

**TOWN OF NIAGARA,
NEW YORK**

*Basic Financial Statements, and Required Supplementary
Information for the Year Ended December 31, 2024 and
Independent Auditors' Reports*

TOWN OF NIAGARA, NEW YORK
Table of Contents
Year Ended December 31, 2024

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet—Governmental Funds	14
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities	17
Statement of Fiduciary Net Position—Fiduciary Fund.....	18
Statement of Changes in Fiduciary Net Position—Fiduciary Fund.....	19
Notes to the Financial Statements	20
Required Supplementary Information:	
Schedule of the Town's Proportionate Share of the Net Pension Liability—Police and Fire Retirement System	46
Schedule of the Town's Contributions—Police and Fire Retirement System	47
Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset)—Employees' Retirement System.....	48
Schedule of the Town's Contributions—Employees' Retirement System.....	49

(continued)

TOWN OF NIAGARA, NEW YORK

Table of Contents

Year Ended December 31, 2024

	(concluded)
	<u>Page</u>
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios.....	50
Schedule of Changes in the Town's Total Pension Liability—LOSAP.....	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund.....	52
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Highway Fund.....	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Water Fund.....	54
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Sewer Fund	55
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Fire District Fund.....	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Lighting District Fund.....	57
Notes to the Required Supplementary Information.....	58
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 <i>Government Auditing Standards</i>	60

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, 2024, 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, 2024, 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 May 14, 2025 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.

Brucher & Maluki, LLC

May 14, 2025

TOWN OF NIAGARA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2024

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, 2024. 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 \$926,965 (*net position*). This consists of \$12,732,702 net investment in capital assets, \$2,219,748 restricted for specific purposes, and unrestricted net position of \$(15,879,415).
- The Town's governmental activities total net position decreased \$404,411 during the year ended December 31, 2024.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$5,604,344, a decrease of \$604,105 in comparison with the prior year's fund balance of \$6,208,449.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$597,446, or 10.8 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town's discretion and constitutes approximately 43.4 percent of the General Fund's total fund balance of \$1,376,282 at December 31, 2024.
- The Town's total serial bonds outstanding decreased by \$480,000 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 \$926,965 at the close of the most recent year, as compared to \$522,554 at the close of the fiscal year ended December 31, 2023.

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,	
	2024	2023
Current assets	\$ 8,329,455	\$ 9,213,759
Noncurrent assets	16,080,634	15,781,109
Total assets	24,410,089	24,994,868
Deferred outflows of resources	2,633,226	3,203,335
Current liabilities	834,788	913,594
Noncurrent liabilities	20,355,804	21,718,802
Total liabilities	21,190,592	22,632,396
Deferred inflows of resources	6,779,688	6,088,361
Net position:		
Net investment in capital assets	12,732,702	12,060,844
Restricted	2,219,748	321,185
Unrestricted	(15,879,415)	(12,904,583)
Total net position	\$ (926,965)	\$ (522,554)

The largest portion of the Town's net position, \$12,732,702, 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, \$2,219,748, 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, \$(15,879,415), 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, 2024 and December 31, 2023.

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

	Governmental Activities	
	Year Ended December 31,	
	2024	2023
Program revenues:		
Charges for services	\$ 3,170,593	\$ 3,975,825
Operating grants and contributions	1,865,100	266,080
Capital grants and contributions	140,237	1,875,392
General revenues	6,659,856	6,473,981
Total revenues	11,835,786	12,591,278
Total expenses	12,240,197	9,818,461
Change in net position	(404,411)	2,772,817
Net position—beginning	(522,554)	(3,295,371)
Net position—ending	\$ (926,965)	\$ (522,554)

Overall revenues decreased by 6.0 percent from the prior year due to decreases in charges for services related to license and permit fees resulting from a one-time payment from Amazon in the prior year. Total expenses increased 24.7 percent from the year ended December 31, 2023, primarily related to the allocable expenses related to the Town's post-employment benefits obligation.

A summary of sources of revenues of the governmental activities for the years ended December 31, 2024 and December 31, 2023 is presented below in Table 3.

Table 3—Summary of Sources of Revenues

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Charges for services	\$ 3,170,593	\$ 3,975,825	\$ (805,232)	(20.3)
Operating grants and contributions	1,865,100	266,080	1,599,020	601.0
Capital grants and contributions	140,237	1,875,392	(1,735,155)	(92.5)
Property and other taxes	5,964,900	5,910,969	53,931	0.9
Use of money and property	326,225	212,151	114,074	53.8
Sale of property and compensation for loss	37,360	54,030	(16,670)	(30.9)
Miscellaneous	154,248	101,147	53,101	52.5
State sources—unrestricted	177,123	195,684	(18,561)	(9.5)
Total revenues, net	\$ 11,835,786	\$ 12,591,278	\$ (755,492)	(6.0)

The most significant source of revenues is property and other taxes, which accounts for \$5,964,900, or 50.4 percent of total revenues for the year ended December 31, 2024, and \$5,910,969, or 46.9 percent of total revenues, for the year ended December 31, 2023. The next largest source of revenue is charges for services, which comprises \$3,170,593, or 26.8 percent of total revenues and \$3,975,825, or 31.6 percent of total revenues for the years ended December 31, 2024 and 2023, respectively.

A summary of program expenses for the years ended December 31, 2024 and December 31, 2023 is presented below in Table 4.

Table 4—Summary of Program Expenses

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
General government support	\$ 2,030,863	\$ 1,488,422	\$ 542,441	36.4
Public safety	2,589,254	1,891,820	697,434	36.9
Health	4,292	3,686	606	16.4
Transportation	2,009,011	1,870,368	138,643	7.4
Economic assistance and opportunity	233,317	108,413	124,904	115.2
Culture and recreation	1,787,734	1,442,668	345,066	23.9
Home and community services	3,429,099	2,863,514	565,585	19.8
Interest and other fiscal charges	156,627	149,570	7,057	4.7
Total	\$ 12,240,197	\$ 9,818,461	\$ 2,421,736	24.7

For the year ended December 31, 2024, the Town's significant expense items for the year ended December 31, 2024 were home and community services of \$3,429,099 or 28.0 percent of total expenses, public safety of \$2,589,254 or 21.2 percent of total expenses, general government support of \$2,030,863, or 16.6 percent of total expenses and transportation of \$2,009,011, or 16.4 percent of total expenses. For the year ended December 31, 2023 significant expense items 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.

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, 2024, the Town's governmental funds reported a combined ending fund balance of \$5,604,344, a decrease of \$604,105 from the prior year. Approximately 10.7 percent of this amount, \$597,446, 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, \$276,836, (2) restricted for particular purposes, \$2,824,299, or (3) assigned for particular purposes, \$1,905,763.

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 \$597,446. The total fund balance decreased \$181,172 to a total fund balance of \$1,376,282 mainly due to lower sales tax collections were lower than anticipated. 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 10.8 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 24.9 percent of that same amount.

During the year ended December 31, 2024, the Town's Highway Fund fund balance decreased \$54,209 from the prior year, resulting in an ending fund balance of \$426,628. The decrease was primarily due to greater than anticipated transportation expenditures. Approximately 83.6 percent of this amount, \$356,631 is reported as fund balance assigned for specific highway use.

At December 31, 2024, the Town's Water Fund reported fund balance of \$547,024, a decrease of \$19,123 in comparison with the prior year. The decrease was primarily due to lower than anticipated water rent collections. Approximately 87.3 percent, or \$477,403, of this amount is reported as fund balance assigned for specific water use.

At December 31, 2024, the Town's Sewer Fund reported fund balance of \$422,854, a decrease of \$259,905 in comparison with the prior year. The decrease was primarily related to increased water rates established by the Niagara Falls Water Board that were not anticipated during the budget process. Approximately 81.0 percent of the Sewer Fund fund balance, \$342,713, is fund balance assigned for specific sewer use.

At December 31, 2024, the Town's Fire District Fund reported fund balance of \$495,728, a decrease of \$69,407 in comparison with the prior year. The decrease was primarily due to greater than expected employee benefits expenditures. Approximately 24.7 percent of the Fire District Fund fund balance, \$122,415, is fund balance assigned for specific fire use.

At December 31, 2024, the Town's Lighting District Fund reported fund balance of \$115,747, an increase of \$41,409 in comparison with the prior year. The increase was primarily due to savings realized within 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 decreased \$61,698 during the year ended December 31, 2024 due to capital outlays exceeding revenues and transfers in. The ending fund balance in the Capital Projects Fund was \$2,220,081.

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, 2024 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	\$ 4,729,558	\$ 5,307,907	\$ 5,340,093	\$ 32,186
Expenditures and other financing uses	4,729,558	5,307,907	5,521,265	(213,358)
(Deficiency) of revenues over expenditures and other financing uses	\$ -	\$ -	\$ (181,172)	\$ (181,172)

Final budget compared to actual results—Total revenues were more than the final budget by \$32,186, due to significant interest earnings and state aid. Total expenditures and other financing uses were greater than the final budget by \$213,358 due greater than anticipated costs within general government support and employee benefits expenditures.

Capital Asset and Debt Administration

Capital assets—The Town's investment in capital assets for its governmental activities as of December 31, 2024, amounted to \$16,080,634 (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, 2024 and 2023 are presented in Table 6.

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

	Governmental Activities	
	December 31,	
	2024	2023
Land	\$ 893,329	\$ 893,329
Construction in progress	7,977,443	7,365,235
Infrastructure	2,121,349	2,210,063
Buildings and improvements	3,430,861	3,636,621
Machinery and equipment	1,009,405	1,063,413
Vehicles	648,247	612,448
Total	\$ 16,080,634	\$ 15,781,109

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

Long-term liabilities—At December 31, 2024, the Town had bonded debt outstanding of \$3,905,000, as compared to \$4,385,000 at December 31, 2023, as a result of scheduled principal payments of \$480,000.

A summary of long-term liabilities for the governmental activities at December 31, 2024 and 2023 are presented below:

	Governmental Activities	
	December 31,	
	2024	2023
Serial bonds	\$ 3,905,000	\$ 4,385,000
Premium on serial bonds	47,483	63,941
Compensated absences	228,972	267,447
Other postemployment benefits	13,697,895	14,051,736
Net pension liability	1,711,754	2,230,726
Total pension liability—LOSAP	764,700	719,952
Total	<u>\$ 20,355,804</u>	<u>\$ 21,718,802</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 2024 was 4.0 percent. This compares to the New York State and national unemployment rate of 4.0 and 4.4 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 2025 budget.

The adopted 2025 budget overall provided a 0.39% homestead tax rate increase, the overall non-homestead tax rate increased by 2.6%. The Town will raise \$52,667 more in real property taxes in 2025 than 2024. The Town appropriated fund balance of \$261,882 within the 2025 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

** THIS PAGE INTENTIONALLY LEFT BLANK **

TOWN OF NIAGARA, NEW YORK
Statement of Net Position
December 31, 2024

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,063,297
Restricted cash and cash equivalents	2,039,325
Restricted investments	373,313
Receivables	286,908
Lease receivable	1,962,371
Intergovernmental receivables	1,327,072
Due from Custodial fund	333
Prepaid items	126,836
Other assets	150,000
Capital assets not being depreciated	8,870,773
Capital assets, net of accumulated depreciation	<u>7,209,861</u>
Total assets	<u>24,410,089</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	1,954,163
Deferred outflows—relating to OPEB	<u>679,063</u>
Total deferred outflows of resources	<u>2,633,226</u>
LIABILITIES	
Accounts payable	708,185
Accrued liabilities	108,798
Unearned revenue	17,805
Noncurrent liabilities:	
Due within one year	417,918
Due in more than one year	<u>19,937,886</u>
Total liabilities	<u>21,190,592</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	1,209,429
Deferred inflows—relating to OPEB	3,639,557
Deferred inflows—relating to leases	<u>1,930,702</u>
Total deferred inflows of resources	<u>6,779,688</u>
NET POSITION	
Net investment in capital assets	12,732,702
Restricted for:	
LOSAP	373,313
Capital projects	1,846,435
Unrestricted	<u>(15,879,415)</u>
Total net position	<u>\$ (926,965)</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, 2024

					Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
General government support	\$ 2,030,863	\$ 433,285	\$ -	\$ -	\$ (1,597,578)
Public safety	2,589,254	168,594	47,593	-	(2,373,067)
Health	4,292	-	-	-	(4,292)
Transportation	2,009,011	104,985	115,798	101,082	(1,687,146)
Economic assistance and opportunity	233,317	-	-	-	(233,317)
Culture and recreation	1,787,734	80,660	-	39,155	(1,667,919)
Home and community services	3,429,099	2,383,069	1,701,709	-	655,679
Interest and other fiscal charges	156,627	-	-	-	(156,627)
Total governmental activities	<u>\$ 12,240,197</u>	<u>\$ 3,170,593</u>	<u>\$ 1,865,100</u>	<u>\$ 140,237</u>	<u>(7,064,267)</u>
General revenues:					
					3,068,751
					2,896,149
					326,225
					37,360
					154,248
					177,123
					<u>6,659,856</u>
					(404,411)
					(522,554)
					<u>\$ (926,965)</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, 2024

	Special Revenue						Total
	General	Highway	Water	Sewer	Fire District	Lighting District	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 907,030	\$ 269,049	\$ 449,436	\$ 221,823	\$ 85,528	\$ 130,431	\$ 2,063,297
Restricted cash and cash equivalents	179,216	28,645	-	40,849	-	-	2,039,325
Restricted investments	-	-	-	-	373,313	-	373,313
Receivables	104,964	-	55,177	124,947	-	-	286,908
Lease receivable	1,962,371	-	-	-	-	-	1,962,371
Due from other funds	206,413	-	83	200,000	243,189	-	676,685
Intergovernmental receivables	285,994	160,530	136,978	185,208	-	-	1,327,072
Prepaid items	91,710	15,697	11,253	8,176	-	-	126,836
Other assets	150,000	-	-	-	-	-	150,000
Total assets	<u>\$ 3,887,698</u>	<u>\$ 473,921</u>	<u>\$ 652,927</u>	<u>\$ 781,003</u>	<u>\$ 702,030</u>	<u>\$ 130,431</u>	<u>\$ 9,005,807</u>
LIABILITIES							
Accounts payable	\$ 81,462	\$ 21,853	\$ 91,183	\$ 341,148	139	\$ 14,684	\$ 708,185
Accrued liabilities	38,258	15,440	7,720	7,001	-	-	68,419
Due to other funds	443,189	10,000	7,000	10,000	206,163	-	676,352
Unearned revenue	17,805	-	-	-	-	-	17,805
Total liabilities	<u>580,714</u>	<u>47,293</u>	<u>105,903</u>	<u>358,149</u>	<u>206,302</u>	<u>14,684</u>	<u>1,470,761</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows—relating to leases	1,930,702	-	-	-	-	-	1,930,702
Total deferred inflows of resources	<u>1,930,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,930,702</u>
FUND BALANCES							
Nonspendable	241,710	15,697	11,253	8,176	-	-	276,836
Restricted	161,411	28,645	-	40,849	373,313	-	2,824,299
Assigned	375,715	382,286	535,771	373,829	122,415	115,747	1,905,763
Unassigned	597,446	-	-	-	-	-	597,446
Total fund balances	<u>1,376,282</u>	<u>426,628</u>	<u>547,024</u>	<u>422,854</u>	<u>495,728</u>	<u>115,747</u>	<u>5,604,344</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,887,698</u>	<u>\$ 473,921</u>	<u>\$ 652,927</u>	<u>\$ 781,003</u>	<u>\$ 702,030</u>	<u>\$ 130,431</u>	<u>\$ 9,005,807</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, 2024

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

Total fund balances—governmental funds (page 14)		\$ 5,604,344
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$25,746,398 and the accumulated depreciation is \$9,665,764.		16,080,634
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 fund statements:		
Deferred outflows related to employer contributions	\$ 380,502	
Deferred outflows related to experience changes of assumptions, investment earnings, and changes in proportion	1,573,661	
Deferred inflows related to pensions	(1,209,429)	
Deferred outflows related to OPEB	679,063	
Deferred inflows related to OPEB	<u>(3,639,557)</u>	(2,215,760)
Net accrued interest expense for serial bonds is not reported in the fund statements.		(40,379)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (3,905,000)	
Premium on serial bonds	(47,483)	
Compensated absences	(228,972)	
OPEB obligation	(13,697,895)	
Net pension liability	(1,711,754)	
Total pension liability—LOSAP	<u>(764,700)</u>	(20,355,804)
Net position of governmental activities		<u>\$ (926,965)</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, 2024

	Special Revenue						Capital Projects	Total Governmental Funds
	General	Highway	Water	Sewer	Fire District	Lighting District		
REVENUES								
Real property taxes	\$ 152,276	\$ 943,349	\$ 236,197	\$ 919,813	\$ 692,116	\$ 125,000	\$ -	\$ 3,068,751
Non-property tax items	2,498,292	397,857	-	-	-	-	-	2,896,149
Departmental income	85,160	-	749,009	1,406,585	-	-	49,502	2,290,256
Intergovernmental charges	-	102,713	-	-	-	-	-	102,713
Use of money and property	158,573	2,768	162,734	2,150	-	-	-	326,225
Licenses and permits	206,994	125	10,703	7,270	-	-	-	225,092
Fines and forfeitures	166,219	-	-	-	-	-	-	166,219
Sale of property and compensation for loss	28,839	8,521	-	-	-	-	-	37,360
Miscellaneous	1,703,226	2,147	-	150,584	-	-	-	1,855,957
State aid	256,109	101,082	-	-	-	-	425,468	782,659
Federal aid	84,405	-	-	-	-	-	-	84,405
Total revenues	<u>5,340,093</u>	<u>1,558,562</u>	<u>1,158,643</u>	<u>2,486,402</u>	<u>692,116</u>	<u>125,000</u>	<u>474,970</u>	<u>11,835,786</u>
EXPENDITURES								
Current:								
General government support	1,474,933	-	-	-	-	-	-	1,474,933
Public safety	1,489,250	-	-	-	388,787	-	-	1,878,037
Health	3,180	-	-	-	-	-	-	3,180
Transportation	98,455	1,158,524	-	-	-	83,591	-	1,340,570
Economic assistance and opportunity	5,521	-	-	-	-	-	-	5,521
Culture and recreation	651,467	-	-	-	-	-	-	651,467
Home and community services	52,397	-	856,350	2,344,051	-	-	-	3,252,798
Employee benefits	1,442,647	348,592	191,611	209,727	372,736	-	-	2,565,313
Debt service:								
Principal	235,000	90,000	60,000	95,000	-	-	-	480,000
Interest and other fiscal charges	44,675	5,655	62,805	62,729	-	-	-	175,864
Capital outlay	-	-	-	-	-	-	612,208	612,208
Total expenditures	<u>5,497,525</u>	<u>1,602,771</u>	<u>1,170,766</u>	<u>2,711,507</u>	<u>761,523</u>	<u>83,591</u>	<u>612,208</u>	<u>12,439,891</u>
Excess (deficiency) of revenues over expenditures	(157,432)	(44,209)	(12,123)	(225,105)	(69,407)	41,409	(137,238)	(604,105)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	23,740	-	-	-	75,540	99,280
Transfers out	(23,740)	(10,000)	(30,740)	(34,800)	-	-	-	(99,280)
Total other financing sources (uses)	<u>(23,740)</u>	<u>(10,000)</u>	<u>(7,000)</u>	<u>(34,800)</u>	<u>-</u>	<u>-</u>	<u>75,540</u>	<u>-</u>
Net change in fund balances	(181,172)	(54,209)	(19,123)	(259,905)	(69,407)	41,409	(61,698)	(604,105)
Fund balances—beginning	<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>
Fund balances—ending	<u>\$ 1,376,282</u>	<u>\$ 426,628</u>	<u>\$ 547,024</u>	<u>\$ 422,854</u>	<u>\$ 495,728</u>	<u>\$ 115,747</u>	<u>\$ 2,220,081</u>	<u>\$ 5,604,344</u>

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, 2024

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) \$ (604,105)

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 in the current period.

Capital asset additions	\$ 946,063	
Depreciation expense	<u>(646,538)</u>	299,525

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	\$ 644,434	
Employee contributions net of costs of benefits provided	<u>(1,635,818)</u>	(991,384)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 2,779

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	\$ 480,000	
Amortization of bond premiums	16,458	
Change in compensated absences	38,475	
Change in OPEB obligation	<u>353,841</u>	888,774

Change in net position of governmental activities \$ (404,411)

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, 2024

	Custodial Fund
ASSETS	
Restricted cash and cash equivalents	\$ 339,055
Total assets	<u>339,055</u>
LIABILITIES	
Accounts payable and other liabilities	150,430
Due to other funds	<u>333</u>
Total liabilities	<u>150,763</u>
NET POSITION	
Restricted for other organizations	<u>188,292</u>
Total net position	<u>\$ 188,292</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, 2024

	Custodial Fund
ADDITIONS	
Funds received on behalf of others	\$ 221,614
Total additions	<u>221,614</u>
DEDUCTIONS	
Funds distributed to others	<u>192,681</u>
Total deductions	<u>192,681</u>
Change in fiduciary net position	28,933
Net position—beginning	<u>159,359</u>
Net position—ending	<u><u>\$ 188,292</u></u>

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

** THIS PAGE INTENTIONALLY LEFT BLANK **

TOWN OF NIAGARA, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2024

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, 2024, 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, 2024, 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, 2024, the Town reported \$17,805 of unearned revenue in the General Fund related to grant funds received in advance 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, 2024, the Town implemented the remainder of GASB Statement No. 99, *Omnibus 2022*. The Town also implemented GASB Statements No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*. 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. GASB Statement No. 100 improves financial reporting requirements for accounting changes and error corrections. GASB Statement No. 101 improves financial reporting by addressing issues related to the recognition and measurement for compensated absences. The implementation of GASB Statements No. 99, 100 and 101 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 Statements No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025, and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ended December 31, 2026. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 102, 103 and 104 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, 2024 is below:

	Governmental Activities	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 560	\$ -	\$ 560
Deposits	4,102,062	339,055	4,441,117
Investments	373,313	-	373,313
Total	\$ 4,475,935	\$ 339,055	\$ 4,814,990

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2024 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	3,559,611	4,191,117
Total	<u>\$ 3,809,611</u>	<u>\$ 4,441,117</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, 2024, 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, 2024, the Town reported \$2,039,325 of restricted cash and cash equivalents within its governmental activities, and \$339,055 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 \$373,313 as of December 31, 2024, 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, 2024 consisted of the following:

Receivables—Represents amounts due from various sources. Receivables at December 31, 2024 are presented below:

Governmental funds:		
General Fund:		
Franchise fees	\$	104,964
Water District Fund:		
Water rents		55,177
Sewer District Fund:		
Sewer rents		124,947
Capital Projects Fund:		
Auction proceeds		1,820
Total governmental funds	\$	<u>286,908</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 \$156,412 in rental income in the Town's General Fund during the fiscal year related to these leases. As of December 31, 2024, the Town's outstanding receivable for lease payments were \$1,962,371 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, 2024, the balances of the deferred inflow of resources were \$1,930,702 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, 2024 is shown below:

General Fund:			
Due from Niagara County	\$	268,424	
Other		<u>17,570</u>	\$ 285,994
Highway Fund:			
Due from New York State			160,530
Water District Fund:			
Due from Niagara County			136,978
Sewer District Fund:			
Due from Niagara County			185,208
Capital Projects Fund:			
Due from New York Power Authority		9,111	
Greenway funds		<u>549,251</u>	<u>558,362</u>
Total			<u>\$ 1,327,072</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended December 31, 2024 was as follows:

	Balance 1/1/2024	Increases	Decreases	Balance 12/31/2024
Capital assets not being depreciated:				
Land	\$ 893,329	\$ -	\$ -	\$ 893,329
Construction in progress	7,365,235	612,209	-	7,977,444
Total capital assets not being depreciated	8,258,564	612,209	-	8,870,773
Capital assets, being depreciated:				
Infrastructure	3,067,944	-	-	3,067,944
Buildings and improvements	7,381,367	-	-	7,381,367
Machinery and equipment	3,855,954	132,557	-	3,988,511
Vehicles	2,366,569	201,297	130,063	2,437,803
Total capital assets, being depreciated	16,671,834	333,854	130,063	16,875,625
Less accumulated depreciation for:				
Infrastructure	857,881	88,714	-	946,595
Buildings and improvements	3,744,746	205,760	-	3,950,506
Machinery and equipment	2,792,541	186,564	-	2,979,105
Vehicles	1,754,121	165,500	130,063	1,789,558
Total accumulated depreciation	9,149,289	646,538	130,063	9,665,764
Total capital assets being depreciated, net	7,522,545	(312,684)	-	7,209,861
Capital assets, net	\$ 15,781,109	\$ 299,525	\$ -	\$ 16,080,634

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

Governmental activities:	
General government support	\$ 55,178
Public safety	38,113
Transportation	168,207
Culture and recreation	237,873
Home and community services	147,167
Total	\$ 646,538

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds as of December 31, 2024, were as follows:

	General Fund	Highway Fund	Water Fund	Sewer Fund	Total Governmental Funds
Salaries and employee benefits	\$ 38,258	\$ 15,440	\$ 7,720	\$ 7,001	\$ 68,419

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, 2024, 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, 2024. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2023, 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, 2024	March 31, 2024
Net pension liability	\$ 710,611	\$ 1,001,143
Town's portion of the Plan's total net pension liability	0.0149829%	0.0067994%

For the year ended December 31, 2024, the Town recognized pension expenses of \$193,388 and \$420,129, respectively, for PFRS and ERS. At December 31, 2024, 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	\$ 218,930	\$ 322,467	\$ -	\$ 27,299
Changes of assumptions	268,043	378,510	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	192,896	489,053
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	36,273	41,620	138,572	28,001
Town contributions subsequent to the measurement date	159,821	220,681	-	-
Total	<u>\$ 683,067</u>	<u>\$ 963,278</u>	<u>\$ 331,468</u>	<u>\$ 544,353</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, 2025. 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
2025	\$ (92,926)	\$ (185,628)
2026	191,741	192,723
2027	94,416	296,673
2028	(33,484)	(105,524)
2029	32,031	-

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, 2024	March 31, 2024
Actuarial valuation date	April 1, 2023	April 1, 2023
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	1.40%	1.40%

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, 2024	
Asset class:		
Domestic equities	32.0 %	4.0 %
International equities	15.0	6.7
Private equity	10.0	7.3
Real estate	9.0	4.6
Opportunistics/Absolute return strategies	3.0	5.3
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.3
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/(asset)—PFRS	\$ 1,660,864	\$ 710,611	\$ (74,437)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 3,147,696	\$ 1,001,143	\$ (791,674)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2023	April 1, 2023	
Employers' total pension liability	\$ 46,137,717	\$ 240,696,851	\$ 286,834,568
Plan fiduciary net position	41,394,895	225,972,801	267,367,696
Employers' net pension liability	<u>\$ 4,742,822</u>	<u>\$ 14,724,050</u>	<u>\$ 19,466,872</u>
System fiduciary net position as a percentage of total pension liability	89.7%	93.9%	93.2%

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, 2023, which is the most recent valuation date for which complete information related to the year ended December 31, 2024 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, 2023 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions—The total pension liability in the December 31, 2024 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 4.00%. 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, 2024 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	19
Inactive participants entitled to but not yet receiving benefit payments	38
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, 2023 measurement date	\$ 719,952
Changes for the year:	
Service cost	5,642
Interest	30,714
Changes of assumptions or other inputs	33,574
Differences between expected and actual experience	748
Benefit payments	(25,930)
Net changes	44,748
Balance as of December 31, 2024 measurement date	\$ 764,700

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, 2023 measurement date, calculated using the discount rate of 4.00 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 (3.00 percent) or one percentage point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 890,424	\$ 764,700	\$ 664,045

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension—For the year ended December 31, 2024, the Town recognized pension expense of \$30,917. At December 31, 2024, 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	\$ 93,975	\$ 51,531
Changes of assumptions or other inputs	181,422	282,077
Benefit payments and administrative expenses subsequent to the measurement date	32,421	-
Total	\$ 307,818	\$ 333,608

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, 2025. 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,	
2025	\$ (12,440)
2026	(12,440)
2027	(12,440)
2028	(12,440)
2029	(12,440)
Thereafter	3,989

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, 2024 actuarial valuation date, the following employees were covered by the benefit terms:

Retired employees	55
Active employees	40
Total	<u>95</u>

Total OPEB Liability

The Town’s total OPEB liability of \$13,697,895 was measured as of December 31, 2024, and was determined by an actuarial valuation as of January 1, 2024.

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, 2024 actuarial valuation, the entry age normal method, as a level percentage of payroll was used. The single discount rate remained at 3.88% effective December 31, 2024. 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 5.30%, while the ultimate healthcare cost trend rate is 3.71%.

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, 2023:	\$ 14,051,736
Changes for the year:	
Service cost	426,822
Interest	546,977
Differences between expected and actual experience	(984,577)
Changes in assumptions and other inputs	38,146
Benefits payments	(381,209)
Net changes	(353,841)
Balance at December 31, 2023:	\$ 13,697,895

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	\$ 15,958,896	\$ 13,697,895	\$ 11,888,750

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 (4.30% / 2.71%)	Healthcare Cost Trend Rates (5.30% / 3.71%)	1% Increase (6.30% / 4.71%)
Total OPEB liability	\$ 11,694,120	\$ 13,697,895	\$ 16,258,954

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, 2024 were \$381,209.

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 on the following page presents the Town's deferred inflows and outflows of resources at December 31, 2024.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 679,063	\$ 858,349
Differences between expected and actual experience	-	2,781,208
Total	<u>\$ 679,063</u>	<u>\$ 3,639,557</u>

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

December 31,	
2025	\$ (490,638)
2026	(490,638)
2027	(512,727)
2028	(529,050)
2029	(522,115)
Thereafter	(415,326)

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 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, 2024 is presented on the following page.

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Serial bonds	\$ 4,385,000	\$ -	\$ 480,000	\$ 3,905,000	\$ 390,000
Premium on serial bonds	63,941	-	16,458	47,483	5,021
Bonds payable	4,448,941	-	496,458	3,952,483	395,021
Compensated absences	267,447	42,133	80,608	228,972	22,897
OPEB obligation	14,051,736	1,047,945	1,401,786	13,697,895	-
Net pension liability*	2,230,726	-	518,972	1,711,754	-
Total pension liability—LOSAP	719,952	70,678	25,930	764,700	-
Total	\$ 21,718,802	\$ 1,160,756	\$ 2,523,754	\$ 20,355,804	\$ 417,918

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

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. 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, 2024 is presented below:

Description	Issue/ Maturity	Original Issue	Interest Rate (%)	Balance 1/1/2024	Increases	Decreases	Balance 12/31/2024	Within One Year
Veterans Memorial Park	2021-2036	2,622,000	1.00-2.00	\$ 2,315,000	\$ -	\$ 160,000	\$ 2,155,000	\$ 160,000
Various purposes	2021-2025	1,163,424	2.00-3.00	390,000	-	240,000	150,000	150,000
Public Improvement	2022-2042	1,760,000	3.95	1,680,000	-	80,000	1,600,000	80,000
Total				\$ 4,385,000	\$ -	\$ 480,000	\$ 3,905,000	\$ 390,000

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, 2024 was \$47,483.

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, 2024 is \$228,972, of which \$22,897 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 \$13,697,895 at December 31, 2024.

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 \$1,711,754 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 \$764,700 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		OPEB Obligation	Net Pension Liability	Total Pension Liability	
		on Serial Bonds	Compensated Absences			LOSAP	Total
2025	\$ 390,000	\$ 5,021	\$ 22,897	\$ -	\$ -	\$ -	\$ 417,918
2026	255,000	3,981	-	-	-	-	258,981
2027	260,000	3,981	-	-	-	-	263,981
2028	235,000	3,981	-	-	-	-	238,981
2029	245,000	3,981	-	-	-	-	248,981
2030-2034	1,315,000	19,903	-	-	-	-	1,334,903
2035-2039	875,000	6,635	-	-	-	-	881,635
2040 and thereafter	330,000	-	206,075	13,697,895	1,711,754	764,700	16,710,424
Total	<u>\$ 3,905,000</u>	<u>\$ 47,483</u>	<u>\$ 228,972</u>	<u>\$13,697,895</u>	<u>\$ 1,711,754</u>	<u>\$ 764,700</u>	<u>\$ 20,355,804</u>

Interest requirements on serial bonds are as follows:

Year Ending December 31,	Interest
2025	\$ 109,200
2026	99,940
2027	93,085
2028	86,130
2029	80,163
2030-2034	302,970
2035-2039	135,535
2040 and thereafter	26,465
Total	<u>\$ 933,488</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		\$ 16,080,634
Related debt:		
Serial bonds issued	(3,905,000)	
Unamortized bond issue premium	(47,483)	
Capital Projects Fund accounts payable	(157,716)	
Unspent proceeds from debt	762,267	(3,347,932)
Net investment in capital assets		<u>\$ 12,732,702</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, 2024 includes:

	General Fund	Highway Fund	Water Fund	Sewer Fund	Total
Prepaid items	\$ 91,710	\$ 15,697	\$ 11,253	\$ 8,176	\$ 126,836
Payroll account deposit	150,000	-	-	-	150,000
Total	<u>\$ 241,710</u>	<u>\$ 15,697</u>	<u>\$ 11,253</u>	<u>\$ 8,176</u>	<u>\$ 276,836</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, 2024 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	-	-	-	373,313	-	373,313
Capital projects	-	-	-	-	2,220,081	2,220,081
Total restricted fund balance	<u>\$ 161,411</u>	<u>\$ 28,645</u>	<u>\$ 40,849</u>	<u>\$ 373,313</u>	<u>\$ 2,220,081</u>	<u>\$ 2,824,299</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 \$2,220,081.

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, 2024, 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, 2024, the following balances were considered to be assigned:

	General Fund	Highway Fund	Water Fund	Sewer Fund	Fire District Fund	Lighting District Fund	Total
Subsequent year's expenditures	\$ 261,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,882
Compensated absences	113,833	25,655	58,368	31,116	-	-	228,972
Specific use	-	356,631	477,403	342,713	122,415	115,747	1,414,909
Total assigned fund balance	<u>\$ 375,715</u>	<u>\$ 382,286</u>	<u>\$ 535,771</u>	<u>\$ 373,829</u>	<u>\$ 122,415</u>	<u>\$ 115,747</u>	<u>\$ 1,905,763</u>

- **Assigned for Subsequent Year's Expenditures**—Represents available fund balance being appropriated to meet expenditures requirements in the 2025 fiscal year.
- **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, 2024 are presented below:

Fund	Interfund	
	Receivable	Payable
General Fund	\$ 206,413	\$ 443,189
Highway Fund	-	10,000
Water Fund	83	7,000
Sewer Fund	200,000	10,000
Fire District Fund	243,189	206,163
Capital Projects Fund	27,000	-
Custodial Fund	-	333
Total	<u>\$ 676,685</u>	<u>\$ 676,685</u>

The Town made the following transfers during the year ended December 31, 2024:

Fund	Transfers in	Transfers out
General Fund	\$ -	\$ 23,740
Highway Fund	-	10,000
Water Fund	23,740	30,740
Sewer Fund	-	34,800
Capital Projects Fund	75,540	-
Total	<u>\$ 99,280</u>	<u>\$ 99,280</u>

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

13. LABOR CONTRACTS

Town employees are represented by three bargaining units: United Public Service Employees Union, CSEA Local 832 and the Police Benevolent Association, which are settled through December 31, 2024, 2025 and 2026, respectively.

14. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-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, 2024, the Town did not report any significant encumbrances.

15. 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 \$141,126 during 2024 in payments in lieu of taxes ("PILOT"); these collections were made in lieu of \$184,374 in property taxes.

16. 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.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 14, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

** THIS PAGE INTENTIONALLY LEFT BLANK **

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	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	0.0149829%	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	\$ 710,611	\$ 835,451	\$ 835,451	\$ 350,030	\$ 879,236	\$ 423,679	\$ 261,343	\$ 455,813	\$ 555,436	\$ 44,655
Town's covered payroll	762,382	688,030	\$ 621,424	\$ 755,161	\$ 771,606	\$ 755,174	\$ 855,066	\$ 795,616	\$ 779,484	\$ 664,155
Town's proportionate share of the net pension liability as a percentage of its covered payroll	93.2%	121.4%	134.4%	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	89.7%	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	98.5%

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

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 204,630	\$ 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	(204,630)	(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	916,026	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	22.3%	23.6%	23.7%	20.1%	17.1%	15.5%	15.5%	16.0%	18.2%	18.7%

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

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	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)	0.0067994%	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)	<u>\$ 1,001,143</u>	<u>\$ 1,395,275</u>	<u>\$ (485,006)</u>	<u>\$ 6,184</u>	<u>\$ 1,673,847</u>	<u>\$ 523,532</u>	<u>\$ 206,102</u>	<u>\$ 652,762</u>	<u>\$ 1,072,478</u>	<u>\$ 209,970</u>
Town's covered payroll	2,150,915	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	46.5%	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)	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

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

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 286,538	\$ 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	(286,538)	(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	2,639,538	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	10.9%	12.7%	14.0%	13.2%	12.8%	12.9%	14.5%	15.4%	16.6%	18.7%

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

	Year Ended December 31,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 426,822	\$ 250,391	\$ 222,068	\$ 386,120	\$ 378,306	\$ 210,148	\$ 204,027
Interest	546,977	496,785	687,723	331,588	311,720	566,480	546,586
Differences between expected and actual experience	(984,577)	-	-	-	-	-	-
Changes of assumptions and other inputs	38,146	691,889	(4,174,649)	(102,170)	338,567	-	-
Benefit payments	(381,209)	(382,138)	(386,063)	(289,644)	(280,858)	(223,774)	(230,391)
Net change in total OPEB liability	(353,841)	1,056,927	(3,650,921)	325,894	747,735	552,854	520,222
Total OPEB liability—beginning	14,051,736	12,994,809	16,645,730	16,319,836	15,572,101	15,019,247	14,499,025
Total OPEB liability—ending	<u>\$ 13,697,895</u>	<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	\$ 381,209	\$ 382,138	\$ 386,063	\$ 289,644	\$ 280,858	\$ 223,774	\$ 230,391
Benefit payments	(381,209)	(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>	<u>\$ -</u>
Town's total OPEB liability—ending	<u>\$ 13,697,895</u>	<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%	0.0%
Covered-employee payroll	\$ 2,473,148	\$ 2,269,943	\$ 2,269,943	\$ 2,073,960	\$ 2,073,960	\$ 1,980,262	\$ 1,985,900
Town's total OPEB liability as a percentage of covered-employee payroll	553.9%	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 Four Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability				
Service cost	\$ 5,642	\$ 9,951	\$ 14,600	\$ 15,466
Interest	30,714	20,684	20,827	25,330
Changes of assumptions or other inputs	33,574	(280,033)	(87,806)	224,629
Differences between expected and actual experience	748	67,587	(75,686)	58,772
Benefit payments	<u>(25,930)</u>	<u>(23,380)</u>	<u>(22,620)</u>	<u>(19,790)</u>
Net changes in total pension liability	44,748	(205,191)	(150,685)	304,407
Total pension liability—beginning	<u>719,952</u>	<u>925,143</u>	<u>1,075,828</u>	<u>771,421</u>
Total pension liability—ending	<u>\$ 764,700</u>	<u>\$ 719,952</u>	<u>\$ 925,143</u>	<u>\$ 1,075,828</u>
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A	 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, 2024

	<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	\$ 134,000	\$ 134,000	\$ 152,276	\$ 18,276
Non property tax items	2,756,463	2,756,463	2,498,292	(258,171)
Departmental income	53,700	78,700	85,160	6,460
Use of money and property	14,200	14,200	158,573	144,373
Licenses and permits	148,890	148,890	206,994	58,104
Fines and forfeitures	150,000	159,000	166,219	7,219
Sale of property and compensation for loss	5,000	5,000	28,839	23,839
Miscellaneous	1,237,279	1,662,223	1,703,226	41,003
State aid	134,691	169,691	256,109	86,418
Federal aid	95,335	179,740	84,405	(95,335)
Total revenues	<u>4,729,558</u>	<u>5,307,907</u>	<u>5,340,093</u>	<u>32,186</u>
EXPENDITURES				
Current:				
General government support	1,352,622	1,363,035	1,474,933	(111,898)
Public safety	1,297,178	1,472,915	1,489,250	(16,335)
Health	3,180	3,181	3,180	1
Transportation	102,975	98,885	98,455	430
Economic assistance and opportunity	4,500	3,235	5,521	(2,286)
Culture and recreation	504,264	631,059	651,467	(20,408)
Home and community services	49,464	52,007	52,397	(390)
Employee benefits	1,135,700	1,401,725	1,442,647	(40,922)
Debt service:				
Principal	235,000	235,000	235,000	-
Interest and other fiscal charges	44,675	23,125	44,675	(21,550)
Total expenditures	<u>4,729,558</u>	<u>5,284,167</u>	<u>5,497,525</u>	<u>(213,358)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>23,740</u>	<u>(157,432)</u>	<u>(181,172)</u>
OTHER FINANCING USES				
Transfers out	-	(23,740)	(23,740)	-
Total other financing uses	<u>-</u>	<u>(23,740)</u>	<u>(23,740)</u>	<u>-</u>
Net change in fund balances	-	-	(181,172)	(181,172)
Fund balances—beginning	1,557,454	1,557,454	1,557,454	-
Fund balances—ending	<u>\$ 1,557,454</u>	<u>\$ 1,557,454</u>	<u>\$ 1,376,282</u>	<u>\$ (181,172)</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—Highway Fund
Year Ended December 31, 2024

	<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	\$ 943,349	\$ 943,349	\$ 943,349	\$ -
Non property tax items	385,857	397,857	397,857	-
Intergovernmental charges	30,000	62,320	102,713	40,393
Use of money and property	500	500	2,768	2,268
Licenses and permits	500	500	125	(375)
Sale of property and compensation for loss	750	7,635	8,521	886
Miscellaneous	-	-	2,147	2,147
State aid	148,400	148,400	101,082	(47,318)
Total revenues	<u>1,509,356</u>	<u>1,560,561</u>	<u>1,558,562</u>	<u>(1,999)</u>
EXPENDITURES				
Current:				
Transportation	1,106,851	1,110,240	1,158,524	(48,284)
Employee benefits	306,400	344,216	348,592	(4,376)
Debt service:				
Principal	90,000	90,000	90,000	-
Interest and other fiscal charges	6,105	6,105	5,655	450
Total expenditures	<u>1,509,356</u>	<u>1,550,561</u>	<u>1,602,771</u>	<u>(52,210)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>10,000</u>	<u>(44,209)</u>	<u>(54,209)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	-	-	(54,209)	(54,209)
Fund balances—beginning	<u>480,837</u>	<u>480,837</u>	<u>480,837</u>	<u>-</u>
Fund balances—ending	<u>\$ 480,837</u>	<u>\$ 480,837</u>	<u>\$ 426,628</u>	<u>\$ (54,209)</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—Water Fund
Year Ended December 31, 2024

	<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	\$ 236,196	\$ 236,196	\$ 236,197	\$ 1
Departmental income	746,500	757,891	749,009	(8,882)
Use of money and property	166,827	166,827	162,734	(4,093)
Licenses and permits	9,000	9,000	10,703	1,703
Sale of property and compensation for loss	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Total revenues	<u>1,158,723</u>	<u>1,170,114</u>	<u>1,158,643</u>	<u>(11,471)</u>
EXPENDITURES				
Current:				
Home and community services	843,418	852,029	856,350	(4,321)
Employee benefits	185,500	188,280	191,611	(3,331)
Debt service:				
Principal	60,000	60,000	60,000	-
Interest and other fiscal charges	<u>62,805</u>	<u>62,805</u>	<u>62,805</u>	<u>-</u>
Total expenditures	<u>1,151,723</u>	<u>1,163,114</u>	<u>1,170,766</u>	<u>(7,652)</u>
Excess (deficiency) of revenues over expenditures	<u>7,000</u>	<u>7,000</u>	<u>(12,123)</u>	<u>(19,123)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	23,740	23,740	-
Transfers out	<u>(7,000)</u>	<u>(30,740)</u>	<u>(30,740)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Net change in fund balances	-	-	(19,123)	(19,123)
Fund balances—beginning	<u>566,147</u>	<u>566,147</u>	<u>566,147</u>	<u>-</u>
Fund balances—ending	<u>\$ 566,147</u>	<u>\$ 566,147</u>	<u>\$ 547,024</u>	<u>\$ (19,123)</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—Sewer Fund
Year Ended December 31, 2024

	<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	\$ 919,813	\$ 919,813	\$ 919,813	\$ -
Departmental income	1,390,000	1,407,312	1,406,585	(727)
Use of money and property	200	200	2,150	1,950
Licenses and permits	10,200	10,200	7,270	(2,930)
Miscellaneous	100,000	100,000	150,584	50,584
Total revenues	<u>2,420,213</u>	<u>2,437,525</u>	<u>2,486,402</u>	<u>48,877</u>
EXPENDITURES				
Current:				
Home and community services	2,026,788	2,003,866	2,344,051	(340,185)
Employee benefits	224,000	241,130	209,727	31,403
Debt service:				
Principal	95,000	95,000	95,000	-
Interest and other fiscal charges	74,425	62,729	62,729	-
Total expenditures	<u>2,420,213</u>	<u>2,402,725</u>	<u>2,711,507</u>	<u>(308,782)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>34,800</u>	<u>(225,105)</u>	<u>(259,905)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(34,800)</u>	<u>(34,800)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(34,800)</u>	<u>(34,800)</u>	<u>-</u>
Net change in fund balances	-	-	(259,905)	(259,905)
Fund balances—beginning	<u>682,759</u>	<u>682,759</u>	<u>682,759</u>	<u>-</u>
Fund balances—ending	<u>\$ 682,759</u>	<u>\$ 682,759</u>	<u>\$ 422,854</u>	<u>\$ (259,905)</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, 2024

	<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	\$ 692,116	\$ 692,116	\$ 692,116	\$ -
Total revenues	<u>692,116</u>	<u>692,116</u>	<u>692,116</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	437,116	388,788	388,787	1
Employee benefits	<u>255,000</u>	<u>303,328</u>	<u>372,736</u>	<u>(69,408)</u>
Total expenditures	<u>692,116</u>	<u>692,116</u>	<u>761,523</u>	<u>(69,407)</u>
Net change in fund balances	-	-	(69,407)	(69,407)
Fund balances—beginning	<u>565,135</u>	<u>565,135</u>	<u>565,135</u>	<u>-</u>
Fund balances—ending	<u>\$ 565,135</u>	<u>\$ 565,135</u>	<u>\$ 495,728</u>	<u>\$ (69,407)</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—Lighting District Fund
Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Transportation	<u>125,000</u>	<u>125,000</u>	<u>83,591</u>	<u>41,409</u>
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>83,591</u>	<u>41,409</u>
Net change in fund balances	-	-	41,409	41,409
Fund balances—beginning	<u>74,338</u>	<u>74,338</u>	<u>74,338</u>	<u>-</u>
Fund balances—ending	<u>\$ 74,338</u>	<u>\$ 74,338</u>	<u>\$ 115,747</u>	<u>\$ 41,409</u>

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

** THIS PAGE INTENTIONALLY LEFT BLANK **

TOWN OF NIAGARA, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2024

1. OPEB LIABILITY

Changes of Assumptions—The actuarial cost method used as of January 1, 2024 was the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75.

The rate used to discount future plan cash flows remained similar to prior years at 3.88% as of December 31, 2024. 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 5.30%, while the ultimate healthcare cost trend rate is 3.71%.

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, 2024	4.00%
-------------------	-------

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 General Fund, Highway Fund, Water Fund, Sewer Fund and Fire District Fund incurred expenditures for the year ended December 31, 2024 which exceeded the final budgeted appropriations as follows:

- General Fund—General Government Support, Public Safety, Economic Assistance and Opportunity, Culture and Recreation, Home and Community Services, Employee Benefits and Interest and Other Fiscal Charges—The negatives variances are primarily due to increased costs related to appraisal and attorney fees, public safety equipment. Additionally, employee benefit expenditures were greater than expected following increases in state retirement costs.
- Highway Fund—Transportation and Employee Benefits—The negative variances are primarily due to larger than expected costs related to snow removal and state retirement increases.
- Water Fund—Home and community services and Employee Benefits—The negative variances are due to increases in administrative costs and state retirement as well as increased costs related to the transmission and distribution of water contractual expenditures.
- Sewer Fund—Home and community services—The negative variances are due to increased water rates established by the Niagara Falls Water Board that were not anticipated during the budget process.
- Fire Protection Fund—Employee Benefits—The \$69,407 variance is due to increases in the local pension fund and increases to workers compensation that were not anticipated during the original budget process.

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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 14, 2025.

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 Town'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.

Brucher & Maluki, LLC

May 14, 2025