

Town of Hamburg, New York

**Basic Financial Statements
Required Supplementary Information,
Supplementary Information,
and Federal Awards Information
As of December 31, 2022
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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hamburg, New York's basic financial statements as listed in the table of contents.

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 unit, each major fund, and the aggregate remaining fund information of the Town of Hamburg, New York, as of December 31, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Hamburg, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, during 2022, the Town adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamburg, New York's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and the 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 July 5, 2023, on our consideration of the Town of Hamburg, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hamburg, New York's 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, New York's internal control over financial reporting and compliance.

Allied CPAs, P.C.

Amherst, New York
July 5, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

This section of the Town of Hamburg's (the "Town") annual financial report presents a discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2022. Please read it in conjunction with the Town's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The Town's primary government net position increased by \$42,284,963 as a result of this year's activity.
- The liabilities and deferred inflows of resources of the primary government of the Town of Hamburg exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$59,576,004 (net position).
- The Town's total bonded indebtedness decreased by \$1,185,467 during the year. This change was due to the Town making routine debt payments during the current year.
- The general fund, the Town's primary operating fund, reported an increase of \$778,414 in total fund balance.
- Primary government general revenues accounted for \$43.38 million in revenue or 83.76% of all revenues. Program specific revenues for charges for services and grants and contributions accounted for \$8.41 million or 16.24% of \$51.79 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 the required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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 *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 position are reported as soon as the underlying event occurs giving rise to the change, 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).

Both of these government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or, 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, health, 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 specific services. The Town's golf course and ice arena are categorized as business-type activities.

The government-wide financial statement can be found on pages 14 – 16 of this report.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

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 17 - 22 of this report.

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 23 – 25 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 26 of this report.

Notes to the Financial Statements

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 27 – 60 of this report.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Required Supplementary Information

This information explains and supports the financial statements and includes budgetary comparison information for major governmental funds, schedule of the Town's proportionate share of the net pension liability, schedule of the Town's pension contributions, schedule of changes in the Town's total OPEB liability and schedule of changes in the Town's total pension liability - LOSAP.

The required supplementary information can be found on pages 61 - 67 of this report.

Other Supplementary Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

The supplementary information can be found on pages 68 - 71 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

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 and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$60,618,253) at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities	
	2022	2021 (Restated)	2022	2021 (Restated)
	<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
ASSETS				
Current and other assets	\$ 41,428,440	\$ 39,780,912	\$ 2,171,829	\$ 2,703,364
Capital assets	27,174,591	26,608,490	1,061,252	989,198
Net pension asset	1,896,494	-	-	-
	TOTAL ASSETS	70,499,525	66,389,402	3,233,081
Deferred outflows of resources	19,746,477	26,216,411	-	-
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,746,477	26,216,411	-
	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 90,246,002	\$ 92,605,813	\$ 3,233,081
	\$ 90,246,002	\$ 92,605,813	\$ 3,233,081	\$ 3,692,562
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Long-term liabilities	\$ 92,698,233	\$ 150,917,618	\$ 1,964,663	\$ 2,156,886
Other liabilities	13,179,869	8,917,708	226,169	426,149
	TOTAL LIABILITIES	105,878,102	159,835,326	2,190,832
Deferred inflows of resources	44,986,153	35,740,981	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	44,986,153	35,740,981	-
	TOTAL LIABILITIES AND DEFERRED INFLOWS	150,864,255	195,576,307	2,190,832
	150,864,255	195,576,307	2,190,832	2,583,035
NET POSITION				
Net investment in capital assets	19,328,864	20,049,244	1,029,474	956,817
Restricted	15,643,963	20,106,672	1,883,222	2,037,560
Unrestricted	(95,591,080)	(143,126,410)	(1,870,447)	(1,884,850)
	TOTAL NET POSITION	(60,618,253)	(102,970,494)	1,109,527
	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 90,246,002	\$ 92,605,813	\$ 3,233,081
	\$ 90,246,002	\$ 92,605,813	\$ 3,233,081	\$ 3,692,562

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS (Cont.)

The largest portion of the Town's net position reflects its investment in capital assets of \$19,328,864 (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 its 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 \$15,643,963 represents resources that are subject to external restrictions on how they may be used, which include Town Board established reserves, and funds designated for capital projects.

The remaining balance of unrestricted net position of (\$60,618,253) 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	
	2021		2021	
	2022	(Restated)	2022	(Restated)
Current assets	\$ 41,428,440	\$ 39,780,912	\$ 2,171,829	\$ 2,703,364
Current liabilities	\$ 13,179,869	\$ 8,917,708	\$ 226,169	\$ 426,149
Ratio of current assets to current liabilities	3.14	4.46	9.60	6.34

Governmental Activities and Business-Type Activities

Governmental activities increased the Town's net position by \$42,352,241 and business-type activities decreased net position by (\$67,278).

Summary of Town of Hamburg's Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2021		2021	
	2022	(Restated)	2022	(Restated)
REVENUES:				
PROGRAM REVENUES:				
Charges for services	\$ 2,370,396	\$ 2,683,234	\$ 1,183,105	\$ 986,373
Operating grants and contributions	4,860,197	3,675,484	-	-
GENERAL REVENUES:				
Real property taxes and tax items	30,131,127	29,781,899	-	-
Non-property tax items	9,868,405	9,114,318	-	-
Use of money and property	245,296	960,760	76	230
Sale of property and compensation for loss	1,237,700	84,750	-	-
Miscellaneous	1,896,748	1,642,875	-	-
TOTAL REVENUES	\$ 50,609,869	\$ 47,943,320	\$ 1,183,181	\$ 986,603

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental Activities and Business-Type Activities (Cont.)

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
		(Restated)		(Restated)
<u>EXPENSES:</u>				
General government	\$ 2,261,094	\$ 5,286,396	\$ -	\$ -
Public safety	689,439	20,970,898	-	-
Health	(2,673)	5,846	-	-
Transportation	2,110,782	7,095,527	-	-
Economic assistance	(129,736)	1,085,307	-	-
Culture and recreation	(1,151,410)	6,169,697	1,223,547	1,260,737
Home and community services	4,221,397	4,104,635	-	-
Interest and fiscal charges	285,647	344,793	-	-
TOTAL EXPENSES	8,284,540	45,063,099	1,223,547	1,260,737
Change in net position before transfers	42,325,329	2,880,221	(40,366)	(274,134)
Transfers in (out)	26,912	(274,134)	(26,912)	274,134
Change in net position	42,352,241	2,606,087	(67,278)	-
Net position - Beginning (Restated)	(102,970,494)	(105,576,581)	1,109,527	1,109,527
Net position - Ending	\$ (60,618,253)	\$ (102,970,494)	\$ 1,042,249	\$ 1,109,527

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, 2022, the Town's governmental funds reported combined fund balances of \$28,132,375, a decrease of \$2,617,551 in comparison with the prior year. Of the combined fund balances, \$3,213,762 constitutes *unassigned fund balance*, which is available to meet the Town's current and future operational and capital needs. *Assigned fund balance* represents fund balances of governmental funds other than general and amounts designated for subsequent years' expenditures in the amount of \$8,594,786. *Restricted fund balance* represents amounts restricted by outside sources in the amount of \$15,643,963. *Non-spendable fund balance* represents reserves for prepaid expenditures in the amount of \$679,864.

The general fund is the chief operating fund of the Town. At December 31, 2022, unassigned fund balance of the general fund was \$3,213,762 while total fund balance reached \$7,297,331. 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 15.59% of total fund expenditures, while total fund balance represents 35.41% of that same amount.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

FINANCIAL ANALYSIS – GOVERNMENTAL REVENUES

Revenues for governmental functions totaled \$50,609,869 in fiscal year ended December 31, 2022, which represents an increase of 5.56% from the fiscal year ended December 31, 2021.

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 2022	Percent of Total	Revenues 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
REVENUES:					
Real property taxes	\$ 29,507,951	58.30%	\$ 29,059,990	\$ 447,961	1.54%
Real property tax items	623,176	1.23%	721,909	(98,733)	-13.68%
Non-property tax items	9,868,405	19.50%	9,114,318	754,087	8.27%
Departmental income	611,703	1.21%	585,665	26,038	4.45%
Intergovernmental charges	470,112	0.93%	475,645	(5,533)	-1.16%
Use of money and property	245,296	0.48%	960,760	(715,464)	-74.47%
Licenses and permits	713,632	1.41%	918,180	(204,548)	-22.28%
Fines and forfeitures	574,949	1.14%	703,744	(128,795)	-18.30%
Sale of property and compensation for loss	1,237,700	2.45%	84,750	1,152,950	1360.41%
Miscellaneous	1,896,748	3.75%	1,642,875	253,873	15.45%
State aid	3,174,812	6.27%	2,964,161	210,651	7.11%
Federal aid	1,685,385	3.33%	711,323	974,062	136.94%
TOTAL REVENUES	\$ 50,609,869	100.00%	\$ 47,943,320	\$ 2,666,549	5.56%

The following provides an explanation of revenue by source that changed significantly over the prior year:

- Non-property tax items increased due to an increase in sales tax payments from the County.
- Fines and forfeitures decreased due to a lower volume of traffic ticket fines collected during the year.
- Sale of property and compensation for loss increased due to a large refund of insurance premiums.
- Miscellaneous revenue increased because of larger refunds of prior year expenditures.
- Federal aid increased due to funding from the American Rescue Plan Act.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

FINANCIAL ANALYSIS – GOVERNMENTAL EXPENSES

Expenses for governmental functions totaled \$53,254,332 in fiscal year ended December 31, 2022, which represents an increase of 15.04% from the fiscal year ended December 31, 2021.

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

Expenditures by function – Governmental Funds

	Governmental Activities				
	Expenditures 2022	Percent of Total	Expenditures 2021	Amount of Increase (Decrease)	Percent of Increase (Decrease)
EXPENDITURES:					
General government	\$ 5,809,247	10.9%	\$ 4,548,578	\$ 1,260,669	27.72%
Public safety	16,052,215	30.1%	14,004,485	2,047,730	14.62%
Health	3,662	0.0%	3,662	-	0.00%
Transportation	8,813,820	16.6%	6,192,561	2,621,259	42.33%
Economic assistance	1,059,167	2.0%	754,754	304,413	40.33%
Culture and recreation	5,104,624	9.6%	4,834,042	270,582	5.60%
Home and community services	2,798,408	5.3%	1,898,944	899,464	47.37%
Employee benefits	12,011,932	22.6%	12,990,390	(978,458)	-7.53%
Debt service	1,601,257	3.0%	1,063,202	538,055	50.61%
TOTAL EXPENDITURES	<u>\$ 53,254,332</u>	<u>100.0%</u>	<u>\$ 46,290,618</u>	<u>\$ 6,963,714</u>	15.04%

The following provides an explanation of expenditures by source that changed significantly over the prior year:

- General government increased because of improvements made under the American Rescue Plan Act.
- Public safety expenditures changed due to a change in the market value of LOSAP investments.
- Transportation expenditures changed because of an increase in road repairs during the year.
- Economic assistance increased due to expenditures made under the American Rescue Plan Act.
- Home and community services increased due to more funding for community improvement programs.
- Debt service expenditures increased because of an increase in debt principal payments in the current year.

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The table below summarizes changes in fund balances of the Town's Governmental Funds for years ending December 31, 2022, 2021, and 2020:

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

	Governmental Funds					Nonmajor Governmental Funds	Total
	General	Part Town	Highway	Capital Projects	Nonmajor Governmental Funds		
FUND BALANCE AT DECEMBER 31, 2020	\$ 5,194,804	\$ 1,452,928	\$ 1,839,029	\$ 7,637,285	\$ 13,247,312	\$ 29,371,358	
Revenues	18,312,204	14,427,358	6,888,072	64,143	8,251,543	47,943,320	
Expenditures	(18,215,689)	(13,750,251)	(5,895,989)	(1,656,278)	(6,772,411)	(46,290,618)	
Excess (deficiency) of revenues over expenditures	96,515	677,107	992,083	(1,592,135)	1,479,132	1,652,702	
Other financing sources (uses)	1,227,598	(923,663)	(792,872)	395,000	(180,197)	(274,134)	
FUND BALANCE AT DECEMBER 31, 2021	6,518,917	1,206,372	2,038,240	6,440,150	14,546,247	30,749,926	
Revenues	19,992,308	15,573,897	7,223,465	58,750	7,761,449	50,609,869	
Expenditures	(20,609,496)	(13,189,033)	(6,647,560)	(3,000,345)	(9,807,898)	(53,254,332)	
Excess (deficiency) of revenues over expenditures	(617,188)	2,384,864	575,905	(2,941,595)	(2,046,449)	(2,644,463)	
Other financing sources (uses)	1,395,602	(947,660)	(348,824)	305,674	(377,880)	26,912	
FUND BALANCE AT DECEMBER 31, 2022	\$ 7,297,331	\$ 2,643,576	\$ 2,265,321	\$ 3,804,229	\$ 12,121,918	\$ 28,132,375	

TOWN OF HAMBURG, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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 \$1,067,216.
- Public safety increased by \$55,035.
- Transportation increased by \$7,700.
- Economic assistance increased by \$134,101.
- Culture and recreation increased by \$877,349.
- Home and community services increased by \$141,316.
- Employee benefits decreased by \$190,226.
- Debt service increased by \$126,009.

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, 2022, amounted to \$27,174,591 and \$1,061,252, (net of accumulated depreciation and accumulated amortization). This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, vehicles, equipment, and right of use assets.

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. All right of use assets were amortized from acquisition date to the end of the lease term.

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)

	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 1,128,632	\$ 470,194	\$ 1,598,826
Construction in progress	4,005,719	166,778	4,172,497
Land improvements	30,405	-	30,405
Buildings	1,576,313	373,098	1,949,411
Building improvement	1,266,006	6,443	1,272,449
Vehicles	2,018,142	-	2,018,142
Machinery and equipment	828,882	44,739	873,621
Infrastructure	16,090,340	-	16,090,340
Right of use assets	230,152	-	230,152
TOTAL CAPITAL ASSETS	\$ 27,174,591	\$ 1,061,252	\$ 28,235,843

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, 2022

Long-Term Debt

At December 31, 2022, the Town had total long-term debt payable of \$13,074,057, as compared to \$13,045,467 in the prior year. During the year, retirement of debt amounted to \$1,227,285. New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five-year valuation. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The Town's credit rating from Moody's Investor Service was "Aa3" at the time of issuance of these financial statements.

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, 2022:

LONG-TERM LIABILITIES	Governmental Activities		Business-Type Activities		Total
Bonds payable	\$ 10,140,000		\$ 1,720,000		\$ 11,860,000
Unamortized bond premium	663,000		195,000		858,000
Installment purchase debt	81,966		-		81,966
Leases payable	274,091		-		274,091
Compensated absences	4,110,496		49,663		4,160,159
Workers' compensation liability	1,887,387		-		1,887,387
Net pension liability - proportionate share	18,940,063		-		18,940,063
Net OPEB liability	56,601,230		-		56,601,230
TOTAL LONG-TERM LIABILITIES	\$ 92,698,233		\$ 1,964,663		\$ 94,662,896

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 has 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 for 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 2022.

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, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities - Enterprise Funds	Total Primary Government	Hamburg Industrial Development Agency
ASSETS				
Cash and cash equivalents	\$ 11,933,196	\$ 35,327	\$ 11,968,523	\$ 1,072,994
Restricted cash	3,854,835	1,883,222	5,738,057	-
Unrestricted investments	11,769,433	-	11,769,433	-
Restricted investments	9,312,291	-	9,312,291	-
Accounts receivable	657,889	109,119	767,008	-
Loans receivable	201,484	-	201,484	-
Intergovernmental receivables	3,019,448	-	3,019,448	-
Due from governmental funds	-	124,925	124,925	-
Prepaid expenditures	679,864	19,236	699,100	-
Capital assets not being depreciated	5,134,351	636,972	5,771,323	-
Capital assets, net of accumulated depreciation	21,810,088	424,280	22,234,368	-
Right of use assets, net of accumulated amortization	230,152	-	230,152	-
Net pension asset - proportionate share	1,896,494	-	1,896,494	-
TOTAL ASSETS	70,499,525	3,233,081	73,732,606	1,072,994
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	17,908,331	-	17,908,331	-
Other post employment benefits	1,838,146	-	1,838,146	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,746,477	-	19,746,477	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 90,246,002	\$ 3,233,081	\$ 93,479,083	\$ 1,072,994

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

TOWN OF HAMBURG, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	Primary Government			Component Unit	
			Business-Type Activities - Enterprise Funds	Primary Government	Hamburg Industrial Development Agency
	Governmental Activities	Business-Type Activities - Enterprise Funds			
LIABILITIES					
Accounts payable	\$ 1,180,727	\$ 191,205	\$ 1,371,932	\$ -	-
Accrued liabilities	768,749	34,964	803,713	-	-
Accrued interest payable	85,288	-	85,288	-	-
Due to other governments	853	-	853	-	-
Due to enterprise funds	124,925	-	124,925	-	-
Unearned revenue	11,019,327	-	11,019,327	-	-
Long-term liabilities:					
Due within one year:					
Bonds payable	1,078,000	112,000	1,190,000	-	-
Unamortized bond premium	51,000	15,000	66,000	-	-
Installment purchase debt	69,282	-	69,282	-	-
Leases payable	93,224	-	93,224	-	-
Due in more than one year:					
Bonds payable	9,062,000	1,608,000	10,670,000	-	-
Unamortized bond premium	612,000	180,000	792,000	-	-
Installment purchase debt	12,684	-	12,684	-	-
Leases payable	180,867	-	180,867	-	-
Compensated absences	4,110,496	49,663	4,160,159	-	-
Workers' compensation liability	1,887,387	-	1,887,387	-	-
Net pension liability - proportionate share	18,940,063	-	18,940,063	-	-
Net OPEB liability	56,601,230	-	56,601,230	-	-
	TOTAL LIABILITIES	105,878,102	2,190,832	108,068,934	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	201,484	-	201,484	-	-
Pensions	19,287,167	-	19,287,167	-	-
OPEB	25,497,502	-	25,497,502	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	44,986,153	-	44,986,153	-
NET POSITION					
Net investment in capital assets	19,328,864	1,029,474	20,358,338	-	-
Restricted	15,643,963	1,883,222	17,527,185	-	-
Unrestricted	(95,591,080)	(1,870,447)	(97,461,527)	1,072,994	1,072,994
	TOTAL NET POSITION	(60,618,253)	1,042,249	(59,576,004)	1,072,994
	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 90,246,002	\$ 3,233,081	\$ 93,479,083	\$ 1,072,994

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

TOWN OF HAMBURG, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government		Component Unit	
	Charges for Expenses	Operating Services	Grants and Contributions	Governmental Activities	Business-Type Activities - Enterprise Funds	Total Primary Government	Hamburg Industrial Development Agency
FUNCTIONS / PROGRAMS							
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ (2,261,094)	\$ 749,834	\$ 2,526,234	\$ 1,014,974	\$ -	\$ 1,014,974	\$ -
Public safety	(689,439)	702,352	545,660	558,573	-	558,573	-
Health	2,673	-	-	2,673	-	2,673	-
Transportation	(2,110,782)	106,709	603,021	(1,401,052)	-	(1,401,052)	-
Economic assistance	129,736	330,467	-	460,203	-	460,203	-
Culture and recreation	1,151,410	292,596	41,280	1,485,286	-	1,485,286	-
Home and community services	(4,221,397)	188,438	1,144,002	(2,888,957)	-	(2,888,957)	-
Interest and other fiscal services	(285,647)	-	-	(285,647)	-	(285,647)	-
TOTAL GOVERNMENTAL ACTIVITIES	(8,284,540)	2,370,396	4,860,197	(1,053,947)	-	(1,053,947)	-
Business-type activities:							
Enterprise funds	(1,223,547)	1,183,105	-	-	(40,442)	(40,442)	-
TOTAL BUSINESS-TYPE ACTIVITIES	(1,223,547)	1,183,105	-	-	(40,442)	(40,442)	-
TOTAL PRIMARY GOVERNMENT	(9,508,087)	3,553,501	4,860,197	(1,053,947)	(40,442)	(1,094,389)	-
Component Unit:							
Hamburg Industrial Development Agency	(183,952)	187,124	-	-	-	-	3,172
TOTAL COMPONENT UNIT	(183,952)	187,124	-	-	-	-	3,172
General revenues:							
Property taxes and related tax items			30,131,127	-	30,131,127	-	-
Nonproperty tax items			9,868,405	-	9,868,405	-	-
Use of money and property			245,296	76	245,372	4,807	-
Sale of property and compensation for loss			1,237,700	-	1,237,700	-	-
Miscellaneous			1,896,748	-	1,896,748	-	-
Interfund transfers			26,912	(26,912)	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS, NET			43,406,188	(26,836)	43,379,352	4,807	
Change in net position			42,352,241	(67,278)	42,284,963	7,979	
Total net position at beginning of year (restated)			(102,970,494)	1,109,527	(101,860,967)	1,065,015	
Total net position at end of year			\$ (60,618,253)	\$ 1,042,249	\$ (59,576,004)	\$ 1,072,994	

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

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

	Special Revenue			Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Part Town	Highway			
ASSETS						
Cash and cash equivalents	\$ 7,750,498	\$ -	\$ 1,344,998	\$ -	\$ 2,837,700	\$ 11,933,196
Restricted cash	-	-	-	3,854,835	-	3,854,835
Unrestricted investments	10,894,433	250,000	625,000	-	-	11,769,433
Restricted investments	-	-	-	-	9,312,291	9,312,291
Accounts receivable	141,504	512,340	450	-	3,595	657,889
Loans receivable	-	-	-	-	201,484	201,484
Due from other funds	404,276	-	-	-	-	404,276
Intergovernmental receivables	204,161	2,228,246	587,041	-	-	3,019,448
Prepaid expenditures	199,116	423,376	57,372	-	-	679,864
TOTAL ASSETS	\$ 19,593,988	\$ 3,413,962	\$ 2,614,861	\$ 3,854,835	\$ 12,355,070	\$ 41,832,716

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

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2022

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

	Special Revenue			Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Part Town	Highway			
LIABILITIES						
Accounts payable	\$ 901,773	\$ 114,499	\$ 82,181	\$ 50,606	\$ 31,668	\$ 1,180,727
Accrued liabilities	374,704	251,611	142,434	-	-	768,749
Due to other funds	-	404,276	124,925	-	-	529,201
Due to other governments	853	-	-	-	-	853
Unearned revenue	11,019,327	-	-	-	-	11,019,327
TOTAL LIABILITIES	12,296,657	770,386	349,540	50,606	31,668	13,498,857
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	201,484	201,484
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	201,484	201,484
FUND BALANCE						
Non-spendable	199,116	423,376	57,372	-	-	679,864
Restricted	2,155,734	341,709	30,000	3,804,229	9,312,291	15,643,963
Assigned	1,728,719	1,878,491	2,177,949	-	2,809,627	8,594,786
Unassigned	3,213,762	-	-	-	-	3,213,762
TOTAL FUND BALANCES	7,297,331	2,643,576	2,265,321	3,804,229	12,121,918	28,132,375
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,593,988	\$ 3,413,962	\$ 2,614,861	\$ 3,854,835	\$ 12,355,070	\$ 41,832,716

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

TOWN OF HAMBURG, NEW YORK
RECONCILIATION OF STATEMENT OF NET POSITION
TO GOVERNMENTAL FUND BALANCES
DECEMBER 31, 2022

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

Total governmental fund balances	\$ 28,132,375
Certain assets and deferred outflows are not considered financial resources and are not reported in the governmental funds:	
Capital assets, net of accumulated depreciation	26,944,439
Right to use assets, net of accumulated amortization	230,152
Proportionate share of employee retirement system asset	2,800,311
Deferred outflows of employee retirement system liability	5,790,124
Deferred outflows of police and fire retirement system liability	7,472,113
Deferred outflows of length of service awards program liability	4,646,094
Deferred outflows of other post employment benefits liability	1,838,146
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 on outstanding debt	(85,288)
Bonds payable	(10,140,000)
Leases payable	(274,091)
Installment purchase debt	(81,966)
Unamortized bond premium	(663,000)
Compensated absences	(4,110,496)
Workers' compensation liability	(1,887,387)
Proportionate share of police and fire retirement system liability	(903,817)
Proportionate share of length of service award program liability	(18,940,063)
Net other post employment benefits liability	(56,601,230)
Deferred inflows of employee retirement system liability	(9,559,887)
Deferred inflows of police and fire retirement system liability	(7,860,122)
Deferred inflows of length of service awards program liability	(1,867,158)
Deferred inflows of other postemployment benefits liability	<u>(25,497,502)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES \$ <u>(60,618,253)</u>	

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

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue			Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Part Town	Highway			
REVENUES:						
Real property taxes	\$ 11,887,499	\$ 5,400,340	\$ 6,124,973	\$ -	\$ 6,095,139	\$ 29,507,951
Real property tax items	623,176	-	-	-	-	623,176
Non-property tax items	160,938	9,707,467	-	-	-	9,868,405
Departmental income	421,611	59,530	-	-	130,562	611,703
Intergovernmental charges	106,709	124,953	-	-	238,450	470,112
Use of money and property	170,160	14,067	31,492	11,457	18,120	245,296
Licenses and permits	686,182	27,450	-	-	-	713,632
Fines and forfeitures	569,849	5,100	-	-	-	574,949
Sale of property and compensation for loss	1,056,285	15,435	165,980	-	-	1,237,700
Miscellaneous	1,305,137	95,163	313,979	47,293	135,176	1,896,748
State aid	2,489,943	97,828	587,041	-	-	3,174,812
Federal aid	514,819	26,564	-	-	1,144,002	1,685,385
TOTAL REVENUES	\$ 19,992,308	\$ 15,573,897	\$ 7,223,465	\$ 58,750	\$ 7,761,449	\$ 50,609,869

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

TOWN OF HAMBURG, NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue			Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Part Town	Highway			
EXPENDITURES:						
General government support	\$ 5,703,058	\$ -	\$ -	\$ 106,189	\$ -	\$ 5,809,247
Public safety	2,537,425	8,101,396	-	44,533	5,368,861	16,052,215
Health	3,662	-	-	-	-	3,662
Transportation	209,887	-	5,153,366	2,568,732	881,835	8,813,820
Economic assistance and opportunity	1,009,951	-	-	(42,033)	91,249	1,059,167
Culture and recreation	4,853,998	-	-	250,626	-	5,104,624
Home and community services	421,001	464,216	-	72,298	1,840,893	2,798,408
Employee benefits	5,301,617	4,623,421	1,409,348	-	677,546	12,011,932
Debt service - principal	461,170	-	72,115	-	693,000	1,226,285
Debt service - interest	107,727	-	12,731	-	254,514	374,972
TOTAL EXPENDITURES	20,609,496	13,189,033	6,647,560	3,000,345	9,807,898	53,254,332
Excess (deficiency) of revenues over expenditures	(617,188)	2,384,864	575,905	(2,941,595)	(2,046,449)	(2,644,463)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,507,690	-	209,326	365,000	-	2,082,016
Transfers out	(112,088)	(947,660)	(558,150)	(59,326)	(377,880)	(2,055,104)
TOTAL OTHER FINANCING SOURCES (USES)	1,395,602	(947,660)	(348,824)	305,674	(377,880)	26,912
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	778,414	1,437,204	227,081	(2,635,921)	(2,424,329)	(2,617,551)
Fund balance - beginning of year	6,518,917	1,206,372	2,038,240	6,440,150	14,546,247	30,749,926
Fund balance - end of year	\$ 7,297,331	\$ 2,643,576	\$ 2,265,321	\$ 3,804,229	\$ 12,121,918	\$ 28,132,375

The accompanying notes are an integral part of the basic 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, 2022

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

Net change in fund balances - total governmental funds	\$ (2,617,551)
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 and right to use assets increased in the current year	
Depreciation and amortization is only recorded on the statements of activities	3,699,659
Change in deferred outflows - employee retirement system	(3,133,558)
Change in deferred outflows - police and fire retirement system	(2,059,689)
Change in deferred outflows - LOSAP	(1,159,026)
Change in deferred outflows - other postemployment benefits	(751,767)
Accrued interest is only reported on the Statement of Activities	(2,499,452)
Payment of bond, installment debt, and lease principal	38,325
Change in unamortized bond premium	1,226,285
The net change in compensated absences are recorded in the statement of activities but not in the statement of governmental funds	51,000
The net change in the workers' compensation liability is recorded in the statement of activities but not in the statement of governmental funds	(51,116)
Change in proportionate share of employee retirement system asset	(7,751)
Change in proportionate share of police and fire retirement system liability	2,834,062
Change in proportionate share of the LOSAP liability	1,740,594
Change in net other postemployment benefit liability	599,091
Change in deferred inflows - employee retirement system	53,723,714
Change in deferred inflows - police and fire retirement system	304,754
Change in deferred inflows - LOSAP	259,270
Change in deferred inflows - other postemployment benefits	(497,623)
	<u>(9,346,980)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 42,352,241

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

TOWN OF HAMBURG, NEW YORK
PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS

	Golf Course Fund	Ice Arena Fund	Total
CURRENT ASSETS			
Cash	\$ 35,327	\$ -	\$ 35,327
Restricted cash	190,712	1,692,510	1,883,222
Accounts receivable	4,717	104,402	109,119
Due from governmental funds	124,925	-	124,925
Prepaid expenditures	9,618	9,618	19,236
TOTAL CURRENT ASSETS	365,299	1,806,530	2,171,829

NON-CURRENT ASSETS

Capital assets, net of accumulated depreciation	559,601	501,651	1,061,252
TOTAL NON-CURRENT ASSETS	559,601	501,651	1,061,252
TOTAL ASSETS	\$ 924,900	\$ 2,308,181	\$ 3,233,081

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 5,817	\$ 185,388	\$ 191,205
Accrued liabilities	6,294	28,670	34,964
Debt payable - current portion	14,000	98,000	112,000
Unamortized bond premium - current portion	2,000	13,000	15,000
TOTAL CURRENT LIABILITIES	28,111	325,058	353,169

NON-CURRENT LIABILITIES

Compensated absences	34,637	15,026	49,663
Debt payable - long-term portion	193,000	1,415,000	1,608,000
Unamortized bond premium	24,000	156,000	180,000
TOTAL NON-CURRENT LIABILITIES	251,637	1,586,026	1,837,663
TOTAL LIABILITIES	279,748	1,911,084	2,190,832

NET POSITION

Net investment in capital assets	517,313	512,161	1,029,474
Restricted	190,712	1,692,510	1,883,222
Unrestricted	(62,873)	(1,807,574)	(1,870,447)
TOTAL NET POSITION	645,152	397,097	1,042,249
TOTAL LIABILITIES AND NET POSITION	\$ 924,900	\$ 2,308,181	\$ 3,233,081

The accompanying notes are an integral part of the basic 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, 2022

	Golf Course Fund	Ice Arena Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 652,194	\$ 530,911	\$ 1,183,105
TOTAL OPERATING REVENUES	652,194	530,911	1,183,105
OPERATING EXPENSES:			
Personal services	357,309	312,136	669,445
Contractual services, supplies and materials	205,030	114,582	319,612
Benefits	61,232	55,301	116,533
Depreciation	12,294	69,990	82,284
TOTAL OPERATING EXPENSES	635,865	552,009	1,187,874
TOTAL OPERATING INCOME	16,329	(21,098)	(4,769)
NON-OPERATING REVENUES (EXPENSES):			
Interest income	38	38	76
Interest expense	(4,655)	(31,018)	(35,673)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(4,617)	(30,980)	(35,597)
Income before other financing sources (uses)	11,712	(52,078)	(40,366)
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	42,088	42,088
Transfer to other funds	(9,000)	(60,000)	(69,000)
TOTAL OTHER FINANCING SOURCES (USES)	(9,000)	(17,912)	(26,912)
Change in net position	2,712	(69,990)	(67,278)
Total net position at beginning of year (restated)	642,440	467,087	1,109,527
Total net position at end of year	\$ 645,152	\$ 397,097	\$ 1,042,249

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

TOWN OF HAMBURG, NEW YORK
PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Golf Course Fund	Ice Arena Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 776,631	\$ 823,105	\$ 1,599,736
Payments to suppliers	(268,332)	(241,824)	(510,156)
Payments to employees	(427,967)	(408,836)	(836,803)
NET CASH FLOWS FROM OPERATING ACTIVITIES	80,332	172,445	252,777
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash transferred to other funds	(9,000)	(60,000)	(69,000)
Cash from other funds	-	42,088	42,088
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(9,000)	(17,912)	(26,912)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Cash paid for addition of capital assets	(46,848)	(107,490)	(154,338)
Payments of debt	(29,388)	(110,553)	(139,941)
Interest paid on capital debt	(4,655)	(31,018)	(35,673)
Amortization of bond premium	(2,000)	(13,000)	(15,000)
NET CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	(82,891)	(262,061)	(344,952)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	38	38	76
Net change in cash and cash equivalents	(11,521)	(107,490)	(119,011)
Cash and cash equivalents at January 1, 2022	237,560	1,800,000	2,037,560
Cash and cash equivalents at December 31, 2022	\$ 226,039	\$ 1,692,510	\$ 1,918,549
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 16,329	\$ (21,098)	\$ (4,769)
Adjustments to reconcile income to net cash flows from operating activities:			
Depreciation	12,294	69,990	82,284
Changes in assets and liabilities:			
Accounts receivable	(4,717)	(74,197)	(78,914)
Due from other funds	129,154	366,391	495,545
Prepaid expenditures	(1,213)	(2,894)	(4,107)
Accounts payable	(62,089)	(124,348)	(186,437)
Accrued liabilities	(3,289)	(10,254)	(13,543)
Compensated absences	(6,137)	(31,145)	(37,282)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 80,332	\$ 172,445	\$ 252,777

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

TOWN OF HAMBURG, NEW YORK
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial Fund</u>
<u>ADDITIONS:</u>	
Taxes collected for other governments	\$ <u>38,266,711</u>
	<u>TOTAL ADDITIONS</u> <u>38,266,711</u>
<u>DEDUCTIONS:</u>	
Payment of tax to other governments	<u>38,266,711</u>
	<u>TOTAL DEDUCTIONS</u> <u>38,266,711</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 basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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.

Governmental Funds

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

The Town reports the following major governmental funds:

General Fund - the 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.

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

These funds are used to record revenues and expenditures for business type activities, where residents are charged a fee for services. The Town reports the following major proprietary funds: Golf Course Fund and Ice Arena Fund.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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.

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.

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 connection 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.

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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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 are not recognized as expenditure until due.
- c) Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

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 shown on a 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, 2022

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.
- 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.

Restricted Cash and Investments

Restricted cash represents cash that has been set aside for a certain purpose or project in the governmental and enterprise funds.

The Town's restricted investments consist of annuity contracts related to the Town's Length of Service Award Program ("LOSAP").

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. The cost of prepaid items is recorded as an expenditure /expense when consumed.

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 the notes to the financial statements.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualify for reporting in this category. It is deferred amounts related to the pension reported in the government-wide Statement of Net Position. The deferred amounts related to pension relate difference s between estimated and actual investing earnings, changes in assumptions and other pension related changes.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualify for reporting in this category. In the government-wide financial statements the Town reports deferred amounts related to pension.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Federal Grants

Federal grants are recorded as grants receivable and deferred revenue when the entitlement period occurs. Revenues are recognized using the modified accrual basis of accounting as the Town meets the performance requirements of the grants.

Pensions

Nearly all Town employees are members of various New York State retirement systems. The Town is invoiced annually by the retirement 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 an expenditure in the funds and as a liability 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, 2022 totaled \$4,160,159 and is reported as governmental activities - \$4,110,496 and business-type activities - \$49,663 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 \$2,294,645 on behalf of 359 eligible retirees for the year ending December 31, 2022.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Net Position/Fund Balance:

Net Position Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the governmental-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy that the Town Board assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classification will be charged.

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.

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 in unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Restatement of Beginning Net Position

Beginning net position on the Statement of Net Position was restated to comply with GASB Statement No. 87, Leases. The Town now recognizes a lease payable liability and corresponding right of use assets with accumulated amortization for leased buildings and equipment. In addition, beginning net position was restated to recognize outstanding installment debt purchase agreements for equipment purchases. The restatement changed net position by the following amounts:

	Governmental Activities	Business-Type Activities
Net position as of December 31, 2021	\$ (102,765,694)	\$ 1,125,915
Right of use assets, net of accumulated amortization	315,628	-
Leases payable liability	(361,809)	-
Installment purchase debt liability	(158,619)	(16,388)
Net change	(204,800)	(16,388)
Net position as of December 31, 2021, as restated	\$ (102,970,494)	\$ 1,109,527

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Net Position Classifications:

Governmental-Wide Financial Statements

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

Net Investment 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.

Governmental 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 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, 2022.

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 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 over appropriations at the established control level.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 3 – Cash, Cash Equivalents, 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 Town's cash balances at December 31, 2022 are as follows:

	Governmental Activities	Business-Type Activities	Component Unit	Reporting Entity Total
Petty cash	\$ 4,860	\$ -	\$ -	\$ 4,860
Deposits	<u>15,783,171</u>	<u>1,918,549</u>	<u>1,072,994</u>	<u>18,774,714</u>
TOTAL	<u>\$ 15,788,031</u>	<u>\$ 1,918,549</u>	<u>\$ 1,072,994</u>	<u>\$ 18,779,574</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	<u>16,920,653</u>	<u>17,201,720</u>
TOTAL DEPOSITS	<u>\$ 17,420,653</u>	<u>\$ 17,701,720</u>

Investment and Deposit Policy

The Town follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Town Supervisor and Town Board.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Town's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 3 - Cash and Cash Equivalents (Cont.)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Town's investment and deposit policy, all deposits of the Town including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Note 4 – Investments

NYCLASS Investments

The Town participates in the New York Cooperative Liquid Asset Securities System (NYCLASS) local government investment pool.

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of GASB Statement 79 and Paragraph 11 of GASB Statement 31. Under these circumstances, a participant's investments are not required to be categorized within the fair value hierarchy of purposes of paragraph 81a (2) of GASB Statement 72.

U.S. Treasury Securities do not require collateral because they are backed by the full faith and credit of the United States Government. The other permissible security types are collateralized in accordance with NYS General Municipal Law Section 10 and the NYCLASS Investment policy. Repurchase agreements are collateralized by either U.S. Treasuries or U.S. Agencies. Certificates of deposit are required to be fully collateralized.

The total investment balance held by the Town as of December 31, 2022 was \$11,769,433.

Restricted Investments - Length of Service Awards Program (LOSAP)

The Town records restricted investments related to the Town's LOSAP program for volunteer firefighters. These investments consist of annuity contracts that make up the defined benefit award program. The annuities are guaranteed fixed annuities that report the values based on the valuation method disclosed in the annuity contract as calculated by the annuity provider. The interest rate on each annuity contract varies but they are all fixed rate with a guaranteed minimum rate for a specific period. The investments are recorded in the General Fund. The value of the investments amounted to \$9,312,291 as of December 31, 2022.

Note 5 - Loans Receivable

Loans receivable represent amounts 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, 2022 was \$201,484.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 6 – Intergovernmental Receivables

Major intergovernmental revenues accrued by the Town at December 31, 2022 include the following:

GENERAL FUND:

NYS Office of the State Comptroller	\$ 130,543
Erie County	37,081
Court fines	36,465
Miscellaneous	72
TOTAL GENERAL FUND	<u>204,161</u>

PART-TOWN FUND:

Erie County - Sales tax	2,198,967
Erie County - Other	29,013
Miscellaneous	266
TOTAL PART-TOWN FUND	<u>2,228,246</u>

HIGHWAY FUND:

CHIPS	352,460
PAVE NY	94,004
Extreme winter recovery	77,907
Pothole repair	62,670
TOTAL HIGHWAY FUND	<u>587,041</u>

TOTAL INTERGOVERNMENTAL RECEIVABLES \$ 3,019,448

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

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 7 - Capital Assets and Right of Use Assets

A summary of governmental fund type capital assets and right of use assets by major classification are as follows:

	Balance at January 1, 2022	Additions	Deletions	Balance at December 31, 2022
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 1,128,632	\$ -	\$ -	\$ 1,128,632
Construction in progress	1,283,013	2,722,706	-	4,005,719
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED				
	\$ 2,411,645	\$ 2,722,706	\$ -	\$ 5,134,351
CAPITAL ASSETS BEING DEPRECIATED:				
Land improvements	\$ 468,380	\$ -	\$ -	\$ 468,380
Buildings	8,020,941	-	-	8,020,941
Building improvements	5,794,552	360,057	-	6,154,609
Vehicles	10,931,877	509,230	-	11,441,107
Machinery and equipment	7,084,652	107,666	-	7,192,318
Infrastructure	75,661,202	-	-	75,661,202
TOTAL CAPITAL ASSETS BEING DEPRECIATED				
	107,961,604	976,953	-	108,938,557
LESS: ACCUMULATED DEPRECIATION:				
Land improvements	(431,940)	(6,035)	-	(437,975)
Buildings	(6,323,550)	(121,078)	-	(6,444,628)
Building improvements	(4,694,333)	(194,270)	-	(4,888,603)
Vehicles	(8,984,486)	(438,479)	-	(9,422,965)
Machinery and equipment	(6,192,817)	(170,619)	-	(6,363,436)
Infrastructure	(57,453,261)	(2,117,601)	-	(59,570,862)
TOTAL ACCUMULATED DEPRECIATION				
	(84,080,387)	(3,048,082)	-	(87,128,469)
Total capital assets being depreciated, net	23,881,217	(2,071,129)	-	21,810,088
TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET				
	\$ 26,292,862	\$ 651,577	\$ -	\$ 26,944,439
RIGHT OF USE ASSETS:				
Buildings	\$ 586,252	\$ -	\$ -	\$ 586,252
Equipment	185,010	-	-	185,010
TOTAL RIGHT OF USE ASSETS				
	771,262	-	-	771,262
ACCUMULATED AMORTIZATION:				
Buildings	(383,319)	(45,096)	-	(428,415)
Equipment	(72,315)	(40,380)	-	(112,695)
TOTAL ACCUMULATED AMORTIZATION				
	(455,634)	(85,476)	-	(541,110)
TOTAL RIGHT OF USE ASSETS, NET				
	\$ 315,628	\$ (85,476)	\$ -	\$ 230,152

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 7 - Capital Assets and Right of Use Assets (Cont.)

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

	Balance at January 1, 2022	Additions	Deletions	Balance at December 31, 2022
<u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u>				
Land	\$ 470,194	\$ -	\$ -	\$ 470,194
Construction in progress	12,440	154,338	-	166,778
<u>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</u>				
	<u>482,634</u>	<u>154,338</u>	<u>-</u>	<u>636,972</u>
<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
<u>TOTAL CAPITAL ASSETS BEING DEPRECIATED</u>				
	<u>5,194,185</u>	<u>-</u>	<u>-</u>	<u>5,194,185</u>
<u>LESS: ACCUMULATED DEPRECIATION:</u>				
Buildings	(2,461,653)	(52,265)	-	(2,513,918)
Building improvements	(1,302,315)	(9,486)	-	(1,311,801)
Equipment	(923,653)	(20,533)	-	(944,186)
<u>TOTAL ACCUMULATED DEPRECIATION</u>	<u>(4,687,621)</u>	<u>(82,284)</u>	<u>-</u>	<u>(4,769,905)</u>
<u>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</u>				
	<u>506,564</u>	<u>(82,284)</u>	<u>-</u>	<u>424,280</u>
<u>TOTAL BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET</u>				
	<u>\$ 989,198</u>	<u>\$ 72,054</u>	<u>\$ -</u>	<u>\$ 1,061,252</u>

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

GOVERNMENTAL ACTIVITIES:

General government	\$ 190,221
Public safety	239,741
Transportation	286,516
Culture and recreation	223,202
Home and community services	2,193,878
<u>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</u>	<u>\$ 3,133,558</u>

BUSINESS-TYPE ACTIVITIES:

Golf Course	\$ 12,294
Ice Arena	69,990
<u>TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTVITIES</u>	<u>\$ 82,284</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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8 – Deferred Revenue – American Rescue Plan Act (ARPA)

In July 2021, the Town was awarded \$11,538,866 of funding from the American Recovery Plan Act (ARPA) Coronavirus Local Fiscal Recovery Fund and received all installments, which were passed through the New York State Office of the State Comptroller. The Town has spent \$519,539 of ARPA funds as of December 31, 2022. As of December 31, 2022, the Town had total deferred revenue related to ARPA in the amount of \$11,019,327.

Note 9 - Long-Term Obligations

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 Town. 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:

Premium on Serial Bonds – The Town's premium is being amortized on a straight-line basis over the life of the related bonds. The total unamortized premiums as of December 31, 2022 was \$663,000 in the governmental funds and \$195,000 in the business-type funds.

Installment Purchase Debt – represents financing the Town has for the acquisition of equipment for governmental activities.

Leases Payable – represents a liability for leased buildings and equipment that the Town uses for various purposes.

Compensated Absences - represents the value of earned and unused portions of the liability for vacation and sick leave.

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

Net Pension Liability / (Asset) – 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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9 - Long-Term Obligations (Cont.)

The following is a summary of long-term liabilities outstanding at December 31, 2022:

	Non-Current Governmental Liabilities	Non-Current Business-Type Liabilities
Serial bonds	\$ 10,140,000	\$ 1,720,000
Unamortized bond premium	663,000	195,000
Installment purchase debt	81,966	-
Leases payable	274,091	-
Compensated absences	4,110,496	49,663
Workers' compensation	1,887,387	-
Net pension liability - proportionate share	18,940,063	-
Net OPEB liability	56,601,230	-
TOTAL NON-CURRENT LIABILITIES	\$ 92,698,233	\$ 1,964,663

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, 2022:

	Balance January 1, 2022			Balance December 31, 2022
	Additions	Deletions		
GOVERNMENTAL ACTIVITIES:				
Serial bonds	\$ 11,201,914	\$ -	\$ 1,061,914	\$ 10,140,000
Unamortized bond premium	714,000	-	51,000	663,000
Installment purchase debt	158,619	-	76,653	81,966
Leases payable	361,809	-	87,718	274,091
Compensated absences	4,059,380	51,116	-	4,110,496
Workers' compensation	1,879,636	7,751	-	1,887,387
Net pension liability - ERS and PFRS	2,678,162	-	2,678,162	-
Net pension liability - LOSAP	19,539,154	-	599,091	18,940,063
Net OPEB liability	110,324,944	-	53,723,714	56,601,230
TOTAL GOVERNMENTAL ACTIVITIES	\$ 150,917,618	\$ 58,867	\$ 58,278,252	\$ 92,698,233
BUSINESS-TYPE ACTIVITIES:				
Serial bonds	\$ 1,843,553	\$ -	\$ 123,553	\$ 1,720,000
Unamortized bond premium	210,000	-	15,000	195,000
Installment purchase debt	16,388	-	16,388	-
Compensated absences	86,945	-	37,282	49,663
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 2,156,886	\$ -	\$ 192,223	\$ 1,964,663

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9 - Long-Term Obligations (Cont.)

Summary of Serial Bond Transactions

The following is a summary of bond transactions for the governmental activities and enterprise fund activities for the year ended December 31, 2022:

Description	Original Issue Amount	Term	Interest Rate	Balance January 1, 2022				Balance December 31, 2022
					Additions	Deletions		
GOVERNMENTAL ACTIVITIES:								
GENERAL FUND:								
General improvements	\$ 211,196	2012-22	2.70-2.80%	\$ 26,914	\$ -	\$ 26,914	\$ -	
General improvements	800,000	2003-23	3.75-4.00%	125,000	-	55,000		70,000
General improvements	3,545,000	2017-35	2.00-2.95%	2,655,000	-	210,000		2,445,000
General improvements	675,000	2020-35	1.10-5.00%	675,000	-	60,000		615,000
TOTAL GENERAL FUND	5,231,196			3,481,914	-	351,914		3,130,000
HIGHWAY FUND:								
Resurface roads	265,000	2020-35	1.10-5.00%	265,000	-	17,000		248,000
SPECIAL DISTRICTS:								
Sewer improvements	948,750	2003-23	3.75-4.00%	55,000	-	35,000		20,000
Water improvements	341,713	2004-24	3.50-4.50%	60,000	-	20,000		40,000
Sewer improvements	765,000	2017-35	2.00-2.95%	620,000	-	40,000		580,000
Sewer improvements	1,245,000	2020-31	5.00%	1,065,000	-	180,000		885,000
Sewer improvements	310,000	2020-31	5.00%	200,000	-	100,000		100,000
Sewer improvements	5,455,000	2020-35	1.10-5.00%	5,455,000	-	318,000		5,137,000
TOTAL SPECIAL DISTRICTS	9,065,463			7,455,000	-	693,000		6,762,000
TOTAL GOVERNMENTAL ACTIVITIES	14,561,659			11,201,914	-	1,061,914		10,140,000
ENTERPRISE FUNDS:								
ICE ARENA:								
Ice arena	157,379	2012-22	2.70-2.80%	18,553	-	18,553	-	
Ice arena improvements	1,605,000	2020-35	1.10-5.00%	1,605,000	-	92,000		1,513,000
Total ice arena	1,762,379			1,623,553	-	110,553		1,513,000
GOLF COURSE:								
Golf course improvements	220,000	2020-35	1.10-5.00%	220,000	-	13,000		207,000
TOTAL ENTRPRISE FUNDS	1,982,379			1,843,553	-	123,553		1,720,000
TOTAL PRIMARY GOVERNMENT	\$ 16,544,038			\$ 13,045,467	\$ -	\$ 1,185,467		\$ 11,860,000

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9 - Long-Term Obligations (Cont.)

Installment Purchase Debt

The following is a summary of installment purchase debt for the governmental activities for the year ended December 31, 2022:

Description	Issue Date	Maturity Date	Interest Rate	Balance		Balance	
				January 1, 2022	Additions	Deletions	December 31, 2022
GOVERNMENTAL FUNDS:							
Equipment	4/27/2020	4/27/2022	4.20%	\$ 9,991	\$ -	\$ (9,991)	\$ -
Vehicle	6/17/2019	6/17/2023	3.75%	112,296	-	(55,114)	57,182
Equipment	2/28/2020	2/28/2024	4.70%	36,331	-	(11,547)	24,784
TOTAL GOVERNMENTAL FUNDS				158,618	-	(76,652)	81,966
ENTERPRISE FUNDS:							
Equipment	12/16/2021	12/16/2022	3.75%	16,388	-	(16,388)	-
				TOTAL INSTALLMENT DEBT	\$ 175,006	\$ -	\$ (93,040)
							\$ 81,966

Leases Payable

The Town recognizes lease liabilities and leased assets at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The leased asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease liability is reduced as principal payments are made and interest expense is recognized as an expenditure in the funds. The Town amortizes the leased asset over the life of the lease agreement on a straight-line basis.

During 2013, the Town entered into a lease agreement to lease a building to use as its Senior Citizen Community Center. The outstanding lease liability as of December 31, 2022, was \$198,294.

During 2020, the Town entered into a lease agreement to lease equipment. The outstanding lease liability as of December 31, 2022, was \$67,080.

During 2021, the Town entered into a lease agreement to lease equipment. The outstanding lease liability as of December 31, 2022, was \$8,717.

Long-Term Debt Maturity Schedules

The following schedule sets forth the remaining annual maturities of long-term debt by type for governmental activities at December 31, 2022:

Year	Governmental Activities							
	Unamortized		Installment					
	Serial Bonds	Bond Premium	Purchase Debt	Leases Payable	Compensated Absences	Workers' Compensation	Net Pension Liability	Net OPEB Liability
2023	\$ 1,078,000	\$ 51,000	\$ 69,282	\$ 93,224	\$ -	\$ -	\$ -	\$ 1,291,506
2024	899,000	51,000	12,684	89,936	-	-	-	1,052,620
2025	866,000	51,000	-	60,444	-	-	-	977,444
2026	827,000	51,000	-	30,487	-	-	-	908,487
2027	744,000	51,000	-	-	-	-	-	795,000
2028 - 2032	3,593,000	255,000	-	-	-	-	-	3,848,000
2033 - 2037	2,133,000	153,000	-	-	-	-	-	2,286,000
Thereafter	-	-	-	-	4,110,496	1,887,387	18,940,063	56,601,230
Total	\$ 10,140,000	\$ 663,000	\$ 81,966	\$ 274,091	\$ 4,110,496	\$ 1,887,387	\$ 18,940,063	\$ 56,601,230
								\$ 92,698,233

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9 - Long-Term Obligations (Cont.)

The following schedule sets forth the remaining annual maturities of long-term debt by type for business-type activities at December 31, 2022:

Business-Type Activities					
Year	Serial Bonds	Unamortized Bond Premium	Compensated Absences	Total	
2023	\$ 112,000	\$ 15,000	\$ -	\$ 127,000	
2024	116,000	15,000	-	131,000	
2025	119,000	15,000	-	134,000	
2026	123,000	15,000	-	138,000	
2027	126,000	15,000	-	141,000	
2028 - 2032	687,000	75,000	-	762,000	
2033 - 2037	437,000	45,000	-	482,000	
Thereafter	-	-	49,663	49,663	
Total	\$ 1,720,000	\$ 195,000	\$ 49,663	\$ 1,964,663	

The following schedule sets forth the annual interest payments due on serial bonds, installment debt, and leases payable at December 31, 2022:

Year	Governmental Activities	Business-type Activities	Total
2023	\$ 327,116	\$ 52,496	\$ 379,612
2024	275,832	46,896	322,728
2025	232,703	41,096	273,799
2026	196,524	35,146	231,670
2027	162,824	28,996	191,820
2028 - 2032	433,591	68,189	501,780
2033 - 2037	81,005	12,345	93,350
Total	\$ 1,709,595	\$ 285,164	\$ 1,994,759

Workers' Compensation Liability

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

Year	Beginning Liability	Changes in estimates	Claim payments	Ending Liability
2021	\$ 2,552,548	\$ (178,913)	\$ 493,999	\$ 1,879,636
2022	\$ 1,879,636	\$ 577,759	\$ 570,008	\$ 1,887,387

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

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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. 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.

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
2022	\$ 1,539,780	\$ 1,838,059
2021	\$ 1,346,132	\$ 1,557,191
2020	\$ 1,320,569	\$ 1,518,637

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 10 - Pension Plans (Cont.)

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

At December 31, 2022, the Town of Hamburg reported an asset of \$1,896,494 for its proportionate share of the pension liability (asset) ((-\$2,800,311) for ERS, \$903,817 for PFRS). The net pension liability (asset) was measured as of March 31, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of April 1, 2021. The Town of Hamburg's proportion of the net pension liability (asset) 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, 2022, the Town of Hamburg's proportion was .1933665 percent (.0342563% for ERS, .1591102% for PFRS). For the year ended December 31, 2022, the Town of Hamburg recognized pension expense of \$1,029,746 (\$143,132 for ERS and \$886,614 for PFRS). At December 31, 2022, 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	\$ 212,071	\$ 275,069	\$ 487,254	\$ -
Changes in assumptions	4,673,405	78,859	5,409,538	-
Net difference between projected and actual investment earnings on pension plan investments	-	9,169,845	-	7,594,420
Changes in proportion and differences between Town contributions and proportionate share of contributions	67,349	36,114	315,316	265,702
Town contributions subsequent to the measurement date	837,299	-	1,260,005	-
TOTAL	\$ 5,790,124	\$ 9,559,887	\$ 7,472,113	\$ 7,860,122

The Town's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability (asset) for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS		PFRS	
	March 31	ERS	PFRS	PFRS
2023	\$ (687,377)	\$ (355,450)		
2024	(1,038,636)		(599,017)	
2025	(2,386,825)		(1,770,101)	
2026	(494,222)		1,013,993	
2027	-		62,560	
Thereafter	-		-	

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 10 - Pension Plans (Cont.)

Actuarial Assumptions

The total pension liability (asset) at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability (asset) to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

	ERS	PFRS
Interest rate	5.90%	5.90%
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.

The actuarial assumptions used in the April 1, 2021 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, 2022 are summarized below:

Asset Type	Long-Term Expected Real Rate
Domestic equity	3.30%
International Equity	5.85%
Private Equity	6.50%
Real Estate	5.00%
Opportunistic / ARC Portfolio	4.10%
Credit	3.78%
Real Assets	5.58%
Fixed Income	0.00%
Cash	-1.00%

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

Discount Rate

The discount used to calculate the total pension liability was 5.90%. 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 (asset).

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 (asset) calculated using the discount rate of 5.90 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 (4.90 percent) or 1-percentage point higher (6.90 percent) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Town's proportionate share of the net pension (asset) liability - ERS	<u>\$ 7,207,970</u>	<u>\$ (2,800,311)</u>	<u>\$ (11,171,755)</u>
Town's proportionate share of the net pension (asset) liability - PFRS	<u>\$ 10,053,565</u>	<u>\$ 903,817</u>	<u>\$ (6,669,746)</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, 2022, are as follows:

	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	<u>\$ 223,874,888</u>	<u>\$ 42,237,292</u>	<u>\$ 266,112,180</u>
Fiduciary net position	<u>232,049,473</u>	<u>41,669,250</u>	<u>273,718,723</u>
Employers' net pension (asset) liability	<u>\$ (8,174,585)</u>	<u>\$ 568,042</u>	<u>\$ (7,606,543)</u>
Ratio of fiduciary net position to the employers' total pension (asset) liability	103.65%	98.66%	102.86%

Prepays to Pension Plan

Employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Prepaid retirement contributions as of December 31, 2022 represent a three-month portion of the annual invoice for the plan year April 1, 2022, through March 31, 2023. Prepaid retirement as of December 31, 2022 amounted to \$679,864.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

Participants Covered by the Benefit Term

At the December 31, 2021 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	157
Inactive participants entitled to but not currently receiving benefit payments	164
Active participants	185
Total	<u>506</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Benefits (Cont.)

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, 2021 using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 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 2.24%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021. 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.

Changes in the Total Pension Liability

Balance as of 12/31/2020 measurement date	\$ 19,539,154
Service cost	476,032
Interest	379,836
Changes of assumptions and other inputs	(942,246)
Differences between expected and actual experience	156,463
Benefit payments	(669,176)
Net changes	(599,091)
Balance as of 12/31/2021 measurement date	\$ 18,940,063

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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, 2021 measurement date, calculated using the discount rate of 2.24%, 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 (1.24%) or 1 %point higher (3.24%) than the current rate:

	Current	1% Decrease (1.24%)	Discount Rate (2.24%)	1% Increase (3.24%)
Total pension liability	<u>\$ 22,244,172</u>	<u>\$ 18,940,063</u>	<u>\$ 16,317,642</u>	

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

For the year ended December 31, 2022, the Town recognized pension expenses of \$174,074. At December 31, 2022; 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	\$ 487,446	\$ 289,605
Changes of assumptions of other inputs	3,357,384	1,577,553
Benefit payments and administrative expenses subsequent to the measurement date	801,264	-
TOTAL	<u>\$ 4,646,094</u>	<u>\$ 1,867,158</u>

Deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2023.

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:		
2023	\$ 535,884	
2024	562,843	
2025	360,221	
2026	209,221	
2027	166,464	
Thereafter	146,039	

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 Statutes 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 district's offices and are available upon request.

Employee Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

	<u>Total</u>
Active not eligible to retire	162
Active and eligible to retire	38
Retired and surviving spouses	230
Retired spouses covered	129
TOTAL	559

Total OPEB Liability

The Town's total OPEB liability of \$56,601,230 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 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:	4.40%
Long-Term Bond Rate	4.40%
Salary Increases	3.53%
Healthcare Cost Trend Rate	5.50% to 4.00%

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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Changes in the Total OPEB Liability

Balance at December 31, 2021	\$ 83,514,342
Changes for the year:	
Service cost	1,453,183
Interest	1,990,617
Changes of benefit terms	10,598
Differences between expected and actual experience	(3,248,523)
Changes in assumptions	(24,749,694)
Benefit payments	<u>(2,369,293)</u>
Net changes	<u>(26,913,112)</u>
Balance at December 31, 2022	<u>\$ 56,601,230</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19 percent in 2021 to 4.40 percent in 2022.

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 (3.40 percent) of 1 percentage point higher (5.40 percent) than the current discount rate:

	1% Decrease (3.40%)	Discount Rate (4.40%)	1% Increase (5.40%)
Total OPEB liability	<u>\$ 65,328,441</u>	<u>\$ 56,601,230</u>	<u>\$ 49,638,862</u>

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

The following presents the total OPEB liability of the Town, as well as what the Town'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		
	1% Decrease (4.50%)	Cost Trend Rates (5.50%)	1% Increase (6.50%)
	Decreasing to 3.00%)	Decreasing to 4.00%)	Decreasing to 5.00%)
Total OPEB liability	<u>\$ 49,302,038</u>	<u>\$ 56,601,230</u>	<u>\$ 65,744,446</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

For the year ended December 31, 2022, the Town recognized OPEB expense (income) of (\$7,227,578). At December 31, 2022, 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	\$ -	\$ 5,417,562
Changes of assumptions or other inputs	1,239,314	20,079,940
Contributions after the measurement date	598,832	-
TOTAL	\$ 1,838,146	\$ 25,497,502

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
2023	\$ (6,825,337)
2024	(5,282,683)
2025	(5,282,683)
2026	(5,282,683)
2027	(1,584,802)
Thereafter	-

Note 13 – Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2022 were as follows:

Fund	Interfund Receivable	Interfund Payable
GOVERNMENTAL ACTIVITIES:		
General fund	\$ 404,276	-
Part-Town fund	-	404,276
Highway fund	-	124,925
TOTAL GOVERNMENTAL ACTIVITIES	404,276	529,201
BUSINESS-TYPE ACTIVITIES:		
Golf course	124,925	-
TOTAL BUSINESS-TYPE ACTIVITIES	124,925	-
TOTAL INTERFUND RECEIVABLES AND PAYABLES	\$ 529,201	\$ 529,201

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.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 14 – Interfund Transfers

Individual fund operating transfers for the year ended December 31, 2022 are as follows:

Fund	Transfers In	Transfers Out
GOVERNMENTAL ACTIVITIES:		
General fund	\$ 1,507,690	\$ 112,088
Part-Town fund	-	947,660
Highway fund	209,326	558,150
Capital projects fund	365,000	59,326
Community development fund	-	175,165
Park Land Fund	-	34,315
Fire protection fund	-	136,400
Hydrant improvement fund	-	10,000
Lighting fund	-	10,000
Sewer fund	-	12,000
TOTAL GOVERNMENTAL ACTIVITIES	2,082,016	2,055,104
BUSINESS-TYPE ACTIVITIES:		
Golf course	-	9,000
Ice arena	42,088	60,000
TOTAL BUSINESS-TYPE ACTIVITIES	42,088	69,000
TOTAL INTERFUND TRANSFERS	\$ 2,124,104	\$ 2,124,104

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, 2022

Note 15 - Fund Balances

Non-spendable fund balances as of December 31, 2022 are as follows:

Fund	Amount
GENERAL FUND:	
Prepaid retirement	\$ 199,116
PART-TOWN FUND:	
Prepaid retirement	423,376
HIGHWAY FUND:	
Prepaid retirement	57,372
TOTAL NON-SPENDABLE FUND BALANCE	<u>\$ 679,864</u>

Restricted fund balances which have external constraints, are as follows:

Fund	Amount
GENERAL FUND:	
Reserve for insurance	\$ 1,094,000
Reserve for workers' compensation	954,636
Reserve for tax stabilization	107,098
TOTAL GENERAL FUND	<u>2,155,734</u>
PART-TOWN FUND:	
Reserve for drug seizures	193,064
Reserve for encumbrances	132,770
Reserve for tax stabilization	15,875
TOTAL PART-TOWN FUND	<u>341,709</u>
HIGHWAY FUND:	
Reserve for tax stabilization	30,000
CAPITAL PROJECTS FUND:	
Fund balance	<u>3,804,229</u>
FIRE PROTECTION FUND:	
Service award program	<u>9,312,291</u>
TOTAL RESTRICTED FUND BALANCE	<u>\$ 15,643,963</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 15 - Fund Balances (Cont.)

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	\$ 775,000
Insurance reserve - appropriated	550,000
Encumbrances	403,639
Ravenwood sewer - unappropriated	80
TOTAL GENERAL FUND	1,728,719
SPECIAL REVENUE FUND:	
Part-Town - unappropriated	1,878,491
Highway - unappropriated	1,902,949
Highway - appropriated	275,000
TOTAL SPECIAL REVENUE FUND	4,056,440
NON-MAJOR GOVERNMENTAL FUNDS:	
Community development - unappropriated	114,686
Park land - unappropriated	579,701
Fire protection - unappropriated	264,112
Fire protection - appropriated	13,400
Hydrant improvement - unappropriated	341,641
Street lighting - unappropriated	145,841
Water - unappropriated	78,105
Sewer - unappropriated	1,244,644
Sewer - appropriated	27,497
TOTAL NON-MAJOR FUNDS	2,809,627
TOTAL ASSIGNED FUND BALANCE	<u>\$ 8,594,786</u>

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, the Town has total tax abatements amounting to \$338,227, and has collected payments in lieu of taxes of \$338,227.

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	42.30%	\$ 143,054
Manufacturing	13.82%	46,754
Office Building	12.56%	42,496
Distribution	9.03%	30,550
Retail	8.17%	27,631
Recycling	7.64%	25,832
Services	2.52%	8,519
School Bus Garage	1.35%	4,572
Other	1.12%	3,776
Finance	0.72%	2,431
Printing	0.52%	1,773
Construction	0.25%	839
TOTAL TAXES ABATED		\$ 338,227

TOWN OF HAMBURG, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 17 - 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.

Note 18 - 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.

Note 19 – Subsequent Events

The Town has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 5, 2023, the date in which the financial statements were available to be issued.

* * * * *

REQUIRED 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, 2022

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
Real property taxes	\$ 11,866,896	\$ 11,866,896	\$ 11,887,499	\$ 20,603
Real property tax items	614,540	614,540	623,176	8,636
Nonproperty tax items	148,000	148,000	160,938	12,938
Departmental income	434,490	454,672	421,611	(33,061)
Intergovernmental charges	108,470	108,470	106,709	(1,761)
Use of money and property	30,900	32,100	170,160	138,060
Licenses and permits	697,400	697,400	686,182	(11,218)
Fines and forfeitures	667,800	667,800	569,849	(97,951)
Sale of property and compensation for loss	50,000	633,916	1,056,285	422,369
Miscellaneous	1,269,474	1,263,210	1,305,137	41,927
State aid	1,828,133	2,072,396	2,489,943	417,547
Federal aid	-	498,042	514,819	16,777
TOTAL REVENUES	17,716,103	19,057,442	19,992,308	934,866
<u>EXPENDITURES:</u>				
General government support	4,681,290	5,748,506	5,703,058	45,448
Public safety	2,538,996	2,594,031	2,537,425	56,606
Health	3,662	3,662	3,662	-
Transportation	202,187	209,887	209,887	-
Economic assistance	1,043,907	1,178,008	1,009,951	168,057
Culture and recreation	4,361,938	5,239,287	4,853,998	385,289
Home and community services	320,871	462,187	421,001	41,186
Employee benefits	5,855,231	5,665,005	5,301,617	363,388
Debt services - principal	347,673	461,170	461,170	-
Debt services - interest	96,290	108,802	107,727	1,075
TOTAL EXPENDITURES	19,452,045	21,670,545	20,609,496	1,061,049
Excess (deficiency) of revenues over expenditures	<u>(1,735,942)</u>	<u>(2,613,103)</u>	<u>(617,188)</u>	<u>1,995,915</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	1,581,134	1,615,449	1,507,690	(107,759)
Transfers out	(1,093,978)	(1,093,978)	(112,088)	981,890
TOTAL OTHER FINANCING SOURCES (USES)	487,156	521,471	1,395,602	874,131
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(1,248,786)</u>	<u>(2,091,632)</u>	<u>778,414</u>	<u>2,870,046</u>
Fund balance at January 1, 2022	<u>6,518,917</u>	<u>6,518,917</u>	<u>6,518,917</u>	<u>-</u>
Fund Balance at December 31, 2022	\$ 5,270,131	\$ 4,427,285	\$ 7,297,331	\$ 2,870,046

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, 2022

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
Real property taxes	\$ 5,400,340	\$ 5,400,340	\$ 5,400,340	\$ -
Nonproperty tax items	8,450,000	9,263,247	9,707,467	444,220
Departmental income	24,500	24,500	59,530	35,030
Intergovernmental charges	88,377	88,377	124,953	36,576
Use of money and property	5,000	5,000	14,067	9,067
Licenses and permits	17,700	17,700	27,450	9,750
Fines and forfeitures	5,000	5,240	5,100	(140)
Sale of property and compensation for loss	35,000	50,195	15,435	(34,760)
Miscellaneous	-	28,117	95,163	67,046
State aid	127,246	141,905	97,828	(44,077)
Federal aid	20,000	46,297	26,564	(19,733)
TOTAL REVENUES	14,173,163	15,070,918	15,573,897	502,979
<u>EXPENDITURES:</u>				
Public safety	8,374,811	8,591,668	8,101,396	490,272
Home and community services	395,198	594,447	464,216	130,231
Employee benefits	5,059,770	5,148,780	4,623,421	525,359
TOTAL EXPENDITURES	13,829,779	14,334,895	13,189,033	1,145,862
Excess (deficiency) of revenues over expenditures	343,384	736,023	2,384,864	1,648,841
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(543,384)	(947,660)	(947,660)	-
TOTAL OTHER FINANCING SOURCES (USES)	(543,384)	(947,660)	(947,660)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(200,000)	(211,637)	1,437,204	1,648,841
Fund balance at January 1, 2022	1,206,372	1,206,372	1,206,372	-
Fund balance at December 31, 2022	\$ 1,006,372	\$ 994,735	\$ 2,643,576	\$ 1,648,841

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES:</u>				
Real property taxes	\$ 6,124,973	\$ 6,124,973	\$ 6,124,973	\$ -
Use of money and property	9,000	9,000	31,492	22,492
Sale of property and compensation for loss	-	165,980	165,980	-
Miscellaneous	9,000	315,030	313,979	(1,051)
State aid	524,495	587,164	587,041	(123)
Federal aid	85,000	225,000	-	(225,000)
TOTAL REVENUES	6,752,468	7,427,147	7,223,465	(203,682)
<u>EXPENDITURES:</u>				
Transportation	4,526,163	5,163,274	5,153,366	9,908
Employee benefits	1,642,635	1,631,394	1,409,348	222,046
Debt service	25,520	89,106	84,846	4,260
TOTAL EXPENDITURES	6,194,318	6,883,774	6,647,560	236,214
Excess (deficiency) of revenues over expenditures	558,150	543,373	575,905	32,532
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(558,150)	(558,150)	(558,150)	-
TOTAL OTHER FINANCING SOURCES (USES)	(558,150)	(558,150)	(348,824)	209,326
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(14,777)	227,081	241,858
Fund balance at January 1, 2022	2,038,240	2,038,240	2,038,240	-
Fund balance at December 31, 2022	\$ 2,038,240	\$ 2,023,463	\$ 2,265,321	\$ 241,858

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, 2022

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
<u>Employees' Retirement System (ERS)</u>								
Measurement date, March 31	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	0.0342563%	0.0336916%	0.0336916%	0.0340333%	0.0322868%	0.0336418%	0.0341559%	0.0339377%
Town's proportionate share of the net pension liability (asset)	\$ (2,800,311)	\$ 33,751	\$ 8,921,725	\$ 2,411,364	\$ 1,042,039	\$ 3,161,061	\$ 5,482,118	\$ 1,146,498
Town's covered-employee payroll	\$ 9,659,614	\$ 9,511,144	\$ 9,204,363	\$ 9,149,959	\$ 8,696,410	\$ 8,809,042	\$ 8,611,541	\$ 8,544,769
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-28.99%	0.35%	96.93%	26.35%	11.98%	35.88%	63.66%	13.42%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
<u>Police and Fire Retirement System (PFRS)</u>								
Measurement date, March 31	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	0.1591102%	0.0350374%	0.1692700%	0.1683870%	0.1621738%	0.1556969%	0.1619868%	0.1576862%
Town's proportionate share of the net pension liability (asset)	\$ 903,817	\$ 2,644,411	\$ 9,047,375	\$ 2,823,957	\$ 1,639,183	\$ 3,227,055	\$ 4,796,085	\$ 434,046
Town's covered-employee payroll	\$ 6,758,344	\$ 6,798,331	\$ 6,899,834	\$ 6,387,136	\$ 6,057,099	\$ 6,136,558	\$ 5,768,933	\$ 5,674,171
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.37%	38.90%	131.1%	44.2%	27.1%	52.6%	83.1%	7.6%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
NYSLRS PENSION PLAN
DECEMBER 31, 2022

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
<u>Employees' Retirement System (ERS)</u>								
Contractually required contribution	\$ 1,539,780	\$ 1,346,132	\$ 1,320,569	\$ 1,358,530	\$ 1,308,248	\$ 1,347,448	\$ 1,989,389	\$ 1,039,057
Contributions in relation to the contractually required contribution	\$ 1,539,780	\$ 1,346,132	\$ 1,320,569	\$ 1,358,530	\$ 1,308,248	\$ 1,347,448	\$ 1,989,389	\$ 1,039,057
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 9,659,614	\$ 9,511,144	\$ 9,204,363	\$ 9,149,959	\$ 8,696,410	\$ 8,809,042	\$ 8,611,541	\$ 8,544,769
Contributions as a percentage of covered-employee payroll	15.94%	14.15%	14.35%	14.85%	15.04%	15.30%	23.10%	12.16%
<u>Police and Fire Retirement System (PFRS)</u>								
Contractually required contribution	\$ 1,838,059	\$ 1,557,191	\$ 1,518,637	\$ 1,410,873	\$ 1,379,898	\$ 1,398,809	\$ 1,780,285	\$ 1,015,099
Contributions in relation to the contractually required contribution	\$ 1,838,059	\$ 1,557,191	\$ 1,518,637	\$ 1,410,873	\$ 1,379,898	\$ 1,398,809	\$ 1,780,285	\$ 1,015,099
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 6,758,344	\$ 6,798,331	\$ 6,899,834	\$ 6,387,136	\$ 6,057,099	\$ 6,136,558	\$ 5,768,933	\$ 5,674,171
Contributions as a percentage of covered-employee payroll	27.20%	22.91%	22.01%	22.09%	22.78%	22.79%	30.86%	17.89%

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY
DECEMBER 31, 2022

	2022	2020	2019	2018
Total OPEB liability				
Service cost	\$ 1,453,183	\$ 1,616,883	\$ 1,688,096	\$ 1,688,096
Interest	1,990,617	3,181,237	4,203,943	4,203,943
Changes of benefit terms	10,598	718,288	-	-
Difference between expected and actual experience	(3,248,523)	(16,691,814)	(20,675,187)	(20,675,187)
Changes in assumptions	(24,749,694)	7,435,882	(7,117,212)	(7,117,212)
Benefit payments	(2,369,293)	(3,410,735)	(3,133,839)	(3,133,839)
Net change in total OPEB liability	<u>(26,913,112)</u>	<u>(7,150,259)</u>	<u>(25,034,199)</u>	<u>(25,034,199)</u>
Total OPEB liability - beginning	<u>\$ 83,514,342</u>	<u>\$ 117,475,203</u>	<u>\$ 121,558,406</u>	<u>\$ 121,558,406</u>
Total OPEB liability - ending	<u>\$ 56,601,230</u>	<u>\$ 110,324,944</u>	<u>\$ 96,524,207</u>	<u>\$ 96,524,207</u>
Covered-employee payroll	\$ 14,847,110	\$ 14,952,230	\$ 13,472,638	\$ 13,472,638
Town's net OPEB liability as a percentage of covered-employee payroll	381.23%	737.85%	716.45%	716.45%

Note: A valuation was not required and was not obtained for the year ended December 31, 2021.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY –
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
DECEMBER 31, 2022

	Year Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total LOSAP liability						
Service cost	\$ 476,032	\$ 352,356	\$ 332,381	\$ 398,216	\$ 380,507	\$ 446,220
Interest	379,836	517,892	532,766	486,348	509,409	463,212
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	156,463	(65,249)	200,259	94,272	108,908	80,537
Changes in assumptions	(942,246)	3,578,115	860,726	(1,084,701)	1,215,104	(1,102,624)
Benefit payments	(669,176)	(755,717)	(636,902)	(528,292)	(614,905)	(517,699)
Net change in total pension liability	(599,091)	3,627,397	1,289,230	(634,157)	1,599,023	(630,354)
Total LOSAP liability - beginning	<u>\$ 19,539,154</u>	<u>15,911,757</u>	<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>\$ 18,940,063</u>	<u>\$ 19,539,154</u>	<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	N/A	N/A
Town's LOSAP liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditor's report.

SUPPLEMENTARY INFORMATION

TOWN OF HAMBURG, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

	Special Revenue			
	Community Development	Park Land	Non Major Special Districts	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ 114,686	\$ 576,701	\$ 2,146,313	\$ 2,837,700
Restricted investments	-	-	9,312,291	9,312,291
Accounts receivable	-	3,000	595	3,595
Loans receivable	201,484	-	-	201,484
TOTAL ASSETS	\$ 316,170	\$ 579,701	\$ 11,459,199	\$ 12,355,070

LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES

LIABILITIES

Accounts payable	\$ -	\$ -	\$ 31,668	\$ 31,668
TOTAL LIABILITIES	-	-	31,668	31,668

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	201,484	-	-	201,484
TOTAL DEFERRED INFLOWS OF RESOURCES	201,484	-	-	201,484

FUND BALANCES

Restricted	-	-	9,312,291	9,312,291
Assigned	114,686	579,701	2,115,240	2,809,627
TOTAL FUND BALANCES	114,686	579,701	11,427,531	12,121,918

TOTAL LIABILITIES, DEFERRED INFLOWS

TOTAL LIABILITIES, DEFERRED INFLOWS	\$ 316,170	\$ 579,701	\$ 11,459,199	\$ 12,355,070
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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, 2022

	Special Revenue			
	Community Development	Park Land	Nonmajor Special Districts	Total Nonmajor Governmental Funds
REVENUES:				
Real property taxes	\$ -	\$ -	\$ 6,095,139	\$ 6,095,139
Departmental income	53,672	56,600	20,290	130,562
Intergovernmental charges	-	-	238,450	238,450
Use of money and property	212	-	17,908	18,120
Sale of property and compensation for loss	-	-	-	-
Miscellaneous	70,000	-	65,176	135,176
State aid	-	-	-	-
Federal aid	1,144,002	-	-	1,144,002
TOTAL REVENUES	1,267,886	56,600	6,436,963	7,761,449
EXPENDITURES:				
Public safety	-	-	5,368,861	5,368,861
Transportation	-	-	881,835	881,835
Economic assistance and opportunity	91,249	-	-	91,249
Home and community services	1,155,003	-	685,890	1,840,893
Employee benefits	-	-	677,546	677,546
Debt service - principal	-	-	693,000	693,000
Debt service - interest	-	-	254,514	254,514
TOTAL EXPENDITURES	1,246,252	-	8,561,646	9,807,898
Excess (deficiency) of revenues over expenditures	21,634	56,600	(2,124,683)	(2,046,449)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(175,165)	(34,315)	(168,400)	(377,880)
TOTAL OTHER FINANCING SOURCES (USES)	(175,165)	(34,315)	(168,400)	(377,880)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(153,531)	22,285	(2,293,083)	(2,424,329)
Fund Balance at January 1, 2022	268,217	557,416	13,720,614	14,546,247
Fund Balance at December 31, 2022	\$ 114,686	\$ 579,701	\$ 11,427,531	\$ 12,121,918

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
NONMAJOR SPECIAL DISTRICTS – SPECIAL REVENUE FUND
COMBINING BALANCE SHEET – BY DISTRICT TYPE
DECEMBER 31, 2022

<u>ASSETS</u>						
	<u>Nonmajor Special Districts</u>					
	Fire Protection	Hydrant Improvement	Lighting	Water	Sewer	Total
<u>ASSETS</u>						
Cash	\$ 277,512	\$ 341,641	\$ 172,398	\$ 78,105	\$ 1,276,657	\$ 2,146,313
Restricted investments	9,312,291	-	-	-	-	9,312,291
Accounts receivables	-	-	-	-	595	595
TOTAL ASSETS	\$ 9,589,803	\$ 341,641	\$ 172,398	\$ 78,105	\$ 1,277,252	\$ 11,459,199
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ -	\$ 26,557	\$ -	\$ 5,111	\$ 31,668
TOTAL LIABILITIES	\$ -	\$ -	\$ 26,557	\$ -	\$ 5,111	\$ 31,668
<u>FUND BALANCE</u>						
Restricted	9,312,291	-	-	-	-	9,312,291
Assigned	277,512	341,641	145,841	78,105	1,272,141	2,115,240
TOTAL FUND BALANCES	9,589,803	341,641	145,841	78,105	1,272,141	11,427,531
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,589,803	\$ 341,641	\$ 172,398	\$ 78,105	\$ 1,277,252	\$ 11,459,199

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
NONMAJOR SPECIAL DISTRICTS – SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Nonmajor Special Districts					
	Fire Protection	Hydrant Improvement	Lighting	Water	Sewer	Total
REVENUES:						
Real property taxes	\$ 3,792,263	\$ 438,462	\$ 947,488	\$ 111,407	\$ 805,519	\$ 6,095,139
Departmental income	-	-	-	-	20,290	20,290
Intergovernmental charges	-	-	-	-	238,450	238,450
Use of money and property	7,648	1,318	5,524	-	3,418	17,908
TOTAL REVENUES	3,799,911	439,780	953,012	111,407	1,132,853	6,436,963
EXPENDITURES:						
Public safety	4,940,509	428,352	-	-	-	5,368,861
Transportation	-	-	881,835	-	-	881,835
Home and community services	-	-	-	7	685,883	685,890
Employee benefits	665,298	-	-	-	12,248	677,546
Debt service - principal	-	-	318,000	100,000	275,000	693,000
Debt service - interest	-	-	172,789	10,000	71,725	254,514
TOTAL EXPENDITURES	5,605,807	428,352	1,372,624	110,007	1,044,856	8,561,646
Excess (deficiency) of revenues over expenditures	(1,805,896)	11,428	(419,612)	1,400	87,997	(2,124,683)
OTHER FINANCING SOURCES (USES):						
Transfers out	(136,400)	(10,000)	(10,000)	-	(12,000)	(168,400)
TOTAL OTHER FINANCING SOURCES (USES)	(136,400)	(10,000)	(10,000)	-	(12,000)	(168,400)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,942,296)	1,428	(429,612)	1,400	75,997	(2,293,083)
Fund balance at January 1, 2022	11,532,099	340,213	575,453	76,705	1,196,144	13,720,614
Fund balance at December 31, 2022	\$ 9,589,803	\$ 341,641	\$ 145,841	\$ 78,105	\$ 1,272,141	\$ 11,427,531

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Hamburg, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Town of Hamburg, New York's basic financial statements and have issued our report thereon dated July 5, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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Town of Hamburg's Response to Finding

The Town's response to our finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town's responses were not subject 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allied CPAs, P.C.

Amherst, New York

July 5, 2023

**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

Opinion on Each Major Federal Program

We have audited Town of Hamburg, New York's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Hamburg, New York's major federal programs for the year ended December 31, 2022. 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.

In our opinion, Town of Hamburg, New York complied, in all material respects, with the types of 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Hamburg, New York and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Hamburg, New York's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Hamburg, New York's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Hamburg, New York's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Hamburg, New York's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Hamburg, New York's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Hamburg, New York's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Town of Hamburg, New York's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Amherst, New York
July 5, 2023

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
<i>Direct programs:</i>				
Community Development Block Grant / Entitlement Grant	14.218	N/A	\$ 125,000	\$ 606,319
COVID-19 - Community Development Block Grant / Entitlement Grant	14.218	N/A	-	524,505
<i>Passed through the New York State Office of Community Renewal:</i>				
Community Development Block Grant / State's Program	14.228	N/A	91,249	91,249
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>216,249</u>	<u>1,222,073</u>
U.S. Department of Justice:				
<i>Direct program:</i>				
Equitable Sharing	16.922	N/A	-	26,564
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>-</u>	<u>26,564</u>
U.S. Department of Treasury:				
<i>Direct program:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	100,000	514,819
TOTAL U.S. DEPARTMENT OF TREASURY			<u>100,000</u>	<u>514,819</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 316,249	\$ 1,763,456

See independent auditor's report.

TOWN OF HAMBURG, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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:

Subrecipients	Assistance Listing Number	Amount Provided to Subrecipients
Village of Blasdell	14.218	\$ 125,000
Hamburg Development Corporation	14.228	\$ 91,249
PITCH Hamburg, Inc.	21.027	\$ 100,000

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant / Entitlement Grant
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between

Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee?

Yes No

Section II - Financial Statement Findings:

No findings noted.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section III - Federal Award Findings and Questioned Costs:

2022-001 Town Policy and Procedure Updates for Federal Funds

Assistance Listing No.: 14.218 – *Community Development Block Grant / Entitlement Grant*, 21.027 – *Covid-19 – Coronavirus State and Local Fiscal Recovery Funds*

Direct Awards for the Year Ended December 31, 2022

Federal Agencies: *U.S. Department of Housing and Urban Development and U.S. Department of Treasury*

Criteria: The Town's procurement policies and procedures must conform to regulations for federal award activity in accordance with Title 2 U.S. Code of Federal Regulations, Part 200, Sections 200.318 - 200.327. Under the Uniform Guidance requirements, federal award recipients should have these policies implemented.

Condition: During the audit for the year ended December 31, 2022, it was noted that the Town's policies and procedures for procurement did not include information necessary to comply with the Uniform Guidance.

Cause: The Town has not incorporated elements of the Uniform Guidance in their existing policies and procedures.

Effect or possible effect: The Town's policies and procedures are not in compliance with Uniform Guidance standards. This noncompliance could result in a lack of proper internal control over purchasing, an increased risk of overspending, and could have a negative impact on current and future federal awards.

Questioned costs: There were no questioned costs identified as part of the single audit.

Context: This finding was identified as part of the compliance audit for the year ended December 31, 2022, by means of conducting tests of compliance and inquiring of management.

Recommendation: We recommend that the Town review their policies and procedures and make necessary updates to comply with the procurement standards required by the Uniform Guidance. We also recommend that the Town review and modernize their fiscal policies manual and follow a standard for procurement across all departments.

View of responsible officials: The Town will review their policies and procedures and make the necessary updates identified above.

TOWN OF HAMBURG, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section IV – Summary Schedule of Prior Year Audit Findings:

No findings noted.