

TOWN OF OWASCO

Auburn, New York

EXECUTIVE SUMMARY

**For the Year Ended
December 31, 2020**



TOWN OF OWASCO

SUMMARY OF 2020 AUDIT REPORT AND FINDINGS

Basic Financial Statements

Independent Auditors' Report on Basic Financial Statements.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.

Separate Documents

Auditors' Communication With Those Charged With Governance at the Conclusion of the Audit.

Management Comment Letter

Justice Courts

Independent Auditors' Report for the purpose of determining whether the Courts were properly collecting, recording, and remitting bail fines and other charges.

Description of Report and Findings

Qualified opinion on the Town of Owasco's basic financial statements for the year ended December 31, 2020, due to not adopting GASB Statement No. 75.

This report identified **no material instances of noncompliance and no material internal control weaknesses** at the financial statement level.

A letter that specifically addresses certain required communications to the Town Board in accordance with professional standards. There were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

A letter of comments dated April 7, 2021, addressed several issues.

The results of tests indicate, for the transactions tested, the Justice Courts complied with the terms and conditions of the requirements.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS

GENERAL FUND

	December 31, 2020	December 31, 2019	December 31, 2018
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 855,353	\$ 461,782	\$ 234,594
Cash and Cash Equivalents - Restricted	111,479	123,383	141,842
Due from Other Funds	14,056	14,056	14,056
Due from Other Governments	25,297	171,856	172,379
Prepaid Expenses	8,564	7,394	7,550
Total Assets	<u>\$ 1,014,749</u>	<u>\$ 778,471</u>	<u>\$ 570,421</u>
LIABILITIES			
Accounts Payable	\$ 9,454	\$ -	\$ 4,807
Accrued Liabilities	8,001	5,527	-
Due to Other Funds	6,680	6,680	6,680
Overpayments	560	833	-
Unearned Revenues	547	4,660	-
Total Liabilities	<u>25,242</u>	<u>17,700</u>	<u>11,487</u>
FUND BALANCES			
Nonspendable	8,564	7,394	7,550
Restricted	111,479	123,383	139,686
Assigned	219,443	5,857	289,113
Unassigned	650,021	624,137	122,585
Total Fund Balances	<u>989,507</u>	<u>760,771</u>	<u>558,934</u>
Total Liabilities and Fund Balances	<u>\$ 1,014,749</u>	<u>\$ 778,471</u>	<u>\$ 570,421</u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

GENERAL FUND

	December 31, 2020	December 31, 2019	December 31, 2018
REVENUES			
Real Property Taxes	\$ 210,162	\$ 190,162	\$ 67,162
Real Property Tax Items	3,398	1,958	1,946
Nonproperty Tax Items	725,000	831,314	610,302
Departmental Income	3,372	11,574	11,955
Use of Money and Property	65,317	66,808	64,182
Licenses and Permits	19,424	19,597	9,950
Fines and Forfeitures	7,989	7,529	10,894
Sale of Property and Compensation for Loss	2,938	3,527	7,308
Miscellaneous Local Sources	6,472	24,035	21,714
State Sources	133,409	162,527	105,302
Total Revenues	1,177,481	1,319,031	910,715
EXPENDITURES			
General Governmental Support	399,509	442,654	368,438
Public Safety	64,262	64,170	93,822
Public Health	1,200	850	730
Transportation	119,286	113,224	136,396
Economic Assistance and Opportunity	1,720	2,447	2,335
Culture and Recreation	54,755	164,091	62,374
Home and Community Services	134,036	87,739	55,112
Employee Benefits	173,977	190,844	156,427
Debt Service Principal	-	50,000	45,000
Debt Service Interest	-	1,175	3,385
Total Expenditures	948,745	1,117,194	924,019
Net Changes in Fund Balances	228,736	201,837	(13,304)
Fund Balances, Beginning of Year	760,771	558,934	572,238
Fund Balances, End of Year	\$ 989,507	\$ 760,771	\$ 558,934

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

HIGHWAY FUND

	December 31, 2020	December 31, 2019	December 31, 2018
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 447,024	\$ 428,654	\$ 296,126
Cash and Cash Equivalents - Restricted	9,732	9,679	9,628
Due from Other Governments	304,501	124,447	131,279
Prepaid Expenses	8,242	8,894	10,844
Total Assets	\$ 769,499	\$ 571,674	\$ 447,877
LIABILITIES			
Accounts Payable	\$ 6,637	\$ 14,300	\$ 1,700
Total Liabilities	6,637	14,300	1,700
FUND BALANCES			
Nonspendable	8,242	8,894	10,844
Restricted	9,732	9,679	9,628
Assigned	744,888	538,801	425,705
Total Fund Balances	762,862	557,374	446,177
Total Liabilities and Fund Balances	\$ 769,499	\$ 571,674	\$ 447,877

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

HIGHWAY FUND

	December 31, 2020	December 31, 2019	December 31, 2018
REVENUES			
Real Property Taxes	\$ 117,162	\$ 117,162	\$ 67,162
Nonproperty Tax Items	811,183	601,985	775,000
Intergovernmental Charges	12,175	2,320	6,740
Use of Money and Property	2,768	2,116	650
Sale of Property and Compensation for Loss	1,978	-	1,665
Miscellaneous Local Sources	4,017	16,256	3,160
State Sources	64,085	148,765	-
Total Revenues	1,013,368	888,604	854,377
EXPENDITURES			
General Governmental Support	169	-	16,778
Transportation	648,709	599,899	536,664
Employee Benefits	135,596	154,102	152,218
Debt Service Principal	22,378	21,396	25,835
Debt Service Interest	1,028	2,010	3,075
Total Expenditures	807,880	777,407	734,570
Net Changes in Fund Balances	205,488	111,197	119,807
Fund Balances, Beginning of Year	557,374	446,177	326,370
Fund Balances, End of Year	\$ 762,862	\$ 557,374	\$ 446,177

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

SEWER FUND

	December 31, 2020	December 31, 2019	December 31, 2018
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 863,702	\$ 779,034	\$ 913,074
Cash and Cash Equivalents - Restricted	660,360	746,599	688,017
Taxes Receivable, Net	191	191	-
Due from Other Funds	654	1,086	1,086
Due from Other Governments	42,118	45,704	49,507
Prepaid Expenses	594	768	670
Other Receivables	22,527	25,324	31,494
Total Assets	\$ 1,590,146	\$ 1,598,706	\$ 1,683,848
LIABILITIES			
Accounts Payable	\$ 47,538	\$ 51,848	\$ -
Due to Other Funds	317	317	317
Total Liabilities	47,855	52,165	317
FUND BALANCES			
Nonspendable	594	768	670
Restricted	660,360	746,599	653,923
Assigned	881,337	799,174	1,028,938
Total Fund Balances	1,542,291	1,546,541	1,683,531
Total Liabilities and Fund Balances	\$ 1,590,146	\$ 1,598,706	\$ 1,683,848

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

SEWER FUND

	December 31, 2020	December 31, 2019	December 31, 2018
REVENUES			
Real Property Taxes	\$ 844,206	\$ 838,611	\$ 860,325
Departmental Income	446,703	402,628	414,473
Use of Money and Property	16	-	-
Miscellaneous Local Sources	10,423	19,819	3,614
Total Revenues	1,301,348	1,261,058	1,278,412
EXPENDITURES			
General Governmental Support	10,329	9,990	13,965
Home and Community Services	972,278	1,033,683	800,666
Employee Benefits	19,131	16,194	11,727
Debt Service Principal	272,600	274,828	313,508
Debt Service Interest	61,205	63,353	60,617
Total Expenditures	1,335,543	1,398,048	1,200,483
Excess of Revenues (Expenditures)	(34,195)	(136,990)	77,929
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund Transfers In	29,967	-	-
Interfund Transfers (Out)	(22)	-	-
Total Other Financing Sources (Uses)	29,945	-	-
Net Changes in Fund Balances	(4,250)	(136,990)	77,929
Fund Balances, Beginning of Year	1,546,541	1,683,531	1,605,602
Fund Balances, End of Year	\$ 1,542,291	\$ 1,546,541	\$ 1,683,531

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

WATER FUND

	December 31, 2020	December 31, 2019	December 31, 2018
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 672,049	\$ 584,529	\$ 1,021,538
Cash and Cash Equivalents - Restricted	56,028	41,025	26,066
Due from Other Governments	36,078	40,826	37,308
Prepaid Expenses	5,628	5,384	4,642
Other Receivables	15,898	22,395	38,857
Total Assets	\$ 785,681	\$ 694,159	\$ 1,128,411
LIABILITIES			
Accounts Payable	\$ 11,004	\$ -	\$ 87,117
Due to Other Funds	3	-	-
Total Liabilities	11,007	-	87,117
FUND BALANCES			
Nonspendable	5,628	5,384	4,642
Restricted	56,028	41,025	26,016
Assigned	713,018	647,750	1,010,636
Total Fund Balances	774,674	694,159	1,041,294
Total Liabilities and Fund Balances	\$ 785,681	\$ 694,159	\$ 1,128,411

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

WATER FUND

	December 31, 2020	December 31, 2019	December 31, 2018
REVENUES			
Real Property Taxes	\$ 298,664	\$ 295,843	\$ 540,455
Departmental Income	625,134	577,237	504,988
Use of Money and Property	4,242	4,437	2,424
Sale of Property and Compensation for Loss	100	791	600
Miscellaneous Local Sources	1,320	11,901	21,651
State Sources	-	58,693	520,472
Total Revenues	929,460	948,902	1,590,590
EXPENDITURES			
General Governmental Support	14,946	2,160	720
Home and Community Services	399,914	228,197	957,797
Employee Benefits	78,853	76,453	61,785
Debt Service Principal	170,000	169,000	359,112
Debt Service Interest	171,079	172,409	133,125
Total Expenditures	834,792	648,219	1,512,539
Excess of Revenues (Expenditures)	94,668	300,683	78,051
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	-	35,510	-
Interfund Transfers (Out)	(14,153)	(683,328)	(108,305)
Total Other Financing Sources (Uses)	(14,153)	(647,818)	(108,305)
Net Changes in Fund Balances	80,515	(347,135)	(30,254)
Fund Balances, Beginning of Year	694,159	1,041,294	1,071,548
Fund Balances, End of Year	\$ 774,674	\$ 694,159	\$ 1,041,294

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

CAPITAL FUND

	December 31, 2020	December 31, 2019	December 31, 2018
ASSETS			
Cash	\$ 4,170	\$ 34,689	\$ 34,019
Due from Other Funds	6,680	6,680	6,680
Prepaid Expenses	<u>22,811</u>	<u>22,811</u>	<u>22,812</u>
Total Assets	<u>\$ 33,661</u>	<u>\$ 64,180</u>	<u>\$ 63,511</u>
LIABILITIES			
Accounts Payable	\$ 269,232	\$ -	\$ -
Due to Other Funds	14,390	14,825	14,825
Bond Anticipation Notes Payable	841,307	726,230	-
Overpayments	<u>-</u>	<u>-</u>	<u>5,558</u>
Total Liabilities	<u>1,124,929</u>	<u>741,055</u>	<u>20,383</u>
FUND BALANCES			
Nonspendable	22,811	22,811	22,812
Unassigned	<u>(1,114,079)</u>	<u>(699,686)</u>	<u>20,316</u>
Total Fund Balances	<u>(1,091,268)</u>	<u>(676,875)</u>	<u>43,128</u>
Total Liabilities and Fund Balances	<u>\$ 33,661</u>	<u>\$ 64,180</u>	<u>\$ 63,511</u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

THREE YEAR FINANCIAL STATEMENT ANALYSIS (CONTINUED)

CAPITAL FUND

	December 31, 2020	December 31, 2019	December 31, 2018
REVENUES			
Use of Money and Property	\$ 2	\$ 119	\$ 1,350
State Sources	<u>1,257,243</u>		
Total Revenues	<u>1,257,245</u>	<u>119</u>	<u>1,350</u>
EXPENDITURES			
Capital Outlay	1,655,846	1,367,475	2,860,894
Employee Benefits	-	465	6,110
Debt Service Principal	<u>-</u>	<u>-</u>	<u>1,999,000</u>
Total Expenditures	<u>1,655,846</u>	<u>1,367,940</u>	<u>4,866,004</u>
Excess of Revenues (Expenditures)	(398,601)	(1,367,821)	(4,864,654)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	14,175	647,818	108,305
Interfund Transfers (Out)	(29,967)	-	2,129,000
BANs Redeemed from Appropriations	<u>-</u>	<u>-</u>	<u>5,374,368</u>
Total Other Financing Sources (Uses)	<u>(15,792)</u>	<u>647,818</u>	<u>7,611,673</u>
Net Changes in Fund Balances	(414,393)	(720,003)	2,747,019
Fund Balances (Deficit), Beginning of Year	<u>(676,875)</u>	<u>43,128</u>	<u>(2,703,891)</u>
Fund Balances (Deficit), End of Year	<u><u>\$ (1,091,268)</u></u>	<u><u>\$ (676,875)</u></u>	<u><u>\$ 43,128</u></u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

TOWN OF OWASCO

Auburn, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2020**



TOWN OF OWASCO

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INDEPENDENT AUDITORS' REPORT

Town Board
Town of Owasco
Auburn, 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 Owasco (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.

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

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

Basis for Qualified Opinion on Other Postemployment Benefits

Management has not adopted Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," which is effective. Accounting principles generally accepted in the United States of America require that all GASB Statements be adopted and implemented.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Other Postemployment Benefits" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Owasco as of December 31, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Schedules, Schedules of Town's Contributions - NYSLRS Pension Plans, Schedules of the Town's Proportionate Share of Net Pension Liability, and the Notes to Required Supplementary Information, on pages 4-4i and 32-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021 on our consideration of the Town of Owasco's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Inero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 7, 2021

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Our discussion and analysis of the Town of Owasco's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the Town's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- ❖ The Town ended the year with a total net position of \$10,529,517, an increase of \$2,031,507 from the prior year net position of \$8,498,010. Year-end net position was composed of \$837,599 in restricted, \$6,871,375 in net investment in capital assets, and \$2,820,543 in unrestricted net position. Unrestricted net position increased \$241,995 compared to the prior year, while restricted net position decreased \$83,087 and net investment in capital assets increased \$1,872,599 compared to the prior year. Changes from the prior year were primarily attributable to results of operations.
- ❖ Revenues exceeded expenses by \$2,031,507 in 2020, compared to revenues exceeding expenses by \$822,879 in 2019.
- ❖ Outstanding debt decreased by \$349,901 from \$13,131,376 in 2019 to \$12,781,475 in 2020, primarily due to bond payments offset somewhat by BAN drawdowns.
- ❖ At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$2,988,930; an increase of \$96,154 from the prior year.
- ❖ The General Fund recorded an increase in fund balance of \$228,736 in 2020, compared to an increase of \$201,837 in 2019. Fund balance was \$989,507 and \$760,771 at December 31, 2020 and 2019, respectively.
- ❖ The Highway Fund recorded an increase in fund balance of \$205,488 in 2020, compared to an increase of \$111,197 in 2019. Fund balance was \$762,862 and \$557,374 at December 31, 2020 and 2019, respectively.
- ❖ Resources available for appropriation in the General Fund, including interfund transfers in, were \$16,468 more than budgeted. Actual expenditures, including encumbrances, were \$47,876 less than budgeted, resulting in a favorable budget variance of \$64,344.
- ❖ Capital additions during 2020 amounted to \$1,913,910 for the purchase of various equipment, vehicles, and building improvements. Depreciation expense was \$391,212 for the year.

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

Using This Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 and 6) provide information about the Town as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Town's operations in greater detail than the Government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes providing additional information that is essential to a full understanding of the data provided in the financial statements.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 5, with the Government-wide statements. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer the question of whether the Town, as a whole, is better off or worse off, as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net position and changes in it. One can think of the Town's net position, the difference between assets and liabilities, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, all of the Town's activities, which are governmental in nature, are reported in one column, including public safety, transportation, home and community services, culture and recreation, and general administration. Property and sales taxes finance most of these activities.

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Reporting the Town's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Town's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by New York State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: All of the Town's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide statements) and Governmental *Funds* is explained in a reconciliation following the fund financial statements.

The Town as Trustee: The Town is the trustee, or fiduciary, for other assets held on behalf of others. For 2020, there are no fiduciary activities and no financial statements.

THE TOWN AS A WHOLE

The Town's *combined* net position for fiscal year ended December 31, 2020 increased \$2,031,507 from \$8,498,010 to \$10,529,517. A portion of the Town's net position, \$6,871,375, reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town has chosen not to report infrastructure assets acquired prior to January 1, 2004, in accordance with the transition provisions of Governmental Accounting Standards Board (GASB) Statement No. 34.

An additional portion of the Town's net position, \$837,599, represents resources subject to external restrictions on how they may be used and is reported as restricted net position.

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Our analysis below focuses on the net position (*Figure 1*), and changes in net position (*Figure 2*), of the Town's Governmental Activities.

***Figure 1
Net Position***

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Current Assets</i>	\$ 3,367,186	\$ 3,700,635	\$ 333,449
<i>Capital Assets, Net</i>	18,130,152	19,652,850	1,522,698
<i>Other Noncurrent Assets</i>	328,988	482,575	153,587
<i>Total Assets</i>	21,826,326	23,836,060	2,009,734
<i>Pensions</i>	172,058	373,545	201,487
<i>Total Deferred Outflows of Resources</i>	172,058	373,545	201,487
<i>Current Liabilities</i>	1,324,986	1,701,499	376,513
<i>Noncurrent Liabilities</i>	12,087,307	11,925,415	(161,892)
<i>Total Liabilities</i>	13,412,293	13,626,914	214,621
<i>Pensions</i>	88,081	53,174	(34,907)
<i>Total Deferred Inflows of Resources</i>	88,081	53,174	(34,907)
<i>Net Investment in Capital Assets</i>	4,998,776	6,871,375	1,872,599
<i>Restricted</i>	920,686	837,599	(83,087)
<i>Unrestricted</i>	2,578,548	2,820,543	241,995
<i>Total Net Position</i>	\$ 8,498,010	\$ 10,529,517	\$ 2,031,507

Current assets increased 9.9% mainly due to the excess of revenues over expenses. Capital assets, net of accumulated depreciation, increased 8.4%. Capital asset additions totaled \$1,913,910 while depreciation expense was \$391,212 for 2020.

Current liabilities increased 28.4%, mainly due to the Town drawing funds for a new BAN in the current year. Long-term liabilities decreased by 1.3%, primarily due to the payment of principal amounts on bonds, partially offset by an increase in the Town's proportionate share of the NYSLRS pension liability.

The changes in deferred inflows of resources and deferred outflows of resources are related to changes in the actuarially determined proportionate share of the pension systems plans net pension liability and related deferred outflows and inflows of resources.

Overall net position of the Town's Governmental Activities increased 23.9%. Unrestricted, the part of net resources that can be used to finance day-to-day operations without constraints, increased from the prior year by 9.4%.

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Figure 2 demonstrates the operations of the Town's activities.

**Figure 2
Changes in Net Position**

	Governmental Activities		Dollar Change
	2019	2020	2019 - 2020
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 1,018,565	\$ 1,102,622	\$ 84,057
<i>Operating Grants and Contributions</i>	248,292	197,494	(50,798)
<i>Capital Grants</i>	121,693	1,257,243	1,135,550
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	1,443,736	1,473,592	29,856
<i>Nonproperty Tax Items</i>	1,433,299	1,536,183	102,884
<i>Use of Money and Property</i>	82,618	81,984	(634)
<i>Sale of Property and Compensation for Loss</i>	3,527	5,032	1,505
<i>Other General Revenues</i>	66,041	24,810	(41,231)
Total Revenues	\$ 4,417,771	\$ 5,678,960	\$ 1,261,189
PROGRAM EXPENSES			
<i>General Governmental Support</i>	\$ 213,910	\$ 85,623	\$ (128,287)
<i>Public Safety</i>	84,182	82,326	(1,856)
<i>Public Health</i>	1,264	1,866	602
<i>Transportation</i>	617,834	632,408	14,574
<i>Economic Assistance and Opportunity</i>	2,447	1,720	(727)
<i>Culture and Recreation</i>	196,417	62,775	(133,642)
<i>Home and Community Services</i>	2,242,829	2,549,414	306,585
<i>Interest on Long-Term Debt</i>	236,009	231,321	(4,688)
Total Expenses	3,594,892	3,647,453	52,561
CHANGE IN NET POSITION	\$ 822,879	\$ 2,031,507	\$ 1,208,628

Governmental Activities

Revenues for the Town's activities increased by 28.5%. Property taxes and tax items increased 2.1%. Capital grants increased due to NYSEFC funding. Operating grants and contributions decreased 20.5% as the Town received less CHIPS funds in 2020 compared to 2019. Nonproperty tax items increased 7.2% due to increases in sales tax.

Overall, total expenses of the Town increased by 1.5%. General governmental expenses decreased primarily as a result of cost cutting efforts and fewer contractual expenses in the current year. Culture and recreation expenses decreased as a result of work being completed on the helicopter pad in the prior year. Home and community services expenses increased as a result of increased contractual expenses related to the water and sewer systems.

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Figures 3 and 4 show the sources of revenue for 2020 and 2019.

Figure 3
Revenue by Source - 2020

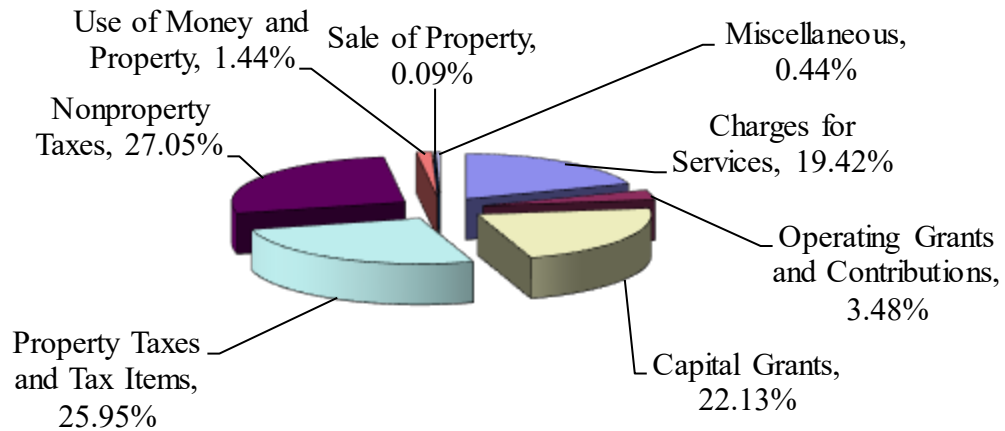
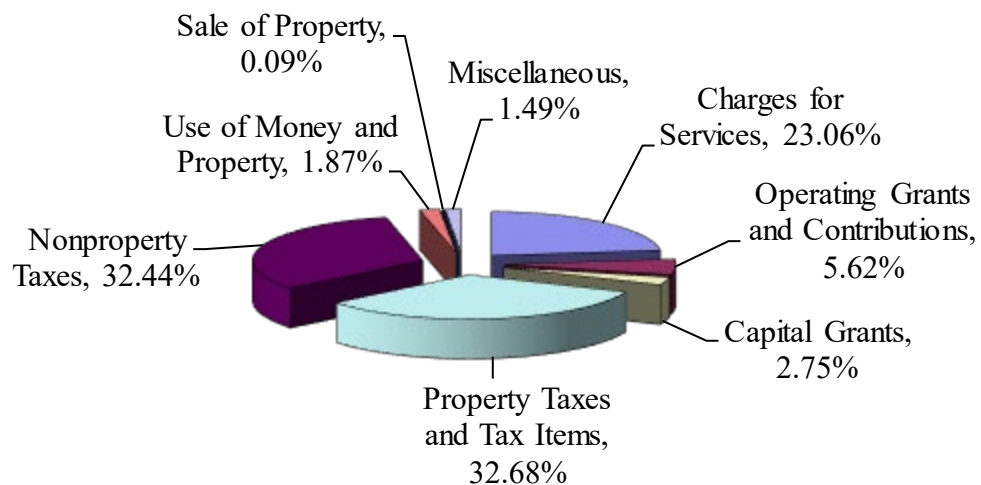


Figure 4
Revenue by Source - 2019



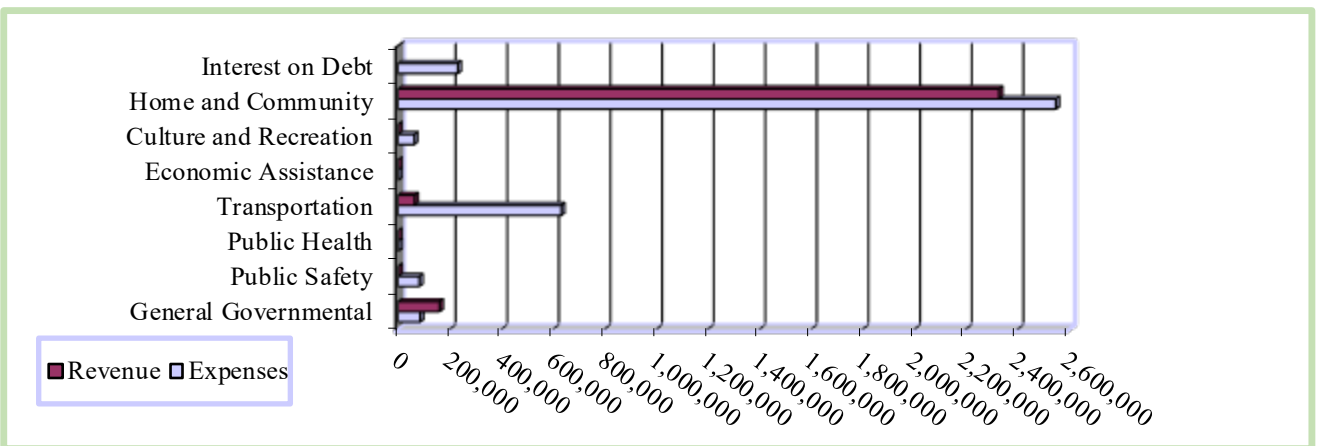
TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

The cost of all Governmental Activities this year was \$3,647,453. However, as shown in the Statement of Activities, the amount ultimately financed for these activities through Town real property taxes, real property tax items, nonproperty tax items (primarily the Town's portion of sales tax received from the County), and other revenues was \$1,090,094, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the Town's governmental program revenues, including fees for services and grants, were \$2,557,359. The Town paid for the remaining "public benefit" portion of Governmental Activities with \$3,121,601, in taxes and other revenues.

The total cost and revenue comparison of the Governmental Activities for each of the Town's largest programs follows. The difference between the cost and revenue shows the financial burden placed upon the Town's taxpayers by each of these functions.

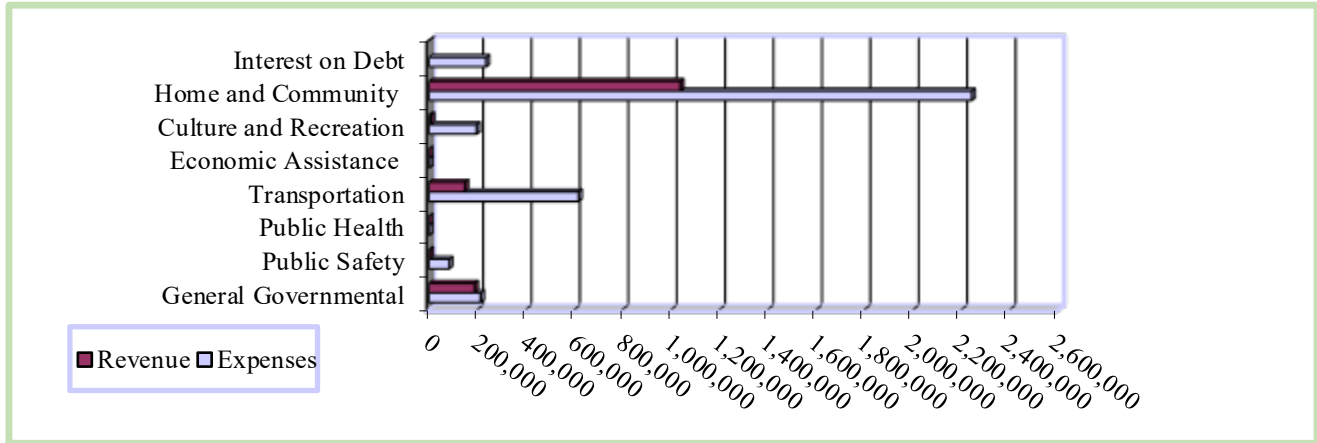
Figure 5
Program Cost and Revenue Comparison
Governmental Activities - 2020



TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Figure 6
Program Cost and Revenue Comparison
Governmental Activities - 2019



THE TOWN'S FUNDS

As the Town completed the year, its Governmental Funds, as presented in the Balance Sheet on pages 7-7a, reported a combined fund balance of \$2,988,930, which is an increase of \$96,154 from last year's total of \$2,892,776. *Figure 7* shows the changes in fund balances during the year for all of the Town's Governmental Funds.

Figure 7
Governmental Funds
Fund Balances at Year Ending December 31,

	2019	2020	Dollar Change 2019 - 2020
General Fund	\$ 760,771	\$ 989,507	\$ 228,736
Highway Fund	557,374	762,862	205,488
Sewer Fund	1,546,541	1,542,291	(4,250)
Water Fund	694,159	774,674	80,515
Capital Fund	(676,875)	(1,091,268)	(414,393)
Debt Service Fund	10,806	10,864	58
Totals	\$ 2,892,776	\$ 2,988,930	\$ 96,154

General Fund Budgetary Highlights

Over the course of the year, the Town Board and management of the Town may revise the Town budget for transfers between functions, encumbrances from the prior fiscal year and acceptance of grant awards. During 2020, minimal budget revisions were required.

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

The resources available for appropriation in the General Fund were \$16,468 more than budgeted. Use of money and property was \$24,717 more than budgeted. Expenditures were \$47,876 favorable when compared to budget. Expenditures were under budgeted amounts for general support by \$27,466, public safety by \$3,788, transportation by \$10,495, culture and recreation by \$57, and employee benefits by \$5,663, respectively.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the Town had \$26,152,584 in cost, less accumulated depreciation of \$6,499,734, invested in a broad range of capital assets, including buildings, machinery and equipment, roads, and bridges. This amount represents a net increase over last year (additions of \$1,913,910 less depreciation expense of \$391,212). The increase is largely due to the microcystins water project that is ongoing.

Figure 8

Capital Assets

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Land</i>	\$ 386,300	\$ 386,300	\$ -
<i>Construction in Process</i>	12,827,362	14,483,206	1,655,844
<i>Buildings and Improvements</i>	2,577,892	2,435,169	(142,723)
<i>Machinery and Equipment</i>	1,113,597	1,097,856	(15,741)
<i>Infrastructure</i>	1,225,001	1,250,319	25,318
<i>Totals</i>	\$ 18,130,152	\$ 19,652,850	\$ 1,522,698

Outstanding Debt

The Town's outstanding debt, which consists of the Town's serial bonds, bond anticipation notes, and installment purchase debt, decreased by \$349,901 during 2020. Of the total, \$9,120,000 of the balance was subject to the constitutional debt limit and represented 7% of the Town's statutory debt limit.

Figure 9

Major Outstanding Debt at Year End

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Serial Bonds</i>	\$ 12,382,768	\$ 11,940,168	\$ (442,600)
<i>Bond Anticipation Notes</i>	726,230	841,307	115,077
<i>Installment Purchase Debt</i>	22,378	-	(22,378)
<i>Totals</i>	\$ 13,131,376	\$ 12,781,475	\$ (349,901)

TOWN OF OWASCO

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following is a summary of currently known facts, decisions, or conditions expected to have a significant effect on the Town's future financial position.

- ❖ Sales tax is expected to remain constant.
- ❖ Expenses are expected to remain constant.
- ❖ The Town is creating more reserve funds and increasing the balances of existing reserves.
- ❖ The Town has established a vehicle replacement program to reduce repair costs.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Ed Wagner, Town Supervisor, 2 Bristol Avenue, Auburn, New York 13021.

TOWN OF OWASCO

STATEMENT OF NET POSITION DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 2,853,162
Cash and Cash Equivalents - Restricted	355,024
Taxes Receivable, Net	191
Due from Other Governments	407,994
Other Receivables, Net	38,425
Prepaid Expenses	45,839
Total Current Assets	3,700,635
Noncurrent Assets	
Restricted Cash and Cash Equivalents	482,575
Capital Assets, Non-Depreciable	14,869,506
Other Capital Assets, Net of Accumulated Depreciation	4,783,344
Total Noncurrent Assets	20,135,425
Total Assets	23,836,060
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	373,545
LIABILITIES	
Current Liabilities	
Accounts Payable	343,865
Accrued Liabilities	8,001
Bond Anticipation Notes Payable	841,307
Interest Payable	54,619
Unearned Revenues	547
Overpayments	560
Current Portion of Long-Term Liabilities	
Bonds Payable	452,600
Total Current Liabilities	1,701,499
Long-Term Liabilities	
Bonds Payable	11,487,568
Net Pension Liability - Proportionate Share	437,847
Total Long-Term Liabilities	11,925,415
Total Liabilities	13,626,914
DEFERRED INFLOWS OF RESOURCES	
Pensions	53,174
Total Deferred Inflows of Resources	53,174
NET POSITION	
Net Investment in Capital Assets	6,871,375
Restricted	837,599
Unrestricted	2,820,543
Total Net Position	\$ 10,529,517

See Notes to Financial Statements

TOWN OF OWASCO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

		Program Revenues			Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS	Expenses				
Governmental Activities					
General Governmental Support	\$ 85,623	\$ 27,619	\$ 133,409	\$	\$ 75,405
Public Safety	82,326	2,447			(79,879)
Public Health	1,866				(1,866)
Transportation	632,408		64,085		(568,323)
Economic Assistance and Opportunity	1,720				(1,720)
Culture and Recreation	62,775	710			(62,065)
Home and Community Services	2,549,414	1,071,846		1,257,243	(220,325)
Interest on Long-Term Debt	231,321				(231,321)
Total Governmental Activities	\$ 3,647,453	\$ 1,102,622	\$ 197,494	\$ 1,257,243	(1,090,094)
GENERAL REVENUES					
					1,470,194
Real Property Taxes					3,398
Real Property Tax Items					1,536,183
Nonproperty Tax Items					12,175
Intergovernmental Revenue					81,984
Use of Money and Property					5,032
Sale of Property and Compensation for Loss					12,635
Miscellaneous Local Sources					
Total General Revenues					3,121,601
Change in Net Position					2,031,507
Net Position - Beginning of Year					8,498,010
Net Position - End of Year					\$ 10,529,517

See Notes to Financial Statements

TOWN OF OWASCO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	Major Funds	
	General Fund	Special Revenue Fund Highway Fund
ASSETS		
Assets		
Cash and Cash Equivalents - Unrestricted	\$ 855,353	\$ 447,024
Cash and Cash Equivalents - Restricted	111,479	9,732
Taxes Receivable, Net		
Due from Other Funds	14,056	
Due from Other Governments	25,297	304,501
Prepaid Expenses	8,564	8,242
Other Receivables, Net		
Total Assets	\$ 1,014,749	\$ 769,499
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 9,454	\$ 6,637
Accrued Liabilities	8,001	
Due to Other Funds	6,680	
Bond Anticipation Notes Payable		
Overpayments	560	
Unearned Revenues	547	
Total Liabilities	25,242	6,637
FUND BALANCES		
Nonspendable	8,564	8,242
Restricted	111,479	9,732
Assigned	219,443	744,888
Unassigned	650,021	
Total Fund Balances	989,507	762,862
Total Liabilities and Fund Balances	\$ 1,014,749	\$ 769,499

See Notes to Financial Statements

Major Funds			Non-Major Fund Debt Service Fund	Total Governmental Funds
Special Revenue Funds				
Special District Funds				
Sewer Fund	Water Fund	Capital Fund		
\$ 863,702	\$ 672,049	\$ 4,170	\$ 10,864	\$ 2,853,162
660,360	56,028			837,599
191				191
654		6,680		21,390
42,118	36,078			407,994
594	5,628	22,811		45,839
22,527	15,898			38,425
\$ 1,590,146	\$ 785,681	\$ 33,661	\$ 10,864	\$ 4,204,600
\$ 47,538	\$ 11,004	\$ 269,232	\$	\$ 343,865
				8,001
317	3	14,390		21,390
		841,307		841,307
				560
				547
47,855	11,007	1,124,929	-	1,215,670
594	5,628	22,811		45,839
660,360	56,028			837,599
881,337	713,018		10,864	2,569,550
		(1,114,079)		(464,058)
1,542,291	774,674	(1,091,268)	10,864	2,988,930
\$ 1,590,146	\$ 785,681	\$ 33,661	\$ 10,864	\$ 4,204,600

TOWN OF OWASCO

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

Total Governmental Fund Balances **\$ 2,988,930**

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

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	\$ 26,152,584	
Accumulated Depreciation	<u>(6,499,734)</u>	19,652,850

The Town's proportion of the collective net pension liability is not reported in the funds.

Net Pension Liability - Proportionate Share	(437,847)
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Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, are not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, are not reported in the Governmental Funds.

Deferred Inflows of Resources - Pension	\$ (53,174)	
Deferred Outflows of Resources - Pension	<u>373,545</u>	320,371

Certain accrued expenses and debt reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Interest Payable	\$ (54,619)	
Bonds Payable	<u>(11,940,168)</u>	<u>(11,994,787)</u>

Net Position of Governmental Activities **\$ 10,529,517**

See Notes to Financial Statements

TOWN OF OWASCO

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

	Major Funds	
	General Fund	Special Revenue Fund Highway Fund
REVENUES		
Real Property Taxes	\$ 210,162	\$ 117,162
Real Property Tax Items	3,398	
Nonproperty Tax Items	725,000	811,183
Departmental Income	3,372	
Intergovernmental Charges		12,175
Use of Money and Property	65,317	2,768
Licenses and Permits	19,424	
Fines and Forfeitures	7,989	
Sale of Property and Compensation for Loss	2,938	1,978
Miscellaneous Local Sources	6,472	4,017
State Sources	133,409	64,085
Total Revenues	1,177,481	1,013,368
EXPENDITURES		
Current		
General Governmental Support	399,509	169
Public Safety	64,262	
Public Health	1,200	
Transportation	119,286	648,709
Economic Assistance and Opportunity	1,720	
Culture and Recreation	54,755	
Home and Community Services	134,036	
Employee Benefits	173,977	135,596
Debt Service:		
Principal		22,378
Interest		1,028
Capital Outlay		
Total Expenditures	948,745	807,880
Excess of Revenues (Expenditures)	228,736	205,488
OTHER FINANCING SOURCES (USES)		
Interfund Transfers In		
Interfund Transfers (Out)		
Total Other Financing Sources (Uses)		
Net Changes in Fund Balances	228,736	205,488
Fund Balances (Deficit), Beginning of Year	760,771	557,374
Fund Balances (Deficit), End of Year	\$ 989,507	\$ 762,862

See Notes to Financial Statements

Major Funds			Non-Major Fund Debt Service Fund	Total Governmental Funds
Special Revenue Funds				
Special District Funds				
Sewer Fund	Water Fund	Capital Fund		
\$ 844,206	\$ 298,664	\$	\$	\$ 1,470,194
				3,398
				1,536,183
446,703	625,134			1,075,209
				12,175
16	4,242	2	58	72,403
				19,424
				7,989
	100			5,016
10,423	1,320			22,232
		1,257,243		1,454,737
1,301,348	929,460	1,257,245	58	5,678,960
10,329	\$ 14,946			424,953
				64,262
				1,200
				767,995
				1,720
				54,755
972,278	399,914			1,506,228
19,131	78,853			407,557
272,600	170,000			464,978
61,205	171,079			233,312
		1,655,846		1,655,846
1,335,543	834,792	1,655,846	-	5,582,806
(34,195)	94,668	(398,601)	58	96,154
29,967		14,175		44,142
(22)	(14,153)	(29,967)		(44,142)
29,945	(14,153)	(15,792)		-
(4,250)	80,515	(414,393)	58	96,154
1,546,541	694,159	(676,875)	10,806	2,892,776
\$ 1,542,291	\$ 774,674	\$ (1,091,268)	\$ 10,864	\$ 2,988,930

TOWN OF OWASCO

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

Net Change in Fund Balances - Total Governmental Funds	\$	96,154
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay	\$ 1,913,910	
Depreciation Expense	<u>(391,212)</u>	1,522,698

Changes in the Town's proportionate share of net pension liability have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the Town's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources, and, are also not reported in the Governmental Funds.

(54,314)

Debt related proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payments on Bonds	\$ 442,600	
Principal Payments on Installment Purchase Debt	<u>22,378</u>	464,978

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Interest Payable		<u>1,991</u>
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Change in Net Position of Governmental Activities	\$	<u>2,031,507</u>
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See Notes to Financial Statements

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies**

The basic financial statements of the Town of Owasco (the Town) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Financial Reporting Entity

The Town, which was founded in 1802, is governed by its charter, Town Law, other general municipal laws of the State of New York, and various local ordinances. 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 following basic services are provided: public safety, highways and streets, water, sanitation, health, culture and recreation, public improvements, planning and zoning, and general administration.

All Governmental Activities and functions performed for the Town are its direct responsibility. The basic financial statements include all funds of the primary government, which is the Town. No other governmental organizations have been included or excluded from the reporting entity, in accordance with GASB Statement No. 14, as amended.

Basic Financial Statements

The Town's basic financial statements include both Government-wide (reporting the Town as a whole) and Governmental Fund financial statements (reporting the Town's Major Funds). The Government-wide and Governmental Fund financial statements categorize primary activities as Governmental. The Town's general governmental support, public safety, transportation, culture and recreation, and home and community services are classified as Governmental Activities.

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. The focus of the Government-wide statements addresses the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Government-Wide Financial Statements - Continued

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the Town's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Town.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

Governmental Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Town records its transactions in the funds described below:

Governmental Funds

Governmental Funds are those 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 based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the Town's Major Governmental Funds.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Major Funds

- General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following funds are special revenue funds:
 - Highway Fund - Established pursuant to Highway Law §141 and used to account for revenues and expenditures for highway purposes.
 - Sewer Fund - Accounts for revenues derived from charges for sewer usage and the application of such revenues toward related operating expenses and debt retirement.
 - Water Fund - Accounts for revenues derived from charges for water usage and the application of such revenues toward related operating expenses and debt retirement.
- Capital Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Non-Major Fund

- Debt Service Fund - Accounts for the accumulation of resources for, and payments of, general long-term debt principal, interest, and related costs.

Fiduciary Fund Types

Fiduciary Fund types are used to account for assets held by the local government in a trustee or custodial capacity. The Town had no balances or activity in its fiduciary funds.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Accrual Basis

The Government-wide financial statements are presented on an “economic resources” measurement focus and deferred outflows and inflows of resources, and the accrual basis of accounting. Accordingly, all of the Town's assets, liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The Town considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. 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. The cost of capital assets is recognized as an expenditure when the asset is received. An exception to this general rule is principal and interest on indebtedness are not recognized as an expenditure until due.

Property Taxes

Cayuga County (County) real property taxes are levied annually no later than November 18 and become a lien on January 1. Taxes are collected during the period January 2 to April 1. Taxes for county purposes are levied together with taxes for town and special district purposes as a single bill.

The Town and Special Districts receive the full amount for their levies annually from the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the Town. Unpaid property taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are relieved as County taxes in the subsequent year.

Property tax revenues are recognized as revenues in the year they are levied and collected. Property taxes not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Sales Tax

The Town receives from Cayuga County monthly remittances of sales tax. Sales tax revenue totaled \$1,536,183 for the year ended December 31, 2020.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments having maturities of three months or less are considered cash equivalents.

Receivables

Property tax receivables are stated net of the estimated allowance for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federal programs. Other receivables represent amounts owed to the Town, which include assessments. No provision has been made for uncollectible accounts for amounts due from the state and federal governments and other receivables, as it is believed that such amounts would be immaterial.

Insurance and Risk Management

The Town maintains insurance coverage for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$500 and having a useful life of greater than one year are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	25-40 Years
Machinery and Equipment	5-10 Years
Infrastructure	40 Years

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions in the Statement of Net Position. The types of deferred outflows of resources related to pensions are described in Note 5.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions which are further described in Note 5.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Revenues

Substantially all Governmental Fund revenues are accrued. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications

Government-Wide Financial Statements

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

- 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, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

Governmental Fund Financial Statements

The Town follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Governmental Fund Financial Statements - Continued

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Town Board has not adopted any resolutions to commit or assign fund balance. Currently fund balances are assigned by the Town Bookkeeper for encumbrances and the Board, by resolution, approves fund balance appropriations for next year's budget. The Town applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

Future Changes in Accounting Standards

- GASB Statement No. 87, "Leases," effective for the year ending December 31, 2022.

The Town will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 2* Cash and Investments**

The Town's investment policies are governed by state statutes. In addition, the Town has its own written investment policy. The Town's monies must be deposited in 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 U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

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. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

The Town's aggregate bank balances of \$3,688,109 are either insured or collateralized with securities held by the pledging financial institution in the Town's name.

Cash restricted for General, Highway, Sewer, and Water Fund reserves are \$111,479, \$9,732, \$660,360, and \$56,028, respectively.

***Note 3* Other Receivables**

Other receivables for the year ended December 31, 2020 consisted of:

	Description	Amount
Sewer Fund	Sewer Rents	\$ 22,527
Water Fund	Water Rents	15,898
Total		\$ 38,425

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 4 Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2020:

Governmental Activities	Balance at 12/31/2019	Additions	Disposals/Re- classifications	Balance at 12/31/2020
Non-Depreciable Capital Assets:				
Land	\$ 386,300	\$	\$	\$ 386,300
Construction in Process	12,827,362	1,655,844		14,483,206
Total Non-Depreciable Capital Assets	<u>13,213,662</u>	<u>1,655,844</u>	<u>-</u>	<u>14,869,506</u>
Depreciable Capital Assets:				
Buildings and Improvements	5,561,063			5,561,063
Machinery and Equipment	3,945,332	193,981		4,139,313
Infrastructure	1,518,617	64,085		1,582,702
Total Depreciable Capital Assets	<u>11,025,012</u>	<u>258,066</u>	<u>-</u>	<u>11,283,078</u>
Total Historical Cost	<u>24,238,674</u>	<u>1,913,910</u>	<u>-</u>	<u>26,152,584</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,983,171)	(142,723)		(3,125,894)
Machinery and Equipment	(2,831,735)	(209,722)		(3,041,457)
Infrastructure	(293,616)	(38,767)		(332,383)
Total Accumulated Depreciation	<u>(6,108,522)</u>	<u>(391,212)</u>	<u>-</u>	<u>(6,499,734)</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,130,152</u>	<u>\$ 1,522,698</u>	<u>\$ -</u>	<u>\$ 19,652,850</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General Governmental Support	\$ 117,364
Transportation	78,242
Culture and Recreation	<u>195,606</u>

Total	<u>\$ 391,212</u>
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TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 5* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System)**

Plan Descriptions and Benefits Provided

The Town participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 5* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued**

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual reports.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required and were as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ERS	\$ 92,109	\$ 89,756	\$ 94,820

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

At December 31, 2020, the Town reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from a report provided to the Town by the ERS System.

	<u>ERS</u>
Actuarial Valuation Date	4/1/2019
Net Pension Liability	\$ 26,480,579,097
Town's Proportionate Share of the Plan's Total Net Pension Liability	437,847
Town's Share of the Plan's Total Net Pension Liability	0.0016535%

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 5* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued**

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

For the year ended December 31, 2020, the Town recognized pension expense of \$145,835 for ERS in the financial statements. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS
Deferred Outflows of Resources	
Differences Between Expected and Actual Experience	\$ 25,769
Changes of Assumptions	8,816
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	224,462
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	45,416
Town's Contributions Subsequent to the Measurement Date	<u>69,082</u>
Total Deferred Outflows of Resources	<u>\$ 373,545</u>
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$ -
Changes of Assumptions	7,613
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	<u>45,561</u>
Total Deferred Inflows of Resources	<u>\$ 53,174</u>

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 5* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued**

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

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>ERS</u>
2021	\$ 40,097
2022	60,961
2023	85,213
2024	65,018
Thereafter	

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Measurement Date	March 31, 2020
Actuarial Valuation Date	April 1, 2019
Investment Rate of Return	6.8%
Salary Increases	4.2%
Cost of Living Adjustments	1.3%
Inflation Rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 5* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued**

Actuarial Assumptions - Continued

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

	ERS
Measurement Date	March 31, 2020
Asset Type	
Domestic Equities	4.05%
International Equities	6.15%
Real Estate	4.95%
Private Equity/Alternative Investments	6.75%
Absolute Return Strategies	3.25%
Opportunistic Portfolio	4.65%
Real Assets	5.95%
Cash	0.00%
Inflation-Indexed Bonds	0.50%
Mortgages and Bonds	0.75%

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Sensitivity of the Proportionate Share of 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 6.8%, 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 percentage point lower or higher than the current rate:

ERS	1% Decrease (5.8)%	Current Assumption (6.8)%	1% Increase (7.8)%
Town's Proportionate Share of the Net Pension Liability	\$ 803,572	\$ 437,847	\$ 101,012

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands
	ERS
Valuation Date	March 31, 2020
Employers' Total Pension Liability	\$ 194,596,261
Plan Net Position	(168,115,682)
Employers' Net Pension Liability	\$ 26,480,579
Ratio of Plan Net Position to the Employers' Total Pension Liability	86.4%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of December 31, 2020 represent the projected employer contribution for the period of April 1, 2020 through December 31, 2020 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. There were no accrued retirement contributions as of December 31, 2020.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (the System) - Continued

Summary

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2020 resulted in the following effect on net position.

ERS	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ 147,139	\$ 290,708	\$ 437,847
Deferred Outflows of Resources	(172,058)	(201,487)	(373,545)
Deferred Inflows of Resources	88,081	(34,907)	53,174
Total Effect on Net Position	\$ 63,162	\$ 54,314	\$ 117,476

Note 6 Short-Term Debt - Bond Anticipation Notes

Revenue Anticipation Notes (RANs)

The Town may issue Revenue Anticipation Notes (RANs), 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 did not issue any RANs for the year ended December 31, 2020.

Bond Anticipation Notes (BANs)

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis; and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five year after the original issue date. The Town issues BANs to finance capital improvements. The Town issued \$841,307 worth of BANs during the year, based on drawdowns for various projects.

Description of Issue	Original Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Balance December 31, 2020
NYS Drinking Water State Revolving Fund	6/20/2020	\$ 841,307	2.00%	6/30/2021	\$ 841,307

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 7 Long-Term Debt and Other Long-Term Obligations

At December 31, 2020, the total outstanding indebtedness (bonds, BANs, and installment purchase debt) of the Town aggregated \$12,781,475. Of this amount, \$9,120,000 was subject to the constitutional debt limit and represented approximately 7% of its debt limit.

Serial Bonds and Notes

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

Installment Purchase Debt

Represents remaining installments due on the purchase of the equipment and is liquidated by the Highway Fund.

Debt Maturity Schedule

The following is a summary of bonds outstanding at December 31, 2020 with corresponding maturity schedules:

Description of Issue	Original Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Balance December 31, 2020
2012 EFC Sewer Upgrades	06/04/2012	\$ 896,507	0.255-4.269%	11/01/2041	\$ 665,000
2012 EFC Sewer District #2	11/15/2012	935,000	3.851-4.901%	10/15/2032	630,000
2013 EFC Sewer District #1	08/01/2013	1,140,000	3.338-4.612%	01/16/2033	810,000
2017 EFC Sewer Improvements	08/01/2017	1,602,228	0.961-3.976%	08/01/2047	1,460,000
2017 Public Improvement	09/12/2017	3,668,000	2.75-3.125%	09/01/2042	3,355,000
2018 Public Improvement	12/18/2018	1,999,000	3.125-4%	06/01/2043	1,870,000
2018 EFC Clean Water SIB	03/15/2018	3,375,368	0.00%	03/01/2048	3,150,168
Total Serial Bonds and Notes					\$ 11,940,168

Interest paid on certain serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 7 Long-Term Debt and Other Long-Term Obligations - Continued

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

Year	Serial Bonds			Subsidy Interest	Total
	Principal	Interest			
2021	\$ 452,600	\$ 299,860	\$ (75,413)	\$	677,047
2022	459,968	289,253	(72,653)		676,568
2023	472,600	278,253	(69,460)		681,393
2024	487,600	266,507	(66,726)		687,381
2025	497,600	254,236	(63,304)		688,532
2026-2030	2,603,000	1,069,000	(258,747)		3,413,253
2031-2035	2,528,000	705,012	(142,444)		3,090,568
2036-2040	2,388,000	392,579	(71,850)		2,708,729
2041-2045	1,583,000	93,666	(29,045)		1,647,621
2046-2048	467,800	5,169	(2,584)		470,385
Totals	\$ 11,940,168	\$ 3,653,535	\$ (852,226)		\$ 14,741,477

Interest paid on long-term debt during the year was:

Interest Paid (Expenditure)	\$ 233,312
(Less) Interest Accrued in Prior Year	(56,610)
Add Interest Accrued in Current Year	54,619
	<u>\$ 231,321</u>

Changes in Indebtedness

The following is a summary of changes in the Town's indebtedness for the year ended December 31, 2020.

Description	Balance January 1, 2020	New Issues/ Additions	Maturities/ Payments	Balance December 31, 2020	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 12,382,768	\$ -	\$ (442,600)	\$ 11,940,168	\$ 452,600
Bond Anticipation Notes	726,230	115,077	-	841,307	-
Installment Purchase Debt	22,378	-	(22,378)	-	-
Total Indebtedness	\$ 13,131,376	\$ 115,077	\$ (464,978)	\$ 12,781,475	\$ 452,600

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 7* Long-Term Debt and Other Long-Term Obligations - Continued**

Capital Leases (Installment Purchase Debt)

The capital lease was entered into on September 7, 2017, in the amount of \$64,229, with an interest rate of 4.5% and a maturity of September 4, 2020. The net book value of the associated capital asset is \$108,617.

***Note 8* Interfund Receivables and Payables**

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental Funds financial statements generally reflect such transactions as transfers.

The Town also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The following is the interfund activity for the year ended December 31, 2020:

	Interfund Receivable	Interfund Payable	Interfund Revenue	Interfund Expenditures
General Fund	\$ 14,056	\$ 6,680	\$ -	\$ -
Sewer Fund	654	317	29,967	22
Water Fund	-	3	-	14,153
Capital Fund	6,680	14,390	14,175	29,967
	<u>\$ 21,390</u>	<u>\$ 21,390</u>	<u>\$ 44,142</u>	<u>\$ 44,142</u>

TOWN OF OWASCO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 9 Fund Balance Detail

At December 31, 2020, nonspendable, restricted, assigned, and unassigned fund balance in the Governmental Funds was as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>
Nonspendable						
Prepaid Expenses	\$ 8,564	\$ 8,242	\$ 594	\$ 5,628	\$ 22,811	\$
Total Nonspendable Fund Balance	<u>\$ 8,564</u>	<u>\$ 8,242</u>	<u>\$ 594</u>	<u>\$ 5,628</u>	<u>\$ 22,811</u>	<u>\$ -</u>
Restricted						
Capital Reserve	\$ 111,479	\$ 9,732	\$ 660,360	\$ 56,028	\$	\$
Total Restricted Fund Balance	<u>\$ 111,479</u>	<u>\$ 9,732</u>	<u>\$ 660,360</u>	<u>\$ 56,028</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned						
Encumbrances	\$ 3,886	\$ 10,382	\$ 10,759	\$ 5,281	\$	\$
Assigned for Next Years Budget	215,557	60,132	114,248	243,644		
Remaining Fund Balance		674,374	756,330	464,093		10,864
Total Assigned Fund Balance	<u>\$ 219,443</u>	<u>\$ 744,888</u>	<u>\$ 881,337</u>	<u>\$ 713,018</u>	<u>\$ -</u>	<u>\$ 10,864</u>
Unassigned	\$ 650,021	\$	\$	\$	\$ (1,114,079)	\$
Total Unassigned Fund Balance	<u>\$ 650,021</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,114,079)</u>	<u>\$</u>
Total Fund Balances	<u>\$ 989,507</u>	<u>\$ 762,862</u>	<u>\$ 1,542,291</u>	<u>\$ 774,674</u>	<u>\$ (1,091,268)</u>	<u>\$ 10,864</u>

Note 10 Contingencies

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

TOWN OF OWASCO

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES					
Real Property Taxes	\$ 210,162	\$ 210,162	\$ 210,162	\$	\$ -
Real Property Tax Items			3,398		3,398
Nonproperty Tax Items	725,000	725,000	725,000		-
Departmental Income	8,750	8,750	3,372		(5,378)
Use of Money and Property	40,600	40,600	65,317		24,717
Licenses and Permits	8,210	8,210	19,424		11,214
Fines and Forfeitures	12,000	12,000	7,989		(4,011)
Sale of Property and Compensation for Loss	2,750	2,750	2,938		188
Miscellaneous Local Sources	13,341	13,341	6,472		(6,869)
State Sources	140,200	140,200	133,409		(6,791)
Total Revenues	1,161,013	1,161,013	1,177,481	-	16,468
EXPENDITURES					
Current					
General Governmental Support	431,335	428,319	399,509	1,344	27,466
Public Safety	145,440	68,040	64,262		3,778
Health	1,200	1,200	1,200		
Transportation	132,070	131,738	119,286	1,957	10,495
Economic Assistance and Opportunity	2,375		1,720		(1,720)
Culture and Recreation	56,795	54,812	54,755		57
Home and Community Services	114,067	136,758	134,036	585	2,137
Employee Benefits	202,341	179,640	173,977		5,663
Total Expenditures	1,085,623	1,000,507	948,745	3,886	47,876
Excess of Revenues (Expenditures)	75,390	160,506	228,736	(3,886)	\$ 64,344
Appropriated Fund Balances	(75,390)	(160,506)			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	228,736		
Fund Balance, Beginning of Year			760,771		
Fund Balance, End of Year			<u>\$ 989,507</u>		

See Notes to Required Supplementary Information

TOWN OF OWASCO

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUNDS NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2020

	Highway Funds				
	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES					
Real Property Taxes	\$ 117,162	\$ 117,162	\$ 117,162	\$	\$ -
Nonproperty Tax Items	525,000	525,000	811,183		286,183
Departmental Income					-
Intergovernmental Charges	5,000	5,000	12,175		7,175
Use of Money and Property	400	400	2,768		2,368
Sale of Property and Compensation for Loss			1,978		1,978
Miscellaneous Local Sources			4,017		4,017
State Sources	52,500	52,500	64,085		11,585
Total Revenues	<u>700,062</u>	<u>700,062</u>	<u>1,013,368</u>		<u>313,306</u>
EXPENDITURES					
Current					
General Governmental Support		169	169		-
Transportation	617,438	666,752	648,709	10,382	7,661
Home and Community Services					-
Employee Benefits	162,500	134,524	135,596		(1,072)
Debt Service (Principal and Interest)	23,410	23,826	23,406		420
Total Expenditures	<u>803,348</u>	<u>825,271</u>	<u>807,880</u>	<u>10,382</u>	<u>7,009</u>
Excess of Revenues (Expenditures)	<u>(103,286)</u>	<u>(125,209)</u>	<u>205,488</u>	<u>(10,382)</u>	<u>320,315</u>
OTHER FINANCING SOURCES					
Interfund Transfers In					-
Interfund Transfers (Out)					-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	<u>(103,286)</u>	<u>(125,209)</u>	<u>205,488</u>	<u>\$ (10,382)</u>	<u>\$ 320,315</u>
Appropriated Fund Balance	<u>103,286</u>	<u>125,209</u>			
Appropriated Reserves					
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>205,488</u>		
Fund Balance, Beginning of Year			<u>557,374</u>		
Fund Balance, End of Year			<u>\$ 762,862</u>		

See Notes to Required Supplementary Information

Special District Funds

Sewer Fund					Water Fund				
Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance	Original Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
\$ 844,205	\$ 844,206	\$ 844,206	\$	\$ -	\$ 298,664	\$ 298,664	\$ 298,664	\$	\$ -
				-					-
464,685	464,685	446,703		(17,982)	593,800	593,800	625,134		31,334
				-					-
		16		16	4,000	4,000	4,242		242
				-			100		100
7,980	7,980	10,423		2,443			1,320		1,320
				-					-
1,316,870	1,316,871	1,301,348		(15,523)	896,464	896,464	929,460		32,996
8,975	10,334	10,329		5		14,946	14,946		-
				-					-
1,133,384	1,160,529	972,278	10,718	177,533	1,056,250	1,058,482	399,914	5,281	653,287
21,400	21,231	19,131		2,100	78,050	78,050	78,853		(803)
303,850	303,848	333,805		(29,957)	340,820	341,083	341,079		4
1,467,609	1,495,942	1,335,543	10,718	149,681	1,475,120	1,492,561	834,792	5,281	652,488
(150,739)	(179,071)	(34,195)	(10,718)	134,158	(578,656)	(596,097)	94,668	(5,281)	685,484
		29,967		29,967	500,000	500,000			(500,000)
	(22)	(22)		(22)		(14,153)	(14,153)		-
-	(22)	29,945		29,945	500,000	485,847	(14,153)		(500,000)
(150,739)	(179,093)	(4,250)	\$ (10,718)	\$ 164,103	(78,656)	(110,250)	80,515	\$ (5,281)	\$ 185,484
236,332	179,093				78,656	110,250			
(85,593)									
\$ -	\$ -	(4,250)			\$ -	\$ -	80,515		
		1,546,541					694,159		
		\$ 1,542,291					\$ 774,674		

TOWN OF OWASCO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 89,756	\$ 94,820	\$ 91,891
Contributions in Relation to the Contractually Required Contribution	(89,756)	(94,820)	(91,891)
Contribution Deficiency (Excess)	-	-	-
Towns' Covered Payroll for Year Ending December 31,	652,343	638,560	661,027
Contributions as a Percentage of Covered Payroll	13.8%	14.8%	13.9%

See Notes to Required Supplementary Information

2017	2016	2015	2014	2013	2012	2011
<u>\$ 82,110</u>	<u>\$ 87,628</u>	<u>\$ 85,138</u>	<u>\$ 92,400</u>	<u>\$ 94,260</u>	<u>\$ 90,193</u>	<u>\$ 66,232</u>
(82,110)	(87,628)	(85,138)	(92,400)	(94,260)	(90,193)	(66,232)
-	-	-	-	-	-	-
621,294	562,909	545,708	566,700	584,066	577,692	602,278
13.2%	15.6%	15.6%	16.3%	16.1%	15.6%	11.0%

TOWN OF OWASCO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Town's Proportion of the Net Pension Liability	0.0016535%	0.0020767%
Town's Proportionate Share of the Net Pension Liability	\$ 437,847	\$ 147,139
Town's Covered Payroll	638,560	661,027
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	68.6%	22.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.4%	96.3%

See Notes to Required Supplementary Information

2018	2017	2016
0.0019219%	0.0027846%	0.0021001%
\$ 62,027	\$ 261,651	\$ 337,067
621,294	562,909	545,708
10.0%	46.5%	61.8%
98.2%	94.7%	90.7%

TOWN OF OWASCO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020

***Note 1* Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or expenditure in U.S. GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

***Note 2* Budget Policies**

The budget policies are as follows:

- Annual operating budgets are maintained for the following Governmental Fund Types:
 - General Fund
 - Special Revenue Funds (Highway Fund, Sewer Fund, and Water Fund)
- No later than September 30, the Town Clerk submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.
- Expenditures may not legally exceed appropriations at the fund level.
- All modifications of the budget must be approved by the governing board.
- The Town Board may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

***Note 3* Stewardship, Compliance, and Accountability**

The Town had several functions within different funds that were overexpended at year end. In the General Fund, economic assistance and opportunity was overexpended by \$1,720. In both the Highway and Water Funds, employee benefits were overexpended by \$1,072 and \$803, respectively.

***Note 4* Reconciliation of the Non-U.S. GAAP Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis.

TOWN OF OWASCO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020

- Note 5** **Schedule of the Town's Proportionate Share of the Net Pension Liability**
The Schedules of the Town's Proportionate Share of the Net Pension Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.
- Note 6** **Schedule of the Town's Contributions - NYSLRS Pension Plan and Schedule of the Town's Proportionate Share of the Net Pension Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2019 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2019 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.2% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.



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

Town Board
Town of Owasco
Auburn, 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 Owasco (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 April 7, 2021. Our opinion on the government activities was qualified because the Town did not adopt Government Accounting Standards Board Statement No. 75.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 7, 2021