

TOWN OF WINDHAM, NEW YORK

**Financial Statements and Required Reports
Under Government Auditing Standards
as of December 31, 2020
with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

February 28, 2022

To the Town Council of
Town of Windham, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Windham, New York (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

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INDEPENDENT AUDITOR'S REPORT (Continued)

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Highway Fund	Unmodified
Capital Projects Fund	Unmodified
Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities

As more fully described in Note 1 to the financial statements, the Town records and tracks capital assets at cost or estimated historical cost with no allowance for depreciation. All capital assets should be recorded at cost and depreciated over their estimated useful lives to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the financial statements of the practice is not practicable.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town as of December 31, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 14, during 2020 the Town adopted Governmental Accounting Standards Board Statement 84 – *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 February 28, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 the Town's internal control over financial reporting and compliance.

TOWN OF WINDHAM, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2020

The following is a discussion and analysis of the Town's financial performance for the fiscal year ended December 31, 2020. The section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- For the year ended December 31, 2020, net position was \$16,222,684, an increase of \$353,435 from December 31, 2019.
- General revenues, which include Non-Property Taxes, Mortgage Tax and Real Property Tax is 2,714,658, or 67%, of all revenues. Program specific revenues in the form of Charges for Services, and Operating Grants accounted for \$1,361,269, or 33%, of total revenues.
- The Town's governmental fund financial statements report a combined ending fund deficit of \$995,645, a decrease of \$1,725,002 from December 31, 2019.
- At the end of the current year, the unassigned fund balance of the General Fund was \$2,409,658, an increase of \$66,264 from December 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the Town's assets/deferred outflows of resources and liabilities/deferred inflows of resources, 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.
- The *statement of activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental activities* of the Town include highway maintenance, snow removal, general administrative support, community service, fire protection services, water services, and interest on long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

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

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

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

The Town maintains five major individual governmental funds; General Fund, Highway Fund, Consolidated Sewer Fund, and Capital Project Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund. The Town has elected to report the Consolidated Water Fund, Special Grant Fund, Library Fund, Consolidated Lighting Fund and Sidewalk Fund, and Miscellaneous Special Revenue Fund as non-major funds.

The Town adopts an annual budget for the General Fund, Highway Fund, Library Fund, Water Fund, Sewer Fund, Lighting Fund and Sewer Fund. A budgetary comparison statement has been provided for each major fund with an annually adopted budget within the basic financial statements to demonstrate compliance with the budget.

- *Fiduciary Funds* are used to account for assets held by the Town in an agency capacity which accounts for assets held by the Town on behalf of others. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of these funds are *not*, and never will be, available to support the Town's programs.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Major Features of the Town-Wide and Fund Financial Statements

<u>Features</u>	<u>Fund Financial Statements</u>		
	<u>Town-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Town	The activities of the Town are not proprietary or fiduciary, such as General administration, Highway, and Library	Instances in which the Town administers resources on behalf of someone else
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet, Statement of Revenues and Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position.

Table 1 - Net Position

	<u>2020</u>	<u>2019</u>	<u>Percent Change</u>
Current and assets	\$ 5,765,240	\$ 4,967,227	16.1%
Non-current assets	<u>21,217,062</u>	<u>17,915,270</u>	18.4%
Total assets	<u>26,982,302</u>	<u>22,882,497</u>	17.9%
Deferred outflows of resources	<u>773,611</u>	<u>623,091</u>	24.2%
Current liabilities	7,029,868	4,262,546	64.9%
Long-term liabilities	<u>4,402,589</u>	<u>3,991,631</u>	10.3%
Total liabilities	<u>11,432,457</u>	<u>8,254,177</u>	38.5%
Deferred inflows of resources	<u>100,772</u>	<u>541,842</u>	-81.4%
Net position:			
Investment in capital assets	11,095,762	10,352,370	7.2%
Restricted	82,509	42,516	94.1%
Unrestricted	<u>5,044,413</u>	<u>4,314,683</u>	16.9%
Total net position	<u>\$ 16,222,684</u>	<u>\$ 14,709,569</u>	10.3%

The largest component of the Town's net position (68%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the residents and 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 2 - Change in Net Position

	2020 (Restated)	2019	Percent Change
Revenues:			
Charges for services	\$ 1,245,292	\$ 1,124,392	10.8%
Operating grants and contributions	115,977	93,263	24.4%
Capital grants and contributions	-	332,374	-100.0%
Taxes	2,327,875	2,377,209	-2.1%
Other revenues	<u>386,783</u>	<u>263,917</u>	46.6%
Total revenues	<u>4,075,927</u>	<u>4,191,155</u>	-2.7%
Expenses:			
General governmental support	701,956	548,852	27.9%
Public safety	361,729	265,887	36.0%
Public health	704,717	621,416	13.4%
Transportation	589,900	687,252	-14.2%
Economic assistance and opportunity	5,395	9,361	-42.4%
Culture and recreation	225,730	294,399	-23.3%
Home and community services	920,860	725,983	26.8%
Interest on long-term debt	<u>212,205</u>	<u>130,913</u>	62.1%
Total expenses	<u>3,722,492</u>	<u>3,284,063</u>	13.4%
Change in net position	353,435	907,092	-61.0%
Net position - beginning of year, restated	<u>15,869,249</u>	<u>13,802,477</u>	15.0%
Net position - end of year	<u>\$ 16,222,684</u>	<u>\$ 14,709,569</u>	10.3%

The Town relies upon taxes, charges for services, operating grants, and capital grants as its primary revenue sources.

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 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, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and amounts to be applied against next year's fund balance.

As of the end of 2020, the Town's combined governmental fund deficit was \$995,645, a decrease of \$1,725,002 from the restated December 31, 2019 balance.

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$2,878,065, an increase of \$8,507 from 2019.

Capital Assets

Capital assets are reflected below:

	<u>2020</u>	<u>2019</u>
Land	\$ 373,530	\$ 373,530
Buildings	8,303,041	8,303,041
Improvements Other than Buildings	78,940	78,940
Machinery and equipment	2,613,317	2,418,326
Infrastructure	2,300,522	2,300,522
Construction in progress	<u>7,547,712</u>	<u>5,657,513</u>
	<u>\$ 21,217,062</u>	<u>\$ 19,131,872</u>

The Town had \$2,085,190 of capital asset purchases during the year ended December 31, 2020.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Long-Term Liabilities

At December 31, 2020, the Town had \$4,595,889 in debt and other long-term obligations outstanding, as follows:

	<u>2020</u>	<u>2019</u>
Bonds Payable	\$ 3,600,300	\$ 3,684,600
Landfill post-closure costs	83,539	102,611
Net pension liability - ERS	749,692	198,133
Net pension liability - PFRS	<u>162,358</u>	<u>67,303</u>
	<u>\$ 4,595,889</u>	<u>\$ 4,052,647</u>

The amount of principal paid on outstanding debt was \$174,300 in 2020. The Town issued \$90,000 in bonds in 2020. Landfill post-closure costs decreased \$19,072 during 2020.

More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

FACTORS BEARING ON THE TOWN'S FUTURE

The Town is continuing to look at areas to reduce costs but still maintain the basic services for residents of the Town. These challenges faced by the Town are due to the increase in mandated costs from the State and the reduction of State aid.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Windham, New York
Attn: Town Supervisor
P.O. Box 96
Hensonville, New York 12439

TOWN OF WINDHAM, NEW YORK

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents - unrestricted	\$ 5,536,511
Cash and cash equivalents - restricted	82,509
Accounts receivable	57,156
Due from other governments	64,664
Due from Federal and State governments	24,400
Total current assets	5,765,240
NONCURRENT ASSETS:	
Capital assets	21,217,062
Total assets	26,982,302
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - ERS pension	629,644
Deferred outflows of resources - PFRS pension	143,967
Total deferred outflows of resources	773,611
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	190,644
Accrued liabilities	122,381
Due to other governments	2,543
Bond anticipation note payable	6,521,000
Current portion of long term debt	193,300
Total current liabilities	7,029,868
LONG-TERM LIABILITIES:	
Landfill post-closure costs	83,539
Net pension liability - ERS	749,692
Net pension liability - PFRS	162,358
Long-term debt, net of current portion	3,407,000
Total long-term liabilities	4,402,589
TOTAL LIABILITIES	11,432,457
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - ERS pension	30,677
Deferred inflows of resources - PFRS pension	70,095
Total deferred inflows of resources	100,772
NET POSITION	
Net investment in capital assets	11,095,762
Restricted	82,509
Unrestricted	5,044,413
Total net position	\$ 16,222,684

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities -					
General governmental support	\$ 701,956	\$ 251,709	\$ 6,994	\$ -	\$ (443,253)
Public safety	361,729	-	-	-	(361,729)
Public health	704,717	-	-	-	(704,717)
Transportation	589,900	4,941	102,946	-	(482,013)
Economic assistance and opportunity	5,395	-	-	-	(5,395)
Culture and recreation	225,730	441	-	-	(225,289)
Home and community services	920,860	988,201	6,037	-	73,378
Interest on long-term debt	<u>212,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(212,205)</u>
Total governmental activities	<u>\$ 3,722,492</u>	<u>\$ 1,245,292</u>	<u>\$ 115,977</u>	<u>\$ -</u>	<u>(2,361,223)</u>
GENERAL REVENUES:					
Real property taxes and real property tax items					2,327,875
Mortgage tax					174,742
Sale of property and compensation for loss					11,580
Use of money and property					65,747
Miscellaneous					<u>134,714</u>
Total general revenues					<u>2,714,658</u>
Change in net position					<u>353,435</u>
Net position - beginning of year, as previously reported					15,829,433
RESTATEMENT (Note 14)					<u>39,816</u>
Net position - beginning of year, as restated					<u>15,869,249</u>
Net position - end of year					\$ 16,222,684

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Highway Fund	Capital Projects Fund	Sewer Fund	Non-Major Funds	Total
ASSETS						
Cash and cash equivalents - unrestricted	\$ 2,867,058	\$ 200,306	\$ 1,126,882	\$ 553,039	\$ 789,226	\$ 5,536,511
Cash and cash equivalents - restricted	18,407	6,724	15,052	-	42,326	82,509
Accounts receivable	49,675	-	-	-	7,481	57,156
Due from other governments	-	-	-	23,257	41,407	64,664
State/Federal Aid receivable	-	20,590	3,810	-	-	24,400
Total assets	<u>\$ 2,935,140</u>	<u>\$ 227,620</u>	<u>\$ 1,145,744</u>	<u>\$ 576,296</u>	<u>\$ 880,440</u>	<u>\$ 5,765,240</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 29,528	\$ 18,338	\$ 18,540	\$ 113,051	\$ 11,187	\$ 190,644
Accrued liabilities	25,004	-	-	97	1,007	26,108
Due to other governments	2,543	-	-	-	-	2,543
Bond anticipation note payable	-	-	6,521,000	-	-	6,521,000
Total liabilities	<u>57,075</u>	<u>18,338</u>	<u>6,539,540</u>	<u>113,148</u>	<u>12,194</u>	<u>6,740,295</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows of resources - deferred revenue	-	20,590	-	-	-	20,590
Total deferred inflows of resources	<u>-</u>	<u>20,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,590</u>
FUND BALANCES:						
Restricted						
Capital	11,407	-	15,052	-	-	26,459
Police Vehicle	7,000	-	-	-	-	7,000
Repairs	-	6,724	-	-	2,500	9,224
Trust	-	-	-	-	39,826	39,826
Total restricted	<u>18,407</u>	<u>6,724</u>	<u>15,052</u>	<u>-</u>	<u>42,326</u>	<u>82,509</u>
Assigned						
Appropriated for subsequent year expenditures	450,000	-	-	-	-	450,000
Assigned other	-	181,968	-	463,148	825,920	1,471,036
Total assigned	<u>450,000</u>	<u>181,968</u>	<u>-</u>	<u>463,148</u>	<u>825,920</u>	<u>1,921,036</u>
Unassigned	<u>2,409,658</u>	<u>-</u>	<u>(5,408,848)</u>	<u>-</u>	<u>-</u>	<u>(2,999,190)</u>
Total fund balance	<u>2,878,065</u>	<u>188,692</u>	<u>(5,393,796)</u>	<u>463,148</u>	<u>868,246</u>	<u>(995,645)</u>
Total Liabilities, deferred inflows of resources and fund balance	<u>\$ 2,935,140</u>	<u>\$ 227,620</u>	<u>\$ 1,145,744</u>	<u>\$ 576,296</u>	<u>\$ 880,440</u>	<u>\$ 5,765,240</u>

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

Total fund balance - governmental funds	\$ (995,645)
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	21,217,062
GASB 68 related government-wide activity	
Deferred outflows of resources - ERS	629,644
Deferred outflows of resources - PFRS	143,967
Net pension liability - ERS	(749,692)
Net pension liability - PFRS	(162,358)
Deferred inflows of resources - ERS	(30,677)
Deferred inflows of resources - PFRS	(70,095)
Deferred revenue is not available and therefore, not reported in the governmental funds	20,590
Bonds payable and other noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(3,600,300)
Landfill post-closure costs	(83,539)
Accrued interest on long-term debt is an expense in the funds when paid, but a liability in the statement of net position when incurred.	<u>(96,273)</u>
Total net position of governmental activities	<u>\$ 16,222,684</u>

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Highway Fund	Capital Projects Fund	Sewer Fund	Non-Major Funds	Total
REVENUES:						
Real property taxes and tax items	\$ 1,499,837	\$ 672,385	\$ -	\$ -	\$ 155,653	\$ 2,327,875
Nonproperty tax items	-	-	-	-	189,933	189,933
Departmental income	176,462	4,941	-	588,459	210,250	980,112
Use of money and property	46,201	336	6,049	6,791	6,370	65,747
Licenses and permits	58,813	-	-	-	-	58,813
Sale of property and compensation for loss	10,080	1,500	-	-	-	11,580
Fines and forfeitures	16,434	-	-	-	-	16,434
Miscellaneous	36,072	-	36,205	0	62,437	134,714
State aid	181,736	82,356	-	-	-	264,092
Federal aid	6,037	-	-	-	-	6,037
Total revenues	2,031,672	761,518	42,254	595,250	624,643	4,055,337
EXPENDITURES:						
General governmental support	539,036	-	-	-	-	539,036
Public safety	249,271	-	-	-	-	249,271
Public health	516,462	-	-	-	-	516,462
Transportation	93,641	504,500	195,543	-	30,790	824,474
Economic assistance	5,395	-	-	-	-	5,395
Culture and recreation	87,237	-	-	-	105,949	193,186
Home and community services	47,182	-	1,694,655	720,804	137,595	2,600,236
Employee benefits	304,044	233,084	-	763	11,477	549,368
DEBT SERVICE:						
Principal	90,000	9,300	-	-	75,000	174,300
Interest	40,897	556	139,479	-	37,679	218,611
Total expenditures	1,973,165	747,440	2,029,677	721,567	398,490	5,870,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	58,507	14,078	(1,987,423)	(126,317)	226,153	(1,815,002)
OTHER FINANCING SOURCES (USES):						
Proceeds from the issuance of debt	-	-	90,000	-	-	90,000
Operating transfers - in	-	-	247,610	-	-	247,610
Operating transfers - out	(50,000)	(55,543)	-	-	(142,067)	(247,610)
Total other financing sources and uses	(50,000)	(55,543)	337,610	-	(142,067)	90,000
CHANGE IN FUND BALANCE	8,507	(41,465)	(1,649,813)	(126,317)	84,086	(1,725,002)
FUND BALANCE - beginning of year, as previously reported	2,869,558	230,157	(3,743,983)	589,465	744,344	689,541
RESTATEMENT (Note 14)	-	-	-	-	39,816	39,816
FUND BALANCE - beginning of year, as restated	2,869,558	230,157	(3,743,983)	589,465	784,160	729,357
FUND BALANCE - end of year	\$ 2,878,065	\$ 188,692	\$ (5,393,796)	\$ 463,148	\$ 868,246	\$ (995,645)

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - governmental funds	\$ (1,725,002)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position, net of disposals	2,085,190
State aid revenue in the statement of activities is recognized as revenue in the government-wide statements but is not recognized as revenue under the modified accrual basis of accounting in the fund financial statements	20,590
Pension expense resulting from the GASB 68 related actuarial reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(137,121)
Proceeds of long-term debt are recorded as revenues in the governmental funds but are recorded as increases of liabilities in the statement of net position	(90,000)
Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as payments of liabilities in the statement of net position	174,300
Accrued interest expense does not require the expenditure of current resources and is, therefore, not reported as an expenditure in the governmental funds	6,406
Postclosure landfill costs do not require the expenditure of current resources and is, therefore, not reported as an expenditure in the governmental funds	<u>19,072</u>
Change in net position of governmental activities	<u>\$ 353,435</u>

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2020

	<u>Custodial Funds</u>
ASSETS:	
Cash	<u>\$ 6,640</u>
Total assets	<u>\$ 6,640</u>
LIABILITIES:	
Other liabilities	<u>\$ -</u>
Total liabilities	<u>\$ -</u>
NET POSITION:	
Restricted for individuals organizations and other governments	<u>\$ 6,640</u>

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
ADDITIONS	
Taxes collected for other governments	<u>\$ 3,914,304</u>
Total additions	<u>3,914,304</u>
DEDUCTIONS	
Payment of taxes to other governments	<u>3,914,304</u>
Total deductions	<u>3,914,304</u>
Net increase in fiduciary net position	<u>-</u>
NET POSITION - beginning of year, as previously reported	-
RESTATEMENT (Note 14)	<u>6,640</u>
NET POSITION - beginning of year, as restated	<u>6,640</u>
NET POSITION - end of year	<u><u>\$ 6,640</u></u>

The accompanying notes are an integral part of these statements.

TOWN OF WINDHAM, NEW YORK

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Windham, New York (the Town) are prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Financial Reporting Entity

The Town was established during 1798 within the County of Greene (County), and is governed by its Charter, the General Town Law, other general laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for overall operations, the Town Supervisor serves as chief executive officer, and as chief fiscal officer.

The Town provides several services, including general government support, police and fire protection, water and sewer service, street lighting, sidewalk maintenance, and recreation services.

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Town and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Town and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

Based on the application of these criteria, a brief review of each potential component unit addressed in defining the Town's reporting entity follows:

Excluded From the Reporting Entity

Although the following organization, functions, or activities are related to the Town, they are not included in the Town reporting entity for the reasons noted:

Windham Fire District

The Town exercises no oversight over the operations of the Windham Fire District. The Town levies and collects real property taxes and turns them over to the fire district.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

A. Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Town's services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, and investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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 benefit 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.

B. Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

a. Governmental Funds

Major Funds

- **General Fund** – The General Fund is the primary operating fund of the Town. It includes all revenues and expenditures not required by law to be accounted for in other funds.
- **Highway Fund** – used to account for taxes, revenues and expenditures for highway services to areas throughout the Town.
- **Capital Projects Fund** – used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- **Sewer Fund** – used to account for taxes, user fees, or other revenues which are raised or received to provide sewer services throughout the Town.

Non-major Funds

- **Water Fund** – used to account for taxes, user fees and other revenues to provide water services throughout the Town.
- **Special Grant Fund** – used principally to account for the use of federal monies received under the Community Development and other Department of Housing and Urban Development Funds.
- **Library Fund** – used to account for taxes, user fees, or other revenues which are raised or received to provide library services throughout the Town.
- **Lighting Fund** – used to account for taxes, user fees and other revenues to provide lighting throughout the Town.
- **Sidewalk Fund** – used to account revenues and expenditures incurred to maintain sidewalks throughout the town.
- **Miscellaneous Special Revenue Fund** – Used to account for the revenue and expenditures for the operation and maintenance of the Town Library and funds to be distributed to individuals in need in connection with a bequest made to the Town.
- **Recreation Fund** – used to account for the revenue and expenditures for the operation and maintenance of recreation services throughout the Town.

b. Fiduciary Funds

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

- **Custodial Fund** – 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus

A. Accrual

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied.

B. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the year.

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. 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:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.

Budgets

The Town's procedures for establishing the budgetary data reflected in the accompanying financial statements are as follows:

- a. Not later than October 5, the budget officer submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1.
- b. The operating budget includes proposed expenditures and the means of financing them.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. Not later than November 20, the budget is legally enacted through the passage of a legislative resolution.
- e. Total expenditures for each object may not legally exceed the total appropriations for that object.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (Continued)

Budgetary controls for certain special grants are established in accordance with the applicable grant agreements, which may cover a period other than the Town's fiscal year.

All budget modifications must be approved by the governing body.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgeting control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are recorded as reservations of fund balances since the commitments do not constitute expenditures or liabilities. Open encumbrances, after review by the Town Council, are added to the subsequent year's budget to provide the modified budget presented in the combining financial statements. Expenditures for such commitments are recorded in the period in which the liability is incurred.

The budget is developed on the basis generally consistent with accounting principles generally accepted in the United States of America. The only significant difference is that the budget treats encumbrances as expenditures, whereas accounting principles generally accepted in the United States of America treat them as reservations of fund balances.

Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements, which cover periods different from the Town's fiscal year.

Real Property Taxes

Real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period from January 1 to May 31. Taxes for Town and special district purposes are levied together with taxes for the county 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Cash and Cash Equivalents

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Town Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies repurchase agreements, and obligations of New York State or its localities.

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, or obligations of federal agencies, the principal and interest of which is guaranteed by the United States or obligations of New York State local governments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities shall be valued to market at periodic intervals by the Town Supervisor or his/her designee.

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

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Contributed capital assets are recorded at fair market value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. Depreciation is not calculated or recorded on these assets.

Interfund Transactions

During the course of operations, the Town processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a use of resources that applies to a future period and so will not be recognized as an outflow (expense/expenditure) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Fund Balance

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable fund balance – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town has no non-spendable fund balance at December 31, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The following are the restricted fund balance amounts at December 31, 2020:

General Fund	Capital Improvement	\$ 11,407
General Fund	Capital Police Vehicle	7,000
Highway Fund	Capital	6,724
Capital Projects Fund	Capital	15,052
Library Fund	Reserve for Repairs	2,500
Miscellaneous Special		
Revenue Fund	Trust	<u>39,826</u>
		<u>\$ 82,509</u>

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

Assigned fund balance – Includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Amounts that are assigned include those appropriated for the purpose of reduction in taxes. At December 31, 2020, the Town had appropriated \$450,000 in the General Fund for this purpose.

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

Order of Fund Balance Spending Policy

The Town 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 balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Fund Deficit

The Capital Projects Fund has a fund deficit of \$5,393,796. The majority of this deficit relates to the commencement of Phase II of the Town's multi-phase public water project financed by bond anticipation notes (BANs). This deficit will be alleviated upon the conversion of the BANs to long-term financing in the future.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of another government; or (2) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

2. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these Notes.

The Town's aggregate bank balances, including fiduciary funds, (disclosed in the financial statements), included balances covered by depository insurance at year-end and collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents, including fiduciary funds	\$ 5,792,656	\$ 5,625,660
Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	\$ 4,996,221	
Covered by FDIC insurance	796,435	
Total	<u>\$ 5,792,656</u>	

2. CASH AND CASH EQUIVALENTS (Continued)

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash amounts at year end are as follows:

General Fund:	
Capital Improvement	\$ 11,407
Police Vehicle	7,000
	18,407
Highway Fund:	
Repair reserve	6,724
Capital Projects Fund:	
Capital reserve	15,052
Library Fund:	
Repair reserve	2,500
Miscellaneous Special Revenue Fund:	
Reserve - Other	39,826
Total Restricted Cash	\$ 82,509

3. ACCOUNTS RECEIVABLE

General Fund

Accounts receivable for the general fund consists of ambulance billings. For the year ended December 31, 2020, the amount due the Town for these charges, net of allowance for doubtful accounts of \$385,203 was \$49,675.

Water Fund

Accounts receivable for the sewer fund consists of amounts due from users for billings. For the year ended December 31, 2020, the amount due the Town for these charges was \$3,531.

Lighting Fund

Accounts receivable for the lighting fund consists of amounts due for billings. For the year ended December 31, 2020, the amount due the Town for these charges was \$3,950.

4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consist of amounts due from Greene County for delinquent water and sewer taxes as follows:

Sewer Fund	\$23,257
Water Fund	\$41,407

5. STATE AND FEDERAL AID RECEIVABLE

State and federal aid receivable consists of amounts due from NYS as follows:

Highway Fund	\$20,590
Capital Projects Fund	\$ 3,810

6. CAPITAL ASSETS

A summary of changes in capital assets, for the year ended December 31, 2020 is as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 373,530	\$ -	\$ -	\$ 373,530
Buildings	8,303,041	-	-	8,303,041
Improvements Other than Buildings	78,940	-	-	78,940
Machinery and equipment	2,418,326	282,093	87,102	2,613,317
Infrastructure	2,300,522	-	-	2,300,522
Construction in progress	5,657,513	1,890,199	-	7,547,712
Governmental activities capital assets	<u>\$ 19,131,872</u>	<u>\$ 2,172,292</u>	<u>\$ 87,102</u>	<u>\$ 21,217,062</u>

7. SHORT-TERM DEBT

The Town may issue Revenue Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The Town may issue Bond Anticipation Notes, in the anticipation of proceeds from the subsequent sale of the bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN issued for capital purposes can be converted to long-term financing within five years after the original issue date.

Short-term debt provides financing for governmental activities. The Town reissued various BANs during the year related to the water district.

Transactions for the year ended December 31, 2020 are summarized below:

	Balance 1/1/2020	New Issues	Redemptions	Balance 12/31/2020
Bond Anticipation Note - 2.375%, Matured 05/20/20	\$ 4,766,000	\$ -	\$ 4,766,000	\$ -
Bond Anticipation Note - 2.0%, Matured 05/20/20	1,780,000	-	1,780,000	-
Bond Anticipation Note - 2.0%, Due 05/19/21	-	6,521,000	-	6,521,000
	<u>\$ 6,546,000</u>	<u>\$ 6,521,000</u>	<u>\$ 6,546,000</u>	<u>\$ 6,521,000</u>

8. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources for the governmental funds at December 31, 2020 consist of the following:

Highway Fund	
CHIPS Aid	\$20,590

9. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020.

<u>Description</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due Within</u> <u>One Year</u>
Serial Bonds	\$ 3,684,600	\$ 90,000	\$ 174,300	\$ 3,600,300	\$ 193,300
Landfill Postclosure	102,611	-	19,072	83,539	-
Net Pension Liability - ERS	198,133	551,559	-	749,692	-
Net Pension Liability - PFRS	<u>67,303</u>	<u>95,055</u>	<u>-</u>	<u>162,358</u>	<u>-</u>
	<u>\$ 4,052,647</u>	<u>\$ 736,614</u>	<u>\$ 193,372</u>	<u>\$ 4,595,889</u>	<u>\$ 193,300</u>

The following is a statement of serial bonds with corresponding maturity schedules.

<u>Description</u>	<u>Issued</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Balance</u>
Water Fund	7/03	7/24	\$ 448,000	1.20% - 4.37%	\$ 105,000
Highway Fund	9/15	9/34	1,500,000	3.19%	1,165,000
Highway Fund	5/16	5/21	13,500	2.99%	2,700
Highway Fund	4/16	4/21	33,000	2.99%	6,600
Water Fund	9/16	6/53	2,385,000	1.625%	2,191,000
General Fund	8/17	8/22	100,000	2.500%	40,000
Highway Fund	8/20	8/25	90,000	1.490%	90,000
					<u>\$ 3,600,300</u>

The following is a schedule of future minimum payments under the Town's agreements at December 31, 2020:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 193,300	\$ 79,618
2022	189,000	74,412
2023	170,000	69,301
2024	176,000	64,662
2025	152,000	59,821
2026-2030	700,000	245,716
2031-2035	681,000	151,494
2036-2040	335,000	95,339
2041-2045	361,000	67,096
2046-2050	392,000	36,521
2051-2053	<u>251,000</u>	<u>6,161</u>
	<u>\$ 3,600,300</u>	<u>\$ 950,141</u>

9. LONG-TERM LIABILITIES (Continued)

Interest on all debt for the year was composed of the following:

Interest paid	\$ 218,611
Less: Interest accrued in prior year	(102,679)
Plus: Interest accrued in current year	<u>96,273</u>
 Total Expense	 <u>\$ 212,205</u>

The Town participated in the closing of the Town of Hunter's landfill site. State and federal laws and regulations require Towns to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stop accepting waste, the Town reports a portion of the closures and post-closure care costs as a liability in each period based on landfill capacity used as of each balance sheet date. The Town reported \$83,539 as landfill closure and post-closure care liability at December 31, 2020 which represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill.

The liability represents 26 percent of the total estimated landfill closure and post-closure care costs and represent the Town's portion only. These amounts are based on what it would cost to perform all post-closure care in 2020.

The Town of Hunter closed its landfill in the year of 1992. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

10. INTERFUND RECEIVABLES AND PAYABLES

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

	Interfund	
	<u>Revenue</u>	<u>Expenditure</u>
General fund	\$ -	\$ 50,000
Highway fund	-	55,543
Capital Projects Fund	247,610	-
Water Fund	<u>-</u>	<u>142,067</u>
 Total governmental activities	 <u>\$ 247,610</u>	 <u>\$ 247,610</u>

11. PENSION PLAN

Plan Description

The Town 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 provides 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 NYSSRSSL, the Comptroller of the State of New York 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 System and for the custody and control of its funds. The System issues 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 System, 110 State Street, Albany, NY 12236.

Funding Policy

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

- 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, 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.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.

The Systems are noncontributory for the employee 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 System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the System contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. 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 will vary based on each member's annual compensation varying between 3-6%.

The System cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York State Legislature. The Town's contributions for the years 2020, 2019 and 2018 were equal to 100% of the required contributions for the plan. The required contributions for the current year and two preceding years were:

	ERS		PFRS	
2020	\$	144,049	\$	23,485
2019	\$	134,065	\$	21,047
2018	\$	126,185	\$	23,429

11. PENSION PLAN (Continued)

Funding Policy (Continued)

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

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

At December 31, 2020, the Town reported a net pension liability of \$749,692 and \$162,358 for its proportionate share of the ERS and PFRS net pension liabilities, respectively. The net pension liability was measured as of March 31, 2020 and the total pension liabilities used to calculate the net pension liabilities were determined by the actuarial valuation as April 1, 2019. The Town's proportion of the net pension liability was based on a projection of The Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2020, The Town's proportionate share of the ERS net pension liability was .0028311%, which was an increase of .0000347% from its proportionate share measured at December 31, 2019.

At December 31, 2020, The Town's proportionate share of the PFRS net pension liability was .0030376%, which was a decrease of .0009755% from its proportionate share measured at December 31, 2019.

For the year ended December 31, 2020, The Town recognized total pension expense of \$304,655. At December 31, 2020, The Town reported deferred outflows/inflows of resources related to pensions from the following sources:

ERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,122	\$ -
Changes of Assumptions	15,095	13,034
Net d 1375897	384,329	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	42,049	17,643
Contributions subsequent to the measurement date	144,049	-
	<u>\$ 629,644</u>	<u>\$ 30,677</u>

11. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

PFRS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,811	\$ 2,719
Changes of Assumptions	13,878	-
Net difference between projected and actual earnings on pension plan investments	73,115	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	22,678	67,376
Contributions subsequent to the measurement date	23,485	-
	<u>\$ 143,967</u>	<u>\$ 70,095</u>

The Town recognized \$144,049 and \$23,485 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020, related to ERS and PFRS, respectively. These amounts will be recognized as a reduction of the net pension liabilities in the year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ERS

Plan's Year Ended March 31:

2021	\$ 80,960
2022	115,372
2023	141,766
2024	116,820
2025	-
Thereafter	-
	<u>\$ 454,918</u>

PFRS

Plan's Year Ended March 31:

2021	\$ 3,573
2022	12,870
2023	20,305
2024	15,285
2025	(1,646)
Thereafter	-
	<u>\$ 50,387</u>

11. PENSION PLAN (Continued)

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions for ERS:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	4.20%
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.80% compounded annually, net of investment expenses

The actuarial valuation used the following actuarial assumptions for PFRS:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	5.00%
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.80% compounded annually, net of investment expenses

Long-term Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

11. PENSION PLAN (Continued)

Long-term Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds & Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-indexed Bonds	4%	0.50%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

ERS

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

	<u>1 % Decrease (5.80%)</u>	<u>Current Assumption (6.80%)</u>	<u>1% Increase (7.80%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 1,375,897	\$ 749,692	\$ 172,955

11. PENSION PLAN (Continued)

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

PFRS

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

	1 % Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
Proportionate Share of Net Pension liability (asset)	\$ 290,300	\$ 162,358	\$ 47,784

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020 for ERS and PFRS respectively follow:

ERS

	Pension Plan's Fiduciary Net Position
Total pension liability	\$194,596,261,000
Net position	(168,115,682,000)
Net pension liability (asset)	<u>\$ 26,480,579,000</u>
Fiduciary net position as a percentage of total pension liability	86.39%

PFRS

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 35,309,017,000
Net position	(29,964,080,000)
Net pension liability (asset)	<u>\$ 5,344,937,000</u>
Fiduciary net position as a percentage of total pension liability	84.86%

12. COMMITMENTS AND CONTINGENCIES

The Town of Windham, New York participated in the closing the Town of Hunter's landfill site. State and federal laws and regulations require Towns to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closures and post-closure care cost as a liability in each period based on landfill capacity used as of each balance sheet date.

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

The Town is currently in the process of a multi-phase public water project. Phase I was completed in 2016 with the costs financed through a \$600,000 grant and \$2.385 million serial bond issuance from the USDA Rural Development Program. The budget for Phase II was approved in 2016 at an amount not to exceed \$7 million with funding of the project provided by a grant of \$1.7 million from the New York Water Infrastructure Improvement Act and the issuance of serial bonds in an amount not to exceed \$7 million, as approved by the Town Board in November 2016. As of December 31, 2020, the Town has a \$6.521 million bond anticipation notes (BANs) outstanding in connection with Phase II of the water project.

13. TAX ABATEMENT

All real property in New York is subject to taxation unless specific legal provisions grant it exempt status. Real property tax exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other such considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the real property tax law, the Agriculture and Markets Law to the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for District, city/town, and school purposes, whereas others pertain only to some of these purposes. Yet another difference involves the extent of local government autonomy: while some exemptions are mandated by state law, others are subject to local option and/or local determination of eligibility criteria.

The Town has one real property tax abatement agreement entered into by the Greene County IDA. This agreement provides for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with Tax Exemption Policy. PILOTs are granted in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. There are also policies for recapture of PILOTs should the applicant not meet certain criteria. The amount property tax abated in the Town for the year ended December 31, 2020 was approximately \$1,000.

14. CHANGE IN ACCOUNTING PRINCIPLE

The Town adopted GASB Statement No. 84, Fiduciary Activities, during the year ended December 31, 2020. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary position. This Statement describes four fiduciary funds that should be reported, if applicable: pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement clarified the criteria for reporting certain activities governmental or fiduciary activities. As a result, beginning cash, liabilities, fund balance, and position were adjusted as noted below for the following opinion units:

	Governmental Activities			
	Unrestricted Cash	Due to Fiduciary Funds	Accrued Liabilities	Net Position
Balance at December 31, 2019, as previously reported	\$ 7,134,524	\$ 20	\$ 149,497	\$ 15,829,433
Restatement of beginning balance - Adoption of GASB Statement No. 84	54,118	(20)	14,322	39,816
Balance at January 1, 2020, as restated	<u>\$ 7,188,642</u>	<u>\$ -</u>	<u>\$ 163,819</u>	<u>\$ 15,869,249</u>
	General Fund			
	Unrestricted Cash	Due to Other Funds	Accrued Liabilities	
Balance at December 31, 2019, as previously reported	\$ 2,762,397	\$ 20	\$ 30,822	
Restatement of beginning balance - Adoption of GASB Statement No. 84	14,302	(20)	14,322	
Balance at January 1, 2020, as restated	<u>\$ 2,776,699</u>	<u>\$ -</u>	<u>\$ 45,144</u>	
	Miscellaneous Special Revenue Fund			
	Unrestricted Cash	Fund Balance		
Balance at December 31, 2019, as previously reported	\$ 37,614	\$ 37,614		
Restatement of beginning balance - Adoption of GASB Statement No. 84	39,816	39,816		
Balance at January 1, 2020, as restated	<u>\$ 77,430</u>	<u>\$ 77,430</u>		
	Custodial Fund			
	Cash	Net Position		
Balance at December 31, 2019, as previously reported	\$ -	\$ -		
Restatement of beginning balance - Adoption of GASB Statement No. 84	6,640	6,640		
Balance at January 1, 2020, as restated	<u>\$ 6,640</u>	<u>\$ 6,640</u>		
	Agency Fund			
	Cash	Due from Other Funds	Other Liabilities	
Balance at December 31, 2019, as previously reported	\$ 20,942	\$ 20	\$ 20,962	
Restatement of beginning balance - Adoption of GASB Statement No. 84	(20,942)	(20)	(20,962)	
Balance at January 1, 2020, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	Private Purpose Trusts Fund			
	Cash	Net Position		
Balance at December 31, 2019, as previously reported	\$ 39,816	\$ 39,816		
Restatement of beginning balance - Adoption of GASB Statement No. 84	(39,816)	(39,816)		
Balance at January 1, 2020, as restated	<u>\$ -</u>	<u>\$ -</u>		

15. COVID-19 PANDEMIC

As of the date of this report, the United States continues to be affected by a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). During 2020, the NYS Governor put the economy “on pause” in an effort to combat the spread of COVID. As a result, many businesses were closed, or their operations were severely curtailed. The Town acted proactively in an effort to protect its employees as well as the Town residents.

In response to the economic impact the COVID pandemic caused, the United States government passed several stimulus bills (CARES, CRSSA and ARPA) in an effort to provide relief to businesses, families and governments that have been devastated by the closure of large segments of the economy.

The American Rescue Plan Act (ARPA) was passed by Congress in March 2021 and provided a total of \$1.9 trillion stimulus funding. The Town of Windham was allocated approximately \$172,000 in ARPA funds. These funds are to be passed to the Town through NYS in two equal installments in 2021 and 2022. The Town has until December 31, 2024 to spend this money. The money may only be spent on eligible items per the ARPA.

16. SUBSEQUENT EVENTS

The \$6,521,000 BAN outstanding as of December 31, 2020 matured on May 19, 2021. On the maturity date, the Town issued Serial Bonds in the amount of \$4,449,357 and received state aid in the amount of \$1,700,000. These amounts, combined with unspent BAN proceeds of \$327,643 and an additional principal payment of \$44,000, were used to redeem the BAN on the maturity date.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TOWN OF WINDHAM, NEW YORK

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Real property taxes and tax items	\$ 1,489,198	\$ 1,489,198	\$ 1,499,837	\$ -	\$ 10,639
Nonproperty tax items	-	-	-	-	-
Departmental income	147,955	147,955	176,462	-	28,507
Use of money and property	500	500	46,201	-	45,701
Licenses and permits	17,100	17,100	58,813	-	41,713
Sale of property and compensation for loss	-	-	10,080	-	10,080
Fines and forfeitures	23,000	23,000	16,434	-	(6,566)
Miscellaneous local sources	-	-	36,072	-	36,072
State aid	80,000	80,000	181,736	-	101,736
Federal aid	-	-	6,037	-	6,037
Total revenue	<u>1,757,753</u>	<u>1,757,753</u>	<u>2,031,672</u>	<u>-</u>	<u>273,919</u>
EXPENDITURES:					
General governmental support	649,565	657,415	539,036	-	118,379
Public safety	299,551	299,551	249,271	-	50,280
Public Health	460,205	460,205	516,462	-	(56,257)
Transportation	82,295	85,985	93,641	-	(7,656)
Economic assistance and opportunity	5,300	5,300	5,395	-	(95)
Culture and recreation	160,450	160,950	87,237	-	73,713
Home and community services	40,800	42,800	47,182	-	(4,382)
Employee benefits	374,650	374,650	304,044	-	70,606
Debt service - principal	90,000	90,000	90,000	-	-
Debt service - interest	40,897	40,897	40,897	-	-
Total expenditures	<u>2,203,713</u>	<u>2,217,753</u>	<u>1,973,165</u>	<u>-</u>	<u>244,588</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers out	-	-	(50,000)	-	(50,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCES	(445,960)	(460,000)	8,507	-	518,507
FUND BALANCE - beginning of year	<u>2,869,558</u>	<u>2,869,558</u>	<u>2,869,558</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 2,423,598</u>	<u>\$ 2,409,558</u>	<u>\$ 2,878,065</u>	<u>\$ -</u>	<u>\$ 518,507</u>

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HIGHWAY FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Real property taxes and tax items	\$ 672,385	\$ 672,385	\$ 672,385	\$ -	\$ -
Departmental income	-	-	4,941	-	4,941
Use of money and property	100	100	336	-	236
Sale of property and compensation for loss	-	-	1,500	-	1,500
State sources	<u>73,028</u>	<u>73,028</u>	<u>82,356</u>	<u>-</u>	<u>9,328</u>
Total revenue	<u>745,513</u>	<u>745,513</u>	<u>761,518</u>	<u>-</u>	<u>16,005</u>
EXPENDITURES:					
Transportation	505,956	505,956	504,500	-	1,456
Employee benefits	229,701	229,701	233,084	-	(3,383)
Debt service - principal	9,300	9,300	9,300	-	-
Debt service - interest	<u>556</u>	<u>556</u>	<u>556</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>745,513</u>	<u>745,513</u>	<u>747,440</u>	<u>-</u>	<u>(1,927)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>(55,543)</u>	<u>-</u>	<u>(55,543)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(55,543)</u>	<u>-</u>	<u>(55,543)</u>
NET CHANGE IN FUND BALANCES	-	-	(41,465)	-	(41,465)
FUND BALANCE - beginning of year	<u>230,157</u>	<u>230,157</u>	<u>230,157</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 230,157</u>	<u>\$ 230,157</u>	<u>\$ 188,692</u>	<u>\$ -</u>	<u>\$ (41,465)</u>

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SEWER FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Departmental income	\$ 655,345	\$ 655,345	\$ 588,459	\$ -	\$ (66,886)
Miscellaneous	-	-	-	-	-
Use of money and property	-	-	6,791	-	6,791
Total revenue	<u>655,345</u>	<u>655,345</u>	<u>595,250</u>	<u>-</u>	<u>(60,095)</u>
EXPENDITURES:					
Home and community services	706,775	706,775	720,804	-	(14,029)
Employee benefits	<u>900</u>	<u>900</u>	<u>763</u>	<u>-</u>	<u>137</u>
Total expenditures	<u>707,675</u>	<u>707,675</u>	<u>721,567</u>	<u>-</u>	<u>(13,892)</u>
NET CHANGE IN FUND BALANCES	(52,330)	(52,330)	(126,317)	-	(73,987)
FUND BALANCE - beginning of year	<u>589,465</u>	<u>589,465</u>	<u>589,465</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 537,135</u>	<u>\$ 537,135</u>	<u>\$ 463,148</u>	<u>\$ -</u>	<u>\$ (73,987)</u>

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.0028311%	0.0027964%	0.0032934%	0.0029421%	0.0031120%	0.0029657%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.			
Proportionate share of the net pension liability (asset)	\$ 749,692	\$ 198,133	\$ 106,292	\$ 276,444	\$ 499,477	\$ 100,188				
Covered-employee payroll	\$ 993,352	\$ 927,595	\$ 857,063	\$ 856,579	\$ 834,575	\$ 742,086				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.47%	21.36%	12.40%	32.27%	59.85%	13.50%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%				
NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.0030376%	0.0040131%	0.0062926%	0.0024686%	0.0086931%	0.0043796%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.			
Proportionate share of the net pension liability (asset)	\$ 162,358	\$ 67,303	\$ 63,603	\$ 51,165	\$ 257,385	\$ 12,055				
Covered-employee payroll	\$ 114,742	\$ 111,109	\$ 116,236	\$ 124,463	\$ 104,819	\$ 83,338				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.50%	60.57%	54.72%	41.11%	245.55%	14.47%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.86%	95.09%	96.93%	93.46%	90.24%	99.03%				

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 144,049	\$ 134,065	\$ 126,185	\$ 132,516	\$ 129,648	\$ 165,716				
Contributions in relation to the contractually required contribution	144,049	134,065	126,185	132,516	129,648	165,716				
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered employee payroll	\$ 993,352	\$ 927,595	\$ 857,063	\$ 856,579	\$ 834,575	\$ 742,086				
Contributions as a percentage of covered-employee payroll	14.50%	14.45%	14.72%	15.47%	15.53%	22.33%				
Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.										
NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN										
	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 23,485	\$ 21,047	\$ 23,429	\$ 25,833	\$ 37,969	\$ 15,729				
Contributions in relation to the contractually required contribution	23,485	21,047	23,429	25,833	37,969	15,729				
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered employee payroll	\$ 114,742	\$ 111,109	\$ 116,236	\$ 124,463	\$ 104,819	\$ 83,338				
Contributions as a percentage of covered-employee payroll	20.47%	18.94%	20.16%	20.76%	36.22%	18.87%				
Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.										

SUPPLEMENTARY INFORMATION

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Water Fund	Special Grant	Library Fund	Lighting Fund	Sidewalk Fund	Recreation Fund	Miscellaneous Special Revenue Fund	Total
ASSETS								
Cash and cash equivalents - unrestricted	\$ 331,674	\$ 64,784	\$ 152,437	\$ 116,768	\$ 52,265	\$ 31,503	\$ 39,795	\$ 789,226
Cash and cash equivalents - restricted	-	-	2,500	-	-	-	39,826	42,326
Accounts receivable	3,531	-	-	3,950	-	-	-	7,481
Due from other governments	41,407	-	-	-	-	-	-	41,407
Total assets	<u>\$ 376,612</u>	<u>\$ 64,784</u>	<u>\$ 154,937</u>	<u>\$ 120,718</u>	<u>\$ 52,265</u>	<u>\$ 31,503</u>	<u>\$ 79,621</u>	<u>\$ 880,440</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	\$ 6,877	\$ -	\$ 2,400	\$ 1,444	\$ 1	\$ 465	\$ -	\$ 11,187
Accrued liabilities	248	-	759	-	-	-	-	1,007
Total liabilities	<u>7,125</u>	<u>-</u>	<u>3,159</u>	<u>1,444</u>	<u>1</u>	<u>465</u>	<u>-</u>	<u>12,194</u>
FUND BALANCES:								
Restricted								
Reserve for Repairs	-	-	2,500	-	-	-	-	2,500
Reserve - Other	-	-	-	-	-	-	39,826	39,826
Total Restricted	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,826</u>	<u>42,326</u>
Assigned								
Appropriated for subsequent year expenditures	-	-	-	-	-	-	-	-
Assigned other	369,487	64,784	149,278	119,274	52,264	31,038	39,795	825,920
Total Assigned	<u>369,487</u>	<u>64,784</u>	<u>149,278</u>	<u>119,274</u>	<u>52,264</u>	<u>31,038</u>	<u>39,795</u>	<u>825,920</u>
Total Fund Balance	<u>369,487</u>	<u>64,784</u>	<u>151,778</u>	<u>119,274</u>	<u>52,264</u>	<u>31,038</u>	<u>79,621</u>	<u>868,246</u>
Total Liabilities and Fund Balance	<u>\$ 376,612</u>	<u>\$ 64,784</u>	<u>\$ 154,937</u>	<u>\$ 120,718</u>	<u>\$ 52,265</u>	<u>\$ 31,503</u>	<u>\$ 79,621</u>	<u>\$ 880,440</u>

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Fund	Special Grant	Library Fund	Lighting Fund	Sidewalk Fund	Recreation Fund	Miscellaneous Special Revenue	Total
REVENUES:								
Real property taxes and tax items	\$ 3,000	\$ -	\$ 113,152	\$ 39,500	\$ -	\$ 1	\$ -	\$ 155,653
Nonproperty tax items	189,933	-	-	-	-	-	-	189,933
Departmental income	209,809	-	441	-	-	-	-	210,250
Use of money and property	650	31	2,811	1,877	920	-	81	6,370
Miscellaneous	163	-	6,169	-	-	50,000	6,105	62,437
Total revenues	403,555	31	122,573	41,377	920	50,001	6,186	624,643
EXPENDITURES:								
Transportation	-	-	-	30,790	-	-	-	30,790
Culture and recreation	-	-	82,991	-	-	18,963	3,995	105,949
Home and community services	131,974	-	-	-	5,621	-	-	137,595
Employee benefits	2,578	-	8,899	-	-	-	-	11,477
DEBT SERVICE:								
Principal	75,000	-	-	-	-	-	-	75,000
Interest	37,679	-	-	-	-	-	-	37,679
Total expenditures	247,231	-	91,890	30,790	5,621	18,963	3,995	398,490
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	156,324	31	30,683	10,587	(4,701)	31,038	2,191	226,153
OTHER FINANCING SOURCES (USES):								
Operating transfers - out	(142,067)	-	-	-	-	-	-	(142,067)
Total other financing sources and uses	(142,067)	-	-	-	-	-	-	(142,067)
CHANGE IN FUND BALANCE	14,257	31	30,683	10,587	(4,701)	31,038	2,191	84,086
FUND BALANCE - beginning of year, as previously reported	355,230	64,753	121,095	108,687	56,965	-	37,614	744,344
RESTATEMENT (Note 14)	-	-	-	-	-	-	39,816	39,816
FUND BALANCE - beginning of year, as restated	355,230	64,753	121,095	108,687	56,965	-	77,430	784,160
FUND BALANCE - end of year	\$ 369,487	\$ 64,784	\$ 151,778	\$ 119,274	\$ 52,264	\$ 31,038	\$ 79,621	\$ 868,246

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Real property taxes	\$ 3,000	\$ 3,000	\$ 3,000	-	\$ -
Nonproperty tax items	179,330	179,330	189,933	-	10,603
Departmental income	209,913	209,913	209,809	-	(104)
Use of money and property	600	600	650	-	50
Miscellaneous local sources	-	-	163	-	163
Total revenue	<u>392,843</u>	<u>392,843</u>	<u>403,555</u>	<u>-</u>	<u>10,712</u>
EXPENDITURES:					
Home and community services	112,000	112,000	131,974	-	(19,974)
Employee benefits	2,040	2,040	2,578	-	(538)
Debt service - principal	95,000	95,000	75,000	-	20,000
Debt service - interest	<u>183,803</u>	<u>183,803</u>	<u>37,679</u>	<u>-</u>	<u>146,124</u>
Total expenditures	<u>392,843</u>	<u>392,843</u>	<u>247,231</u>	<u>-</u>	<u>145,612</u>
OTHER FINANCING SOURCES (USES):					
Transfer out	-	-	(142,067)	-	(142,067)
	<u>-</u>	<u>-</u>	<u>(142,067)</u>	<u>-</u>	<u>(142,067)</u>
NET CHANGE IN FUND BALANCES	-	-	14,257	-	14,257
FUND BALANCE - beginning of year	<u>355,230</u>	<u>355,230</u>	<u>355,230</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 355,230</u>	<u>\$ 355,230</u>	<u>\$ 369,487</u>	<u>\$ -</u>	<u>\$ 14,257</u>

TOWN OF WINDHAM, NEW YORK

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -LIBRARY FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Real property taxes and tax items	\$ 113,152	\$ 113,152	\$ 113,152	\$ -	\$ -
Departmental income	800	800	441	-	(359)
Use of money and property	-	-	2,811	-	2,811
Miscellaneous local sources	<u>5,000</u>	<u>5,000</u>	<u>6,169</u>	<u>-</u>	<u>1,169</u>
Total revenue	<u>118,952</u>	<u>118,952</u>	<u>122,573</u>	<u>-</u>	<u>3,621</u>
EXPENDITURES:					
Culture and recreation	109,102	109,102	82,991	-	26,111
Employee benefits	<u>9,850</u>	<u>9,850</u>	<u>8,899</u>	<u>-</u>	<u>951</u>
Total expenditures	<u>118,952</u>	<u>118,952</u>	<u>91,890</u>	<u>-</u>	<u>27,062</u>
NET CHANGE IN FUND BALANCES	-	-	30,683	-	30,683
FUND BALANCE - beginning of year	<u>121,095</u>	<u>121,095</u>	<u>121,095</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 121,095</u>	<u>\$ 121,095</u>	<u>\$ 151,778</u>	<u>\$ -</u>	<u>\$ 30,683</u>

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIGHTING FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Real property taxes	\$ 39,500	\$ 39,500	\$ 39,500	\$ -	\$ -
Use of money and property	-	-	1,877	-	1,877
Total revenue	39,500	39,500	41,377	-	1,877
EXPENDITURES:					
Transportation	39,500	39,500	30,790	-	8,710
Total expenditures	39,500	39,500	30,790	-	8,710
NET CHANGE IN FUND BALANCES	-	-	10,587	-	10,587
FUND BALANCE - beginning of year	108,687	108,687	108,687	-	-
FUND BALANCE - end of year	\$ 108,687	\$ 108,687	\$ 119,274	\$ -	\$ 10,587

TOWN OF WINDHAM, NEW YORK

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SIDEWALK FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:					
Departmental income	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ (8,000)
Use of money and property	-	-	920	-	920
Total revenue	8,000	8,000	920	-	(7,080)
EXPENDITURES:					
Transportation	-	-	-	-	-
Home and community	7,850	7,850	5,621	-	2,229
Employee benefits	150	150	-	-	150
Total expenditures	8,000	8,000	5,621	-	2,379
NET CHANGE IN FUND BALANCES	-	-	(4,701)	-	(4,701)
FUND BALANCE - beginning of year	56,965	56,965	56,965	-	-
FUND BALANCE - end of year	\$ 56,965	\$ 56,965	\$ 52,264	\$ -	\$ (4,701)

REQUIRED REPORTS UNDER GOVERNMENT AUDITING STANDARDS

**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**

February 28, 2022

To the Town Council of
Town of Windham, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Windham (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 28, 2022. Our report describes a qualified opinion on governmental activities because the Town does not depreciate its capital assets as required by accounting principles generally accepted in the United States. There were unmodified opinions on all other opinion units.

Internal Control Over Financial Reporting

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

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

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

(Continued)

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

Compliance and Other Matters

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

Purpose of this Report

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