

TOWN OF GATES
AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023

TOWN OF GATES

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INDEPENDENT AUDITORS' REPORT

To the Members of the Town Board
Town of Gates
Gates, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Gates, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise Town of Gates' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gates, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Gates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 12, budgetary comparison schedules on pages 42 - 44, schedule of changes in the Town's total OPEB liability and related ratios on page 45, schedule of the Town's proportionate share of the net pension asset/liability ERS and PFRS on pages 46 - 47, schedule of employer's contributions ERS and PFRS on pages 48 - 49 and notes to required supplementary information on page 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gates' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024, on our consideration of Town of Gates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gates internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
May 2, 2024

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The following is a discussion and analysis of the Town of Gates' (the "Town") financial performance for the fiscal year ended December 31, 2023. This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Town's net position increased by \$523,222 for the year ended December 31, 2023, with revenues of \$23,425,525 exceeding expenses of \$22,902,303. Total net position of the Town is a deficit balance of \$8,633,503. During the year revenues decreased by 4.2% and expenses increased by 3.1%.
- The Town's governmental fund balances increased by \$1,913,050 for the year ended December 31, 2023, with revenues and other financing sources of \$23,526,378 exceeded expenditures and other financing uses of \$21,613,328. Total governmental fund balances of the Town are \$10,678,138.
- As of December 31, 2023, the Town has received \$2,903,437 in American Rescue Plan Act (ARPA) funding. A portion of these funds were spent during 2023 totaling \$195,507. The remaining funds of \$2,254,257 remain unspent and is reported as a deferred inflow of resources as of December 31, 2023.

USING THIS ANNUAL REPORT

This annual report consists of four parts: *management's discussion and analysis* (this section), *the basic financial statements*, *required supplementary information* and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town.

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
- The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.
- The statements are followed by a section of required supplementary information and other supplementary information that further explains and supports the information in the financial statements.

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position, the difference between the Town's assets and liabilities, is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town the user will need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town include

- Governmental activities - The Town's basic services including general government support, public safety, transportation, economic assistance, culture and recreation, home and community services, and debt interest are reported here. Property taxes, sales taxes, mortgage taxes, franchise fees and other grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Town Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Town has two types of funds

- **Governmental Funds** - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the Town provides additional information in the footnotes for fixed assets and long-term debt that support the basic financial statements.
- **Fiduciary Funds** - The Town is the trustee, or fiduciary, for its custodial account. It is also responsible for other assets that because of a trust arrangement - can be used only for the trust beneficiaries. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Town's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. The Town excludes these activities from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The condensed statements of net assets provides the perspective of the Town as a whole.

(Table 1)

Condensed Statements of Net Position
December 31, 2023 and 2022

	<u>Governmental Activities</u>		<u>%</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets			
Current assets	\$ 13,551,455	\$ 13,117,683	3.3
Capital assets	<u>17,606,127</u>	<u>17,549,583</u>	0.3
Total assets	<u>31,157,582</u>	<u>30,667,266</u>	1.6
Deferred Outflows of Resources	<u>9,367,265</u>	<u>9,178,012</u>	2.1
Total Assets and Deferred Outflows of Resources	<u>40,524,847</u>	<u>39,845,278</u>	1.7
Liabilities			
Other liabilities	1,146,310	1,115,357	2.8
Long-term liabilities	<u>37,200,772</u>	<u>27,020,997</u>	37.7
Total liabilities	<u>38,347,082</u>	<u>28,136,354</u>	36.3
Deferred Inflows of Resources	<u>10,811,268</u>	<u>20,865,649</u>	(48.2)
Total Liabilities and Deferred Inflows of Resources	<u>49,158,350</u>	<u>49,002,003</u>	0.3
Net Position			
Net investment in capital assets	17,171,600	17,397,544	(1.3)
Restricted	120,131	111,358	7.9
Unrestricted	<u>(25,925,234)</u>	<u>(26,665,627)</u>	(2.8)
Total net position	<u>\$ (8,633,503)</u>	<u>\$ (9,156,725)</u>	(5.7)

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

(Table 2)

Changes in Net Position from Operating Results
For the Years Ended December 31, 2023 and 2022

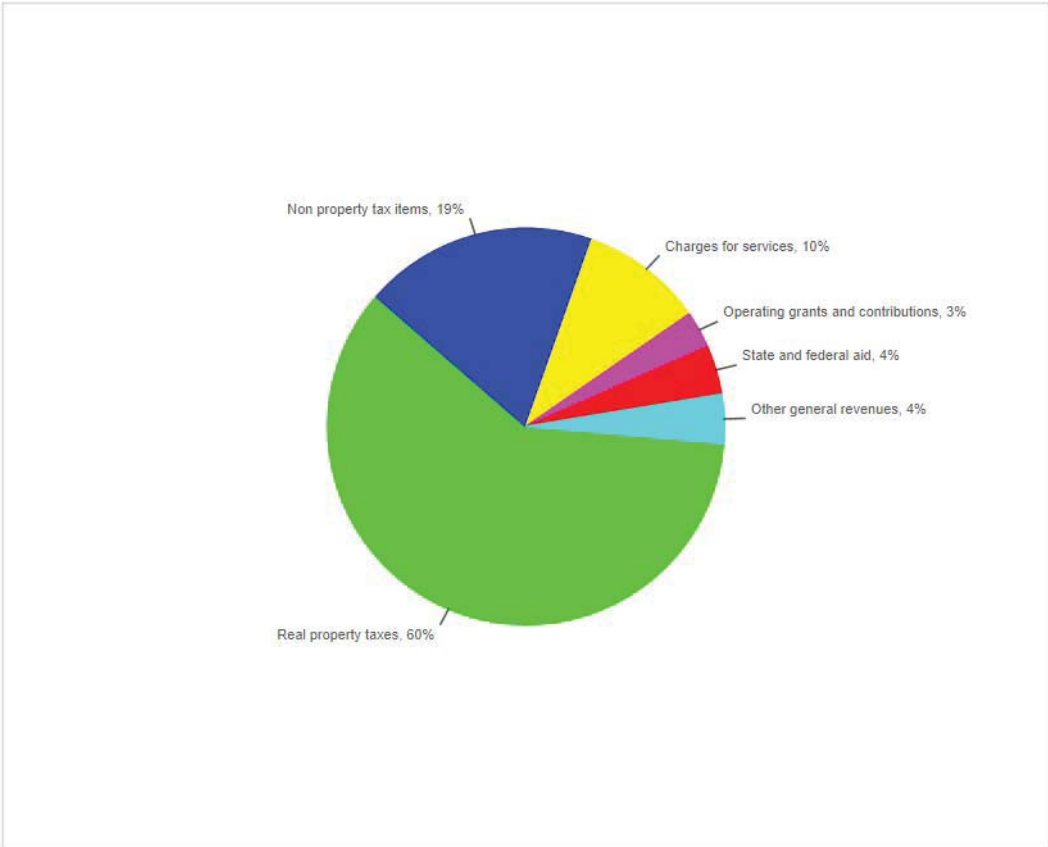
	<u>Governmental Activities</u>		<u>%</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues			
Program Revenues			
Charges for services	\$ 2,250,764	\$ 2,290,394	(1.7)
Operating grants and contributions	800,519	1,127,386	(29.0)
General Revenues			
Real property taxes	13,527,503	12,844,582	5.3
Real property tax items	500,421	480,883	4.1
Non property tax items	4,528,763	4,626,427	(2.1)
Use of money and property	795,962	176,740	350.4
Sale of property and compensation for loss	47,836	254,936	(81.2)
Miscellaneous local sources	158,816	1,097,263	(85.5)
State and federal aid	814,941	1,544,099	(47.2)
Total revenues	<u>23,425,525</u>	<u>24,442,710</u>	(4.2)
Expenses			
General government support	4,132,360	4,145,070	(0.3)
Public safety	8,296,877	7,855,192	5.6
Transportation	6,705,983	6,432,700	4.2
Economic assistance	11,577	4,303	169.0
Culture and recreation	3,535,132	3,357,374	5.3
Home and community services	195,940	393,456	(50.2)
Debt interest	24,434	21,318	14.6
Total expenses	<u>22,902,303</u>	<u>22,209,413</u>	3.1
Change in Net Position	<u>\$ 523,222</u>	<u>\$ 2,233,297</u>	(76.6)

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

As reported in the statement of activities the cost of all governmental activities was \$22,902,303. However, the amount that taxpayers ultimately financed for these activities through the Town's real property taxes was \$13,527,503.

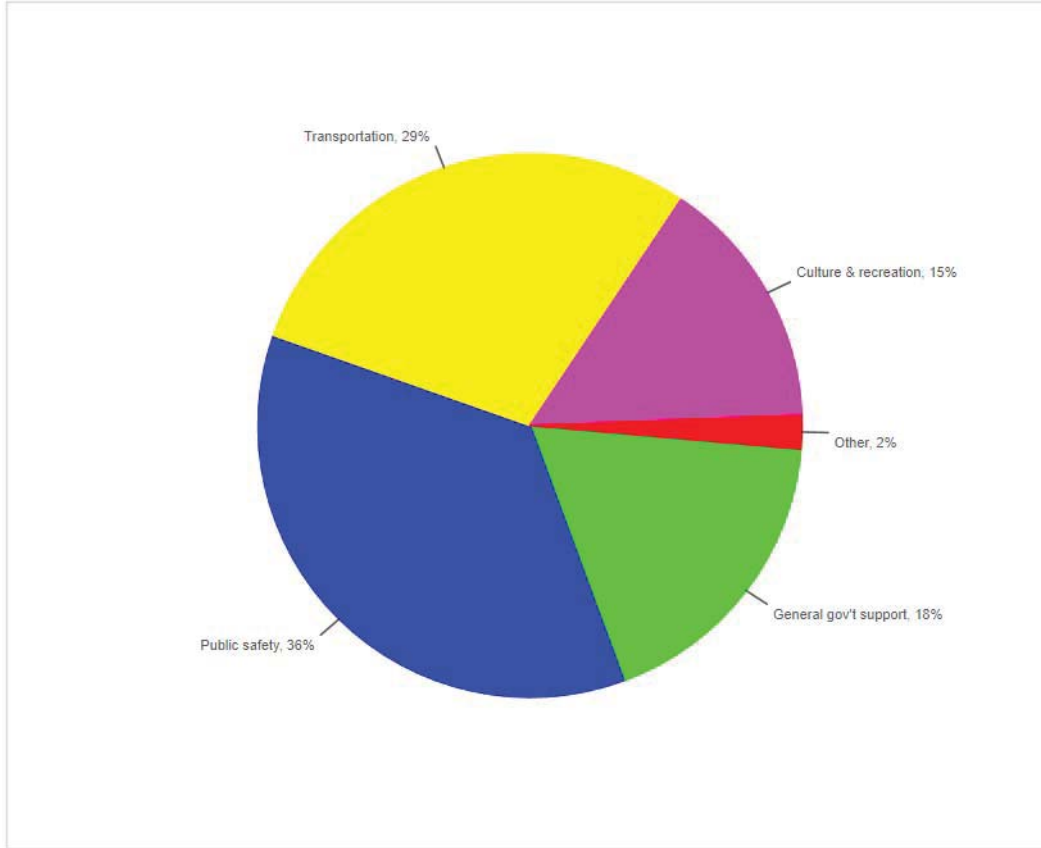
Tables 3-A&B show the revenues and expenses on a percentage basis for the governmental activities:

Table 3-A
Sources of Revenues for Governmental Activities
Fiscal Year 2023



TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Table 3-B
Expenses for Governmental Activities
Fiscal Year 2023



Governmental Activities

In Table 4, we have presented the cost of each of the Town functions and programs, as well as each function's net cost (total cost less revenues generated by the activities). Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

(Table 4)

<u>Functions/Programs</u>	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
General government support	\$ 4,132,360	\$ 3,558,005	\$ 4,145,070	\$ 3,297,254
Public safety	8,296,877	7,600,044	7,855,192	7,276,281
Transportation	6,705,983	5,467,507	6,432,700	5,024,030
Economic assistance	11,577	11,577	4,303	4,303
Culture and recreation	3,535,132	3,092,067	3,357,374	2,954,332
Home and community services	195,940	97,386	393,456	214,115
Debt interest	24,434	24,434	21,318	21,318
Total expenses	<u>\$ 22,902,303</u>	<u>\$ 19,851,020</u>	<u>\$ 22,209,413</u>	<u>\$ 18,791,633</u>

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

- **General government support** - Includes expenses of the Town Board, Town offices and administration, contracted professional services, buildings and grounds maintenance, and insurance along with the associated employee benefits.
- **Public safety** - Includes the expenses for the police and public safety departments along with the associated employee benefits.
- **Transportation** - Includes salaries for employees in the highway department and the cost of repairing and maintaining Town roads along with the associated employee benefits.
- **Economic assistance** - Includes expenses for the Town's social services.
- **Culture and recreation** - Includes the salaries for employees and cost associated with maintaining the Town's playgrounds, library and historical society along with the associated employee benefits.
- **Home and community services** - Includes the salaries for employees and cost associated with maintaining the Town's zoning, planning and conservation boards along with the associated employee benefits.
- **Debt interest** - Includes the transactions associated with the payment of interest on capital leases to the Town.

THE MAJOR GOVERNMENTAL FUNDS

Fund financial statements are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$23,526,378 and expenditures and other financing uses of \$21,613,328. The fund balance in the general fund increased by \$1,786,203 increasing the fund balance to \$8,551,739 at December 31, 2023. In the highway fund, the fund balance decreased by \$38,219 decreasing the fund balance to \$890,453. In the library fund, the fund balance increased by \$160,889 increasing the fund balance to \$1,207,251. Total other governmental funds increased by \$4,177 to \$28,695 for a total increase of \$1,913,050 for all government funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

- Revenues - Actual revenues exceeded budget revenues and other financing sources by \$1,317,865. The increase over budgeted revenues was due to increases in sales tax revenue, as well as interest revenue far exceeding budgeted amounts as a result of high interest rates throughout the year.
- Expenditures - Budgeted expenditures exceeded actual expenditures and other financing uses by \$633,338. The increase over the actual expenditures was due to changes in personnel that led to some positions not being filled during the year, Town Hall and Parks utility expenses being less than projected, and conservative budgeting for employee benefit expenses that led to lower costs than anticipated.

HIGHWAY FUND BUDGETARY HIGHLIGHTS

- Revenues - Budgeted revenues and other financing sources exceeded actual revenues by \$145,388. The increase over actual revenues was due to interest revenue far exceeding budgeted amounts as a result of high interest rates throughout the year, as well as an unanticipated CDBG grant received at the end of the year.
- Expenditures - Budgeted expenditures exceeded actual expenditures by \$107,169. The increase over the actual expenditures was due to a vehicle order in the capital equipment budget that was placed in 2023, but was not paid for by the end of the year since the vehicles were not received yet.

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

LIBRARY FUND BUDGETARY HIGHLIGHTS

- Revenues - Actual revenues exceeded budgeted revenues by \$180,883. The excess revenue was due to higher than expected earnings on the private money held by the Library, higher than expected interest income on the public funds held by the Library, and larger than anticipated donations made to the Library.
- Expenditures - Actual expenditures exceeded budgeted expenditures by \$19,994. The increase over the budgeted expenditures was due to an increase in book and equipment purchases related to the grants received above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the governmental activities of the Town had \$44,614,901 invested in land, buildings, land improvements, infrastructure, machinery and equipment and intangible right-to-use assets. Depreciation and amortization expense of \$1,054,834 has been recorded in the current year. The current net book value is \$17,606,127.

Table 5 shows the fiscal 2023 and 2022 balances for the major classes of assets:

(Table 5)

Capital Assets (Net of Depreciation)
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Land	\$ 1,224,400	\$ 1,224,400	-
Buildings	2,538,156	2,412,984	5.2
Land improvements	128,362	150,201	(14.5)
Machinery and equipment	3,436,281	3,581,006	(4.0)
Infrastructure	9,937,362	10,180,992	(2.4)
Intangible right-to-use assets	341,566	361,202	(5.4)
Total	<u>\$ 17,606,127</u>	<u>\$ 17,910,785</u>	(1.7)

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

TOWN OF GATES
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Long Term Debt

At December 31, 2023, the Town had total long-term debt of \$37,439,446 outstanding which was an increase of \$10,221,985 from the previous year. The increase in the other postemployment benefit liability noted below is based on changes in actuary assumptions, see Note 6 for further details. The increase in the net pension liability noted below is based on changes in actuarial assumptions, see Note 5 for further details.

(Table 6)

Outstanding Debts
December 31, 2023 and 2022

Governmental Activities	<u>2023</u>	<u>2022</u>	<u>%</u> <u>Change</u>
Compensated absences	\$ 897,804	\$ 674,346	33.1
Lease obligations	434,527	513,241	(15.3)
OPEB liability	28,020,182	25,444,080	10.1
Net pension liability	<u>8,086,933</u>	<u>585,794</u>	1,280.5
Total	<u>\$ 37,439,446</u>	<u>\$ 27,217,461</u>	37.6

Additional information on the Town's long-term debt can be found in the notes to these financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The tax base of the Town has remained stable. The 2024 budget provides for real estate tax revenues of \$12,068,709, which is similar to \$12,443,059 budgeted in 2023.
- The economic outlook for the Town is optimistic. A multi-million square-foot Amazon facility opened in 2023, and as a result, the Town approved plans for construction of an 85-acre parcel, which includes 60 single family homes, over 400 townhomes and a storage unit to accommodate the influx of residents in the area. The Town has used ARPA funds to update the Town's fleet and make necessary repairs to the Town Hall. The Town intends to utilize the remaining funds to make park renovations, building improvements, and equipment purchases.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Town of Gates
Finance Department
1605 Buffalo Road
Gates, New York, 14624

TOWN OF GATES
Statement of Net Position
December 31, 2023

Governmental
Activities

Assets

Cash and cash equivalents - unrestricted	\$ 11,897,382
Due from other governments	1,533,942
Investments	68,677
Cash and cash equivalents - restricted	51,454
Capital assets	
Capital assets not depreciated	1,224,400
Capital assets - net	16,040,161
Intangible right of use asset - net	<u>341,566</u>
Total assets	<u>31,157,582</u>

Deferred Outflows of Resources

Deferred outflows of resources - pension	6,456,636
Deferred outflows of resources - OPEB	<u>2,910,629</u>
Total deferred outflows of resources	<u>9,367,265</u>

Liabilities

Accounts payable	638,936
Accrued liabilities	268,700
Long-term liabilities	
Portion due or payable within one year	
Lease obligation - current	238,674
Portion due or payable after one year	
Compensated absences	897,804
Lease obligation - net	195,853
OPEB liability	28,020,182
Net pension liability - proportionate share	<u>8,086,933</u>
Total liabilities	<u>38,347,082</u>

Deferred Inflows of Resources

Deferred inflows of resources - pensions	445,860
Deferred inflows of resources - OPEB	8,105,022
Advances on future period revenues	<u>2,260,386</u>
Total deferred inflows of resources	<u>10,811,268</u>

Net Position

Net investment in capital assets	17,171,600
Restricted for	
Reserve for police escrow	28,907
Reserve for library	91,224
Unrestricted	<u>(25,925,234)</u>
Total net position	<u>\$ (8,633,503)</u>

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

TOWN OF GATES
Statement of Activities
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in Net</u> <u>Assets</u> <u>Governmental</u> <u>Activities</u>
Primary Government					
Governmental activities					
General government support	\$ 4,132,360	\$ 574,355	\$ -	\$ -	\$ (3,558,005)
Public safety	8,296,877	609,997	86,836	-	(7,600,044)
Transportation	6,705,983	638,818	599,658	-	(5,467,507)
Economic assistance	11,577	-	-	-	(11,577)
Culture and recreation	3,535,132	413,287	29,778	-	(3,092,067)
Home and community services	195,940	14,307	84,247	-	(97,386)
Debt interest	24,434	-	-	-	(24,434)
	<u>\$ 22,902,303</u>	<u>\$ 2,250,764</u>	<u>\$ 800,519</u>	<u>\$ -</u>	<u>(19,851,020)</u>
General Revenues					
Real property taxes					13,527,503
Real property tax items					500,421
Non property tax items					4,528,763
Use of money and property					795,962
Sale of property and compensation for loss					47,836
Miscellaneous local sources					158,816
State and federal aid					814,941
Total general revenues					<u>20,374,242</u>
Change in Net Position					523,222
Net Position - Beginning					<u>(9,156,725)</u>
Net Position - Ending					<u>\$ (8,633,503)</u>

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

TOWN OF GATES
Balance Sheets
Governmental Funds
December 31, 2023

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Assets					
Cash and cash equivalents - unrestricted	\$ 10,024,888	\$ 684,555	\$ 1,157,961	\$ 29,978	\$ 11,897,382
Due from other governments	1,089,287	441,584	3,071	-	1,533,942
Investments	-	-	68,677	-	68,677
Prepaid expenditures	267,848	17,265	9,592	-	294,705
Cash and cash equivalents - restricted	<u>28,907</u>	<u>-</u>	<u>22,547</u>	<u>-</u>	<u>51,454</u>
Total Assets	<u>\$ 11,410,930</u>	<u>\$ 1,143,404</u>	<u>\$ 1,261,848</u>	<u>\$ 29,978</u>	<u>\$ 13,846,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 424,641	\$ 177,061	\$ 35,951	\$ 1,283	\$ 638,936
Accrued liabilities	<u>180,293</u>	<u>75,890</u>	<u>12,517</u>	<u>-</u>	<u>268,700</u>
Total liabilities	<u>604,934</u>	<u>252,951</u>	<u>48,468</u>	<u>1,283</u>	<u>907,636</u>
Deferred Inflows of Resources					
Advances on future period revenues	<u>2,254,257</u>	<u>-</u>	<u>6,129</u>	<u>-</u>	<u>2,260,386</u>
Fund Balances					
Nonspendable	267,848	17,265	9,592	-	294,705
Restricted					
Reserve for police escrow	28,907	-	-	-	28,907
Reserve for library	-	-	91,224	-	91,224
Assigned					
Reserve for subsequent year	1,120,000	-	125,000	-	1,245,000
Reserve for highway	-	658,144	-	-	658,144
Reserve for library	-	-	981,435	-	981,435
Reserve for special districts	-	-	-	27,259	27,259
Reserve for debt service	-	-	-	1,436	1,436
Reserve for encumbrances	978,789	215,044	-	-	1,193,833
Unassigned	<u>6,156,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,156,195</u>
Total fund balances	<u>8,551,739</u>	<u>890,453</u>	<u>1,207,251</u>	<u>28,695</u>	<u>10,678,138</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,410,930</u>	<u>\$ 1,143,404</u>	<u>\$ 1,261,848</u>	<u>\$ 29,978</u>	<u>\$ 13,846,160</u>

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

TOWN OF GATES
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total governmental fund balances		\$ 10,678,138
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the following:		
Land	<u>\$ 1,224,400</u>	
Total capital assets not depreciated		1,224,400
Buildings	6,008,589	
Land improvements	606,644	
Machinery and equipment	8,036,564	
Infrastructure	<u>26,719,710</u>	
Total depreciable assets	41,371,507	
Less accumulated depreciation	<u>(25,331,346)</u>	
Total capital assets, net of depreciation		16,040,161
Intangible right-to-use assets - net of amortization		
Intangible right-to-use assets	2,018,994	
Less accumulated amortization	<u>(1,677,428)</u>	
Total intangible right-to-use assets - net of amortization		341,566
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of the following:		
Lease obligations	(434,527)	
Compensated absences	<u>(897,804)</u>	
Total liabilities		(1,332,331)
Pension related assets, liabilities, deferred inflows and outflows are not financial resources or are not due and payable in the current period and therefore are not reported in the funds. These consist of the following:		
Deferred outflows of resources - pensions	6,456,636	
Deferred inflows of resources - pensions	(445,860)	
Prepaid expenditures - pensions	(294,705)	
Net pension liability - proportionate share	<u>(8,086,933)</u>	
Total pension related items		(2,370,862)
OPEB related assets, liabilities, deferred inflows and outflows are not financial resources or are not due and payable in the current period and therefore are not reported in the funds. These consist of the following:		
Deferred outflows of resources - OPEB	2,910,629	
Deferred inflows of resources - OPEB	(8,105,022)	
OPEB liability	<u>(28,020,182)</u>	
Total OPEB related items		<u>(33,214,575)</u>
Net position of governmental activities		<u>\$ (8,633,503)</u>

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

TOWN OF GATES
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Real property taxes	\$ 7,195,105	\$ 3,170,798	\$ 2,142,107	\$ 1,019,493	\$ 13,527,503
Real property tax items	500,421	-	-	-	500,421
Non property tax items	4,528,763	-	-	-	4,528,763
Department income	899,108	-	33,206	-	932,314
Intergovernmental charges	47,295	638,818	-	-	686,113
Use of money and property	609,794	92,974	92,947	247	795,962
Licenses and permits	269,459	-	-	-	269,459
Fines and forfeitures	213,207	-	-	-	213,207
Sale of property and compensation for loss	67,427	94,358	1,045	-	162,830
Miscellaneous local sources	7,581	11,403	139,832	-	158,816
State aid	897,879	401,759	29,778	-	1,329,416
Federal aid	201,797	84,247	-	-	286,044
Total revenues	<u>15,437,836</u>	<u>4,494,357</u>	<u>2,438,915</u>	<u>1,019,740</u>	<u>23,390,848</u>
Other Financing Sources					
Proceeds from lease obligations	-	-	-	135,530	135,530
Total revenues and other financing sources	<u>15,437,836</u>	<u>4,494,357</u>	<u>2,438,915</u>	<u>1,155,270</u>	<u>23,526,378</u>
Expenditures					
General government support	3,080,508	-	-	47,979	3,128,487
Public safety	4,761,197	-	-	-	4,761,197
Transportation	531,837	3,605,437	-	1,103,114	5,240,388
Economic assistance and opportunity	11,577	-	-	-	11,577
Culture and recreation	713,540	-	1,646,049	-	2,359,589
Home and community services	187,499	-	-	-	187,499
Employee benefits	4,330,006	873,785	482,122	-	5,685,913
Debt principal	28,126	46,622	139,496	-	214,244
Debt interest	7,343	6,732	10,359	-	24,434
Total expenditures	<u>13,651,633</u>	<u>4,532,576</u>	<u>2,278,026</u>	<u>1,151,093</u>	<u>21,613,328</u>
Change in Fund Balances	1,786,203	(38,219)	160,889	4,177	1,913,050
Fund Balances - Beginning	<u>6,765,536</u>	<u>928,672</u>	<u>1,046,362</u>	<u>24,518</u>	<u>8,765,088</u>
Fund Balances - Ending	<u>\$ 8,551,739</u>	<u>\$ 890,453</u>	<u>\$ 1,207,251</u>	<u>\$ 28,695</u>	<u>\$ 10,678,138</u>

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

TOWN OF GATES
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Change in fund balances - total governmental funds \$ 1,913,050

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are the following:

Capital outlay	\$ 865,170	
Depreciation expense	(885,527)	
Amortization expense	<u>(169,307)</u>	
Excess depreciation and amortization over capital outlay		(189,664)

Issuance of lease obligations are reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position. Repayment of lease obligations are reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These amounts are the net effect of these differences:

Lease issuance	(135,530)	
Lease repayment	<u>214,244</u>	
Excess of lease repayment over issuance		78,714

Some items 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. In the current period, these amounts are the following:

Compensated absences		(223,458)
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Changes in the proportionate share of the net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		(1,113,208)
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Changes in the OPEB liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		172,782
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Other differences - loss on disposition of assets		<u>(114,994)</u>
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Change in net position of governmental activities		<u>\$ 523,222</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF GATES
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents - restricted	\$ 181,587
Other receivables - net	<u>2,484</u>
Total assets	<u>\$ 184,071</u>
NET POSITION	
Net position - restricted	<u>\$ 184,071</u>
Total net position	<u>\$ 184,071</u>

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

TOWN OF GATES
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Collections for other governments	\$ 72,628,880
Custodial additions	9,687
Interest and earnings	<u>1,254</u>
Total additions	<u>72,639,821</u>
DEDUCTIONS	
Payments to other governments	<u>72,628,880</u>
Change in Fiduciary Net Position	10,941
Fiduciary Net Position - Beginning	<u>173,130</u>
Fiduciary Net Position - Ending	<u>\$ 184,071</u>

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

TOWN OF GATES
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Gates (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the Town:

A. Reporting Entity

Primary Government - The Town, which was established in 1809, is governed by Town Law and other general laws of the State of New York. The governing body is the Town Board. The scope of activities included within the accompanying financial statements are those transactions which comprise Town operations, and are governed by, or significantly influenced by, the Town Board. These services include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, and home and community service. The financial reporting entity includes all funds, account groups, functions and organizations over which the Town Board exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Included in the reporting entity are the activities of the Town Clerk, Court Clerk, and the Receiver of Taxes.

B. Basis of Presentation

1. Government-wide Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government. The fiduciary funds are excluded from the government-wide financial statements. The effect of material interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods and services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town complies with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

TOWN OF GATES
Notes to Financial Statements

The Town also complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represent assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Net investment in capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - This component of net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At December 31, 2023, the Town had \$120,131 in restricted net position.

Unrestricted net position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

2. Fund Financial Statements

The fund financial statements provide information about the Town's funds, including governmental and fiduciary. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining nonmajor funds are aggregated and reported as "other governmental" funds.

- a. The Town reports the following major governmental funds:
 - i. The general fund is the Town's primary operating fund and is always considered a major fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.
 - ii. For the year ended December 31, 2023, the highway fund qualified as a major fund. The highway fund is a special revenue fund that is used to account for the Town's Department of Public Works.
 - iii. For the year ended December 31, 2023, the library fund qualified as a major fund. The library fund is a special revenue fund that is used to account for all transactions of the Town's Public Library.

TOWN OF GATES
Notes to Financial Statements

C. Fund Types

1. Governmental Fund Types

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 upon determination of financial position and changes in financial position. The following are the Town's governmental fund types:

General Fund - The general fund is the general operating fund of the Town. This fund is used to account for all financial resources except for those required to be accounted for in a separate fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes or for which separate accounting is required by administrative action. The special revenue funds consist of the following funds:

- **Highway Fund** - Used to account for all transactions of the Department of Public Works except for Public Works administration which is included in the general fund.
- **Library Fund** - Used to account for all transactions of the Town's Public Library.
- **Special Districts Fund** - Used to account for the transactions of districts which do not encompass the tax base of the entire Town. Such funds include the lighting districts and ambulance district.

Debt Service Fund - The debt service fund is used to finance and account for revenues raised for the payment of interest and principal on debt and to account for those expenditures.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

2. Fiduciary Funds

The Town complies with the provisions of GASB Statement No. 84 - "*Fiduciary Activities*". Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity. Custodial funds are used by the Town to account for all funds held by the Town in a custodial capacity and use the economic resources measurement focus.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Accrual Basis

The government-wide financial statements, along with the fiduciary fund type on the government fund statements, are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except when the elimination would distort direct costs and program revenue reported for the various functions concerned.

TOWN OF GATES
Notes to Financial Statements

2. Modified Accrual Basis

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. Available means collectable within 60 days of the end of the current fiscal period to be used to pay liabilities of the current period. Revenues, which are subject to accrual, include real property taxes, sales taxes and state and federal aid. 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 the fund liability is incurred except that:

- a. Expenditures for inventory-type items are recognized at the time of the disbursements.
- b. Principal and interest on indebtedness are not recognized as an expenditure until paid.
- c. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.

Accounting and Financial Reporting for Pensions - The Town complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Town to report as an asset/liability its portion of the collective pension asset/liability in the New York State and Local Employees' Retirement System and the Police and Fire Retirement System. The implementation of the Statements also requires the Town to report a deferred outflow and/or inflow for the effect of the net change in the Town's proportion of the collective net pension asset/liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the Town contributions to the pension system subsequent to the measurement date. See Note 5.

Accounting and Financial Reporting for Post Employment Benefits - The Town complies with GASB Statement No. 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). See Note 6.

In addition to the retirement benefits, the Town provides postemployment health insurance coverage to its retired employees and their survivors. Substantially all employees may become eligible for these benefits when they reach age 62 and have worked 10 consecutive years for the Town. The Town pays 100% of the cost of premiums to an insurance company which provides health care insurance. Expenditures for postretirement healthcare benefits are recognized as health care premiums are incurred. The Town recognized the cost of providing benefits by recording its share of the insurance premiums for the currently enrolled retirees, as an expenditure in 2023.

Deferred Outflows and Inflows of Resources - In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to the pension plan and OPEB plan in the statement of net position. The types of deferred outflows of resources related to the pension plan and OPEB plan are described in Notes 5 and 6, respectively.

TOWN OF GATES
Notes to Financial Statements

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to the pension plan and OPEB plan which are described in Note 5 and 6, respectively. The Town also reports deferred inflows of resources related to cash received before the related revenue is earned and is reported as advances on future period revenues.

3. Future Changes in Accounting Standards

The Governmental Accounting Standards Board has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - *Omnibus 2022*. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 100 - *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023.

Statement No. 101 - *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

Statement No. 102 - *Certain Risk Disclosures*. Effective for fiscal years beginning after June 15, 2024.

4. Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from these estimates.

5. Budgetary Data

The budget of the Town is a detailed operating plan which identifies estimated costs and results in relation to estimated revenues. The budget utilizes the modified accrual method of accounting and includes:

- The programs, projects, services and activities to be carried on during the fiscal year.
- The estimated revenue available to finance the operating plan.
- The estimated spending requirements of the operating plan.

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

- The Town adopts an annual budget for governmental funds, special revenue funds and debt service funds in November for the following year.
- The Town Board is authorized to transfer budgeted amounts within funds, however, transfers between funds are regulated by State law.
- Amended budgets for budgeted funds are presented in the statement of revenues, expenditures and changes in fund balances - budget and actual. All annual appropriations lapse at fiscal year end.

TOWN OF GATES
Notes to Financial Statements

6. Cash and Cash Equivalents

The Town includes all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less from the date of purchase as cash and cash equivalents.

7. Due To/From Other Governments

The Town reports amounts due to and due from other governments, which consisted of funds claimed but not received from various state, federal and other governmental agencies.

8. Investment Policy

The Town has a written investment policy approved by the Town Board. This policy has been established in accordance with New York State municipal law. Accordingly, funds must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured accounts. The policy also requires financial institutions to provide securities for all deposits in excess of maximum FDIC coverage. The Town Supervisor is also authorized to invest excess funds in instruments permitted under New York State municipal law and within the Town's investment policy.

9. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental type activity column in the government-wide financial statements. Capital assets are defined by the Town within the capitalization policies established by the Town. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>		<u>Capitalization Threshold</u>
Buildings and improvements	15-50	\$	25,000
Infrastructure			
Roads and surfaces	25-75	\$	50,000
Sidewalks	25	\$	25,000
Machinery and equipment	3-20	\$	5,000

10. Intangible Right-to-Use Assets

The Town has recorded intangible right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The intangible right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The intangible right-to-use assets are amortized on a straight-line basis over the life of the related lease. The Town capitalizes all lease agreements over a useful life between 3 and 15 years.

TOWN OF GATES
Notes to Financial Statements

11. Compensated Absences

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation and sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the government-wide financial statements.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payments become due.

12. Interfund Transfers

Interfund transfers are generally recorded as operating transfers in (out) except for the following types of transactions:

- Interfund revenues, which are recorded as revenues of the performing fund and expenditures of the requesting fund.
- Reimbursements for services performed, which are recorded as a reduction of expenditures in the performing fund and an expenditure of the requesting fund.

13. Workers' Compensation Insurance

The Town is a participant in the Monroe County Municipal Workers' Compensation Plan. The Plan is an unincorporated association of municipalities in New York State formed in June 2004 pursuant to Article 5-G of General Municipal Law. By agreement, the Town is self-insured for claims up to \$200,000, shares in claims from \$200,000 to \$400,000, and the Plan provides insurance for claims in excess of \$400,000.

14. Fund Balance - Reservations and Designations

1. Fund Financial Statements

The Town complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement improves the usefulness and clarity of fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance** - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.
- **Restricted Fund Balance** - amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.

TOWN OF GATES
Notes to Financial Statements

- **Committed Fund Balance** - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint. For the purposes of the Town, the highest level of decision making authority resides with the Town Board.
- **Assigned Fund Balance** - amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Town Board delegates the authority.
- **Unassigned Fund Balance** - amounts that are available for any purpose.

For the classification of governmental fund balances, the Town considers an expenditure to be made from budgetary appropriation first when more than one classification is available. The Town established and modifies fund balance commitments by a passage of a resolution in meetings of the Town Board. Assigned fund balance is established by the Town through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service or for other purposes). The Town Supervisor is responsible for all the purchasing activities of the Town and encumbrances at year end, which are considered assigned funds and therefore, the Town Supervisor is designated as having the authority to assign amounts intended to be used for specific purposes. The Town Board approves the adoption and amendment of the budget and has the authority of final review of all assignments of fund balance. When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

The following is a summary of the Town's fund balance classifications and categories within those classifications. Restricted and assigned fund balance categories are available to the Town. Any capital gains or interest earned on restricted or assigned fund resources becomes part of the respective restricted or assigned fund balance category. While a separate bank account is not necessary for each restricted or assigned fund, a separate identity for each reserve fund must be maintained.

A. Nonspendable

1. Nonspendable - Amounts classified as nonspendable are for prepaid expenditures related to the NYS retirement system payments. The balance at December 31, 2023 for all governmental funds is \$294,705.

B. Restricted

1. Police Escrow Reserve - Represents the cash balance outstanding in the police escrow reserve. The reserve is accounted for in the general fund. The balance at December 31, 2023 is \$28,907.

2. Library Reserve - Represents the cash balance outstanding in the library reserve. The reserve is accounted for in the library fund. The balance at December 31, 2023 is \$91,224.

C. Assigned

1. Reserve for Subsequent Year - Represents the estimated fund balance that is appropriated into the adopted budget in the general fund and library fund at year end. The balance at December 31, 2023 is \$1,245,000.

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2. Reserve for Highway - Represents the amount of outstanding fund balance in the highway fund at year end. The balance at December 31, 2023 is \$658,144.

3. Reserve for Library - Represents the amount of outstanding fund balance in the library fund at year end. The balance at December 31, 2023 is \$981,435.

4. Reserve for Special Districts - Represents the amount of outstanding fund balance in the special districts fund at year end. The balance at December 31, 2023 is \$27,259.

5. Reserve for Debt Service - Represents the amount of outstanding fund balance in the debt service fund at year end. The balance at December 31, 2023 is \$1,436.

6. Reserve for Encumbrances - Represents the amount of open purchase orders at year end. The balance at December 31, 2023 is \$1,193,833. Included in this balance of reserve for encumbrances are \$978,789 of amounts obligated to be used by the American Rescue Plan Act funds deferred as of December 31, 2023.

Unrestricted - .The difference between the assets and liabilities that is not reported in nonspendable, restricted, or assigned fund balance. The balance at December 31, 2023 is \$6,156,195.

E. Property Taxes

Real property taxes are levied annually by the Town Board no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to May 31. Uncollected real property taxes are subsequently enforced by the County of Monroe, in which the Town is located. As such, the Town receives its entire real property tax levy on a current basis.

Note 2. Deposits and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to invest in certificates of deposit, time deposit accounts, obligations of New York State and the U.S. Government and repurchase agreements. At December 31, 2023, cash and cash equivalents are entirely composed of demand accounts and certificates of deposit with original maturities of three months or less.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. The written investment policy requires repurchase agreements to be purchased from banks located within New York State and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 102 percent of the cost of the repurchase agreement.

Deposits

At December 31, 2023, the Town's bank balances can be categorized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents and investments	\$12,130,423	\$12,139,816
Collateralized with securities held by the Town or by its agent in the Town's name		\$11,346,163
Covered by FDIC insurance		<u>793,653</u>
Total deposits		<u>\$12,139,816</u>

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Notes to Financial Statements

Investments measured at fair value

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB Statement No. 72, the Town discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities the Town has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Mutual funds and exchange traded products classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input this is significant to the fair value measurement.

Investments measured at fair value consisted of the following at December 31, 2023:

	<u>Amount</u>	<u>Fair Value (Level 1)</u>
Mutual funds	\$ 68,677	\$ 68,677

Interest Rate Risk - The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in securities.

Credit Risk - The banks and trust companies authorized for the deposit of monies will be named and authorized by resolution of the Town Board during the annual organizational meeting of the Town Board. In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Town including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured. By a pledge of "eligible securities" with an aggregate "market value" as provided by GML Section 10, equal to the aggregate amount of deposits from the categories designated in the policy.

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Notes to Financial Statements

Concentration of Credit Risk - As authorized by General Municipal Law, Section 11, the Town Board authorizes the investment of monies not required for immediate expenditures for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificate of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to LFL Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town;
- Obligations of the Town, but only with any monies in a reserve fund established pursuant to GML Sections 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, 6-n.

All investment obligations shall be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Town within two years of the date of purchase. The Town's investment policy places no limit on the amount the Town may invest in any one issuer.

The Town Supervisor or the Finance Director is authorized to contact for the purpose of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to or held in custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, Section 10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in securities.

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed.
- The custodian shall be a party other than the trading partner.

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Notes to Financial Statements

Safekeeping and Collateralization - Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and custodial agreements. The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town or its custodial bank.

Note 3. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Balance</u> <u>12/31/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2023</u>
Governmental Activities Capital Assets				
Capital Assets Not Depreciated				
Land	\$ 1,224,400	\$ -	\$ -	\$ 1,224,400
Capital Assets Depreciated				
Buildings	5,775,816	232,773	-	6,008,589
Land improvements	606,644	-	-	606,644
Machinery and equipment	8,243,420	360,471	(567,327)	8,036,564
Infrastructure	<u>26,597,455</u>	<u>122,255</u>	<u>-</u>	<u>26,719,710</u>
Total capital assets depreciated	<u>41,223,335</u>	<u>715,499</u>	<u>(567,327)</u>	<u>41,371,507</u>
Less - Accumulated Depreciation				
Buildings	3,362,832	107,601	-	3,470,433
Land improvements	456,443	21,839	-	478,282
Machinery and equipment	4,662,414	390,202	(452,333)	4,600,283
Infrastructure	<u>16,416,463</u>	<u>365,885</u>	<u>-</u>	<u>16,782,348</u>
Total accumulated depreciation	<u>24,898,152</u>	<u>885,527</u>	<u>(452,333)</u>	<u>25,331,346</u>
Total capital assets depreciated - net	<u>16,325,183</u>	<u>(170,028)</u>	<u>(114,994)</u>	<u>16,040,161</u>
Intangible Right-to-Use Assets				
Leased building	1,448,317	-	-	1,448,317
Leased equipment	<u>421,006</u>	<u>149,671</u>	<u>-</u>	<u>570,677</u>
Total intangible right-to-use assets	<u>1,869,323</u>	<u>149,671</u>	<u>-</u>	<u>2,018,994</u>
Less - Accumulated Amortization				
Leased building	1,206,930	96,554	-	1,303,484
Leased equipment	<u>301,191</u>	<u>72,753</u>	<u>-</u>	<u>373,944</u>
Total accumulated amortization	<u>1,508,121</u>	<u>169,307</u>	<u>-</u>	<u>1,677,428</u>
Total intangible right-to-use assets - net	<u>361,202</u>	<u>(19,636)</u>	<u>-</u>	<u>341,566</u>
Governmental Activities Capital Assets - Net	<u>\$ 17,910,785</u>	<u>\$ (189,664)</u>	<u>\$ (114,994)</u>	<u>\$ 17,606,127</u>

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Notes to Financial Statements

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

Governmental Activities	
Depreciation Expense	
General government support	\$ 74,981
Public safety	141,019
Transportation	553,930
Culture and recreation	<u>115,597</u>
Total depreciation expense	<u>\$ 885,527</u>
Amortization Expense	
General government support	\$ 12,155
Transportation	51,563
Culture and recreation	<u>105,589</u>
Total amortization expense	<u>\$ 169,307</u>

Note 4. Other Long-term Debt

The following is a description of lease obligations as of December 31, 2023:

<u>Purpose / Issue Date</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Ford F-250 / 9/19	9/30/2024	4.74%	\$ 11,081	\$ -	\$ 6,502	\$ 4,579
Ford F-350 Chassis / 8/19	8/31/2024	4.93%	15,459	-	9,593	5,866
Ford F-350 Chassis / 8/19	8/31/2024	4.93%	21,557	-	10,685	10,872
Ford F-350 Cutaway / 11/19	11/30/2024	4.74%	18,360	-	9,715	8,645
Ford F-150 / 1/20	1/31/2023	4.12%	117	-	117	-
Ford F-150 / 2/20	2/28/2025	3.80%	14,684	-	6,566	8,118
Ford F-350 / 3/21	3/31/2026	2.80%	28,193	-	8,105	20,088
Ford F-150 / 3/21	3/31/2026	2.80%	21,495	-	5,685	15,810
Library building	8/31/2025	3.25%	382,295	-	139,496	242,799
Chevrolet Equinox / 9/23	9/1/2026	8.01%	-	5,137	625	4,512
Chevrolet Silverado 1500 / 8/23	8/1/2026	8.14%	-	42,842	5,598	37,244
Chevrolet Silverado 1500 / 8/23	8/1/2026	8.14%	-	42,945	5,611	37,334
Chevrolet Silverado 1500 / 8/23	8/1/2025	5.43%	-	44,606	5,946	38,660
Totals			<u>\$ 513,241</u>	<u>\$ 135,530</u>	<u>\$ 214,244</u>	<u>\$ 434,527</u>

Annual minimum lease payments are as follows:

2024	\$ 260,425
2025	167,982
2026	34,974
2027	<u>70</u>
Total	463,451
Less interest	<u>(28,924)</u>
Total	<u>\$ 434,527</u>

Building and equipment held under the lease is as follows at December 31, 2023:

Leased equipment	\$ 570,677
Leased building	1,448,317
Less - accumulated amortization	<u>(1,677,428)</u>
Total intangible right-to-use asset - net	<u>\$ 341,566</u>

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Changes in other long-term liabilities for the governmental activities during the fiscal year were as follows:

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2023</u>
Compensated absences	\$ 674,346	\$ 223,458	\$ -	\$ 897,804
Lease obligations	513,241	135,530	214,244	434,527
OPEB liability	25,444,080	2,576,102	-	28,020,182
Net pension liability	585,794	7,501,139	-	8,086,933
Total	<u>\$ 27,217,461</u>	<u>\$ 10,436,229</u>	<u>\$ 214,244</u>	<u>\$ 37,439,446</u>
Due in one year				\$ 238,674
Due in more than one year				<u>37,200,772</u>
Total				<u>\$ 37,439,446</u>

Note 5. Retirement Plan

Plan Description - The Town participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. 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 of Gates 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 may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy - The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

		<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2023	\$	468,360	\$ 1,003,895	\$ 1,472,255
2022	\$	452,945	\$ 1,038,535	\$ 1,491,480
2021	\$	587,885	\$ 1,014,177	\$ 1,602,062

TOWN OF GATES
Notes to Financial Statements

Employee's Retirement System (ERS)

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

The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation. The Town's proportion of the net pension asset/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 provided by the ERS System in reports provided to the Town. At December 31, 2023, the Town reported the following liability for its proportionate share of the net pension asset/liability for the System, which was measured as of March 31, 2023:

Actuarial valuation date	4/1/2022
Net pension (asset) liability	\$2,430,087
Town's proportion of the Plan's total net pension asset/liability	0.0113322%

At December 31, 2023, the Town's proportion was 0.0113322%, which was an increase of 0.0001969 from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the Town recognized pension expense of \$930,932. At December 31, 2023 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 258,823	\$ 68,246
Changes in assumptions	1,180,207	13,043
Net difference between projected and actual investment earnings on pension plan investments	-	14,277
Changes in proportion and differences between employer contributions and proportionate share of contributions	158,397	18,179
Employer contributions subsequent to the measurement date	<u>479,597</u>	<u>-</u>
Total	<u>\$ 2,077,024</u>	<u>\$ 113,745</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the fiscal year ended:	
2024	\$ 379,450
2025	(84,443)
2026	515,487
2027	<u>673,188</u>
Total	<u>\$ 1,483,682</u>

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Notes to Financial Statements

Police and Fire Retirement System (PFRS)

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

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the PFRS System in reports provided to the Town. At December 31, 2023, the Town reported the following liability for its proportionate share of the net pension liability for the System, which was measured as of March 31, 2023:

Actuarial valuation date	4/1/2022
Net pension liability	\$5,656,846
Town's proportion of the Plan's total net pension liability	0.1026563%

At December 31, 2023, the Town's proportion was 0.1026563%, which was a decrease of 0.0004684% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the Town's recognized pension expense of \$1,652,668. At December 31, 2023 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 552,900	\$ -
Changes in assumptions	2,756,566	-
Net difference between projected and actual investment earnings on pension plan investments	10,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,214	332,115
Employer contributions subsequent to the measurement date	<u>993,932</u>	<u>-</u>
Total	<u>\$ 4,379,612</u>	<u>\$ 332,115</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the fiscal year ended:	
2024	\$ 532,779
2025	(196,818)
2026	1,614,292
2027	1,012,413
2028	<u>90,899</u>
Total	<u>\$ 3,053,565</u>

TOWN OF GATES
Notes to Financial Statements

Actuarial Assumptions for ERS and PFRS

The total pension asset/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 asset/liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	3/31/2023
Actuarial valuation date	4/1/2022
Interest rate	5.9%
Salary scale	4.4% average in ERS, 6.2% average in PFRS
Inflation	2.9%
Decrement table	April 1, 2015 - March 31, 2020 System's Experience

Annuitant mortality rates are based on April 1, 2015 - April 1, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension asset/liability.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - April 1, 2020.

The long-term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of the real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate*</u>
Domestic equity	32.0 %	4.3 %
International equity	15.0 %	6.9 %
Private equity	10.0 %	7.5 %
Real estate	9.0 %	4.6 %
Opportunistic/ARS portfolio	3.0 %	5.4 %
Credit	4.0 %	5.4 %
Real assets	3.0 %	5.8 %
Fixed income	23.0 %	1.5 %
Cash	1.0 %	- %
	<u>100.0 %</u>	

*Real rates of return are net of long-term inflation assumption of 2.5% for 2023.

Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9% for the year ended December 31, 2023. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 asset/liability. There was no change in the discount rate from 2022.

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Notes to Financial Statements

Sensitivity of the proportionate share of the net pension asset/liability to changes in the discount rate assumption

The following presents the Town's proportionate share of the net pension asset/liability calculated using the discount rate of 5.9% per annum (the "current rate"), as well as what the Town's proportionate share of the net position liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1% point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Town of Gates' proportionate share of the ERS net pension liability (asset)	\$ 5,872,478	\$ 2,430,087	\$ (446,431)
Town of Gates' proportionate share of the PFRS net pension liability (asset)	\$ 11,791,961	\$ 5,656,846	\$ 576,603

Pension Plan Fiduciary Net Position

The components of the current year net pension asset/liability of the employers as of the valuation date was as follows:

	ERS	PFRS
Valuation date	4/1/2022	4/1/2022
Employers' total pension liability	\$ 232,627,259,000	\$ 43,835,333,000
Plan net position	<u>(211,183,223,000)</u>	<u>(38,324,863,000)</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 5,510,470,000</u>
Ratio of plan net position to the employers' total pension asset/liability	90.78 %	87.43 %

Note 6. Post Employment Healthcare Plan

Plan Description - The Town provides medical benefits to active and retired employees. Currently, health care premiums are paid to health care providers and recorded as a hospital/medical insurance expense in the fund financial statements. All full-time Town Hall employees are eligible to participate and retire at age 62 with at least 10 years of service. All full-time highway department employees are eligible to participate and retire at age 62 with at least 10 years of service or at age 55 with 20 years of service. All full-time library employees are eligible to participate and retire at age 62 with at least 10 years of service or at age 55 with 25 years of service. All full-time police employees are eligible to participate if they retire with at least 20 year of service. Upon retirement, participants and their spouses are eligible for continued medical benefits provided through the Town. No employee contributions are required. When the employee becomes eligible for Medicare, the coverage converts to a Medicare PPO plan.

Employees Covered by Benefit Terms -

Participant Data

Active not eligible to retire	90
Active eligible to retire	14
Retired and surviving spouses	102
Retiree spouses covered	<u>71</u>
Total	<u>277</u>

Total OPEB Liability - The Town's total OPEB liability of \$28,020,182 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

TOWN OF GATES
Notes to Financial Statements

Actuarial Methods and Assumptions - The method used to calculate the costs of the Plan is known as the Entry Age Normal, Level Percent of Pay Actuarial Cost Method. No assets have been set aside to fund the liabilities for this plan. All active employees eligible to participate in any OPEB benefit plan offered by the employer are included in this valuation. Retirees and surviving spouses currently enrolled in an OPEB plan offered by the employer are included in the valuation. Retirees who have opted out or otherwise waived all coverage are not included in the valuation unless explicitly stated otherwise. All amortizable amounts are amortized on a straight line basis over the GASB amortization basis. The measurement date is three months prior to the fiscal year end. The following is a summary of the key actuarial assumptions and other inputs used for this valuation:

Long-term bond rate*	4.64%
Year in which assets expire	2023
Single discount rate	4.64%
Initial healthcare cost trend rate	5.10%
Ultimate healthcare cost trend rate	3.86%
Salary scale increases	3.42%

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

The single discount rate reflects a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments. Mortality rates are based on the Pub-2010 public retirement plans mortality tables, headcount weighted, without separate contingent survivor mortality, fully generational using scale MP-2021. Termination rates are based on the 2003 Society of Actuaries small plan withdrawal. Marital assumptions are based on 70% of both male and female employees assumed to be married at retirement and elect coverage for a spouse. Spousal ages are actual age, if reported, for retirees. Otherwise males are assumed to be three years older than females. Participation rates are 100% of all active employees currently enrolled in the OPEB plan are assumed to continue coverage into retirement. If no pre-funding is established, the discount rate will be based on a tax exempt, high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. Employees who have currently waived coverage are assumed not to re-enter the plan prior to retirement. The following represents the retirement rates used:

<u>Police</u>		<u>All Others</u>	
<u>Age</u>	<u>Retirement</u>	<u>Age</u>	<u>Retirement</u>
40-54	3.0%	55	15.0%
55-61	15.0%	56-61	10.0%
62-69	40.0%	62-64	15.0%
70	100.0%	65-69	30.0%
		70	100.0%

The following table shows the changes to the total OPEB liability:

Total OPEB liability as of December 31, 2022	\$ 25,444,080
Changes for the year:	
Service cost	347,237
Interest	1,074,557
Differences between expected and actual experience	3,160,863
Changes in assumptions or other inputs	(636,986)
Benefit payments	<u>(1,369,569)</u>
Net changes	<u>2,576,102</u>
Total OPEB liability as of December 31, 2023	<u>\$ 28,020,182</u>

TOWN OF GATES
Notes to Financial Statements

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the Town's OPEB liability calculated using the discount rate of 4.64% per annum (the "current rate"), as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.64%) or 1% point higher (5.64%) than the current rate:

	1% Decrease <u>(3.64%)</u>	Current Assumption <u>(4.64%)</u>	1% Increase <u>(5.64%)</u>
Total OPEB Liability	\$ 31,346,500	\$ 28,020,182	\$ 25,254,445

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the Town's OPEB liability calculated using the healthcare cost trend rate per annum (the "current rate"), as well as what the Town's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (4.10% to <u>2.86%</u>)	Current Assumption (5.10% to <u>3.86%</u>)	1% Increase (6.10% to <u>4.86%</u>)
Total OPEB Liability	\$ 25,084,022	\$ 28,020,182	\$ 31,562,512

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

For the year ended December 31, 2023, the Town recognized OPEB expense of \$1,194,657. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	\$ 2,564,474	\$ 1,900,790
Changes of assumptions or other inputs	-	6,204,232
Employer contributions subsequent to the measurement date	<u>346,155</u>	<u>-</u>
Total	<u>\$ 2,910,629</u>	<u>\$ 8,105,022</u>

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

For the fiscal year ended:	
2024	\$(1,895,116)
2025	(1,895,116)
2026	(1,895,116)
2027	1,938
2028	<u>142,862</u>
Total	<u>\$(5,540,548)</u>

Note 7. Risk Management

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

TOWN OF GATES
Notes to Financial Statements

Note 8. Commitments and Contingencies

The Town is a defendant in a number of liability and assessment cases that have arisen from the normal course of Town activities. In the opinion of the Town and independent legal counsel, the ultimate disposition of all the liability matters should not have a material impact on the Town.

Note 9. Federal and State Funded Programs

The Town participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Note 10. Stewardship, Compliance, Accountability

Material Violations of Finance-Related Provisions

Expenditures exceeding the budget are explained as follows:

Highway Fund

Expenditures for debt principal exceeded budget amounts due to lease payments budgeted under the transportation expenditure category as opposed to debt principal.

Library Fund

Expenditures for debt principal exceeded budget amounts due to lease payments budgeted under the culture and recreation expenditure category as opposed to debt principal.

Note 11. Tax Abatements

As of December 31, 2023, tax abatement programs include abatements on property taxes, sales taxes and mortgage recording taxes. The programs have the stated purpose of increasing business activity and employment in the region and the state, respectively. The Town is subject to tax abatements granted by the County of Monroe Industrial Development Agency (the "Agency").

Property Taxes - All property tax abatements are performed through Payment In Lieu of Tax (PILOT) agreements made by the Agency. The PILOT agreements are made to support industrial, manufacturing, storage and other purposes. Total taxes abated by the Agency in each of these categories for the year ended December 31, 2023 are as follows:

Industrial	\$	952,264
Manufacturing	\$	59,667
Other	\$	232,165
Storage	\$	16,945

Note 12. Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date these financial statements were available to be issued.

TOWN OF GATES
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Real property taxes	\$ 7,173,659	\$ 7,173,659	\$ 7,195,105	\$ 21,446
Real property tax items	658,887	658,887	500,421	(158,466)
Non property tax items	4,091,946	4,091,946	4,528,763	436,817
Department income	820,627	820,627	899,108	78,481
Intergovernmental charges	37,100	37,100	47,295	10,195
Use of money and property	12,000	12,000	609,794	597,794
Licenses and permits	181,460	181,460	269,459	87,999
Fines and forfeitures	153,502	153,502	213,207	59,705
Sale of property and compensation for loss	165,500	165,500	67,427	(98,073)
Miscellaneous local sources	5,500	5,500	7,581	2,081
State aid	818,090	818,090	897,879	79,789
Federal aid	1,700	1,700	201,797	200,097
Total revenues	<u>14,119,971</u>	<u>14,119,971</u>	<u>15,437,836</u>	<u>1,317,865</u>
Expenditures				
General government support	3,488,102	3,258,101	3,080,508	177,593
Public safety	4,705,438	4,758,438	4,761,197	(2,759)
Transportation	503,127	480,125	531,837	(51,712)
Economic assistance and opportunity	7,500	7,500	11,577	(4,077)
Culture and recreation	810,343	810,344	713,540	96,804
Home and community services	244,930	244,930	187,499	57,431
Employee benefits	4,125,531	4,325,533	4,330,006	(4,473)
Debt principal	-	-	28,126	(28,126)
Debt interest	-	-	7,343	(7,343)
Total expenditures	<u>13,884,971</u>	<u>13,884,971</u>	<u>13,651,633</u>	<u>233,338</u>
Other Financing Uses				
Interfund transfers	400,000	400,000	-	400,000
Total expenditures and other financing uses	<u>14,284,971</u>	<u>14,284,971</u>	<u>13,651,633</u>	<u>633,338</u>
Change in Fund Balance	(165,000)	(165,000)	1,786,203	<u>\$ 1,951,203</u>
Fund Balance - Beginning	<u>6,765,536</u>	<u>6,765,536</u>	<u>6,765,536</u>	
Fund Balance - Ending	<u>\$ 6,600,536</u>	<u>\$ 6,600,536</u>	<u>\$ 8,551,739</u>	

See accompanying notes to required supplementary information.

TOWN OF GATES
Budgetary Comparison Schedule
Highway Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Real property taxes	\$ 3,170,798	\$ 3,170,798	\$ 3,170,798	\$ -
Intergovernmental charges	618,247	618,247	638,818	20,571
Use of money and property	700	700	92,974	92,274
Sale of property and compensation for loss	78,000	78,000	94,358	16,358
Miscellaneous local sources	-	-	11,403	11,403
State aid	372,000	372,000	401,759	29,759
Federal aid	-	-	84,247	84,247
Total revenues	<u>4,239,745</u>	<u>4,239,745</u>	<u>4,494,357</u>	<u>254,612</u>
Other Financing Sources				
Interfund transfers	<u>400,000</u>	<u>400,000</u>	-	<u>(400,000)</u>
Total revenues and other financing sources	<u>4,639,745</u>	<u>4,639,745</u>	<u>4,494,357</u>	<u>(145,388)</u>
Expenditures				
Transportation	3,759,181	3,759,181	3,605,437	153,744
Employee benefits	880,564	880,564	873,785	6,779
Debt principal	-	-	46,622	(46,622)
Debt interest	-	-	6,732	(6,732)
Total expenditures	<u>4,639,745</u>	<u>4,639,745</u>	<u>4,532,576</u>	<u>107,169</u>
Change in Fund Balance	-	-	(38,219)	<u>\$ (38,219)</u>
Fund Balance - Beginning	<u>928,672</u>	<u>928,672</u>	<u>928,672</u>	
Fund Balance - Ending	<u>\$ 928,672</u>	<u>\$ 928,672</u>	<u>\$ 890,453</u>	

See accompanying notes to required supplementary information.

TOWN OF GATES
Budgetary Comparison Schedule
Library Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Real property taxes	\$ 2,142,107	\$ 2,142,107	\$ 2,142,107	\$ -
Department income	35,500	35,500	33,206	(2,294)
Use of money and property	2,000	2,000	92,947	90,947
Sale of property and compensation for loss	4,000	4,000	1,045	(2,955)
Miscellaneous local sources	74,425	74,425	139,832	65,407
State aid	-	-	29,778	29,778
Total revenues	<u>2,258,032</u>	<u>2,258,032</u>	<u>2,438,915</u>	<u>180,883</u>
Expenditures				
Culture and recreation	1,749,391	1,749,391	1,646,049	103,342
Employee benefits	508,641	508,641	482,122	26,519
Debt principal	-	-	139,496	(139,496)
Debt interest	-	-	10,359	(10,359)
Total expenditures	<u>2,258,032</u>	<u>2,258,032</u>	<u>2,278,026</u>	<u>(19,994)</u>
Change in Fund Balance	-	-	160,889	<u>\$ 160,889</u>
Fund Balance - Beginning	<u>1,046,362</u>	<u>1,046,362</u>	<u>1,046,362</u>	
Fund Balance - Ending	<u>\$ 1,046,362</u>	<u>\$ 1,046,362</u>	<u>\$ 1,207,251</u>	

See accompanying notes to required supplementary information.

TOWN OF GATES
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
For the Year Ended December 31, 2023

	Total OPEB Liability					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 347,237	\$ 765,368	\$ 452,877	\$ 481,176	\$ 370,189	\$ 479,788
Interest	1,074,557	809,542	648,805	710,434	775,851	834,683
Differences between expected and actual experience	3,160,863	(3,088,784)	8,988,365	(1,415,581)	2,527,397	(2,843,210)
Changes in assumptions or other inputs	(636,986)	(9,242,076)	1,019,504	2,370,245	2,760,514	(1,050,755)
Expected benefit payments	<u>(1,369,569)</u>	<u>(1,377,997)</u>	<u>(1,030,595)</u>	<u>(968,160)</u>	<u>(901,790)</u>	<u>(923,094)</u>
Net changes in total OPEB liability	2,576,102	(12,133,947)	10,078,956	1,178,114	5,532,161	(3,502,588)
Total OPEB liability - beginning	<u>25,444,080</u>	<u>37,578,027</u>	<u>27,499,071</u>	<u>26,320,957</u>	<u>20,788,796</u>	<u>24,291,384</u>
Total OPEB liability - ending	<u>\$ 28,020,182</u>	<u>\$ 25,444,080</u>	<u>\$ 37,578,027</u>	<u>\$ 27,499,071</u>	<u>\$ 26,320,957</u>	<u>\$ 20,788,796</u>
Covered employee payroll	\$ 7,060,386	\$ 6,824,057	\$ 6,591,381	\$ 8,247,909	\$ 7,999,136	\$ 7,958,644
Total OPEB liability as a percentage of covered employee payroll	396.86 %	372.86 %	570.11 %	333.41 %	329.05 %	261.21 %

See accompanying notes to required supplementary information.

TOWN OF GATES
Schedule of Town's Proportionate Share of the Net Pension Asset/Liability - ERS
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Town's proportion of the net pension asset/liability	0.0113322 %	0.0111353 %	0.0114534 %	0.0108382 %	0.0106580 %	0.0109490 %	0.0106388 %	0.0117665 %	0.0118310 %	0.0118310 %
The Town's proportionate share of the net pension (asset) liability	\$ 2,430,087	\$ (910,261)	\$ 11,405	\$ 2,870,012	\$ 755,149	\$ 353,372	\$ 999,645	\$ 1,888,554	\$ 399,679	\$ 534,625
The Town's covered employee payroll	\$ 4,041,265	\$ 4,014,996	\$ 3,846,517	\$ 4,464,458	\$ 4,627,415	\$ 4,676,493	\$ 4,513,604	\$ 4,359,358	\$ 4,300,724	\$ 4,217,196
The Town's proportionate share of the net pension (asset) liability as a percentage of covered employee payroll	60.13 %	(22.67)%	0.30 %	64.29 %	16.32 %	7.56 %	22.15 %	43.32 %	9.29 %	12.68 %
Plan fiduciary net position as a percentage of the total pension asset/liability	90.78 %	103.65 %	99.95 %	86.40 %	96.30 %	98.20 %	94.70 %	90.70 %	97.20 %	97.20 %

See accompanying notes to required supplementary information.

TOWN OF GATES
Schedule of Town's Proportionate Share of the Net Pension Liability - PFRS
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Town's proportion of the net pension liability	0.1026563 %	0.1031247 %	0.1007337 %	0.1043660 %	0.0963772 %	0.0989088 %	0.0930899 %	0.0993425 %	0.0962823 %	0.0962823 %
The Town's proportionate share of the net pension liability	\$ 5,656,846	\$ 585,794	\$ 1,749,016	\$ 5,578,297	\$ 1,616,306	\$ 999,728	\$ 1,929,429	\$ 2,941,319	\$ 265,026	\$ 400,832
The Town's covered employee payroll	\$ 3,668,094	\$ 3,915,610	\$ 3,652,193	\$ 3,587,222	\$ 3,371,721	\$ 3,282,151	\$ 3,053,363	\$ 3,020,424	\$ 2,974,101	\$ 2,852,675
The Town's proportionate share of the net pension liability as a percentage of covered employee payroll	154.22 %	14.96 %	47.89 %	155.50 %	47.94 %	30.46 %	63.19 %	97.38 %	8.91 %	14.05 %
Plan fiduciary net position as a percentage of the total pension liability	87.43 %	98.66 %	95.79 %	84.90 %	95.10 %	96.90 %	93.50 %	90.20 %	99.00 %	98.50 %

See accompanying notes to required supplementary information.

TOWN OF GATES
Schedule of Employer's Contributions - ERS
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 468,360	\$ 452,945	\$ 587,885	\$ 517,116	\$ 503,969	\$ 526,867	\$ 520,717	\$ 529,462	\$ 619,274	\$ 654,769
Contribution in relation to the contractually required contribution	<u>468,360</u>	<u>452,945</u>	<u>587,885</u>	<u>517,116</u>	<u>503,969</u>	<u>526,867</u>	<u>520,717</u>	<u>529,462</u>	<u>619,274</u>	<u>654,769</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$4,041,265</u>	<u>\$4,014,996</u>	<u>\$3,846,517</u>	<u>\$4,464,458</u>	<u>\$4,627,415</u>	<u>\$4,676,493</u>	<u>\$4,513,604</u>	<u>\$4,359,358</u>	<u>\$4,300,724</u>	<u>\$4,217,196</u>
Contribution as a percentage of covered employee payroll	11.59 %	11.28 %	15.28 %	11.58 %	10.89 %	11.27 %	11.54 %	12.15 %	14.40 %	15.53 %

See accompanying notes to required supplementary information.

TOWN OF GATES
Schedule of Employer's Contributions - PFRS
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$1,003,895	\$1,038,535	\$1,014,177	\$ 786,472	\$ 748,865	\$ 712,513	\$ 701,366	\$ 696,233	\$ 715,848	\$ 709,165
Contribution in relation to the contractually required contribution	<u>1,003,895</u>	<u>1,038,535</u>	<u>1,014,177</u>	<u>786,472</u>	<u>748,865</u>	<u>712,513</u>	<u>701,366</u>	<u>696,233</u>	<u>715,848</u>	<u>709,165</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$3,668,094</u>	<u>\$3,915,610</u>	<u>\$3,652,193</u>	<u>\$3,587,222</u>	<u>\$3,371,721</u>	<u>\$3,282,151</u>	<u>\$3,053,363</u>	<u>\$3,020,424</u>	<u>\$2,974,101</u>	<u>\$2,852,675</u>
Contribution as a percentage of covered employee payroll	27.37 %	26.52 %	27.77 %	21.92 %	22.21 %	21.71 %	22.97 %	23.05 %	24.07 %	24.86 %

See accompanying notes to required supplementary information.

TOWN OF GATES
Notes to Required Supplementary Information
December 31, 2023

Note 1. Budgetary Comparison Schedule and Budgetary Basis Reporting

An operating budget for the general fund, highway fund and library fund are adopted prior to the beginning of each year on the modified accrual basis of accounting. The budget is approved by the Town Board and the voters of the Town. Budget amendments require approval by the Town Board. The budgetary comparison schedule has been prepared on the legal level of budgetary control. Therefore, the Town's budgetary comparison schedule presents expenditures by department, with separate identification of personnel object codes, where applicable. The Town prepares and reports its budgetary information in accordance with accounting principles generally accepted in the United States of America.

Note 2. Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information for the other postemployment benefit obligation, latest actuarial valuation and actuarial assumptions and methods can be found in the notes to the financial statements.

The Schedule of Changes in the Town's Total OPEB Liability and Related Ratios is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Note 3. Schedule of Town's Proportionate Share of the Net Pension Asset/Liability and Schedule of Employer's Contributions

The information presented in these required supplementary schedules was determined as part of an audit of the New York State Employees' Retirement System Plan (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). Additional information for the pension schedules can be found in the notes to the financial statements.

TOWN OF GATES
Combining Balance Sheets
Other Governmental Funds
December 31, 2023

ASSETS	Special Districts Fund	Debt Service Fund	Capital Projects Fund	Total Other Governmental Funds
Assets				
Cash and cash equivalents - unrestricted	\$ 28,542	\$ 1,436	\$ -	\$ 29,978
Total Assets	\$ 28,542	\$ 1,436	\$ -	\$ 29,978
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,283	\$ -	\$ -	\$ 1,283
Fund Balances				
Assigned				
Reserve for special districts	27,259	-	-	27,259
Reserve for debt service	-	1,436	-	1,436
Total fund balances	<u>27,259</u>	<u>1,436</u>	<u>-</u>	<u>28,695</u>
Total Liabilities and Fund Balances	\$ 28,542	\$ 1,436	\$ -	\$ 29,978

TOWN OF GATES
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2023

	Special Districts Fund	Debt Service Fund	Capital Projects Fund	Total Other Governmental Funds
Revenues				
Real property taxes	\$ 1,019,493	\$ -	\$ -	\$ 1,019,493
Use of money and property	<u>237</u>	<u>10</u>	<u>-</u>	<u>247</u>
Total revenues	1,019,730	10	-	1,019,740
Other Financing Sources				
Proceeds from lease obligations	<u>-</u>	<u>-</u>	<u>135,530</u>	<u>135,530</u>
Total revenues and other financing sources	<u>1,019,730</u>	<u>10</u>	<u>135,530</u>	<u>1,155,270</u>
Expenditures				
General government support	-	-	47,979	47,979
Transportation	<u>1,015,563</u>	<u>-</u>	<u>87,551</u>	<u>1,103,114</u>
Total expenditures	<u>1,015,563</u>	<u>-</u>	<u>135,530</u>	<u>1,151,093</u>
Change in Fund Balance	4,167	10	-	4,177
Fund Balances - Beginning	<u>23,092</u>	<u>1,426</u>	<u>-</u>	<u>24,518</u>
Fund Balances - Ending	<u>\$ 27,259</u>	<u>\$ 1,436</u>	<u>\$ -</u>	<u>\$ 28,695</u>

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

To the Members of the Town Board
Town of Gates
Gates, 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 Gates, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Town of Gates' basic financial statements, and have issued our report thereon dated May 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gates' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gates' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
May 2, 2024