(6.8)
Transportation	1,870,368	1,924,137	(53,769)	(2.8)
Economic assistance and opportunity	108,413	141,509	(33,096)	(23.4)
Culture and recreation	1,442,668	1,185,189	257,479	21.7
Home and community services	2,863,514	2,657,185	206,329	7.8
Interest and other fiscal charges	149,570	172,338	(22,768)	(13.2)
Total	<u>\$ 9,818,461</u>	<u>\$ 9,721,581</u>	<u>\$ 96,880</u>	1.0

The Town's significant expense items for the year ended December 31, 2023 were home and community services of \$2,863,514 or 29.2 percent of total expenses, public safety of \$1,891,820 or 19.3 percent of total expenses, transportation of \$1,870,368, or 19.0 percent of total expenses and general government support of \$1,488,422, or 15.2 percent of total expenses. Similarly, for the year ended December 31, 2022 significant expense items were home and community services of \$2,657,185 or 27.3 percent of total expenses, public safety of \$2,048,787 or 21.1 percent of total expenses, transportation of \$1,924,137, or 19.8 percent of total expenses and general government support of \$1,588,482, or 16.3 percent of total expenses.

Financial Analysis Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related requirements.

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

At December 31, 2023, the Town's governmental funds reported a combined ending fund balance of \$6,208,449, an increase of \$806,630 from the prior year. Approximately 16.4 percent of this amount, \$1,019,518, constitutes *unassigned fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is (1) not in spendable form, \$260,666, (2) restricted for particular purposes, \$2,833,869, or (3) assigned for particular purposes, \$2,094,396.

The Town's 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 \$1,019,518. The total fund balance increased \$374,691 to a total fund balance of \$1,557,454 mainly due to increased licenses and permits from Amazon doing business in the Town. 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 and transfers out. Unassigned fund balance represents approximately 16.9 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 25.9 percent of that same amount.

During the year ended December 31, 2023, the Town's Highway Fund fund balance increased \$14,649 from the prior year, resulting in an ending fund balance of \$480,837. The increase was primarily due to additional County reimbursements during the year than originally anticipated. Approximately 85.6 percent of this amount, \$411,413 is reported as fund balance assigned for specific highway use.

At December 31, 2023, the Town's Water Fund reported fund balance of \$566,147, a decrease of \$4,704 in comparison with the prior year. The decrease was primarily due to greater than anticipated home and community expenditures and employee benefit savings. Approximately 88.5 percent, or \$500,996, of this amount is reported as fund balance assigned for specific water use.

At December 31, 2023, the Town's Sewer Fund reported fund balance of \$682,759, a decrease of \$253,095 in comparison with the prior year. The decrease was primarily due to larger than anticipated home and community services expenditures caused by the increased costs of chemicals and the related sewage treatment fees throughout the County affecting local municipalities. Approximately 87.3 percent of the Sewer Fund fund balance, \$596,252, is fund balance assigned for specific sewer use.

At December 31, 2023, the Town's Fire District Fund reported fund balance of \$565,135, an increase of \$31,516 in comparison with the prior year. The increase was primarily due to less than anticipated public safety expenditures. Approximately 43.2 percent of the Fire District Fund fund balance, \$243,950, is fund balance assigned for specific fire use.

At December 31, 2023, the Town's Lighting District Fund reported fund balance of \$74,338, an increase of \$21,302 in comparison with the prior year. The increase was primarily due to less than anticipated transportation expenditures. All fund balance of the Lighting District Fund is reported as fund balance assigned for specific lighting use.

The Town's Capital Projects Fund ending fund balance increased \$622,271 during the year ended December 31, 2023 due to revenues and other financing sources exceeding capital outlays. The ending fund balance in the Capital Projects Fund was \$2,281,779.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules for the General Fund and the major funds, except the Capital Projects funds since it does not adopt an annual budget, are presented within the Required Supplementary Information section of this report have been provided to demonstrate compliance with their budgets.

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 or appropriation of fund balance.

A summary of the General Fund results of operations for the year ended December 31, 2023 is presented in Table 5 on the following page.

Table 5—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 6,077,226	\$ 6,077,226	\$ 6,393,358	\$ 316,132
Expenditures and other financing uses	6,077,226	6,077,226	6,018,667	58,559
Excess of revenues over expenditures and other financing uses	\$ -	\$ -	\$ 374,691	\$ 374,691

Final budget compared to actual results—Total revenues were more than the final budget by \$316,132, due to host community funds, interest earnings and licenses and permits that were originally anticipated. Total expenditures and other financing uses were less than the final budget by \$58,559 due primarily to savings realized within the public safety.

Capital Asset and Debt Administration

Capital assets—The Town's investment in capital assets for its governmental activities as of December 31, 2023, amounted to \$15,781,109 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, machinery and equipment and vehicles. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Town's capital asset policy.

Capital assets net of depreciation for the governmental activities as of the years ended December 31, 2023 and 2022 are presented in Table 6.

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

	Governmental Activities	
	December 31,	
	2023	2022
Land	\$ 893,329	\$ 893,329
Construction in progress	7,365,235	6,833,742
Infrastructure	2,210,063	2,298,779
Buildings and improvements	3,636,621	3,510,937
Machinery and equipment	1,063,413	932,327
Vehicles	612,448	778,514
Total	\$ 15,781,109	\$ 15,247,628

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

Long-term liabilities—At December 31, 2023, the Town had bonded debt outstanding of \$4,385,000, as compared to \$5,105,000 at December 31, 2022, as a result of scheduled principal payments of \$720,000.

A summary of long-term liabilities for the governmental activities at December 31, 2023 and 2022 are presented below:

	Governmental Activities	
	December 31,	
	2023	2022
Serial bonds	\$ 4,385,000	\$ 5,105,000
Premium on serial bonds	63,941	80,400
Compensated absences	267,447	232,434
Other postemployment benefits	14,051,736	12,994,809
Net pension liability	2,230,726	117,228
Net pension liability—LOSAP	719,952	925,143
Total	<u>\$ 21,718,802</u>	<u>\$ 19,455,014</u>

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2023 was 4.5 percent. This compares to the New York State and national unemployment rate of 4.5 and 3.7 percent, respectively. These factors are considered in preparing the Town's budget. The Town is within compliance with the state property tax cap of two percent with the Town's 2024 budget.

The adopted 2024 budget overall provided an 3.9% homestead tax rate increase, the overall non-homestead tax rate decreased by 2.3%. The Town will raise \$42,792 more in real property taxes in 2024 than 2023. Similar to 2023, the Town did not appropriate fund balances within its 2024 budget. The Town budgets for most capital items on a pay as you go basis where such items are budgeted for in the funds operating budgets. Capital projects such as community center park facilities, Belden Center Sewer, and repaving of various roads will enhance and improve the quality of life in the Town.

The Town continues to experience commercial growth and debt burden remains favorable and manageable and has no exposure to variable rate debt or derivative products.

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. If you have any questions about this report or need additional financial information, contact the Supervisor's Office, Town of Niagara, 7105 Lockport Road, Niagara Falls, New York, 14305.

BASIC FINANCIAL STATEMENTS

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

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,006,424
Restricted cash and cash equivalents	1,003,116
Restricted investments	321,185
Receivables	275,634
Lease receivable	2,130,621
Intergovernmental receivables	1,216,113
Prepaid items	110,666
Other assets	150,000
Capital assets not being depreciated	8,258,564
Capital assets, net of accumulated depreciation	<u>7,522,545</u>
Total assets	<u>24,994,868</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	2,031,917
Deferred outflows—relating to OPEB	<u>1,171,418</u>
Total deferred outflows of resources	<u>3,203,335</u>
LIABILITIES	
Accounts payable	712,567
Accrued liabilities	91,244
Due to Custodial Fund	4,316
Unearned revenue	105,467
Noncurrent liabilities:	
Due within one year	523,204
Due in more than one year	<u>21,195,598</u>
Total liabilities	<u>22,632,396</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	678,277
Deferred inflows—relating to OPEB	3,275,210
Deferred inflows—relating to leases	<u>2,134,874</u>
Total deferred inflows of resources	<u>6,088,361</u>
NET POSITION	
Net investment in capital assets	12,060,844
Restricted for:	
LOSAP	321,185
Unrestricted	<u>(12,904,583)</u>
Total net position	<u>\$ (522,554)</u>

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

TOWN OF NIAGARA, NEW YORK
Statement of Activities
Year Ended December 31, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
General government support	\$ 1,488,422	\$ 1,453,436	\$ -	\$ -	\$ (34,986)
Public safety	1,891,820	149,780	-	-	(1,742,040)
Health	3,686	-	-	-	(3,686)
Transportation	1,870,368	115,614	266,080	101,060	(1,387,614)
Economic assistance and opportunity	108,413	-	-	-	(108,413)
Culture and recreation	1,442,668	43,878	-	275,559	(1,123,231)
Home and community services	2,863,514	2,213,117	-	1,498,773	848,376
Interest and other fiscal charges	149,571	-	-	-	(149,571)
Total governmental activities	<u>\$ 9,818,461</u>	<u>\$ 3,975,825</u>	<u>\$ 266,080</u>	<u>\$ 1,875,392</u>	<u>(3,701,164)</u>
General revenues:					
Real property taxes and tax items					3,002,723
Non-property taxes					2,908,246
Use of money and property					212,151
Sale of property and compensation for loss					54,030
Miscellaneous					101,147
Unrestricted state aid					195,684
Total general revenues					<u>6,473,981</u>
Change in net position					2,772,817
Net position—beginning					<u>(3,295,371)</u>
Net position—ending					<u>\$ (522,554)</u>

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

TOWN OF NIAGARA, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2023

		Special Revenue					Capital	Total
	General	Highway	Water	Sewer	Fire District	Lighting District	Projects	Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 1,792,181	\$ 522,428	\$ 563,196	\$ 734,372	\$ 312,401	\$ 81,846	\$ -	\$ 4,006,424
Restricted cash and cash equivalents	266,878	28,645	-	40,849	-	-	666,744	1,003,116
Restricted investments	-	-	-	-	321,185	-	-	321,185
Receivables	115,734	-	39,692	120,208	-	-	-	275,634
Lease receivable	2,130,621	-	-	-	-	-	-	2,130,621
Due from other funds	68,451	-	-	-	-	-	1,119,000	1,187,451
Intergovernmental receivables	310,386	-	71,035	169,684	-	-	665,008	1,216,113
Prepaid items	78,510	14,340	6,976	10,840	-	-	-	110,666
Other assets	150,000	-	-	-	-	-	-	150,000
Total assets	<u>\$ 4,912,761</u>	<u>\$ 565,413</u>	<u>\$ 680,899</u>	<u>\$ 1,075,953</u>	<u>\$ 633,586</u>	<u>\$ 81,846</u>	<u>\$ 2,450,752</u>	<u>\$ 10,401,210</u>
LIABILITIES								
Accounts payable	\$ 85,970	\$ 8,521	\$ 96,824	\$ 344,771	\$ -	\$ 7,508	\$ 168,973	\$ 712,567
Accrued liabilities	24,680	11,055	7,928	4,423	-	-	-	48,086
Due to other funds	1,004,316	65,000	10,000	44,000	68,451	-	-	1,191,767
Unearned revenue	105,467	-	-	-	-	-	-	105,467
Total liabilities	<u>1,220,433</u>	<u>84,576</u>	<u>114,752</u>	<u>393,194</u>	<u>68,451</u>	<u>7,508</u>	<u>168,973</u>	<u>2,057,887</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows—relating to leases	2,134,874	-	-	-	-	-	-	2,134,874
Total deferred inflows of resources	<u>2,134,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,134,874</u>
FUND BALANCES								
Nonspendable	228,510	14,340	6,976	10,840	-	-	-	260,666
Restricted	161,411	28,645	-	40,849	321,185	-	2,281,779	2,833,869
Assigned	148,015	437,852	559,171	631,070	243,950	74,338	-	2,094,396
Unassigned	1,019,518	-	-	-	-	-	-	1,019,518
Total fund balances	<u>1,557,454</u>	<u>480,837</u>	<u>566,147</u>	<u>682,759</u>	<u>565,135</u>	<u>74,338</u>	<u>2,281,779</u>	<u>6,208,449</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,912,761</u>	<u>\$ 565,413</u>	<u>\$ 680,899</u>	<u>\$ 1,075,953</u>	<u>\$ 633,586</u>	<u>\$ 81,846</u>	<u>\$ 2,450,752</u>	<u>\$ 10,401,210</u>

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

TOWN OF NIAGARA, 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)		\$ 6,208,449	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$24,930,398 and the accumulated depreciation is \$9,149,289.			15,781,109
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the funds:			
Deferred outflows related to employer contributions	\$ 364,931		
Deferred outflows related to experience changes of assumptions, investment earnings, and changes in proportion	1,666,986		
Deferred inflows related to pensions	(678,277)		
Deferred outflows related to OPEB	1,171,418		
Deferred inflows related to OPEB	<u>(3,275,210)</u>	(750,152)	
Net accrued interest expense for serial bonds, bond anticipation notes and leases is not reported in the funds.			(43,158)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:			
Serial bonds	\$ (4,385,000)		
Premium on serial bonds	(63,941)		
Compensated absences	(267,447)		
OPEB obligation	(14,051,736)		
Net pension liability	(2,230,726)		
Net pension liability—LOSAP	<u>(719,952)</u>	<u>(21,718,802)</u>	
Net position of governmental activities		\$ <u>(522,554)</u>	

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

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

	Special Revenue						Total	
	General	Highway	Water	Sewer	Fire District	Lighting District	Capital Projects	Governmental Funds
REVENUES								
Real property taxes	\$ 129,042	\$ 952,530	\$ 277,744	\$ 840,294	\$ 678,113	\$ 125,000	\$ -	\$ 3,002,723
Non-property tax items	2,483,246	425,000	-	-	-	-	-	2,908,246
Departmental income	54,239	-	678,788	1,300,942	-	-	58,119	2,092,088
Intergovernmental charges	-	115,389	-	-	-	-	42,639	158,028
Use of money and property	43,895	2,732	162,022	3,502	-	-	-	212,151
Licenses and permits	1,544,945	225	14,353	1,300	-	-	-	1,560,823
Fines and forfeitures	148,790	-	-	-	-	-	-	148,790
Sale of property and compensation for loss	31,397	8,899	6,649	-	-	-	7,085	54,030
Miscellaneous	1,479,944	-	-	119,976	-	-	-	1,599,920
State aid	211,780	101,060	-	-	-	-	275,559	588,399
Federal aid	266,080	-	-	-	-	-	-	266,080
Total revenues	6,393,358	1,605,835	1,139,556	2,266,014	678,113	125,000	383,402	12,591,278
EXPENDITURES								
Current:								
General government support	1,241,402	-	-	-	-	-	-	1,241,402
Public safety	1,256,395	-	-	-	371,150	-	-	1,627,545
Health	3,180	-	-	-	-	-	-	3,180
Transportation	108,471	1,254,102	-	-	-	103,698	-	1,466,271
Economic assistance and opportunity	1,102	-	-	-	-	-	-	1,102
Culture and recreation	674,533	-	-	-	-	-	-	674,533
Home and community services	43,049	-	844,636	2,005,517	-	-	-	2,893,202
Employee benefits	1,152,348	244,408	166,803	196,742	313,967	-	-	2,074,268
Debt service:								
Principal	290,000	201,400	60,000	168,600	-	-	-	720,000
Interest and other fiscal charges	26,375	9,568	62,821	70,932	-	-	-	169,696
Capital outlay	-	-	-	-	-	-	913,449	913,449
Total expenditures	4,796,855	1,709,478	1,134,260	2,441,791	685,117	103,698	913,449	11,784,648
Excess (deficiency) of revenues over expenditures	1,596,503	(103,643)	5,296	(175,777)	(7,004)	21,302	(530,047)	806,630
OTHER FINANCING SOURCES (USES)								
Transfers in	-	183,292	-	-	38,520	-	1,152,318	1,374,130
Transfers out	(1,221,812)	(65,000)	(10,000)	(77,318)	-	-	-	(1,374,130)
Total other financing sources (uses)	(1,221,812)	118,292	(10,000)	(77,318)	38,520	-	1,152,318	-
Net change in fund balances	374,691	14,649	(4,704)	(253,095)	31,516	21,302	622,271	806,630
Fund balances—beginning	1,182,763	466,188	570,851	935,854	533,619	53,036	1,659,508	5,401,819
Fund balances—ending	\$ 1,557,454	\$ 480,837	\$ 566,147	\$ 682,759	\$ 565,135	\$ 74,338	\$ 2,281,779	\$ 6,208,449

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

TOWN OF NIAGARA, 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)	\$	806,630
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposals in the current period.

Capital asset additions	\$	1,178,627	
Depreciation expense		(644,098)	
Loss on disposal of assets		<u>(1,048)</u>	533,481

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

Town pension contributions	\$	845,319	
Employee contributions net of costs of benefits provided		<u>939,202</u>	1,784,521

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		3,666
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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 the related items is as follows:

Repayment on serial bonds	\$	720,000	
Amortization of bond premiums		16,459	
Change in compensated absences		(35,013)	
Change in OPEB obligation		<u>(1,056,927)</u>	<u>(355,481)</u>

Change in net position of governmental activities	\$	<u>2,772,817</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF NIAGARA, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Fund
December 31, 2023

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 276,469
Due from other funds	<u>4,316</u>
Total assets	<u>280,785</u>
LIABILITIES	
Accounts payable and other liabilities	<u>121,426</u>
Total liabilities	<u>121,426</u>
NET POSITION	
Restricted	<u>159,359</u>
Total net position	<u>\$ 159,359</u>

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

TOWN OF NIAGARA, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Fund
Year Ended December 31, 2023

	<u>Custodial Fund</u>
ADDITIONS	
Funds received on behalf of others	\$ 246,981
Total additions	<u>246,981</u>
DEDUCTIONS	
Funds distributed to others	<u>264,601</u>
Total deductions	<u>264,601</u>
Change in fiduciary net position	(17,620)
Net position—beginning	<u>176,979</u>
Net position—ending	<u>\$ 159,359</u>

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

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TOWN OF NIAGARA, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all 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.

Reporting Entity

The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law and various local laws. The five-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

Independently elected officials of the Town include:

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

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The Town is a unit of local government, which operates within the boundaries of the County of Niagara. Public education is provided by the Niagara-Wheatfield 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. The principal source of revenue for the General Fund is sales tax.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The major source of revenue for the Highway Fund is real property taxes.
- *Water Fund*—The Water Fund is used to record all revenues and expenditures related to the operation and maintenance of the water districts in the Town. The principal source of revenue for the Water Fund is departmental income from water usage billings.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer districts. The principal source of revenue for the Sewer Fund is departmental income from sewer billings.
- *Fire Protection District Fund*—The Fire Protection District Fund is used to record the revenues and expenditures related to fire protection in the Town. The principal source of revenue for the Fire Protection District Fund is real property taxes.
- *Lighting District Fund*—The Lighting District Fund is used to record the revenues and expenditures related to street lighting in the Town. The principal source of revenue for the Lighting District Fund is real property taxes.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund type:

- *Fiduciary Fund*—The Custodial Fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary funds include monies from outside entities, controlled and administered by the Town for the benefit of others.

During the course of operations the government 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 preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, 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, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered 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 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 and Cash Equivalents—The Town's cash and cash equivalents consist of cash on hand, demand deposits, and time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent cash from unearned revenue, amounts to support fund balance restrictions, unspent proceeds of debt, and amounts held on behalf of others.

Restricted Investments—The Town’s restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”).

Receivables—Receivables include amounts due from outside parties and intergovernmental receivables include 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.

Lease Receivable—The Town is a lessor for various leases. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Prepaid Items—Certain payments to vendors reflect costs applicable to future 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.

Other Assets—The General Fund records a \$150,000 payroll account deposit for use by their third party payroll specialist.

Capital Assets—Capital assets, which include buildings and building improvements, equipment, vehicles and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed.

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

Class of Asset	Threshold	Years
Land improvements	\$ 10,000	20
Buildings	50,000	40
Building improvements	25,000	20
Machinery and equipment	1,000	3-10
Infrastructure	50,000	20-30

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 and the balance sheet 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 qualifies for reporting in this category that are reported on the government-wide financial statements. 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 contribution and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contribution 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 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 and the balance sheet 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 three 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 total contributions to the pension systems not included in pension expense and it 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 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, and is reported on the government-wide financial statements. The final item, reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the Town's lease receivable and amortized over the life of the lease.

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 \$105,467 of unearned revenue in the General Fund related to grant funds received in advance and funding related to the American Rescue Plan Act but has not performed the services and therefore recognizes a 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 government 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 revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

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

Property Taxes—The 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.

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

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 program is administered by an outside agency, with the Town as trustee. Contributions and gains on LOSAP assets recognized during the year are recorded as miscellaneous revenues. More information regarding service awards 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 at the time of retirement as discussed in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures/expenses, assets, liabilities, deferred outflows of resources, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

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

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; and No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, and 102 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Town’s investment policies are governed by State statutes. 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 the State. The Town Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash, cash equivalents and investments, including restricted cash and investments, reported by the Town at December 31, 2023 is presented on the following page.

	Governmental Activities	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 760	\$ -	\$ 760
Deposits	5,008,780	276,469	5,285,249
Investments	321,185	-	321,185
Total	<u>\$ 5,330,725</u>	<u>\$ 276,469</u>	<u>\$ 5,607,194</u>

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 250,000	\$ 250,000
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	4,867,180	5,035,249
Total	<u>\$ 5,117,180</u>	<u>\$ 5,285,249</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2023, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Restricted Cash and Cash Equivalents—The Town reports cash from unearned revenues, unspent proceeds of debt, cash set aside to support restricted fund balances and cash held on behalf of others as restricted cash and cash equivalents. At December 31, 2023, the Town reported \$1,003,116 of restricted cash and cash equivalents within its governmental activities, and \$276,469 within its Custodial Fund.

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 statute.

Restricted Investments—The Town restricted investments consist of annuity contracts related to the Town's Length of Service Award Program ("LOSAP"), a defined benefit volunteer firefighter award program (see Note 7). The cost and fair value of the contracts amounted to \$321,185 as of December 31, 2023, and are recorded within the Fire District Fund.

Fair Value Measurements—Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Town has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;

- Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The investments disclosed above consist of 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.

3. RECEIVABLES

Revenues accrued by the Town at December 31, 2023 consisted of the following:

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

Governmental funds:	
General Fund:	
Franchise fees	\$ 115,734
Water District Fund:	
Water rents	39,692
Sewer District Fund:	
Sewer rents	<u>120,208</u>
Total governmental funds	<u>\$ 275,634</u>

Lease Receivables—The Town leases land and their water tower to various third parties. The Town will receive monthly payments which coincide with each contracted agreement between the lessor and lessee. The Town recognized \$202,714 in rental income in the Town's General Fund during the fiscal year related to these leases. As of December 31, 2023, the Town's outstanding receivable for lease payments were \$2,130,621 within the General Fund. Also, the Town reports a deferred inflow of resources associated with these lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balances of the deferred inflow of resources were \$2,134,874 within the General Fund.

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 is shown below:

General Fund:		
Due from Niagara County	\$ 278,382	
Other	<u>32,004</u>	\$ 310,386
Water District Fund:		
Due from Niagara County		71,035
Sewer District Fund:		
Due from Niagara County		169,684
Capital Projects Fund:		
Due from New York Power Authority	2,070	
Greenway funds	<u>662,938</u>	<u>665,008</u>
Total		<u>\$ 1,216,113</u>

4. CAPITAL ASSETS

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

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets not being depreciated:				
Land	\$ 893,329	\$ -	\$ -	\$ 893,329
Construction in progress	6,833,742	913,449	381,956	7,365,235
Total capital assets not being depreciated	7,727,071	913,449	381,956	8,258,564
Capital assets, being depreciated:				
Infrastructure	3,067,944	-	-	3,067,944
Buildings and improvements	7,051,899	329,468	-	7,381,367
Machinery and equipment	3,567,672	317,666	29,384	3,855,954
Vehicles	2,404,345	-	37,776	2,366,569
Total capital assets, being depreciated	16,091,860	647,134	67,160	16,671,834
Less accumulated depreciation for:				
Infrastructure	769,165	88,716	-	857,881
Buildings and improvements	3,540,962	203,784	-	3,744,746
Machinery and equipment	2,635,345	185,532	28,336	2,792,541
Vehicles	1,625,831	166,066	37,776	1,754,121
Total accumulated depreciation	8,571,303	644,098	66,112	9,149,289
Total capital assets being depreciated, net	7,520,557	3,036	1,048	7,522,545
Capital assets, net	\$ 15,247,628	\$ 916,485	\$ 383,004	\$ 15,781,109

Depreciation expense, for governmental activities, was charged to functions and programs of the primary government as follows:

Governmental activities:	
General government support	\$ 54,970
Public safety	37,969
Transportation	167,572
Culture and recreation	236,975
Home and community services	146,612
Total	<u>\$ 644,098</u>

5. ACCRUED LIABILITIES

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

	General Fund	Highway Fund	Water Fund	Sewer Fund	Total Governmental Funds
Salaries and employee benefits	\$ 24,680	\$ 11,055	\$ 7,928	\$ 4,423	\$ 48,086

6. PENSION PLANS

Plan Descriptions and Benefits Provided

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

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

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

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 835,451	\$ 1,395,275
Town's portion of the Plan's total net pension liability	0.0151611%	0.0065066%

For the year ended December 31, 2023, the Town recognized pension expenses of \$192,592 and \$482,940, 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 follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 81,657	\$ 148,608	\$ -	\$ 39,185
Changes of assumptions	407,113	677,636	-	7,489
Net difference between projected and actual earnings on pension plan investments	1,477	-	-	8,197
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	48,053	27,545	207,328	36,208
Town contributions subsequent to the measurement date	134,429	197,571	-	-
Total	<u>\$ 672,729</u>	<u>\$ 1,051,360</u>	<u>\$ 207,328</u>	<u>\$ 91,079</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 of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2024	\$ 35,896	\$ 168,741
2025	(60,478)	(76,690)
2026	227,321	285,498
2027	128,875	385,161
2028	(642)	-

Actuarial Assumptions—The total pension liabilities as of the measurement date was 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 date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.90%	5.90%
Salary scale	4.40%	6.20%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.90%	2.90%
Cost-of-living adjustments	1.50%	1.50%

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

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

Measurement date	PFRS and ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
	March 31, 2023	
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	100 %	

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 ERS' 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 liabilities.

Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption—The chart below presents the Town's proportionate share of the net pension liabilities calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liabilities would be if it 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	\$ 1,741,536	\$ 835,451	\$ 85,158
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 3,371,781	\$ 1,395,275	\$ (256,326)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2022	April 1, 2022	
Employers' total pension liability/(asset)	\$ 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/(asset)	\$ 5,510,470	\$ 21,444,036	\$ 26,954,506
System fiduciary net position as a percentage of total pension liability/(asset)	87.4%	90.8%	90.3%

7. PENSION OBLIGATIONS—LOSAP

Plan Description—The Town established a defined benefit Length of Service Awards Program (the “LOSAP”) for the active volunteer firefighters of the Town of Niagara Fire Protection District Service Award Program (the “Program”). The Program took effect on January 1, 1993. 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.

Certain information contained in this note is based on information for LOSAP as of December 31, 2022, which is the most recent valuation date for which complete information related to the year ended December 31, 2023 is available.

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 65. 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.

Benefits—A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$10 multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Benefits are not payable until 65. On and after that date, except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits. The program also provides optional line of duty disability benefits in the amount of \$0 (no provision for disability), and optional line of duty death benefits in the amount of \$20,000 (death benefit of \$20,000 payable regardless of being line of duty).

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 Penflex, Inc. to assist in the administration of the program.

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.

Authority to invest program assets is vested in the Investment Committee. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule.

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary, dated December 31, 2023.

Contributions—New York State General Municipal Law §219(d) requires the Town to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town.

Trust Assets—Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2022 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions—The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate—The discount rate used to measure the total pension liability was 4.31%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Service’s, AA by Fitch, or AA by Standard & Poor’s Rating Services.

Participants Covered by the Benefit Terms—At the December 31, 2022 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	16
Inactive participants entitled to but not yet receiving benefit payments	41
Active participants	25
Total	82

Changes in the Total Pension Liability—The following table presents the changes to the total pension liability during the fiscal year, by source:

	Total Pension Liability
Balance as of December 31, 2021 measurement date	\$ 925,143
Changes for the year:	
Service cost	9,951
Interest	20,684
Changes of assumptions or other inputs	(280,033)
Differences between expected and actual experience	67,587
Benefit payments	(23,380)
Net changes	(205,191)
Balance as of December 31, 2022 measurement date	\$ 719,952

Sensitivity of the Total Pension Liability to Changes in the Discount Rate—The following presents the total pension liability of the Town as of the December 31, 2022 measurement date, calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.31 percent) or one percentage point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Net pension liability	\$ 838,364	\$ 719,952	\$ 625,211

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension—For the year ended December 31, 2023, the Town recognized pension expense of \$22,696. At December 31, 2023, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,056	\$ 59,583
Changes of assumptions or other inputs	169,841	320,287
Benefit payments and administrative expenses subsequent to the measurement date	32,931	-
Total	\$ 307,828	\$ 379,870

Amounts reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year Ending December 31,	
2024	\$ (16,254)
2025	(16,254)
2026	(16,254)
2027	(16,254)
2028	(16,254)
Thereafter	(23,703)

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.

Employees Covered by Benefit Terms—As of the January 1, 2022 actuarial valuation date, the following employees were covered by the benefit terms:

Retired employees	28
Active employees	37
Total	<u>65</u>

Total OPEB Liability

The Town’s total OPEB liability of \$14,051,736 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2022.

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

In the January 1, 2022 actuarial valuation, the entry age normal method, as a level percentage of payroll was used. The single discount rate changed from 4.18% effective December 31, 2022 to 3.88% effective December 31, 2023. The salary scale remained consistent with the previous year. Mortality rates for retirees and surviving spouses were based on the Society of Actuaries Mortality Improvement scale MP-2019. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.00%, while the ultimate healthcare cost trend rate is 4.50%.

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

	Total OPEB Liability
Balance at December 31, 2022:	\$ 12,994,809
Changes for the year:	
Service cost	250,391
Interest	496,785
Changes in assumptions and other inputs	691,889
Benefits payments	(382,138)
Net changes	1,056,927
Balance at December 31, 2023:	\$ 14,051,736

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 table below presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (2.88%)	Current Discount Rate (3.88%)	1% Increase (4.88%)
Total OPEB liability	\$ 16,717,439	\$ 14,051,736	\$ 11,983,034

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 (6.00% / 3.50%)	Healthcare Cost Trend Rates (7.00% / 4.50%)	1% Increase (8.00% / 5.50%)
Total OPEB liability	\$ 11,717,990	\$ 14,051,736	\$ 17,117,414

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 \$382,138.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 770,509	\$ 3,275,210
Benefit payments subsequent to the measurement date	400,909	-
Total	\$ 1,171,418	\$ 3,275,210

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

<u>December 31,</u>	
2024	\$ (369,301)
2025	(369,301)
2026	(369,301)
2027	(391,390)
2028 and thereafter	(604,499)

9. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Town purchases insurance covering the liability for most risk including, but not limited to, general liability, vehicle liability, excess liability, and workers' compensation insurance.

There have been no significant reductions in the levels of commercial insurance from the prior year.

10. LONG-TERM LIABILITIES

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

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

The Town's outstanding long-term liabilities include bonds payable, compensated absences, OPEB obligation and net pension liabilities. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of the Town's long-term debt at December 31, 2023 is presented below.

	Balance			Balance	Due Within
	1/1/2023	Additions	Reductions	12/31/2023	One Year
Serial bonds	\$ 5,105,000	\$ -	\$ 720,000	\$ 4,385,000	\$ 480,000
Premium on serial bonds	80,400	-	16,459	63,941	16,459
Bonds payable	5,185,400	-	736,459	4,448,941	496,459
Compensated absences	232,434	59,120	24,107	267,447	26,745
OPEB obligation	12,994,809	1,439,065	382,138	14,051,736	-
Net pension liability*	117,228	2,113,498	-	2,230,726	-
Total pension liability—LOSAP	925,143	98,222	303,413	719,952	-
Total	<u>\$ 19,455,014</u>	<u>\$ 3,709,905</u>	<u>\$ 1,446,117</u>	<u>\$ 21,718,802</u>	<u>\$ 523,204</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. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities ranging between 5 to 20 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund, Highway Fund, Water Fund and Sewer Fund. A summary of additions and payments for the year ended December 31, 2023 is presented below:

Description	Issue/ Maturity	Original Issue	Interest Rate (%)	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023	Within One Year
General Fund:								
Veterans Memorial Park	2021-2036	2,622,000	1.00-2.00	\$ 2,470,000	\$ -	\$ 155,000	\$ 2,315,000	\$ 160,000
Various purposes	2021-2025	1,163,424	2.00-3.00	436,517	-	218,400	218,117	134,400
Highway-Townwide Fund:								
Highway roads	2018-2023	3,000,000	2.75-2.88	95,000	-	95,000	-	-
Various purposes	2021-2025	1,163,424	2.00-3.00	181,188	-	89,700	91,488	55,200
Water Fund:								
Water tank improvements	2022-2042	1,760,000	3.95	1,760,000	-	80,000	1,680,000	80,000
Sewer Fund:								
Various purposes	2021-2025	1,163,424	2.00-3.00	162,295	-	81,900	80,395	50,400
Total				<u>\$ 5,105,000</u>	<u>\$ -</u>	<u>\$ 720,000</u>	<u>\$ 4,385,000</u>	<u>\$ 480,000</u>

Premium on Serial Bonds—Previously, the Town issued refunding serial bonds at a premium. The premium is being amortized on a straight-line basis over the life of the bonds. The total unamortized premium as of December 31, 2023 was \$63,941.

Compensated Absences—As explained in Note 1, certain Town employees are permitted to accumulate earned but unused vacation and sick benefits. Upon retirement, these employees are entitled to compensation for such unused benefits. The payment in cash or health care benefits depends upon individual options selected upon retirement in accordance with the contractual agreement. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value of Town's compensated absences liability at December 31, 2023 is \$267,447, of which \$26,745 has been included as due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 8, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town's annual other postemployment benefit ("OPEB") cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability). The long-term OPEB obligation is estimated to be \$14,051,736 at December 31, 2023.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System and Police and Fire Retirement System. The total net pension liability is estimated to be \$2,230,726 in the governmental activities. Refer to Note 6 for additional information related to the Town's net pension liability.

Total Pension Liability—LOSAP—The Town reports a liability for its proportionate share of the net pension liability for the Length of Service Awards Program. The total pension liability is estimated to be \$719,952 in the governmental activities. Refer to Note 7 additional information related to the Town's total pension liability—LOSAP.

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

Year Ending December 31,	Serial Bonds	Premium on Serial Bonds	Compensated Absences	OPEB Obligation	Net Pension Liability	Total Pension Liability LOSAP	Total
2024	\$ 480,000	\$ 16,459	\$ 26,745	\$ -	\$ -	\$ -	\$ 523,204
2025	390,000	5,021	-	-	-	-	395,021
2026	255,000	3,981	-	-	-	-	258,981
2027	260,000	3,981	-	-	-	-	263,981
2028	235,000	3,981	-	-	-	-	238,981
2029-2033	1,285,000	19,905	-	-	-	-	1,304,905
2034-2038	1,045,000	10,613	-	-	-	-	1,055,613
2039 and thereafter	435,000	-	240,702	14,051,834	2,230,726	719,952	17,678,214
Total	<u>\$ 4,385,000</u>	<u>\$ 63,941</u>	<u>\$ 267,447</u>	<u>\$ 14,051,834</u>	<u>\$ 2,230,726</u>	<u>\$ 719,952</u>	<u>\$ 21,718,900</u>

Interest requirements on serial bonds are as follows:

Year Ending December 31,	Interest
2024	\$ 121,160
2025	109,200
2026	99,940
2027	93,085
2028	86,130
2029-2033	336,080
2034-2038	165,405
2039 and thereafter	43,648
Total	<u>\$ 1,054,648</u>

11. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 15,781,109
Related debt:		
Serial bonds issued	(4,385,000)	
Unamortized bond issue premium	(63,941)	
Capital projects fund accounts payable	(168,973)	
Unspent proceeds from debt	897,649	(3,720,265)
Net investment in capital assets		<u>\$ 12,060,844</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.
- **Unrestricted Net Position**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2023 includes:

	General Fund	Highway Fund	Water Fund	Sewer Fund	Total
Prepaid items	\$ 78,510	\$ 14,340	\$ 6,976	\$ 10,840	\$ 110,666
Payroll account deposit	150,000	-	-	-	150,000
Total	<u>\$ 228,510</u>	<u>\$ 14,340</u>	<u>\$ 6,976</u>	<u>\$ 10,840</u>	<u>\$ 260,666</u>

- **Prepaid Items**—Represents the portion of fund balance composed of prepaid assets. This balance is nonspendable as the asset does not represent an available resource.
- **Payroll Account Deposit**—Represents an advanced deposit payment for use by outside payroll service for payroll and payroll taxes.

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. Restricted fund balances of the Town at December 31, 2023 are presented in the following table:

	General Fund	Highway Fund	Sewer Fund	Fire District Fund	Capital Projects Fund	Total
Debt	\$ 161,411	\$ 28,645	\$ 40,849	\$ -	\$ -	\$ 230,905
LOSAP	-	-	-	321,185	-	321,185
Capital projects	-	-	-	-	2,281,779	2,281,779
Total restricted fund balance	<u>\$ 161,411</u>	<u>\$ 28,645</u>	<u>\$ 40,849</u>	<u>\$ 321,185</u>	<u>\$ 2,281,779</u>	<u>\$ 2,833,869</u>

- **Restricted for Debt**—Represents unspent debt proceeds which is restricted for the payment of future debt service requirements.
- **Restricted for LOSAP**—Represents monies held in trust for the administration of the Town's LOSAP.
- **Restricted for Capital Projects**—Represents amounts reserved for future capital project expenditures. Included within this balance are amounts restricted for Greenway projects of \$2,281,779.

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, or by its designated body or official. As of 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 following balances were considered to be assigned:

	General Fund	Highway Fund	Water Fund	Sewer Fund	Fire District Fund	Lighting District Fund	Total
Compensated absences	\$ 148,015	\$ 26,439	\$ 58,175	\$ 34,818	\$ -	\$ -	\$ 267,447
Specific use	-	411,413	500,996	596,252	243,950	74,338	1,826,949
Total assigned fund balance	<u>\$ 148,015</u>	<u>\$ 437,852</u>	<u>\$ 559,171</u>	<u>\$ 631,070</u>	<u>\$ 243,950</u>	<u>\$ 74,338</u>	<u>\$ 2,094,396</u>

- **Assigned for Compensated Absences**—Represents funds set aside to be used for the payment of compensated absences.
- **Assigned for Specific Use**—Represents remaining fund balance of special revenue funds to be used for each fund's specific use.

Unassigned fund balance represents the residual classification of the government's General Fund surplus.

The Town will spend the most restricted dollars before less restricted where such spending is appropriate and the legal restriction does not limit the use of such restricted amount for the particular purpose in question in the following order: 1) nonspendable (if funds become spendable), 2) restricted, 3) committed, 4) assigned, and 5) unassigned.

12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the ensuing year.

Interfund receivables and payables of the Town at December 31, 2023 are presented below:

Fund	Interfund	
	Receivables	Payables
Governmental funds:		
General Fund	\$ 68,451	\$ 1,004,316
Highway Fund	-	65,000
Water Fund	-	10,000
Sewer Fund	-	44,000
Fire Protection District Fund	-	68,451
Capital Projects Fund	1,119,000	-
Custodial Fund	4,316	-
Total	<u>\$ 1,191,767</u>	<u>\$ 1,191,767</u>

The Town made the following transfers during the year ended December 31, 2023:

Fund	Transfers in	Transfers out
General Fund	\$ -	\$ 1,221,812
Highway Fund	183,292	65,000
Water Fund	-	10,000
Sewer Fund	-	77,318
Fire District Fund	38,520	-
Capital Projects Fund	1,152,318	-
Total	<u>\$ 1,374,130</u>	<u>\$ 1,374,130</u>

Transfers are used primarily to pay debt service expenditures, to support and close out capital projects.

13. RELATED PARTY TRANSACTIONS

In December 2023, after a search for quotes from local vendors led to insufficient responses, the Town entered into an agreement with a full-time employee to perform contractual work for the Town in relocating and redesigning the Town's Police Office. The work took place on nights and weekends during December 2023 and January 2024 and was conducted by an employee with previous construction and remodeling experience. Work began in December 2023 after recommendation by the Supervisor and Police Chief and was formally approved by the full Town Board upon payment to the employee of \$18,000 in January 2024.

14. LABOR CONTRACTS

Town employees are represented by two bargaining units: CSEA, Local 832 and the Police Benevolent Association, which are settled through December 31, 2023 and 2026, 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-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2023, the Town did not report any significant encumbrances.

16. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Niagara County Industrial Development Agency ("NCIDA") and the Town of Niagara under New York State private housing finance law. These programs have the stated purpose of increasing business activity and employment in the region and providing housing for senior citizens and disabled citizens with low to moderate income. Economic development agreements entered into by the NCIDA includes the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the NCIDA and the Town, the Town collected \$121,282 during 2023 in payments in lieu of taxes ("PILOT"); these collections were made in lieu of \$184,954 in property taxes.

17. CONTINGENCIES

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

Grants—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditure that 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 financial condition or results of operation of the Town.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 19, 2024, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
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
Town's proportion of the net pension liability	0.0151611%	0.0206372%	0.0201598%	0.0164499%	0.0252632%	0.02585261%	0.0219918%	0.018759%	0.016229%
Town's proportionate share of the net pension liability	<u>\$ 835,451</u>	<u>\$ 117,228</u>	<u>\$ 350,030</u>	<u>\$ 879,236</u>	<u>\$ 423,679</u>	<u>\$ 261,343</u>	<u>\$ 455,813</u>	<u>\$ 555,436</u>	<u>\$ 44,655</u>
Town's covered payroll	<u>\$ 688,030</u>	<u>\$ 621,424</u>	<u>\$ 755,161</u>	<u>\$ 771,606</u>	<u>\$ 755,174</u>	<u>\$ 855,066</u>	<u>\$ 795,616</u>	<u>\$ 779,484</u>	<u>\$ 664,155</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	121.4%	18.9%	46.4%	113.9%	56.1%	30.6%	57.3%	71.3%	6.7%
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%	98.5%

*Information prior to the year ended December 31, 2015 is not available.

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

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 173,966	\$ 160,449	\$ 158,461	\$ 131,768	\$ 116,983	\$ 132,862	\$ 127,281	\$ 142,091	\$ 123,922
Contributions in relation to the contractually required contribution	(173,966)	(160,449)	(158,461)	(131,768)	(116,983)	(132,862)	(127,281)	(142,091)	(123,922)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 735,682	\$ 677,431	\$ 788,859	\$ 771,606	\$ 755,174	\$ 855,066	\$ 795,616	\$ 779,484	\$ 664,155
Contributions as a percentage of covered payroll	23.6%	23.7%	20.1%	17.1%	15.5%	15.5%	16.0%	18.2%	18.7%

*Information prior to the year ended December 31, 2015 is not available.

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

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
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
Town's proportion of the net pension liability/(asset)	0.0065066%	0.0059331%	0.0062109%	0.0063210%	0.0073890%	0.0063859%	0.0069471%	0.00668200%	0.00621540%
Town's proportionate share of the net pension liability/(asset)	\$ 1,395,275	\$ (485,006)	\$ 6,184	\$ 1,673,847	\$ 523,532	\$ 206,102	\$ 652,762	\$ 1,072,478	\$ 209,970
Town's covered payroll	\$ 1,979,332	\$ 1,861,589	\$ 2,034,690	\$ 2,103,261	\$ 2,127,878	\$ 2,053,831	\$ 1,911,499	\$ 1,839,028	\$ 1,856,089
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	70.5%	(26.1)%	0.3%	79.6%	24.6%	10.0%	34.1%	58.3%	11.3%
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%	97.9%

*Information prior to the year ended December 31, 2015 is not available.

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

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 265,835	\$ 277,109	\$ 284,061	\$ 268,431	\$ 275,524	\$ 298,467	\$ 294,387	\$ 304,642	\$ 346,668
Contributions in relation to the contractually required contribution	(265,835)	(277,109)	(284,061)	(268,431)	(275,524)	(298,467)	(294,387)	(304,642)	(346,668)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 2,089,221	\$ 1,977,606	\$ 2,150,290	\$ 2,103,261	\$ 2,127,878	\$ 2,053,831	\$ 1,911,499	\$ 1,839,028	\$ 1,856,089
Contributions as a percentage of covered payroll	12.7%	14.0%	13.2%	12.8%	12.9%	14.5%	15.4%	16.6%	18.7%

*Information prior to the year ended December 31, 2015 is not available.

TOWN OF NIAGARA, 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	\$ 250,391	\$ 222,068	\$ 386,120	\$ 378,306	\$ 210,148	\$ 204,027
Interest	496,785	687,723	331,588	311,720	566,480	546,586
Changes of assumptions and other inputs	691,889	(4,174,649)	(102,170)	338,567	-	-
Benefit payments	(382,138)	(386,063)	(289,644)	(280,858)	(223,774)	(230,391)
Net change in total OPEB liability	1,056,927	(3,650,921)	325,894	747,735	552,854	520,222
Total OPEB liability—beginning	12,994,809	16,645,730	16,319,836	15,572,101	15,019,247	14,499,025
Total OPEB liability—ending	<u>\$ 14,051,736</u>	<u>\$ 12,994,809</u>	<u>\$ 16,645,730</u>	<u>\$ 16,319,836</u>	<u>\$ 15,572,101</u>	<u>\$ 15,019,247</u>
Plan Fiduciary Net Position						
Contributions—employer	\$ 382,138	\$ 386,063	\$ 289,644	\$ 280,858	\$ 223,774	\$ 230,391
Benefit payments	(382,138)	(386,063)	(289,644)	(280,858)	(223,774)	(230,391)
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>\$ 14,051,736</u>	<u>\$ 12,994,809</u>	<u>\$ 16,645,730</u>	<u>\$ 16,319,836</u>	<u>\$ 15,572,101</u>	<u>\$ 15,019,247</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	\$ 2,269,943	\$ 2,269,943	\$ 2,073,960	\$ 2,073,960	\$ 1,980,262	\$ 1,985,900
Town's net OPEB liability as a percentage of covered-employee payroll	619.0%	572.5%	802.6%	786.9%	786.4%	756.3%

*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 NIAGARA, NEW YORK
Schedule of Change in the Town's Total Pension Liability—LOSAP
Last Three Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability			
Service cost	\$ 9,951	\$ 14,600	\$ 15,466
Interest	20,684	20,827	25,330
Changes of assumptions or other inputs	(280,033)	(87,806)	224,629
Differences between expected and actual experience	67,587	(75,686)	58,772
Benefit payments	<u>(23,380)</u>	<u>(22,620)</u>	<u>(19,790)</u>
Net changes in total pension liability	(205,191)	(150,685)	304,407
Total pension liability—beginning	<u>925,143</u>	<u>1,075,828</u>	<u>771,421</u>
Total pension liability—ending	<u>\$ 719,952</u>	<u>\$ 925,143</u>	<u>\$ 1,075,828</u>
 Covered-employee payroll	 N/A	 N/A	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A	 N/A	 N/A

*Information prior to the year ended December 31, 2021 is not available.

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 132,000	\$ 132,000	\$ 129,042	\$ (2,958)
Non property tax items	2,478,242	2,478,242	2,483,246	5,004
Departmental income	49,625	49,625	54,239	4,614
Use of money and property	14,600	14,600	43,895	29,295
Licenses and permits	1,507,489	1,507,489	1,544,945	37,456
Fines and forfeitures	300,025	300,025	148,790	(151,235)
Sale of property and compensation for loss	5,000	5,000	31,397	26,397
Miscellaneous	1,200,000	1,200,000	1,479,944	279,944
State aid	136,948	136,948	211,780	74,832
Federal aid	253,297	253,297	266,080	12,783
Total revenues	6,077,226	6,077,226	6,393,358	316,132
EXPENDITURES				
Current:				
General government support	1,243,741	1,243,741	1,241,402	2,339
Public safety	1,286,077	1,286,077	1,256,395	29,682
Health	3,180	3,180	3,180	-
Transportation	108,474	108,474	108,471	3
Economic assistance and opportunity	1,105	1,105	1,102	3
Culture and recreation	678,719	678,719	674,533	4,186
Home and community services	43,053	43,053	43,049	4
Employee benefits	1,152,365	1,152,365	1,152,348	17
Debt service:				
Principal	290,000	290,000	290,000	-
Interest and other fiscal charges	48,700	48,700	26,375	22,325
Total expenditures	4,855,414	4,855,414	4,796,855	58,559
Excess of revenues over expenditures	1,221,812	1,221,812	1,596,503	374,691
OTHER FINANCING USES				
Transfers out	(1,221,812)	(1,221,812)	(1,221,812)	-
Total other financing uses	(1,221,812)	(1,221,812)	(1,221,812)	-
Net change in fund balances	-	-	374,691	374,691
Fund balances—beginning	1,182,763	1,182,763	1,182,763	-
Fund balances—ending	\$ 1,182,763	\$ 1,182,763	\$ 1,557,454	\$ 374,691

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

TOWN OF NIAGARA, 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>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 952,530	\$ 952,530	\$ 952,530	\$ -
Non property tax items	425,000	425,000	425,000	-
Intergovernmental charges	30,000	30,000	115,389	85,389
Use of money and property	500	500	2,732	2,232
Licenses and permits	500	500	225	(275)
Sale of property and compensation for loss	8,750	8,750	8,899	149
State aid	<u>148,400</u>	<u>148,400</u>	<u>101,060</u>	<u>(47,340)</u>
Total revenues	<u>1,565,680</u>	<u>1,565,680</u>	<u>1,605,835</u>	<u>40,155</u>
EXPENDITURES				
Current:				
Transportation	1,270,954	1,270,954	1,254,102	16,852
Employee benefits	262,322	262,322	244,408	17,914
Debt service:				
Principal	201,400	201,400	201,400	-
Interest and other fiscal charges	<u>9,568</u>	<u>9,568</u>	<u>9,568</u>	<u>-</u>
Total expenditures	<u>1,744,244</u>	<u>1,744,244</u>	<u>1,709,478</u>	<u>34,766</u>
Excess (deficiency) of revenues over expenditures	<u>(178,564)</u>	<u>(178,564)</u>	<u>(103,643)</u>	<u>74,921</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	183,292	183,292	183,292	-
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(65,000)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>168,292</u>	<u>168,292</u>	<u>118,292</u>	<u>(50,000)</u>
Net change in fund balances*	(10,272)	(10,272)	14,649	24,921
Fund balances—beginning	<u>466,188</u>	<u>466,188</u>	<u>466,188</u>	<u>-</u>
Fund balances—ending	<u>\$ 455,916</u>	<u>\$ 455,916</u>	<u>\$ 480,837</u>	<u>\$ 24,921</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 NIAGARA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Water Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 277,745	\$ 277,745	\$ 277,744	\$ (1)
Departmental income	746,500	746,500	678,788	(67,712)
Use of money and property	90,000	90,000	162,022	72,022
Licenses and permits	7,500	7,500	14,353	6,853
Sale of property and compensation for loss	200	200	6,649	6,449
Total revenues	<u>1,121,945</u>	<u>1,121,945</u>	<u>1,139,556</u>	<u>17,611</u>
EXPENDITURES				
Current:				
Home and community services	792,812	792,812	844,636	(51,824)
Employee benefits	200,511	200,511	166,803	33,708
Debt service:				
Principal	60,000	60,000	60,000	-
Interest and other fiscal charges	62,822	62,822	62,821	1
Total expenditures	<u>1,116,145</u>	<u>1,116,145</u>	<u>1,134,260</u>	<u>(18,115)</u>
Excess of revenues over expenditures	<u>5,800</u>	<u>5,800</u>	<u>5,296</u>	<u>(504)</u>
OTHER FINANCING USES				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances*	(4,200)	(4,200)	(4,704)	(504)
Fund balances—beginning	<u>570,851</u>	<u>570,851</u>	<u>570,851</u>	<u>-</u>
Fund balances—ending	<u>\$ 566,651</u>	<u>\$ 566,651</u>	<u>\$ 566,147</u>	<u>\$ (504)</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 NIAGARA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 840,294	\$ 840,294	\$ 840,294	\$ -
Departmental income	1,423,318	1,423,318	1,300,942	(122,376)
Use of money and property	200	200	3,502	3,302
Licenses and permits	10,200	10,200	1,300	(8,900)
Miscellaneous	100,000	100,000	119,976	19,976
Total revenues	<u>2,374,012</u>	<u>2,374,012</u>	<u>2,266,014</u>	<u>(107,998)</u>
EXPENDITURES				
Current:				
Home and community services	1,859,932	1,859,932	2,005,517	(145,585)
Employee benefits	197,226	197,226	196,742	484
Debt service:				
Principal	168,600	168,600	168,600	-
Interest and other fiscal charges	<u>70,936</u>	<u>70,936</u>	<u>70,932</u>	<u>4</u>
Total expenditures	<u>2,296,694</u>	<u>2,296,694</u>	<u>2,441,791</u>	<u>(145,097)</u>
Excess (deficiency) of revenues over expenditures	<u>77,318</u>	<u>77,318</u>	<u>(175,777)</u>	<u>(253,095)</u>
OTHER FINANCING USES				
Transfers out	<u>(77,318)</u>	<u>(77,318)</u>	<u>(77,318)</u>	<u>-</u>
Total other financing uses	<u>(77,318)</u>	<u>(77,318)</u>	<u>(77,318)</u>	<u>-</u>
Net change in fund balances	-	-	(253,095)	(253,095)
Fund balances—beginning	<u>935,854</u>	<u>935,854</u>	<u>935,854</u>	<u>-</u>
Fund balances—ending	<u>\$ 935,854</u>	<u>\$ 935,854</u>	<u>\$ 682,759</u>	<u>\$ (253,095)</u>

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 678,113	\$ 678,113	\$ 678,113	\$ -
Total revenues	678,113	678,113	678,113	-
EXPENDITURES				
Current:				
Public safety	464,633	464,633	371,150	93,483
Employee benefits	252,000	252,000	313,967	(61,967)
Total expenditures	716,633	716,633	685,117	31,516
Excess of revenues over expenditures	(38,520)	(38,520)	(7,004)	31,516
OTHER FINANCING SOURCES				
Transfers in	38,520	38,520	38,520	-
Total other financing sources	38,520	38,520	38,520	-
Net change in fund balances	-	-	31,516	31,516
Fund balances—beginning	533,619	533,619	533,619	-
Fund balances—ending	\$ 533,619	\$ 533,619	\$ 565,135	\$ 31,516

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Total revenues	125,000	125,000	125,000	-
EXPENDITURES				
Current:				
Transportation	125,000	125,000	103,698	21,302
Total expenditures	125,000	125,000	103,698	21,302
Net change in fund balances	-	-	21,302	21,302
Fund balances—beginning	53,036	53,036	53,036	-
Fund balances—ending	\$ 53,036	\$ 53,036	\$ 74,338	\$ 21,302

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

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TOWN OF NIAGARA, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2023

1. OPEB LIABILITY

Changes of Assumptions—The actuarial cost method used as of January 1, 2022 was the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75.

The rate used to discount future plan cash flows increased from 4.18% to 3.88% as of December 31, 2023. The salary scale remained consistent with the previous year.

Mortality rates for retirees and surviving spouses were based on the Society of Actuaries Mortality Improvement scale MP-2019. 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%.

2. PENSION LIABILITY—LOSAP

Changes of Assumptions or Other Inputs—The discount rate used to measure the total pension liability was based on yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2022	4.31%
December 31, 2021	2.24%

Trust Assets—There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

3. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Capital Projects Fund. The Capital Projects Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project's inception and lapse upon completion/termination of the grant/funding/project.

The appropriated budget is prepared by fund, function, and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments 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 department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related 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 expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of Expenditures over Appropriations—The Town's Water Fund, Sewer Fund and Lighting Fund incurred expenditures for the year ended December 31, 2023 which exceeded the final budgeted appropriations as follows:

- Highway Fund—Transfers out—The \$50,000 variance is due to the unanticipated transfer to the capital projects fund for the purchase of new highway equipment.
- Sewer Fund—Transfer Out—The \$145,585 variance is due to unanticipated increase in the cost of sewage treatment related to significant increase in the price of chemicals.
- Fire Protection Fund—Employee Benefits—The \$61,967 variance is due to increases in the local pension fund and increases to workers compensation that were not anticipated during the original budget process.
- Water Fund—Home and community services—The \$51,824 variance is due to an additional payment made for water usage.

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



**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 Niagara, 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 Niagara, 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 April 19, 2024.

Report On Internal Control Over Financial Reporting

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

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

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

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Druecher & Malucki, LLC

April 19, 2024