

Town of Hamburg, New York

Basic Financial Statements

**Required Supplementary Information, Supplementary Information,
and Federal Awards Information**

As of December 31, 2020

**Together With
Independent Auditor's Report**

TOWN OF HAMBURG, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

Honorable Town Board
Town of Hamburg
Hamburg, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hamburg, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Hamburg's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hamburg, New York, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BUFFALO
36 Niagara Street
Tonawanda, NY 14200
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamburg's basic financial statements. The combining and individual fund statements and other supplemental schedules, as outlined in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and the other supplemental schedules, as outlined in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 on our consideration of the Town of Hamburg'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 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 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 Town of Hamburg's internal control over financial reporting and compliance.

Allied CPAs, P.C.

Tonawanda, New York
January 28, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

As management of the Town of Hamburg we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Hamburg for the year ended December 31, 2020. This document should be read in conjunction with the Town's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The Town's primary government net position decreased by \$12,291,531 as a result of this year's activity.
- The liabilities of the primary government of the Town of Hamburg exceeded its assets at the close of the fiscal year by \$103,724,785 (net position).
- The Town of Hamburg's total bonded indebtedness increased by \$9,775,000 during the year. The increase is due to the issuance of new bonds. The Town made routine debt payments amounting to \$503,100 during the current year.
- The Town redeemed bond anticipation notes of \$510,000 that were issued for various public improvements.
- The general fund, the Town's primary operating fund, reported a decrease of \$125,950 in total fund balance.
- Primary government general revenues accounted for \$41.23 million in revenue or 86.30% of all revenues. Program specific revenues in charges for services and grants and contributions accounted for \$2.75 million or 5.76% of \$47.78 million in total revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the Town. These are the government-wide financial statements and the fund financial statements.

Government-Wide Financial Statements

Government-Wide Financial Statements are two statements designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The *Statement of Net Position* presents information on all Town assets and liabilities, with the difference between the two 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. Other non-financial factors will also need to be considered to assess the overall health of the Town.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., unallocated taxes and earned but unused vacation leave).

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements (cont.)

Both of these government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The Town does have a function that is intended to recover all or, in part, a portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, interest and fiscal charges and depreciation. The business-type activities are those that the Town charges customers to provide. The Town's golf course and ice arena are categorized as business-type activities.

The government-wide financial statement can be found on pages 16 – 18 of this report.

Fund Financial Statements

These funds are groupings of related accounts that are 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 finance related legal compliance. All funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

These 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as, balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near term financing requirements.

Because of 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 governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four individual major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Highway, Part Town, and the Capital Projects Fund. Data for the other non-major governmental funds is presented elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund, part-town fund and highway funds. A budgetary comparison statement has been provided for the general fund, part-town fund and highway funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 - 24 of this report.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Proprietary Funds

Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. The Town's Enterprise Fund is the same as its business-type activities, but provides more detail and additional information, such as a statement of cash flows for each Enterprise Fund.

The proprietary fund financial statements can be found on pages 25 – 27 of this report.

Fiduciary Funds

These funds are used to account for resources held for the benefit of parties outside the government. The Town has one fiduciary fund. The Custodial Fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs.

The basic fiduciary fund financial statements can be found on page 28 of this report.

Notes to the basic financial statements provide additional information that is essential to a full understanding

The financial statements also include notes that explain some of the information in the financial statements and provide detailed data. They are 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 29 – 66 of this report.

The financial statements include a section with combining statements that provide details about our non-major governmental funds, which are added together and presented in single columns in the basic financial statements. The combining statements can be found following the notes to the financial statements of this report.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Town, liabilities exceeded assets by (\$103,724,785) at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
ASSETS				
Current and other assets	\$ 34,068,631	\$ 25,548,601	\$ 443,841	\$ 267,558
Capital assets	27,364,252	29,189,164	1,092,674	1,223,700
	TOTAL ASSETS	61,432,883	54,737,765	1,536,515
Deferred outflows of resources	20,215,153	6,723,198	-	-
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,215,153	6,723,198	-
	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 81,648,036	\$ 61,460,963	\$ 1,536,515
	\$ 81,648,036	\$ 61,460,963	\$ 1,536,515	\$ 1,491,258
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>				
LIABILITIES				
Long-term liabilities	\$ 165,449,187	\$ 127,583,140	\$ 131,369	\$ 136,946
Other liabilities	2,574,510	5,768,148	279,231	104,951
	TOTAL LIABILITIES	168,023,697	133,351,288	410,600
Deferred inflows of resources	18,475,039	20,799,870	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	18,475,039	20,799,870	-
	TOTAL LIABILITIES AND DEFERRED INFLOWS	186,498,736	154,151,158	410,600
	186,498,736	154,151,158	410,600	241,897
NET POSITION				
Net investment in capital assets	21,857,105	22,442,450	1,055,086	1,167,579
Restricted	22,469,396	13,266,999	-	133,920
Unrestricted	(149,177,201)	(128,399,644)	70,829	(52,138)
	TOTAL NET POSITION	(104,850,700)	(92,690,195)	1,125,915
	(104,850,700)	(92,690,195)	1,125,915	1,249,361
	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 81,648,036	\$ 61,460,963	\$ 1,536,515
	\$ 81,648,036	\$ 61,460,963	\$ 1,536,515	\$ 1,491,258

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The largest portion of the Town's net position reflects its investment in capital assets of \$21,857,105 (e.g. land, buildings, machinery, equipment and infrastructure) 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.

The restricted portion of the Town's net position of \$22,469,396 represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position of (\$149,177,201) may be used to meet the Town's ongoing obligations to citizens and creditors.

A comparison of current assets as compared to current liabilities for both governmental and business-type activities are as follows:

	Governmental Activities		Business Type Activities	
	2020	2019	2020	2019
Current assets	\$ 34,068,631	\$ 25,548,601	\$ 443,841	\$ 267,558
Current liabilities	\$ 2,574,510	\$ 5,768,148	\$ 279,231	\$ 104,951
Ratio of current assets to current liabilities	13.23	4.43	1.59	2.55

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Governmental Activities and Business-Type Activities

Governmental activities decreased the Town's net position by \$12,160,505 and decreased business-type activities net position by \$131,026.

The following table indicates the changes in net position for governmental activities:

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
<u>REVENUES:</u>				
PROGRAM REVENUES:				
Charges for services	\$ 2,048,024	\$ 2,486,877	\$ 706,061	\$ 1,181,577
Operating grants and contributions	3,793,192	2,486,072	-	-
GENERAL REVENUES:				
Real property taxes and tax items	29,403,606	28,051,474	-	-
Non-property tax items	8,005,302	8,877,281	-	-
Use of money and property	1,183,633	141,889	543	1,269
Sale of property and compensation for loss	373,680	154,548	-	-
Miscellaneous	2,267,925	1,324,833	-	-
TOTAL REVENUES	\$ 47,075,362	\$ 43,522,974	\$ 706,604	\$ 1,182,846

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Governmental Activities and Business-Type Activities (Cont.)

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
<u>EXPENSES:</u>				
General government	\$ 8,467,884	\$ 6,754,794	\$ -	\$ -
Public safety	27,172,244	20,614,151	-	-
Health	8,889	6,284	-	-
Transportation	8,871,310	7,602,934	-	-
Economic assistance	1,368,779	1,422,295	-	-
Culture and recreation	8,619,870	6,371,306	1,078,153	1,795,296
Home and community services	4,294,936	4,319,630	-	-
Interest and fiscal charges	191,432	192,231	-	-
TOTAL EXPENSES	58,995,344	47,283,625	1,078,153	1,795,296
Change in net position before transfers	(11,919,982)	(3,760,651)	(371,549)	(612,450)
Transfers	(240,523)	240,523	240,523	463,414
Change in net position	(12,160,505)	(3,520,128)	(131,026)	(149,036)
NET POSITION - BEGINNING	(92,690,195)	(89,170,067)	1,256,941	1,405,977
NET POSITION - ENDING	\$ (104,850,700)	\$ (92,690,195)	\$ 1,125,915	\$ 1,256,941

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The general governmental functions are contained in the general, special revenue, capital projects and nonmajor 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 spending at the end of the fiscal year.

At December 31, 2020, the Town's governmental funds reported combined fund balances of \$31,157,239, an increase of \$11,770,498 in comparison with the prior year. Of the combined fund balances, \$1,626,193 constitutes *unassigned fund balance*, which is available to meet the Town's current and future operational and capital needs. *Assigned fund balance* represents amounts designated for subsequent years' expenditures in the amount of \$6,270,581. *Restricted fund balance* represents amounts restricted by outside sources in the amount of \$22,469,396. *Non-spendable fund balance* represents reserves for prepaid expenditures in the amount of \$791,069.

The general fund is the chief operating fund of the Town. At December 31, 2020, unassigned fund balance of the general fund was \$1,626,193 while total fund balance reached \$4,930,685. As a measure of general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.56% of total fund expenditures, while total fund balance also represents 25.96% of that same amount.

FINANCIAL ANALYSIS – GOVERNMENTAL REVENUES

Revenues for governmental functions totaled \$45,840,253 in fiscal year ended December 31, 2020, which represents an increase of 5.32% from the fiscal year ended December 31, 2019.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS – GOVERNMENTAL REVENUES (CONT.)

The following table presents the amount of revenues from various sources, as well as the increase or decrease from the prior year:

Revenues Classified by Source – Governmental Funds

	Governmental Activities				
	Revenues 2020	Percent of Total	Revenues 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
REVENUES:					
Real property taxes	\$ 28,752,872	62.72%	\$ 28,051,474	\$ 701,398	2.50%
Real property tax items	650,734	1.42%	560,737	89,997	16.05%
Non-property tax items	8,005,302	17.46%	8,316,544	(311,242)	-3.74%
Departmental income	445,082	0.97%	572,003	(126,921)	-22.19%
Intergovernmental charges	481,864	1.05%	487,223	(5,359)	-1.10%
Use of money and property	1,183,633	2.58%	141,889	1,041,744	734.20%
Licenses and permits	738,588	1.61%	706,750	31,838	4.50%
Fines and forfeitures	382,490	0.83%	720,901	(338,411)	-46.94%
Sale of property and compensation for loss	373,680	0.82%	154,548	219,132	141.79%
Miscellaneous	1,032,816	2.25%	1,324,833	(292,017)	-22.04%
State aid	2,377,857	5.19%	2,163,694	214,163	9.90%
Federal aid	1,415,335	3.09%	322,378	1,092,957	339.03%
TOTAL REVENUES	\$ 45,840,253	100.00%	\$ 43,522,974	\$ 2,317,279	5.32%

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS – GOVERNMENTAL EXPENSES

Expenses for governmental functions totaled \$58,995,344 in fiscal year ended December 31, 2020, which represents an increase of 24.77% from the fiscal year ended December 31, 2019.

The following table presents expenditures, by function, compared to prior year amounts:

Expenditures by function – Governmental Funds

	Governmental Activities				
	Expenditures 2020	Percent of Total	Expenditures 2019	Amount of Increase (Decrease)	Percent of Increase (Decrease)
<u>EXPENDITURES:</u>					
General government	\$ 4,911,433	10.8%	\$ 4,418,726	\$ 492,707	11.15%
Public safety	14,222,134	31.4%	13,726,039	496,095	3.61%
Health	3,662	0.0%	3,662	-	0.00%
Transportation	5,590,480	12.3%	5,604,700	(14,220)	-0.25%
Economic assistance	657,974	1.5%	956,785	(298,811)	-31.23%
Culture and recreation	4,203,858	9.3%	4,032,559	171,299	4.25%
Home and community services	1,685,304	3.7%	1,908,457	(223,153)	-11.69%
Employee benefits	12,929,991	28.5%	12,312,661	617,330	5.01%
Debt service	1,144,505	2.5%	1,180,841	(36,336)	-3.08%
TOTAL EXPENDITURES	\$ 45,349,341	100.0%	\$ 44,144,430	\$ 1,204,911	2.73%

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The table below summarizes changes in fund balances of the Town's Governmental Funds for years ending December 31, 2020, 2019, and 2018:

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

	Governmental Funds						
	General	Part Town	Highway	Capital Projects	Nonmajor Governmental Funds	Total	
FUND BALANCE AT DECEMBER 31, 2018	\$ 5,303,908	\$ 3,409,771	\$ 1,310,715	\$ 1,150,174	\$ 8,694,118	\$ 19,868,686	
Revenues	16,785,409	12,951,096	6,710,022	50,438	7,123,934	43,620,899	
Expenditures	(17,964,627)	(13,175,599)	(5,862,632)	(436,721)	(6,704,851)	(44,144,430)	
Excess (deficiency) of revenues over expenditures	(1,179,218)	(224,503)	847,390	(386,283)	419,083	(523,531)	
Other financing sources (uses)	931,945	(703,107)	(765,503)	883,253	(305,002)	41,586	
FUND BALANCE AT DECEMBER 31, 2019	5,056,635	2,482,161	1,392,602	1,647,144	8,808,199	19,386,741	
Revenues	17,888,173	12,811,509	6,817,685	29,396	8,293,490	45,840,253	
Expenditures	(18,987,056)	(13,319,033)	(5,705,283)	(542,451)	(6,795,518)	(45,349,341)	
Excess (deficiency) of revenues over expenditures	(1,098,883)	(507,524)	1,112,402	(513,055)	1,497,972	490,912	
Other financing sources (uses)	972,933	(521,709)	(665,975)	8,553,196	2,941,141	11,279,586	
FUND BALANCE AT DECEMBER 31, 2020	\$ 4,930,685	\$ 1,452,928	\$ 1,839,029	\$ 9,687,285	\$ 13,247,312	\$ 31,157,239	

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the amended budget in the General Fund were as follows:

- General government increased by \$195,922.
- Public safety increased by \$315,704.
- Transportation increased by \$6,572.
- Economic assistance decreased by \$243,626.
- Culture and recreation increased by \$12,488.
- Home and community services increased by \$35,936.
- Employee benefits increased by \$115,714.
- Debt service increased by \$4,800.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to \$27,364,252 and \$1,092,674 respectively (net of accumulated depreciation). This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, vehicles and equipment.

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 and business-type activities are presented below:

Summary of Town of Hamburg's Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Land	\$ 1,128,632	\$ 470,194	\$ 1,598,826
Land improvements	42,481	25,419	67,900
Buildings	1,816,206	487,736	2,303,942
Building improvement	1,320,947	-	1,320,947
Vehicles	1,767,954	-	1,767,954
Machinery and equipment	962,490	109,325	1,071,815
Infrastructure	20,325,542	-	20,325,542
TOTAL CAPITAL ASSETS	\$ 27,364,252	\$ 1,092,674	\$ 28,456,926

The Town's infrastructure assets are recorded at historical cost in the government-wide financial statements. The Town has elected to depreciate their infrastructure assets. Additional information on the Town's capital assets can be found in the Notes to the Financial Statements section of this report.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Long-Term Debt

At December 31, 2020, the Town had total serial bonds outstanding of \$13,764,735, as compared to \$4,492,835 in the prior year. New York State statutes limit the amount of general obligation debt a governmental entity may issued up to 7% of its five-year valuation. The current debt-limitation for the Town is \$299,287,403, which is significantly in excess of the Town's outstanding general obligation debt.

The Town has maintained its credit rating from Moody's Investor Service of "Aa2".

The following is a summary of the Town of Hamburg's long-term liabilities for governmental and business-type activities, as shown on the Statement of Net Position, for the year ending December 31, 2020:

LONG-TERM LIABILITIES	Governmental	Business-Type	Total
	Activities	Activities	
Bonds payable	\$ 13,727,147	\$ 37,588	\$ 13,764,735
Compensated absences	4,963,691	93,781	5,057,472
Workers' compensation liability	2,552,548	-	2,552,548
Net pension liability - proportionate share	33,880,857	-	33,880,857
Net OPEB liability	110,324,944	-	110,324,944
TOTAL LONG-TERM LIABILITIES	\$ 165,449,187	\$ 131,369	\$ 165,580,556

Additional information on the Town's long-term debt can be found in the Notes to the Financial Statements in this report.

Financial Position

In the past two decades, the Town had experienced a steady growth in population and business. Although this growth has benefited the Town's financial position, the Town continues to seek ways to improve the quality and quantity of the services we provide to the citizens of the Town. Considering the stable condition of the General Fund, Part Town and Highway Funds, respectively, the Town's overall financial position has continued to remain steady during 2020.

Request for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Finance and Administration, Hamburg Town Hall, S 6100 South Park Avenue, Hamburg, New York 14075.

BASIC FINANCIAL STATEMENTS

TOWN OF HAMBURG, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activity - Enterprise Funds	Total Primary Government	Hamburg Industrial Development Agency	
ASSETS					
Cash and cash equivalents	\$ 19,620,685	\$ 34,141	\$ 19,654,826	\$ 652,221	-
Restricted investments	10,300,770	-	10,300,770		-
Accounts receivable	647,511	25,845	673,356		-
Loans receivable	286,989	-	286,989		-
State and federal aid receivable	172,827	-	172,827		-
Due from other governments	2,248,780	-	2,248,780		-
Due from governmental funds	-	370,629	370,629		-
Prepaid expenditures	791,069	13,226	804,295		-
Capital assets:					
Land	1,128,632	470,194	1,598,826		-
Other capital assets - net of depreciation	26,235,620	622,480	26,858,100		-
	TOTAL ASSETS	61,432,883	1,536,515	62,969,398	652,221
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	15,877,555	-	15,877,555		-
Other post employment benefits	4,337,598	-	4,337,598		-
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,215,153	-	20,215,153	-
	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 81,648,036	\$ 1,536,515	\$ 83,184,551	\$ 652,221

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	Primary Government			Component Unit	
	Governmental Activities		Business-Type Activity - Enterprise Funds	Primary Government	Hamburg Industrial Development Agency
	 	 	 	 	
LIABILITIES					
Accounts payable	\$ 1,624,484	\$ 260,980	\$ 1,885,464	\$	-
Accrued liabilities	477,091	18,251	495,342		
Accrued interest payable	90,789	-	90,789		
Due to other governments	11,517	-	11,517		
Due to enterprise funds	370,629	-	370,629		
Long-term liabilities:					
Due within one year:					
Bonds payable	1,200,572	18,707	1,219,279		
Due in more than one year:					
Bonds payable	12,526,575	18,881	12,545,456		
Compensated absences	4,963,691	93,781	5,057,472		
Workers' compensation liability	2,552,548	-	2,552,548		
Net pension liability - proportionate share	33,880,857	-	33,880,857		
Net OPEB liability	110,324,944	-	110,324,944		
	TOTAL LIABILITIES	168,023,697	410,600	168,434,297	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	427,671	-	427,671		
Pensions	1,896,846	-	1,896,846		
OPEB	16,150,522	-	16,150,522		
	TOTAL DEFERRED INFLOWS OF RESOURCES	18,475,039	-	18,475,039	-
NET POSITION					
Net investment in capital assets	21,857,105	1,055,086	22,912,191		
Restricted	22,469,396	-	22,469,396		652,221
Unrestricted	(149,177,201)	70,829	(149,106,372)		
	TOTAL NET POSITION	(104,850,700)	1,125,915	(103,724,785)	652,221
	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 81,648,036	\$ 1,536,515	\$ 83,184,551	\$ 652,221

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity - Enterprise Funds	Total Primary Government	Hamburg Industrial Development Agency
FUNCTIONS / PROGRAMS							
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$(8,467,884)	\$ 760,727	\$ 1,865,543	\$ (5,841,614)	\$ -	\$ (5,841,614)	\$ -
Public safety	(27,172,244)	472,423	1,093,157	(25,606,664)	-	(25,606,664)	-
Health	(8,889)	-	-	(8,889)	-	(8,889)	-
Transportation	(8,871,310)	107,851	384,573	(8,378,886)	-	(8,378,886)	-
Economic assistance	(1,368,779)	341,162	-	(1,027,617)	-	(1,027,617)	-
Culture and recreation	(8,619,870)	195,257	74,074	(8,350,539)	-	(8,350,539)	-
Home and community services	(4,294,936)	170,604	375,845	(3,748,487)	-	(3,748,487)	-
Interest and other fiscal services	(191,432)	-	-	(191,432)	-	(191,432)	-
TOTAL GOVERNMENTAL ACTIVITIES	(58,995,344)	2,048,024	3,793,192	(53,154,128)	-	(53,154,128)	-
Business-type activities:							
Enterprise Funds	(1,078,153)	706,061	-	-	(372,092)	(372,092)	-
TOTAL BUSINESS-TYPE ACTIVITIES	(1,078,153)	706,061	-	-	(372,092)	(372,092)	-
TOTAL PRIMARY GOVERNMENT	(60,073,497)	2,754,085	3,793,192	(53,154,128)	(372,092)	(53,526,220)	-
Component Unit:							
Hamburg Industrial Development Agency	(157,080)	104,513	-	-	-	-	(52,567)
TOTAL COMPONENT UNIT	(157,080)	104,513	-	-	-	-	(52,567)
General revenues:							
Property taxes and related tax items			29,403,606	-	29,403,606	-	
Nonproperty tax items			8,005,302	-	8,005,302	-	
Use of money and property			1,183,633	543	1,184,176	3,350	
Sale of property and compensation for loss			373,680	-	373,680	-	
Miscellaneous			1,032,816	-	1,032,816	-	
Premiums on obligations			1,235,109	-	1,235,109	-	
Interfund transfers			(240,523)	240,523	-	-	
TOTAL GENERAL REVENUES AND TRANSFERS, NET			40,993,623	241,066	41,234,689	3,350	
Change in net position			(12,160,505)	(131,026)	(12,291,531)	(49,217)	
Total net position at beginning of year (restated)			(92,690,195)	1,256,941	(91,433,254)	701,438	
Total net position at end of year			\$ (104,850,700)	\$ 1,125,915	\$ (103,724,785)	\$ 652,221	

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2020

	<u>ASSETS</u>								
	General	Special Revenue			Capital Projects	Nonmajor Governmental Funds		Total Governmental Funds	
		Part Town	Highway			Governmental Funds			
ASSETS									
Cash and cash equivalents	\$ 4,289,792	\$ -	\$ 1,904,064	\$ 9,379,302	\$ 4,047,527	\$ 19,620,685			
Restricted investments	-	-	-	-	-	10,300,770		10,300,770	
Accounts receivable	105,502	475,052	38,209	-	-	28,748		647,511	
Loans receivable	-	-	-	-	-	286,989		286,989	
Due from other funds	1,244,620	7,875	-	340,711	-	6,000		1,599,206	
State and Federal receivable	172,827	-	-	-	-	-		172,827	
Due from other governments	72	1,880,115	368,593	-	-	-		2,248,780	
Prepaid expenditures	310,993	412,544	67,532	-	-	-		791,069	
TOTAL ASSETS	\$ 6,123,806	\$ 2,775,586	\$ 2,378,398	\$ 9,720,013	\$ 14,670,034	\$ 35,667,837			

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2020

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

	Special Revenue				Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Part Town	Highway				
LIABILITIES							
Accounts payable	\$ 254,588	\$ 940,998	\$ 311,638		\$ -	\$ 117,260	\$ 1,624,484
Accrued liabilities	201,801	197,762	77,528		-	-	477,091
Due to other funds	725,215	183,898	50,203		32,728	977,791	1,969,835
Due to other governments	11,517	-	-		-	-	11,517
TOTAL LIABILITIES	1,193,121	1,322,658	439,369		32,728	1,095,051	4,082,927
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	-	-	100,000		-	327,671	427,671
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	100,000		-	327,671	427,671
FUND BALANCE							
Non-spendable	310,993	412,544	67,532		-	-	791,069
Restricted	2,161,234	290,107	30,000		9,687,285	10,300,770	22,469,396
Assigned	832,265	750,277	1,741,497		-	2,946,542	6,270,581
Unassigned	1,626,193	-	-		-	-	1,626,193
TOTAL FUND BALANCES	4,930,685	1,452,928	1,839,029		9,687,285	13,247,312	31,157,239
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,123,806	\$ 2,775,586	\$ 2,378,398		\$ 9,720,013	\$ 14,670,034	\$ 35,667,837

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
RECONCILIATION OF STATEMENT OF NET POSITION
TO GOVERNMENTAL FUND BALANCES
DECEMBER 31, 2020

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Governmental Fund Balances	\$ 31,157,239
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Certain assets and deferred outflows are not considered financial resources and are not reported in the governmental funds:

Capital assets	108,389,549
Accumulated depreciation	(81,025,297)
Deferred outflows of Employee Retirement System liability	6,383,045
Deferred outflows of Police and Fire Retirement System liability	6,786,645
Deferred outflows of Length of Service Awards Program liability	2,707,865
Deferred outflows of other post employment benefits liability	4,337,598

Certain liabilities and deferred inflows are not considered financial uses or are not due or payable in the current period and therefore are not reported in the funds:

Accrued interest	(90,789)
Bonds payable	(13,675,000)
Other debt payable	(52,147)
Compensated absences	(4,963,691)
Worker's compensation	(2,552,548)
Proportionate share of Employee Retirement System liability	(8,921,725)
Proportionate share of Police and Fire Retirement System liability	(9,047,375)
Proportionate share of LOSAP liability	(15,911,757)
Net OPEB liability	(110,324,944)
Deferred inflows of Employee Retirement System liability	(206,075)
Deferred inflows of Police and Fire Retirement System liability	(197,396)
Deferred inflows of Length of Service Awards Program liability	(1,493,375)
Deferred inflows of other postemployment benefits liability	(16,150,522)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (104,850,700)

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue			Capital Projects	Nonmajor Governmental Funds		Total Governmental Funds
	General	Part Town	Highway				
REVENUES:							
Real property taxes	\$ 11,481,054	\$ 4,494,383	\$ 6,440,184	\$ -	\$ 6,337,251	\$ 28,752,872	
Real property tax items	650,734	-	-	-	-	-	650,734
Non-property tax items	134,620	7,870,682	-	-	-	-	8,005,302
Departmental income	272,177	27,318	-	-	145,587	445,082	
Intergovernmental charges	108,564	86,592	-	-	286,708	481,864	
Use of money and property	24,421	5,700	5,413	-	1,148,099	1,183,633	
Licenses and permits	723,928	14,660	-	-	-	738,588	
Fines and forfeitures	375,723	6,767	-	-	-	382,490	
Sale of property and compensation for loss	249,339	123,795	546	-	-	373,680	
Miscellaneous	997,679	2,792	2,949	29,396	-	-	1,032,816
State aid	1,869,934	139,330	368,593	-	-	-	2,377,857
Federal aid	1,000,000	39,490	-	-	375,845	-	1,415,335
TOTAL REVENUES	\$ 17,888,173	\$ 12,811,509	\$ 6,817,685	\$ 29,396	\$ 8,293,490	\$ 45,840,253	

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue			Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Part Town	Highway			
EXPENDITURES:						
General government support	\$ 4,701,730	\$ -	\$ -	\$ 209,703	\$ -	\$ 4,911,433
Public safety	2,500,451	8,356,034	-	-	3,365,649	14,222,134
Health	3,662	-	-	-	-	3,662
Transportation	205,131	-	4,160,130	276,782	948,437	5,590,480
Economic assistance	612,678	-	-	45,296	-	657,974
Culture and recreation	4,193,188	-	-	10,670	-	4,203,858
Home and community services	299,082	376,353	-	-	1,009,869	1,685,304
Employee benefits	6,073,039	4,586,646	1,494,153	-	776,153	12,929,991
Debt service - principal	314,567	-	50,000	-	630,000	994,567
Debt service - interest	83,528	-	1,000	-	65,410	149,938
TOTAL EXPENDITURES	18,987,056	13,319,033	5,705,283	542,451	6,795,518	45,349,341
Excess (deficiency) of revenues over expenditures	(1,098,883)	(507,524)	1,112,402	(513,055)	1,497,972	490,912
OTHER FINANCING SOURCES (USES):						
BAN's redeemed from appropriations	-	-	-	510,000	-	510,000
Proceeds from obligations	-	-	-	9,775,000	-	9,775,000
Premiums on obligations	-	-	-	1,235,109	-	1,235,109
Transfers in	1,808,705	22,500	80,000	395,000	3,210,041	5,516,246
Transfers out	(835,772)	(544,209)	(745,975)	(3,361,913)	(268,900)	(5,756,769)
TOTAL OTHER FINANCING SOURCES (USES)	972,933	(521,709)	(665,975)	8,553,196	2,941,141	11,279,586
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(125,950)	(1,029,233)	446,427	8,040,141	4,439,113	11,770,498
Fund balance - beginning of year	5,056,635	2,482,161	1,392,602	1,647,144	8,808,199	19,386,741
Fund balance - end of year	\$ 4,930,685	\$ 1,452,928	\$ 1,839,029	\$ 9,687,285	\$ 13,247,312	\$ 31,157,239

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

**Amounts reported for Governmental Activities in the
Statement of Activities are different because:**

Net change in fund balances - total governmental funds	\$ 11,770,498
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Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital assets increased in the current year	1,230,988
Depreciation is only recorded on the statements of activities.	(3,055,900)
Change in deferred outflows - Employee Retirement System	4,160,902
Change in deferred outflows - Police and Fire Retirement System	3,771,985
Change in deferred outflows - LOSAP	1,221,470
Change in deferred outflows - Other postemployment benefits	4,337,598
Accrued interest is only reported on the Statement of Activities	(41,494)
Serial bonds issued	(9,775,000)
Payment of bond principal	460,000
Payment of other debt principal	24,567
The net change in compensated absences are recorded in the statement of activities but not in the statement of governmental funds	(78,110)
The net change in the workers' compensation liability is recorded in the statement of activities but not in the statement of governmental funds	(673,758)
Change in proportionate share of Employee Retirement System liability	(6,510,361)
Change in proportionate share of Police and Fire Retirement System liability	(6,223,418)
Change in proportionate share of the LOSAP liability	(1,289,230)
Change in net other postemployment benefit liability	(13,800,737)
Change in deferred inflows - Employee Retirement System	627,774
Change in deferred inflows - Police and Fire Retirement System	730,964
Change in deferred inflows - LOSAP	(1,736)
Change in deferred inflows - Other postemployment benefits	952,493

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (12,160,505)

TOWN OF HAMBURG, NEW YORK
PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

	Golf Course Fund	Ice Arena Fund	Total
CURRENT ASSETS			
Cash	\$ 34,141	\$ -	\$ 34,141
Accounts receivable	1,835	24,010	25,845
Due from governmental funds	134,878	235,751	370,629
Prepaid expenditures	7,348	5,878	13,226
TOTAL CURRENT ASSETS	178,202	265,639	443,841
NON-CURRENT ASSETS			
Capital assets (net of accumulated depreciation)	524,908	567,766	1,092,674
TOTAL NON-CURRENT ASSETS	524,908	567,766	1,092,674
TOTAL ASSETS	\$ 703,110	\$ 833,405	\$ 1,536,515

LIABILITIES AND NET POSITION

	Accounts payable	Accrued liabilities	Total Current Liabilities
Accounts payable	\$ 1,274	\$ 259,706	\$ 260,980
Accrued liabilities	4,912	13,339	18,251
TOTAL CURRENT LIABILITIES	6,186	273,045	279,231
NON-CURRENT LIABILITIES			
Compensated absences	38,096	55,685	93,781
Bonds payable	-	37,588	37,588
TOTAL NON-CURRENT LIABILITIES	38,096	93,273	131,369
TOTAL LIABILITIES	44,282	366,318	410,600
NET POSITION			
Net investment in capital assets	524,908	530,178	1,055,086
Unrestricted	133,920	(63,091)	70,829
TOTAL NET POSITION	658,828	467,087	1,125,915
TOTAL LIABILITIES AND NET POSITION	\$ 703,110	\$ 833,405	\$ 1,536,515

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Golf Course Fund	Ice Arena Fund	Total
<u>OPERATING REVENUES:</u>			
Charges for services	\$ 416,567	\$ 289,494	\$ 706,061
TOTAL OPERATING REVENUES	416,567	289,494	706,061
<u>OPERATING EXPENSES:</u>			
Personal services	288,424	280,213	568,637
Contractual services, supplies and materials	203,043	90,568	293,611
Benefits	45,158	38,174	83,332
Depreciation	14,506	116,520	131,026
TOTAL OPERATING EXPENSES	551,131	525,475	1,076,606
TOTAL OPERATING INCOME	(134,564)	(235,981)	(370,545)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest income	286	257	543
Interest expense	-	(1,547)	(1,547)
TOTAL NON-OPERATING REVENUES (EXPENSES)	286	(1,290)	(1,004)
Income before transfers	(134,278)	(237,271)	(371,549)
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfer from other funds	134,878	235,751	370,629
Transfer to other funds	(15,106)	(115,000)	(130,106)
TOTAL OTHER FINANCING SOURCES (USES)	119,772	120,751	240,523
Change in net position	(14,506)	(116,520)	(131,026)
Total net position at beginning of year	673,334	583,607	1,256,941
Total net position at end of year	\$ 658,828	\$ 467,087	\$ 1,125,915

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Golf Course Fund	Ice Arena Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 422,023	\$ 345,652	\$ 767,675
Payments to suppliers	(203,497)	154,253	(49,244)
Payments to employees	(327,620)	(311,878)	(639,498)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(109,094)	188,027	78,933
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash to other funds	(15,106)	(115,000)	(130,106)
Cash from other funds	-	(53,204)	(53,204)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(15,106)	(168,204)	(183,310)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Payments of capital debt	-	(18,533)	(18,533)
Interest paid on capital debt	-	(1,547)	(1,547)
NET CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	-	(20,080)	(20,080)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	286	257	543
Change in cash and cash equivalents	(123,914)	-	(123,914)
Cash and cash equivalents at January 1, 2020	158,055	-	158,055
Cash and cash equivalents at December 31, 2020	\$ 34,141	\$ -	\$ 34,141
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (134,564)	\$ (235,981)	\$ (370,545)
Adjustments to reconcile income to net cash flows from operating activities:			
Depreciation	14,506	116,520	131,026
Changes in assets and liabilities:			
Accounts receivable	5,456	56,158	61,614
Prepaid expenditures	(140)	(111)	(251)
Accounts payable	(314)	244,932	244,618
Accrued liabilities	1,301	(1,786)	(485)
Compensated absences	4,661	8,295	12,956
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (109,094)	\$ 188,027	\$ 78,933

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG, NEW YORK
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Custodial Fund</u>	
<u>ADDITIONS:</u>	
Taxes collected for other governments and schools	\$ <u>107,611,530</u>
<u>TOTAL ADDITIONS</u>	<u>107,611,530</u>
<u>DEDUCTIONS:</u>	
Payment of tax to other governments and schools	<u>107,611,530</u>
<u>TOTAL DEDUCTIONS</u>	<u>107,611,530</u>
Net change in fiduciary net position	-
Net position - beginning of year	<u> </u> -
Net position - end of year	\$ <u> </u> -

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Hamburg, New York (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government 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.

Financial Reporting Entity

The Town of Hamburg is located within the County of Erie, New York. The Town is governed by Town law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations and the Supervisor serves as Chief Fiscal Officer.

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

Independently elected officials of the Town consist of the following:

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

All governmental activities and functions performed for the Town of Hamburg are its direct responsibility. The financial reporting is in accordance with Government Accounting Standards No. 14, *The Financial Reporting Entity*. The component unit subsequently discussed is included in the Town's reporting entity within the component unit columns in the combined financial statements because of the significance of their operational and financial relationships with the Town. This unit is reported in a separate column to emphasize that they are legally separate from the Town.

Hamburg Industrial Development Agency

The members of the governing board of the Agency are appointed by the Town Board. The Town Board is able to impose its will on the agency; however the Agency does not provide services entirely to the primary government. Additional detailed information concerning the Agency may be found in the Agency's annual financial report, which can be obtained from the Town of Hamburg, 6100 South Park Avenue, Hamburg, New York 14075.

Governmental-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effects of interfund activity within governmental has been eliminated from these statements. However, balances due and resource flows between governmental activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions or programs. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (custodial). Since by definition these assets are being held for the benefits of a third party and cannot be used to address activities or obligations of the Town, These funds are not incorporated into the government-wide financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Fund Financial Statements

The emphasis of fund financial statements is on the major fund in the governmental activities category. Non-major funds by category are summarized into a single column. Generally accepted accounting principles sets forth minimum criteria (percentage of the assets/deferred inflows of resources, liabilities/deferred outflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in one column in the fund financial statements.

Governmental Funds

Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town's governmental fund types:

General Fund - Townwide - the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

General Fund - Town Outside Town - This fund accounts for selected services which cannot be charged to taxable properties located in the Towns within the town by various New York State statutes.

Highway Fund - This fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or acquisition of equipment.

Non-Major Governmental Funds

The other funds which do not meet the major fund criteria are aggregated and reported in one column as non-major governmental funds. The following are reported as non-major governmental funds:

Community Development Fund – This fund is used to provide services to income eligible residents of the Town of Hamburg.

Park Land Fund – This fund is used to provide services for land development improvements for the Town of Hamburg

Special Revenues Funds – These funds are used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Town. The following are non-major special revenue funds utilized by the Town:

- Fire Protection Fund
- Hydrant Improvement Fund
- Lighting Fund
- Water Fund
- Sewer Fund

Proprietary Funds

This fund is used to record revenues and expenditures for business type activities.

The Town reports the following major proprietary funds: Golf Course Fund and Ice Arena Fund.

The Woodlawn Beach Fund was closed at the beginning of 2020 and operations were turned over to New York State.

Fiduciary Fund

Fiduciary funds are used to account for assets held by the Town in a trustee or custodial capacity.

Custodial Fund – This fund is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Government-wide financial statements apply all applicable Governmental Accounting Standards Board ("GASB") pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict subsequent GASB pronouncements, Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedure.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues are those that cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as is the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year in which they are earned. Grants, entitlements and donations are recognized as revenues as soon as all eligibility requirements have been met.

Modified Accrual Basis

All governmental funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days. Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b) Principal and interest on long-term debt is not recognized as expenditure until due.
- c) Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as expenditure when paid.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Accrual Basis

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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.

Proprietary Funds are accounted for on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Property Tax Revenue Recognition

The Erie County Legislature prepares the levy in late December of each year and jointly bills the Town levy with New York State and Erie County real property taxes. On January 1 of each year, property taxes become a lien on the property. Tax payments are due January 1 to February 15th without penalty; February 16 to 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 15 a 6% penalty; April 16 to 30 a 7.5% penalty; and 1.5% added each month thereafter.

Taxes for County purposes are levied together with taxes for Town and special district purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bill. The County assumes enforcement responsibility for all taxes levied in the Town. The tax roll is returned to the Erie County Commissioner of Finance after June 30 at which time all unpaid taxes and penalties are payable to that office. Any such taxes remaining unpaid at year end are re-levied as county taxes in the subsequent year. The County enforces all liens.

Budgets and Budgetary Data

Annual budgets for the General and Special Revenue Funds, except for Park Land Special Revenue Fund, are adopted on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Encumbrances outstanding at year-end are accounted for by a reservation of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.

Capital Project Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through the Town Board resolution at the projects' inception and lapse upon termination of the project. Accordingly, the Capital Projects Fund budget is not presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, since a comparison of the budgeted amounts with the current year's expenditures would not be meaningful.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Budgets and Budgetary Data (Cont.)

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than September 30th the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The Town Clerk presents the tentative budget to the Town Board by October 5th.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20th, the Town Board adopts the budget.
- All modifications of the budget must be approved by the Town Board.
- Budgetary controls for the Special Grant Fund are established by applicable grant agreements which cover a period other than the Town's fiscal year.
- Budgetary controls are established for the Capital Projects Fund through Town Board resolutions authorizing individual projects which remain in effect for the life of the projects.
- Budgetary controls for the Debt Service Fund are established by the amount of estimated revenues (i.e., transfer from Debt Service Fund) budgeted for in the General Fund - Townwide and Special Revenue Funds.
- Proprietary Funds budgetary control and evaluation is accomplished by comparing actual interim and annual revenues and expenses.

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all Town funds. Outstanding encumbrances at year end, exclusive of grant-related commitments, are presented for GAAP reporting purposes as reservations of fund balances, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Investments

Any investments held by the Town are stated at fair value. The Town is not required to categorize its investments within the fair value hierarchy according to GASB Statement No. 72, *Fair Value Measurement and Application*.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

Due To and Due From Other Funds

In the fund financial statements, non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, water lines, and sewer lines), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives as follows:

Land improvements	25 years
Buildings	40 years
Building improvements	20 years
Machinery and equipment	5 – 10 years
Infrastructure	10 – 50 year

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period in the government-wide statements.

Accrued Liabilities and Long-Term Obligation

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full, from current financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the statement of net position.

Insurance

The Town utilizes a combination of commercial insurance policies and a self-insurance program for the risk associated with, but not limited to, workers' compensation, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has incurred and the amount of loss can be reasonably estimated. Estimated current contingent loss liabilities (i.e., those to be liquidated with available financial resources in the ensuing fiscal year) of governmental fund types are recorded in the General Fund.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Pensions

Nearly all Town employees are members of various New York State retirement systems. The Town is invoiced annually by the systems for its share of the costs.

Compensated Absences

Most Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacations and compensatory absences not taken may be carried over at the end of the fiscal year in which they are earned. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave.

Vacations and compensatory absences carried over at the end of the fiscal year accumulated by governmental fund type employees are recorded as long-term liability in the Schedule of Non-current Government Liabilities because expendable available financial resources will not be used to liquidate these amounts. Instead, such amounts will be paid from subsequent years appropriations for personal services.

Compensated absences for governmental fund type employees are reported as a fund liability and expenditure in the government-wide financial statements. For proprietary fund type employees, the accumulation is recorded as an accrued liability and/or other long term obligation of the proprietary fund type.

The compensated absences liability for the primary government at December 31, 2020 totaled \$5,057,472 and is reported as governmental activities - \$4,963,691 and business-type activities - \$93,781 in the government-wide financial statements as a long-term liability.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

Post-Employment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage for retired employees. The obligation of the Town and its employees to contribute to the cost of providing these benefits has been established pursuant to Town Board resolution and various collective bargaining agreements. These benefits are provided to all full-time employees employed continuously for ten years or more by the Town. Payments of such benefits commence when the employee reaches age fifty-five. These payments are budgeted annually without accrual. The cost of such benefits totaled \$2,548,453 on behalf of 316 eligible retirees for the year ending December 31, 2020.

Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with certain interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financial or other services.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Net Position Classification

Governmental-Wide Financial Statements

The government-wide financial statements display net position in three classes:

Net Invested in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net assets. 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.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or 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.

Fund Financial Statements

The fund balance financial statements have five classifications of fund balance

Non-spendable Fund Balances - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes prepaid expenditures.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the town's highest level of decision making authorities, i.e., the Town Board. The Town has no committed fund balances as of December 31, 2020.

Assigned - Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as Assigned Fund Balance where appropriate.

Unassigned - Includes all other General Fund balances that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

Order of Use of Fund Balance

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Adoption of New Accounting Pronouncements

The Town adopted the following accounting pronouncements during the year:

- GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 84, Fiduciary Activities, effective for reporting periods beginning after December 31, 2019, enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities.

Note 2 – Stewardship, Compliance and Accountability

Budget

Budgetary control of the General Fund is minimally exercised at the department and account level. There were no excesses of expenditures/expenses over appropriations at the established control level.

Note 3 - Cash and Investments

The Town investment policies are governed by state statutes. In addition, the Town also has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The written policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3 - Cash and Investments (Cont.)

The detail of cash at December 31, 2020 is as follows:

	Governmental Activities	Business-Type Activities	Component Unit	Reporting Entity Total
Petty cash	\$ 4,860	\$ -	\$ -	\$ 4,860
Deposits	19,615,825	34,141	652,221	20,302,187
TOTAL	<u>\$ 19,620,685</u>	<u>\$ 34,141</u>	<u>\$ 652,221</u>	<u>\$ 20,307,047</u>

Deposits

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

Deposits at year end were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name. They consisted of:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 500,000	\$ 500,000
<u>COLLATERALIZED:</u>		
Collateral Held by Bank's Agent in Town's Name	19,378,131	19,649,966
TOTAL DEPOSITS	<u>\$ 19,878,131</u>	<u>\$ 20,149,966</u>

Investments

The Town has restricted investments designated for its Length of Service Awards program (LOSAP) as of December 31, 2020 in the amount of \$10,300,770 in the Fire Protection Fund.

Note 4 - Loans Receivable

Loans receivable represents amount owed to the Town relating to the Federal Housing and Urban Development Community Development Loan Program. The value of the loans outstanding at December 31, 2020 amounted to \$286,989.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 5 - State and Federal Receivables

Major state and federal revenues accrued by the Town at December 31, 2020 include the following:

GENERAL FUND:

Video Lottery Terminal Aid	\$	129,852
Court Fines		41,875
Erie County		1,100
TOTAL	\$	<u>172,827</u>

There were no significant revenues considered as not subject to accrual.

Note 6 - Due from Other Governments

Other major government revenues accrued by the Town at December 31, 2020 include the following:

GENERAL FUND:

Miscellaneous	\$	72
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PART-TOWN FUND:

Erie County Sales Tax		<u>1,880,115</u>
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HIGHWAY FUND:

NYS Grant		<u>368,593</u>
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TOTAL **\$** **2,248,780**

There were no significant revenues considered as not subject to accrual.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 7 - Capital Assets

A summary of governmental fund type capital assets by major classification follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
<u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u>				
Land	\$ 1,128,632	\$ -	\$ -	\$ 1,128,632
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	\$ 1,128,632	\$ -	\$ -	\$ 1,128,632
<u>CAPITAL ASSETS BEING DEPRECIATED:</u>				
Land improvements	\$ 468,380	\$ -	\$ -	\$ 468,380
Buildings	8,020,941	-	-	8,020,941
Building improvements	5,794,552	-	-	5,794,552
Vehicles	9,709,990	620,300	-	10,330,290
Machinery and equipment	6,374,864	610,688	-	6,985,552
Infrastructure	75,661,202	-	-	75,661,202
TOTAL CAPITAL ASSETS BEING DEPRECIATED	106,029,929	1,230,988	-	107,260,917
<u>LESS: ACCUMULATED DEPRECIATION:</u>				
Land improvements	(419,858)	(6,041)	-	(425,899)
Buildings	(6,079,567)	(125,168)	-	(6,204,735)
Building improvements	(4,228,477)	(245,128)	-	(4,473,605)
Vehicles	(8,178,934)	(383,402)	-	(8,562,336)
Machinery and equipment	(5,844,502)	(178,560)	-	(6,023,062)
Infrastructure	(53,218,059)	(2,117,601)	-	(55,335,660)
TOTAL ACCUMULATED DEPRECIATION	(77,969,397)	(3,055,900)	-	(81,025,297)
Total capital assets being depreciated, net	28,060,532	(1,824,912)	-	26,235,620
TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 29,189,164	\$ (1,824,912)	\$ -	\$ 27,364,252

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 7 - Capital Assets (Cont.)

Business Type Activities - A summary of proprietary fund type capital assets by major classification are as follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
<u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u>				
Land	\$ 470,194	\$ -	\$ -	\$ 470,194
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	470,194	-	-	470,194
<u>CAPITAL ASSETS BEING DEPRECIATED:</u>				
Buildings	2,887,016	-	-	2,887,016
Building improvements	1,318,244	-	-	1,318,244
Equipment	988,925	-	-	988,925
TOTAL CAPITAL ASSETS BEING DEPRECIATED	5,194,185	-	-	5,194,185
<u>LESS: ACCUMULATED DEPRECIATION:</u>				
Buildings	(2,324,091)	(75,189)	-	(2,399,280)
Building improvements	(1,283,076)	(9,749)	-	(1,292,825)
Equipment	(833,512)	(46,088)	-	(879,600)
TOTAL ACCUMULATED DEPRECIATION	(4,440,679)	(131,026)	-	(4,571,705)
Total capital assets being depreciated, net	753,506	(131,026)	-	622,480
TOTAL BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	\$ 1,223,700	\$ (131,026)	\$ -	\$ 1,092,674

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 7 - Capital Assets (Cont.)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:

General government	\$ 210,497
Public safety	233,943
Transportation	254,676
Culture and recreation	155,014
Home and community services	<u>2,201,770</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ <u>3,055,900</u>

BUSINESS-TYPE ACTIVITIES:

Golf Course	\$ 14,506
Ice Arena	<u>116,520</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTVITIES	\$ <u>131,026</u>

The component unit of the Town, Hamburg Industrial Development Agency, does not own land, buildings or equipment; therefore, no amounts are included within the component's balance sheet.

Note 8 - Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are accounted for in the capital projects funds. Principal payments on BAN's must be made annually.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, if stipulated annual reductions of principal are made.

The following is a summary of the Town's outstanding bond anticipation note at December 31, 2020:

Description	Issue Date	Maturity Date	Interest Rate	Balance				Premium Used to Reduce Bond	Balance December 31, 2020
				January 1, 2020	Additions	Deletions	Bonded		
Various purposes	7/2/2019	7/2/2020	2.25%	\$ 2,310,000	\$ -	\$ (510,000)	\$ (1,555,000)	\$ (245,000)	\$ -
Total				\$ 2,310,000	\$ -	\$ (510,000)	\$ (1,555,000)	\$ (245,000)	\$ -

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9 - Long-Term Debt

Serial Bonds

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Non-current Government Liabilities. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Other Long-Term Debt

In addition to the above serial bonds, the Town had the following noncurrent liabilities:

Compensated Absences represents the value of earned and unused portions of the liability for compensated absences. In prior years, the General Fund, Part Town Fund and Highway Fund have been used to liquidate this liability.

Workers' Compensation represents amounts expected to be paid out to employees to settle work related injuries over a period of time.

Net Pension Liability – Proportionate Share represents the Town's share of the state retirement systems' liability for pensions for employees, police and firefighters, as well as volunteer firefighters covered under the length of service awards program.

Net OPEB Liability represents the Town's obligation for benefits expected to be paid out to retirees (e.g. health insurance costs), discounted to the present value, over a number of years.

Summary of Non-Current Government Liabilities

The following is a summary of long-term liabilities outstanding at December 31, 2020:

	Non-current Governmental Liabilities	Non-current Business-Type Liabilities
Serial bonds	\$ 13,727,147	\$ 37,588
Compensated absences	4,963,691	93,781
Workers' compensation	2,552,548	-
Net pension liability - proportionate share	33,880,857	-
Net OPEB liability	110,324,944	-
TOTAL NON-CURRENT LIABILITIES	\$ 165,449,187	\$ 131,369

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9 - Long-Term Debt (Cont.)

Summary of Changes in Non-Current Government Liabilities

The following is a summary of changes in the Non-current Government Liabilities for the year ended December 31, 2020:

	Balance January 1, 2020				Balance December 31, 2020
	Additions		Deletions		
<u>GOVERNMENTAL ACTIVITIES:</u>					
Serial bonds	\$ 4,436,714	\$ 9,775,000	\$ 484,567	\$ 13,727,147	
Compensated absences	4,863,790	99,901	-	4,963,691	
Workers' compensation	1,878,790	1,081,565	407,807	2,552,548	
Net pension liability	19,857,848	14,023,009	-	33,880,857	
Net OPEB liability	96,524,207	13,800,737	-	110,324,944	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 127,561,349	\$ 38,780,212	\$ 892,374	\$ 165,449,187	
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Serial bonds	\$ 56,121	\$ -	\$ 18,533	\$ 37,588	
Compensated absences	102,616	-	8,835	93,781	
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 158,737	\$ -	\$ 27,368	\$ 131,369	

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. In prior years, the General, Highway, Water and Sewer Funds have liquidated the compensated absences balance.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9 - Long-Term Debt (Cont.)

Summary of Serial Bond Transactions

The following is a summary of general obligation bond transactions for the year ended December 31, 2020:

Description	Original Issue Amount	Term	Interest Rate	Balance January 1, 2020	Issued	Payments	Balance December 31, 2020				
GOVERNMENTAL ACTIVITIES:											
GENERAL FUND:											
General Improvements	\$ 211,196	2012-22	2.70-2.80	\$ 76,714	\$ -	\$ 24,567	\$ 52,147				
General Improvements	800,000	2003-23	3.75-4.00	235,000	-	55,000	180,000				
General Improvements	3,545,000	2017-35	2.00-2.95	3,095,000	-	235,000	2,860,000				
General Improvements	8,220,000	2020-35	1.10-5.00	-	8,220,000	-	8,220,000				
TOTAL GENERAL FUND	12,776,196			3,406,714	8,220,000	314,567	11,312,147				
HIGHWAY FUND:											
Resurface Streets and Roads	150,000	2017-35	2.00-2.95	50,000	-	50,000	-				
TOTAL HIGHWAY FUND	150,000			50,000	-	50,000	-				
SPECIAL DISTRICTS:											
Sewer - Highland Acres	535,309	2002-21	1.40-5.00	60,000	-	30,000	30,000				
Sewer Improvements	948,750	2003-23	3.75-4.00	125,000	-	35,000	90,000				
Sewer Improvements	765,000	2017-35	2.00-2.95	695,000	-	35,000	660,000				
Water Improvements	341,713	2004-24	3.50-4.50	100,000	-	20,000	80,000				
Sewer Improvements	1,555,000	2021-31	5.00	-	1,555,000	-	1,555,000				
TOTAL SPECIAL DISTRICTS	4,145,772			980,000	1,555,000	120,000	2,415,000				
TOTAL GOVERNMENTAL ACTIVITIES	17,071,968			4,436,714	9,775,000	484,567	13,727,147				
ENTERPRISE FUNDS:											
Ice Arena	157,379	2012-22	2.70-2.80	56,121	-	18,533	37,588				
TOTAL PRIMARY GOVERNMENT	\$ 17,229,347			\$ 4,492,835	\$ 9,775,000	\$ 503,100	\$ 13,764,735				

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9 - Long-Term Debt (Cont.)

Long-Term Debt Maturity Schedule

The following schedule sets forth the remaining annual maturities of long-term debt by type at December 31, 2020:

Year	Governmental Activities			Business-Type			Total
	Serial bonds	Compensated Absences	Workers' Compensation	Serial bonds	Compensated Absences		
2021	\$ 1,200,572	\$ -	\$ -	\$ 18,707	\$ -		\$ 1,219,279
2022	1,201,575	-	-	18,881	-		1,220,456
2023	1,200,000	-	-	-	-		1,200,000
2024	1,035,000	-	-	-	-		1,035,000
2025	970,000	-	-	-	-		970,000
2026 - 2030	4,480,000	-	-	-	-		4,480,000
2031 - 2035	3,640,000	-	-	-	-		3,640,000
Thereafter	-	4,963,691	2,552,548	-	93,781		7,610,020
Total	\$ 13,727,147	\$ 4,963,691	\$ 2,552,548	\$ 37,588	\$ 93,781		\$ 21,374,755

The following schedule sets forth the annual interest payments due on serial bonds at December 31, 2020:

Year	Amount
2021	\$ 421,341
2022	416,601
2023	366,780
2024	315,826
2025	273,270
2026 - 2030	791,000
2031 - 2035	227,620
Total	\$ 2,812,438

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9 - Long-Term Debt (Cont.)

Workers' Compensation Liability

The following is a schedule of claims and payments for the past two years:

Year	Beginning Liability	Claims and changes in estimates	Claim payments	Ending Liability
2019	\$ 1,263,732	\$ 953,587	\$ 338,529	\$ 1,878,790
2020	\$ 1,878,790	\$ 1,081,565	\$ 407,807	\$ 2,552,548

Payments of compensated absences and workers compensation are dependent upon many factors; therefore, timing of future payments is not determinable for each year.

Risk Financing Activities

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Beginning in 1995, the Town decided to stop carrying commercial workers' compensation insurance because of its prohibitive cost and began covering all related claim settlements and judgments out of its General Fund resources. The Town purchased insurance coverage for claims in excess of \$400,000. Previously, the Town had been retaining risk related to general liability only. All other risks of loss are covered through the purchase of commercial insurance. There have been no significant reductions in the levels of commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years. The Town currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 10 - Pension Plans

Plan Description

The Town of Hamburg participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

Membership, benefits and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

ERS

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 – Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 – Generally those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 – Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 – Those persons who last became members of the System on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members of the System on or after April 1, 2012

PFRS

- Tier 1 – Those persons who last became members before July 31, 1973.
- Tier 2 – Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 – Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5 - Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Contributions

The Systems are noncontributory for employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the Systems contribute 3% of their salary throughout their active membership. Employees who join on or after April 1, 2012 will contribute 3% of their reportable salary. Beginning April 1, 2013, the contribution rate for Tier 6 members varied based on each member's annual compensation, between 3% and 6%. Under the authority of the NYSRSSL, the Comptroller annual determines and certifies the employer contribution rates expressed as proportions of payroll of members, which rate is used in computing the contributions required to be made by employers to the pension fund.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 10 - Pension Plans (Cont.)

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2020	\$ 1,320,569	\$ 1,518,637
2019	\$ 1,358,530	\$ 1,410,873
2018	\$ 1,308,248	\$ 1,379,898

The Town's contributions made to the Retirement System were equal to 100% of the contributions required for each year.

Pension Liabilities, Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town of Hamburg reported a liability of \$17,969,100 for its proportionate share of the pension liability (\$8,921,725 for ERS, \$9,047,375 for PFRS). The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The Town of Hamburg's proportion of the net pension liability was based on a projection of the Town of Hamburg's long-term share of contributions to the pension plan relative to the projected contribution of all participating members, actuarially determined.

At December 31, 2020, the Town of Hamburg's proportion was .203 percent. For the year ended December 31, 2020, the Town of Hamburg recognized pension expense of \$6,329,451. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following resources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 525,080	\$ -	\$ 602,460	\$ 151,542
Changes in assumptions	179,641	155,117	773,332	-
Net difference between projected and actual investment earnings on pension plan investments	4,573,710	-	4,074,318	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	95,013	50,958	168,642	45,854
Town contributions subsequent to the measurement date	1,009,601	-	1,167,893	-
TOTAL	\$ 6,383,045	\$ 206,075	\$ 6,786,645	\$ 197,396

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 10 - Pension Plans (Cont.)

The Town recognized \$6,383,045 for ERS and \$6,786,645 for PFRS as deferred outflows of resources related to pensions resulting from the Town's contributions of \$1,009,601 for ERS and \$1,167,893 for PFRS, made subsequent to the measurement date March 31, 2020, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

Net amount of the Town's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		
March 31	ERS	PFRS
2021	\$ 872,085	\$ 1,176,269
2022	1,297,597	1,272,755
2023	1,671,791	1,578,582
2024	1,325,895	1,319,644
2025	-	74,104
Thereafter	-	-

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	ERS	PFRS
Interest rate	6.80%	6.80%
Inflation rate	2.70%	2.70%
Salary	4.40%	6.20%
Investment rate of return	5.90%	5.90%
Costs of living adjustments	1.40%	1.40%
Decrement tables	April 1, 2015 - March 31, 2020 system's experience	April 1, 2015 - March 31, 2020 system's experience

Annuitant mortality rates are based on April 1, 2015- March 31, 2020 System's experience with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2020.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 10 - Pension Plans (Cont.)

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method which is best estimates ranges of best estimate future real rates of return (expected returns nets 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

<u>Asset Type</u>	<u>Long-Term Expected Real Rate</u>
Domestic Equity	4.05%
International Equity	6.30%
Private Equity	6.75%
Real Estate	4.95%
Opportunistic / ARS Port	4.50%
Credit	3.63%
Real Assets	5.95%
Fixed Income	0.00%
Cash	0.50%

The real rate of return is net of the long-term inflation assumption of 2.00 percent.

Discount Rate

The discount used to calculate the total pension liability was 6.80%. The project 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 the statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods projected benefit payments to determine the total pension liability.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 10 - Pension Plans (Cont.)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town of Hamburg's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the Town of Hamburg's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.80 percent) or 1-percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
Town's proportionate share of the net pension liability - ERS	<u>\$ 16,373,884</u>	<u>\$ 8,921,725</u>	<u>\$ 2,058,255</u>
Town's proportionate share of the net pension liability - PFRS	<u>\$ 16,176,891</u>	<u>\$ 9,047,375</u>	<u>\$ 2,662,732</u>

Pension Plan Fiduciary Net Position

The components of the current-year net position liability of the total employers' share for the New York State Retirement System and Police and Fire Retirement System as of March 31, 2020, are as follows:

	Employees' Retirement System	(Dollars in thousands) Police and Fire Retirement System	Total
Employers' total pension liability	<u>\$ 220,680,157</u>	<u>\$ 41,236,775</u>	<u>\$ 261,916,932</u>
Fiduciary net position	<u>(220,580,583)</u>	<u>(39,500,500)</u>	<u>(260,081,083)</u>
Employer's net pension liability	<u>\$ 99,574</u>	<u>\$ 1,736,275</u>	<u>\$ 1,835,849</u>
Ratio of fiduciary net position to the employers' total pension liability	99.95%	95.79%	99.30%

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 11 - Defined Benefit Volunteer Firefighter Service Award Program

The Town of Hamburg is a sponsor for Length of Service Awards Programs (LOSAP) covering the following six fire companies that serve residents in the Town:

1. Armor Fire Company
2. Big Tree Volunteer Fireman's Company
3. Lake Shore Volunteer Fire Company
4. Newton Abbott Volunteer Fire Company, Inc.
5. Scranton Fire Department
6. Woodlawn Volunteer Fire Company Inc.

Length of Service Awards Program – LOSAP

The Town sponsored these defined benefit LOSAPs for the active volunteer firefighters. The programs took effect on January 1, 1991 and the programs were established pursuant to Article 11-A of the General Municipal Law. The programs provide municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the programs.

Program Description

Participation, Vesting and Service Credit – All Plans

Active volunteer firefighters who have reached the age of 18 and who have completed one (1) year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age. For the programs the entitlement age is between 55 and 62. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in accordance with the Sponsor's determination of active status. 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 five (5) years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is between 30 and 40 years under the program. Currently, there are no other forms of payment of a volunteer's earned service award under the program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments. The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement (the minimum death benefit payable is \$10,000 if the volunteer had earned 50 points in at least one of the three years preceding death.) The program does not provide extra line-of-duty death or disability benefits. The \$10,000 minimum death benefit is funded through a Group Term Life Insurance policy. All other death and disability benefits are "self-insured" and are paid from the program trust fund.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 11 - Defined Benefit Volunteer Firefighter Service Award Program (Cont.)

Participants Covered By the Benefit Term - At the December 31, 2019 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	142
Inactive participants entitled to but not currently receiving benefit payments	169
Active participants	<u>197</u>
Total	<u><u>508</u></u>

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

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 Town's total pension liability was measured at December 31, 2019 using an actuarial valuation as of that date.

Actuarial Assumptions – The total pension liability in the December 31, 2019 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 Mortality Table without projection for mortality improvement.

Discount Rate - The discount rate used to measure the total pension liability was 3.26%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. 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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 11 - Defined Benefit Volunteer Firefighter Service Award Program (Cont.)

Changes in the Total Pension Liability

Balance as of 12/31/2018 measurement date	\$ 14,622,527
Service cost	332,381
Interest	532,766
Changes of assumptions and other inputs	860,726
Differences between expected and actual experience	200,259
Benefit payments	(636,902)
Net changes	1,289,230
Balance as of 12/31/2019 measurement date	\$ 15,911,757

Sensitivity of the Total Pension Liability to Changes in the Discount Rate – The following presents the total pension liability of the Town as of December 31, 2019 measurement date, calculated using the discount rate of 3.26%, as well as what the Town's total personal liability would be if it were calculated using a discount rate that is 1% point lower (2.26%) or 1 %point higher (4.26%) than the current rate:

	Current		
	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 18,559,539	\$ 15,911,757	\$ 13,790,121

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the Town recognized pension expenses of \$990,296. At December 31, 2020; the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 448,128	\$ 135,797
Changes of assumptions of other inputs	1,492,358	1,357,578
Benefit payments and administrative expenses subsequent to the measurement date	767,379	-
Total	\$ 2,707,865	\$ 1,493,375

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 11 - Defined Benefit Volunteer Firefighter Service Award Program (Cont.)

\$767,379 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 future years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended		
December 31:		
2021	\$	86,755
2022		86,755
2023		88,935
2024		115,880
2025		59,099
Thereafter		9,687

Note 12 - Other Postemployment Benefits (GASB 75)

Plan Description

The Town's defined benefit OPEB plan provides OPEB for all permanent full-time general, highway, and public safety employees of the Town. The plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statuses grants the authority to establish and amend the benefit terms and financing requirements to the Town Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Plan is currently unfunded.

Funding Policy

The Town provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the districts offices and are available upon request.

Employee Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

	<u>Total</u>
Active not eligible to retire	150
Active and eligible to retire	53
Retired and surviving spouses	226
Retiree spouses covered	128
TOTAL	<u>557</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 12 - Other Postemployment Benefits (GASB 75) (Cont.)

Total OPEB Liability

The Town's total OPEB liability of \$110,324,944 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.41%
Long-Term Bond Rate	2.41%
Salary Increases	3.11%
Healthcare Cost Trend Rate	4.00% increase to 4.08%

The discount rate was based on a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments.

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date.

Mortality rates were based on the Mortality Improvement Scale MP-2020, as appropriate, with adjustments for mortality improvements based on Scale AA.

Changes in the Total OPEB Liability

Balance at December 31, 2019	\$ 117,475,203
Changes for the year:	
Service cost	1,616,883
Interest	3,181,237
Changes of benefit terms	718,288
Differences between expected and actual experience	(16,691,814)
Changes in assumptions	7,435,882
Benefit payments	(3,410,735)
Net changes	<u>(7,150,259)</u>
Balance at December 31, 2020	<u>\$ 110,324,944</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75 percent in 2019 to 2.41 percent in 2020.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 12 - Other Postemployment Benefits (GASB 75) (Cont.)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.41 percent) of 1 percentage point higher (3.41 percent) than the current discount rate:

	1% Decrease (1.41%)	Discount Rate (2.41%)	1% Increase (3.41%)
Total OPEB liability	<u>\$ 133,232,245</u>	<u>\$ 110,324,944</u>	<u>\$ 92,817,579</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare Cost Trend Rates	
	1% Decrease (3.00%)	1% Increase (5.00%)
	Decreasing to 3.08%)	Decreasing to 4.08%)
Total OPEB liability	<u>\$ 92,167,798</u>	<u>\$ 110,324,944</u>
		<u>\$ 134,081,243</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Town recognized OPEB expense (income) of (\$15,443,246). At December 31, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,508,088
Changes of assumptions or other inputs	4,337,598	1,642,434
TOTAL	<u>\$ 4,337,598</u>	<u>\$ 16,150,522</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 12 - Other Postemployment Benefits (GASB 75) (Cont.)

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

Fiscal Year Ending December 31	Total Net Deferrals
2021	\$ (10,270,270)
2022	(1,542,654)
2023	-
2024	-
2025	-
Thereafter	-

Note 13 - Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2020 were as follows:

Fund	Interfund Receivable	Interfund Payable
GOVERNMENTAL ACTIVITIES:		
General Fund	\$ 1,244,620	\$ 725,215
Part-Town Fund	7,875	183,898
Highway Fund	-	50,203
Capital Projects Fund	340,711	32,728
Park Land Fund	-	246,491
Fire Protection Fund	-	81,816
Water Fund	-	327,206
Sewer Fund	6,000	322,278
TOTAL GOVERNMENTAL ACTIVITIES	1,599,206	1,969,835
BUSINESS-TYPE ACTIVITIES:		
Golf Course	134,878	-
Ice Arena	235,751	-
TOTAL BUSINESS-TYPE ACTIVITIES	370,629	-
TOTAL INTERFUND RECEIVABLES AND PAYABLES	\$ 1,969,835	\$ 1,969,835

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 13 - Interfund Receivables and Payables (Cont.)

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 14 – Interfund Transfers

Individual fund operating transfers for the year ended December 31, 2020 are as follows:

Fund	Transfers In	Transfers Out
GOVERNMENTAL ACTIVITIES:		
General Fund	\$ 1,808,705	\$ 835,772
Part-Town Fund	22,500	544,209
Highway Fund	80,000	745,975
Capital Projects Fund	395,000	3,361,913
Community Development Fund	-	80,000
Park Land Fund	-	20,500
Fire Protection Fund	-	136,400
Hydrant Improvement Fund	-	10,000
Lighting Fund	-	10,000
Water Fund	1,008,190	-
Sewer Fund	2,201,851	12,000
TOTAL GOVERNMENTAL ACTIVITIES	5,516,246	5,756,769
BUSINESS-TYPE ACTIVITIES:		
Golf Course Fund	134,878	15,106
Ice Arena Fund	235,751	115,000
TOTAL BUSINESS-TYPE ACTIVITIES	370,629	130,106
TOTAL INTERFUND TRANSFERS	\$ 5,886,875	\$ 5,886,875

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and move residual cash from closed projects to debt service to be used for debt payments at a later date.

The purpose of the government's interfund transfers are debt service payments, capital projects and self-insurance cost.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 15 - Fund Balances

Assigned Fund balances which are constrained by the Town's intent to be used for specific purposes are as follows:

Fund	Balance
GENERAL FUND:	
Appropriated	\$ 453,500
Insurance reserve - appropriated	350,000
Encumbrances	28,685
Ravenwood - fund balance	80
TOTAL GENERAL FUND	<u>832,265</u>
SPECIAL REVENUE FUND:	
Part-Town - appropriated	750,277
Highway - fund balance	1,741,497
TOTAL SPECIAL REVENUE FUND	<u>2,491,774</u>
NON-MAJOR GOVERNMENTAL FUNDS:	
Sewer	1,139,406
Lighting	668,183
Park land	464,416
Hydrant improvement	318,175
Fire protection	276,710
Water	75,290
Community development	4,362
TOTAL NON-MAJOR FUNDS	<u>2,946,542</u>
TOTAL ASSIGNED FUND BALANCE	<u>\$ 6,270,581</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 15 - Fund Balances (Cont.)

Restricted Fund Balances which have external constraints are as follows:

Fund	Amount
GENERAL FUND:	
Reserve for insurance	\$ 1,099,500
Reserve for workers' compensation	954,636
Reserve for tax stabilization	107,098
TOTAL GENERAL FUND	2,161,234
PART-TOWN FUND:	
Reserve for drug seizures	274,232
Reserve for tax stabilization	15,875
TOTAL PART-TOWN FUND	290,107
HIGHWAY FUND:	
Reserve for tax stabilization	<u>30,000</u>
CAPITAL PROJECTS FUND:	
Fund balance	<u>9,687,285</u>
FIRE PROTECTION FUND:	
Service award program	<u>10,300,770</u>
TOTAL RESTRICTED FUND BALANCE	<u>\$ 22,469,396</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 15 - Fund Balances (Cont.)

Non-spendable Fund Balances as of December 31, 2020 are as follows:

Fund	Amount
GENERAL FUND:	
Prepaid retirement	\$ 255,077
Prepaid expenditures	55,916
TOTAL GENERAL FUND	<u>310,993</u>
PART-TOWN FUND:	
Prepaid retirement	<u>412,544</u>
HIGHWAY FUND:	
Prepaid retirement	60,883
Prepaid expenditures	6,649
TOTAL HIGHWAY FUND	<u>67,532</u>
TOTAL NON-SPENDABLE FUND BALANCE	<u>\$ 791,069</u>

Note 16 – Tax Abatement Disclosures

In August 2015, the Government Accounting Standards Board issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77) which provides disclosure requirements for certain types of tax abatements. GASB 77 defines tax abatements as follows: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or citizens of those governments.

The Town of Hamburg, New York employs the Hamburg Industrial Development Agency (IDA) to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing, industrial, manufacturing, warehousing, commercial, research and recreation facilities including certain defined facilities, and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their recreation opportunities, prosperity and standard of living in Hamburg, New York. To accomplish this, the IDA is empowered to grant tax abatements on behalf of the Town.

At December 31, 2020, the Town has total tax abatements amounting to \$370,935, and has collected payments in lieu of taxes of \$377,262.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 16 – Tax Abatement Disclosures (Cont.)

The following tax abatement agreements have been determined to meet the criteria for disclosure under GASB Statement No. 77:

Type	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Housing	46.4%	\$ 172,197
Manufacturing	21.2%	78,630
Wholesale Trade	8.1%	29,864
Retail Trade	4.9%	18,346
Services	2.1%	7,972
Office Building	8.1%	30,165
Finance	0.4%	1,578
Metal Recycling	6.7%	24,950
School Bus Garage	1.2%	4,426
Printing	0.3%	1,147
Other	0.4%	1,660
Total Taxes Abated at 12/31/20		<u>\$ 370,935</u>

Note 17 - Contingencies

The Town receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although the Town expects such amounts to be immaterial to the Town's financial statements.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 18 – Restatement of Beginning Net Position

Beginning January 1, 2020, the Town closed the Woodlawn Beach enterprise fund. The Town had to restate beginning Net Position for its Governmental Activities and Business-Type Activities to account for the closure in the amount of \$32,304. Governmental Net Position was increased because of the addition of fixed assets and decreased for compensated absences that were previously accounted for in the enterprise fund. Balance sheet accounts, such as cash, accounts payable, and equity, were transferred to the General Fund via a residual equity transfer. Budgeting activities, revenues, and expenditures related to Woodlawn Beach will be accounted for in the General Fund going forward, if necessary.

Beginning Net Position was also restated to account for service award program assets and restricted fund balance to comply with the requirements of GASB 84, *Fiduciary Activities*. The amount of the restatement was \$9,154,944.

Note 19 – Subsequent Events

The Town has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 28, 2022 (the date the financial statements were available to be issued).

Subsequent to the year ended December 31, 2020, local, U.S., and world governments have continued to encourage self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. In addition, global markets have seen significant declines. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the Town, there is a reasonable possibility that the impact on the Town's financial position and the results of future operations could be material.

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**REQUIRED SUPPLEMENTARY INFORMATION
AND SUPPLEMENTARY INFORMATION**

TOWN OF HAMBURG, NEW YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET VS. ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Real property taxes	\$ 11,453,403	\$ 11,453,403	\$ 11,481,054	\$ 27,651
Real property tax items	544,540	544,540	650,734	106,194
Nonproperty tax items	148,000	148,000	134,620	(13,380)
Departmental income	399,400	401,705	272,177	(129,528)
Intergovernmental charges	137,250	137,250	108,564	(28,686)
Use of money and property	30,900	36,400	24,421	(11,979)
Licenses and permits	607,900	607,900	723,928	116,028
Fines and forfeitures	655,000	655,000	375,723	(279,277)
Sale of property and compensation for loss	50,000	80,525	249,339	168,814
Miscellaneous	1,303,679	1,303,979	997,679	(306,300)
State aid	1,487,916	1,497,686	1,869,934	372,248
Federal aid	-	802,105	1,000,000	197,895
TOTAL REVENUES	\$ 16,817,988	\$ 17,668,493	\$ 17,888,173	\$ 219,680

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET VS. ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES:				
General government support	\$ 4,613,599	\$ 4,809,521	\$ 4,701,730	\$ 107,791
Public safety	2,198,707	2,514,411	2,500,451	13,960
Health	3,662	3,662	3,662	-
Transportation	207,922	214,494	205,131	9,363
Economic assistance	882,751	639,125	612,678	26,447
Culture and recreation	4,180,831	4,193,319	4,193,188	131
Home and community services	299,888	335,824	299,082	36,742
Employee benefits	5,960,241	6,075,955	6,073,039	2,916
Debt services - principal	312,673	314,567	314,567	-
Debt services - interest	80,624	83,530	83,528	2
TOTAL EXPENDITURES	18,740,898	19,184,408	18,987,056	197,352
Excess (deficiency) of revenues over expenditures	(1,922,910)	(1,515,915)	(1,098,883)	417,032
OTHER FINANCING SOURCES (USES):				
Transfers in	1,797,740	1,879,369	1,808,705	(70,664)
Transfers out	(788,608)	(811,108)	(835,772)	(24,664)
TOTAL OTHER FINANCING SOURCES (USES)	1,009,132	1,068,261	972,933	(95,328)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(913,778)	(447,654)	(125,950)	321,704
Fund Balances at January 1, 2020	5,056,635	5,056,635	5,056,635	-
Fund Balances at December 31, 2020	\$ 4,142,857	\$ 4,608,981	\$ 4,930,685	\$ 321,704

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
PART-TOWN FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET VS. ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Real property taxes	\$ 4,494,383	\$ 4,494,383	\$ 4,494,383	\$ -
Nonproperty tax items	7,750,000	7,750,000	7,870,682	120,682
Departmental income	24,500	24,500	27,318	2,818
Intergovernmental charges	82,000	82,000	86,592	4,592
Use of money and property	5,000	5,000	5,700	700
Licenses and permits	17,700	17,700	14,660	(3,040)
Fines and forfeitures	5,000	8,367	6,767	(1,600)
Sale of property and compensation for loss	-	77,015	123,795	46,780
Miscellaneous	-	2,759	2,792	33
State aid	93,558	184,330	139,330	(45,000)
Federal aid	20,000	20,000	39,490	19,490
TOTAL REVENUES	\$ 12,492,141	\$ 12,666,054	\$ 12,811,509	\$ 145,455

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
PART-TOWN FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET VS. ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES:				
Public safety	\$ 8,499,488	\$ 8,504,994	\$ 8,356,034	\$ 148,960
Home and community services	401,268	401,354	376,353	25,001
Employee benefits	4,962,176	5,043,650	4,586,646	457,004
TOTAL EXPENDITURES	13,862,932	13,949,998	13,319,033	630,965
Excess (deficiency) of revenues over expenditures	(1,370,791)	(1,283,944)	(507,524)	776,420
OTHER FINANCING SOURCES (USES):				
Transfers in	-	22,500	22,500	-
Transfers out	(544,209)	(544,209)	(544,209)	-
TOTAL OTHER FINANCING SOURCES (USES)	(544,209)	(521,709)	(521,709)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,915,000)	(1,805,653)	(1,029,233)	776,420
Fund Balances at January 1, 2020	2,482,161	2,482,161	2,482,161	-
Fund Balances at December 31, 2020	\$ 567,161	\$ 676,508	\$ 1,452,928	\$ 776,420

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET VS. ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Real property taxes	\$ 6,440,184	\$ 6,440,184	\$ 6,440,184	\$ -
Use of money and property	9,000	9,000	5,413	(3,587)
Sale of property and compensation for loss	-	546	546	-
Miscellaneous	9,000	9,000	2,949	(6,051)
State aid	387,835	387,835	368,593	(19,242)
Federal aid	85,000	85,000	-	(85,000)
TOTAL REVENUES	6,931,019	6,931,565	6,817,685	(113,880)
EXPENDITURES:				
Transportation	4,431,403	4,389,396	4,160,130	229,266
Employee benefits	1,702,641	1,702,641	1,494,153	208,488
Debt service	51,000	51,000	51,000	-
TOTAL EXPENDITURES	6,185,044	6,143,037	5,705,283	437,754
Excess (deficiency) of revenues over expenditures	745,975	788,528	1,112,402	323,874
OTHER FINANCING SOURCES (USES):				
Transfers in	-	80,000	80,000	-
Transfers out	(745,975)	(745,975)	(745,975)	-
TOTAL OTHER FINANCING SOURCES (USES)	(745,975)	(665,975)	(665,975)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	122,553	446,427	323,874
Fund Balances at January 1, 2020	<u>1,392,602</u>	<u>1,392,602</u>	<u>1,392,602</u>	<u>-</u>
Fund Balances at December 31, 2020	<u>\$ 1,392,602</u>	<u>\$ 1,515,155</u>	<u>\$ 1,839,029</u>	<u>\$ 323,874</u>

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2020

ASSETS

	Special Revenue			
	Community Development	Park Land	Non Major Special Districts	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 45,044	\$ 697,907	\$ 3,304,576	\$ 4,047,527
Restricted investments	-	-	10,300,770	10,300,770
Accounts receivable	-	13,000	15,748	28,748
Loans receivable	286,989	-	-	286,989
Due from other funds	-	-	6,000	6,000
TOTAL ASSETS	<u>\$ 332,033</u>	<u>\$ 710,907</u>	<u>\$ 13,627,094</u>	<u>\$ 14,670,034</u>

LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES

<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 117,260	\$ 117,260
Due to other funds	-	246,491	731,300	977,791
TOTAL LIABILITIES	<u>-</u>	<u>246,491</u>	<u>848,560</u>	<u>1,095,051</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	327,671	-	-	327,671
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>327,671</u>	<u>-</u>	<u>-</u>	<u>327,671</u>

FUND BALANCES

Restricted	-	-	10,300,770	10,300,770
Assigned	4,362	464,416	2,477,764	2,946,542
TOTAL FUND BALANCES	<u>4,362</u>	<u>464,416</u>	<u>12,778,534</u>	<u>13,247,312</u>

TOTAL LIABILITIES, DEFERRED INFLOWS

AND FUND BALANCES	<u>\$ 332,033</u>	<u>\$ 710,907</u>	<u>\$ 13,627,094</u>	<u>\$ 14,670,034</u>
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See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue			
	Community Development	Park Land	Nonmajor Special Districts	Total Nonmajor Governmental Funds
REVENUES:				
Real property taxes	\$ -	\$ -	\$ 6,337,251	\$ 6,337,251
Departmental income	30,242	91,000	24,345	145,587
Intergovernmental charges	-	-	286,708	286,708
Use of money and property	14	-	1,148,085	1,148,099
Federal aid	375,845	-	-	375,845
TOTAL REVENUES	\$ 406,101	\$ 91,000	\$ 7,796,389	\$ 8,293,490

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue			
	Community Development	Park Land	Nonmajor Special Districts	Total Nonmajor Governmental Funds
EXPENDITURES:				
Public safety	\$ -	\$ -	\$ 3,365,649	\$ 3,365,649
Transportation	- -	- -	948,437	948,437
Home and community services	325,625	- -	684,244	1,009,869
Employee benefits	- -	- -	776,153	776,153
Debt service - principal	- -	- -	630,000	630,000
Debt service - interest	- -	- -	65,410	65,410
TOTAL EXPENDITURES	325,625	- -	6,469,893	6,795,518
Excess of revenues over (under) expenditures	80,476	91,000	1,326,496	1,497,972
OTHER FINANCING SOURCES (USES):				
Transfers in	- -	- -	3,210,041	3,210,041
Transfers out	(80,000)	(20,500)	(168,400)	(268,900)
TOTAL OTHER FINANCING SOURCES (USES)	(80,000)	(20,500)	3,041,641	2,941,141
Changes to fund balance	476	70,500	4,368,137	4,439,113
Fund Balance at January 1, 2020 (restated)	3,886	393,916	8,410,397	8,808,199
Fund Balance at December 31, 2020	\$ 4,362	\$ 464,416	\$ 12,778,534	\$ 13,247,312

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SPECIAL DISTRICTS – SPECIAL REVENUE FUND
COMBINING BALANCE SHEET – BY DISTRICT TYPE
DECEMBER 31, 2020

<u>ASSETS</u>						
	Nonmajor Special Districts					
	Fire Protection	Hydrant Improvement	Lighting	Water	Sewer	Total
ASSETS						
Cash	\$ 358,526	\$ 318,175	\$ 784,807	\$ 402,496	\$ 1,440,572	\$ 3,304,576
Restricted investments	10,300,770	-	-	-	-	10,300,770
Accounts receivables	-	-	-	-	15,748	15,748
Due from other funds	-	-	-	-	6,000	6,000
TOTAL ASSETS	\$ 10,659,296	\$ 318,175	\$ 784,807	\$ 402,496	\$ 1,462,320	\$ 13,627,094
<u>LIABILITIES AND FUND BALANCE</u>						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 116,624	\$ -	\$ 636	\$ 117,260
Due to other funds	81,816	-	-	327,206	322,278	731,300
TOTAL LIABILITIES	81,816	-	116,624	327,206	322,914	848,560
FUND BALANCE						
Restricted	10,300,770	-	-	-	-	10,300,770
Assigned	276,710	318,175	668,183	75,290	1,139,406	2,477,764
TOTAL FUND BALANCES	10,577,480	318,175	668,183	75,290	1,139,406	12,778,534
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,659,296	\$ 318,175	\$ 784,807	\$ 402,496	\$ 1,462,320	\$ 13,627,094

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SPECIAL DISTRICTS – SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Fire Protection	Hydrant Improvement	Lighting	Water	Sewer	Total
REVENUES:						
Real property taxes	\$ 3,800,960	\$ 438,516	\$ 968,799	\$ 298,204	\$ 830,772	\$ 6,337,251
Departmental income	-	-	-	-	24,345	24,345
Intergovernmental charges	-	-	-	-	286,708	286,708
Use of money and property	1,147,102	148	417	43	375	1,148,085
TOTAL REVENUES	4,948,062	438,664	969,216	298,247	1,142,200	7,796,389
EXPENDITURES:						
Public safety	2,956,544	409,105	-	-	-	3,365,649
Transportation	-	-	948,437	-	-	948,437
Home and community services	-	-	-	163	684,081	684,244
Employee benefits	764,768	-	-	-	11,385	776,153
Debt service - principal	-	-	-	290,000	340,000	630,000
Debt service - interest	-	-	-	11,772	53,638	65,410
TOTAL EXPENDITURES	3,721,312	409,105	948,437	301,935	1,089,104	6,469,893
Excess (deficiency) of revenues over expenditures	1,226,750	29,559	20,779	(3,688)	53,096	1,326,496
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	1,008,190	2,201,851	3,210,041
Transfers out	(136,400)	(10,000)	(10,000)	-	(12,000)	(168,400)
TOTAL OTHER FINANCING SOURCES (USES)	(136,400)	(10,000)	(10,000)	1,008,190	2,189,851	3,041,641
Changes in fund balance	1,090,350	19,559	10,779	1,004,502	2,242,947	4,368,137
Fund balance at January 1, 2020 (restated)	9,487,130	298,616	657,404	(929,212)	(1,103,541)	8,410,397
Fund balance at December 31, 2020	\$ 10,577,480	\$ 318,175	\$ 668,183	\$ 75,290	\$ 1,139,406	\$ 12,778,534

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
DECEMBER 31, 2020

	ERS & PFRS			
	2020	2019	2018	2017
Town's proportion of the net pension liability (asset)	0.203%	0.202%	0.194%	0.189%
Town's proportionate share of the net pension liability (asset)	\$ 17,969,100	\$ 5,235,321	\$ 2,681,222	\$ 6,388,116
Town's covered-employee payroll	\$ 18,248,910	\$ 18,813,288	\$ 16,838,775	\$ 15,877,809
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	98.47%	27.83%	15.92%	40.23%

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
NYSLRS PENSION PLAN
DECEMBER 31, 2020

	ERS & PFRS			
	2020	2019	2018	2017
Contractually required contribution	\$ 2,839,206	\$ 2,769,403	\$ 2,688,146	\$ 2,688,146
Contributions in relation to the contractually required contribution	\$ 2,839,206	\$ 2,769,403	\$ 2,688,146	\$ 2,688,146
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 18,248,910	\$ 18,813,288	\$ 16,838,775	\$ 15,877,809
Contributions as a percentage of covered-employee payroll	15.56%	14.72%	15.96%	16.93%

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY
DECEMBER 31, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 1,616,883	\$ 1,688,096	\$ 1,688,096
Interest	3,181,237	4,203,943	4,203,943
Changes of benefit terms	718,288	-	-
Difference between expected and actual experience	(16,691,814)	(20,675,187)	(20,675,187)
Changes in assumptions	7,435,882	(7,117,212)	(7,117,212)
Benefit payments	<u>(3,410,735)</u>	<u>(3,133,839)</u>	<u>(3,133,839)</u>
Net change in total OPEB liability	(7,150,259)	(25,034,199)	(25,034,199)
Total OPEB liability - beginning	<u>\$ 117,475,203</u>	<u>\$ 121,558,406</u>	<u>\$ 121,558,406</u>
Total OPEB liability - ending	<u>\$ 110,324,944</u>	<u>\$ 96,524,207</u>	<u>\$ 96,524,207</u>
Covered-employee payroll	\$ 14,952,230	\$ 13,472,638	\$ 13,472,638
Town's net OPEB liability as a percentage of covered-employee payroll	737.85%	716.45%	716.45%

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY -
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
DECEMBER 31, 2020

	2020	2019	2018	2017
Total LOSAP liability				
Service cost	\$ 332,381	\$ 398,216	\$ 380,507	\$ 446,220
Interest	532,766	486,348	509,409	463,212
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	200,259	94,272	108,908	80,537
Changes in assumptions	860,726	(1,084,701)	1,215,104	(1,102,624)
Benefit payments	(636,902)	(528,292)	(614,905)	(517,699)
Net change in total pension liability	1,289,230	(634,157)	1,599,023	(630,354)
Total LOSAP liability - beginning	<u>14,622,527</u>	<u>15,256,684</u>	<u>13,657,661</u>	<u>14,288,015</u>
Total LOSAP liability - ending	<u>\$ 15,911,757</u>	<u>\$ 14,622,527</u>	<u>\$ 15,256,684</u>	<u>\$ 13,657,661</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Town's LOSAP liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

See independent auditor's report.

**Independent Auditor's 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 Hamburg
Hamburg, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Hamburg, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Hamburg's basic financial statements, and have issued our report thereon dated January 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Hamburg, New York's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hamburg, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hamburg, New York's internal control.

BUFFALO
36 Niagara Street
Tonawanda, NY 14150
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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. We did identify certain deficiencies in internal control, described in the attached accompanying Schedule of Findings and Responses, that we considered to be significant deficiencies.

Compliance and Other Matters

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

Town of Hamburg's Response to Findings

The Town of Hamburg's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Town of Hamburg's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Applied CPAs, P.C.

Tonawanda, New York
January 28, 2022

TOWN OF HAMBURG
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding 2020-001 – Credit Card Policy

Condition: The Town should consider adopting a formal credit card usage policy.

Criteria: During the year under audit, we noted that the finance department reviews and approves the credit card statements for all Town departments, including the credit card statement of the finance department. A separate party within the Town, outside of the finance office, does not review the Director of Finance and Administration's credit card statement.

Cause of Condition: The Town does not have a formal credit card policy in place. The Town did not enact proper oversight to review and approve the credit card statement for the Director of Finance and Administration.

Potential Effect of Condition: The lack of formal oversight at the appropriate level can lead to an increase in the risk of fraudulent activity, possible misappropriation of Town funds, and the potential for financial reporting errors within the Town's accounting system.

Recommendation: We recommend that the Town develop and implement a formal credit card usage policy for all Town employees to abide by. We further recommend that a member of Town management separate from the finance department, such as the Town Supervisor or a designated Town Board Member, review and approve the monthly credit card statement for the Director of Finance and Administration. This will aid in ensuring that the proper oversight and accountability is in place.

Town of Hamburg Response and Corrective Action Plan: The Town acknowledges the lack of a credit card policy as a deficiency for the year ended December 31, 2020. The Town will begin to consider implementing a credit card policy to put in place and will ensure that proper oversight of credit card purchases is occurring.

TOWN OF HAMBURG
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding 2020-002 – Bank Reconciliations

Condition: The Town should focus on implementing a formal policy concerning the preparation and review of bank reconciliations for all Town bank accounts. The policy should emphasize the timely completion of bank reconciliations in a practical manner. The policy should also specify who prepares and reviews the bank reconciliations.

Criteria: During the year under audit, the Town was not performing necessary bank reconciliations on several Town bank accounts in a timely manner.

Cause of Condition: The Town does not currently have a formal policy related to bank reconciliation preparation that addresses when the account reconciliations should be completed and reviewed.

Potential Effect of Condition: The lack of reconciling the bank accounts in a timely manner can lead to misstated account balances, an increase in the risk of fraudulent activity, and the potential for financial reporting errors within the Town's accounting system.

Recommendation: We recommend that the Town adopt a standard policy that ensures that bank reconciliations be performed and reviewed on a timely basis by designated Town employees.

Town of Hamburg Response and Corrective Action Plan: The Town acknowledges that the untimely preparation of the bank reconciliations is a significant deficiency. The Town is considering implementing a policy that will ensure that bank reconciliations are completed in a specified period after the end of each month.

**SINGLE AUDIT
WITH
INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Town Board
Town of Hamburg
Hamburg, New York

Report on Compliance for Each Major federal Program

We have audited the Town of Hamburg, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Hamburg, New York's major federal programs for the year ended December 31, 2020. The Town of Hamburg, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Hamburg, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Hamburg, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Hamburg, New York's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Hamburg, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

BUFFALO
36 Niagara Street
Tonawanda, NY 14150
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
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ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

Report on Internal Control Over Compliance

Management of the Town of Hamburg, New York, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Hamburg, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hamburg, New York's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Allied CPAs, P.C.

Tonawanda, New York
January 28, 2022

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
<i>Direct programs:</i>				
Community Development Block Grant / Entitlement Grant	14.218	N/A	\$ 60,000	\$ 197,305
COVID-19 - Community Development Block Grant / Entitlement Grant	14.218	N/A	-	91,865
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			60,000	289,170
<u>U.S. Department of Treasury:</u>				
<i>Direct program:</i>				
Equitable Sharing	21.016	N/A	-	39,490
<i>Passed through Erie County, New York:</i>				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	811,991
TOTAL U.S. DEPARTMENT OF TREASURY			-	851,481
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 60,000	\$ 1,140,651

The accompanying notes to the Schedule of Federal Awards are an integral part of this schedule.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Hamburg, New York under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows for the Town.

Note 2 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Federal grants received by the Town are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such audit, the grantor agencies could make claims to reimbursement, which would become a liability of the Town of Hamburg, New York.

The Town has elected not to use the 10-percent de minimis indirect cost rate allowable under the Uniform Guidance.

Note 3 - Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Town provided federal awards to subrecipients as follows:

<u>Subrecipients</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Village of Hamburg	14.218	\$ <u>60,000</u>

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I - Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that required to be reported in accordance with
the Uniform Guidance? Yes No

Identification of Major Programs:

CFDA Number
21.019

Name of Federal Program or Cluster
Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? Yes No

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II - Financial Statement Findings:

We considered the following findings to be significant deficiencies in internal control:

Finding 2020-001 – Credit Card Policy

Condition: The Town should consider adopting a formal credit card usage policy.

Criteria: During the year under audit, we noted that the finance department reviews and approves the credit card statements for all Town departments, including the credit card statement of the finance department. A separate party within the Town, outside of the finance office, does not review the Director of Finance and Administration's credit card statement.

Cause of Condition: The Town does not have a formal credit card policy in place. The Town did not enact proper oversight to review and approve the credit card statement for the Director of Finance and Administration.

Potential Effect of Condition: The lack of formal oversight at the appropriate level can lead to an increase in the risk of fraudulent activity, possible misappropriation of Town funds, and the potential for financial reporting errors within the Town's accounting system.

Recommendation: We recommend that the Town develop and implement a formal credit card usage policy for all Town employees to abide by. We further recommend that a member of Town management separate from the finance department, such as the Town Supervisor or a designated Town Board Member, review and approve the monthly credit card statement for the Director of Finance and Administration. This will aid in ensuring that the proper oversight and accountability is in place.

Town of Hamburg Response and Corrective Action Plan: The Town acknowledges the lack of a credit card policy as a deficiency for the year ended December 31, 2020. The Town will begin to consider implementing a credit card policy to put in place and will ensure that proper oversight of credit card purchases is occurring.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II - Financial Statement Findings (cont.):

Finding 2020-002 – Bank Reconciliations

Condition: The Town should focus on implementing a formal policy concerning the preparation and review of bank reconciliations for all Town bank accounts. The policy should emphasize the timely completion of bank reconciliations in a practical manner. The policy should also specify who prepares and reviews the bank reconciliations.

Criteria: During the year under audit, the Town was not performing necessary bank reconciliations on several Town bank accounts in a timely manner.

Cause of Condition: The Town does not currently have a formal policy related to bank reconciliation preparation that addresses when the account reconciliations should be completed and reviewed.

Potential Effect of Condition: The lack of reconciling the bank accounts in a timely manner can lead to misstated account balances, an increase in the risk of fraudulent activity, and the potential for financial reporting errors within the Town's accounting system.

Recommendation: We recommend that the Town adopt a standard policy that ensures that bank reconciliations be performed and reviewed on a timely basis by designated Town employees.

Town of Hamburg Response and Corrective Action Plan: The Town acknowledges that the untimely preparation of the bank reconciliations is a significant deficiency. The Town is considering implementing a policy that will ensure that bank reconciliations are completed in a specified period after the end of each month.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section III - Federal Award Findings and Questioned Costs:

No findings noted.

Section IV – Summary Schedule of Prior Year Audit Findings:

No findings noted.