

**TOWN OF GATES**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**

# TOWN OF GATES

## TABLE OF CONTENTS

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	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheets - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Fiduciary Funds	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21 - 41
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	42
Budgetary Comparison Schedule - Highway Fund	43
Budgetary Comparison Schedule - Library Fund	44
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	45
Schedule of Town's Proportionate Share of the Net Pension Liability - ERS	46
Schedule of Town's Proportionate Share of the Net Pension Liability - PFRS	46
Schedule of Employer's Contribution - ERS	47
Schedule of Employer's Contribution - PFRS	47
Notes to Required Supplementary Information	48
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheets - Other Governmental Funds	49
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds	50
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 <i>GOVERNMENT AUDITING STANDARDS</i>	51 - 52

## 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, 2021, 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, 2021, 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 liability ERS and PFRS on page 46, schedule of employer's contributions ERS and PFRS on page 47 and notes to required supplementary information on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other 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 April 20, 2022, 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  
April 20, 2022

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

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The following is a discussion and analysis of the Town of Gates' (the "Town") financial performance for the fiscal year ended December 31, 2021. 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 decreased by \$3,241,424 for the year ended December 31, 2021, with expenses of \$26,263,300 exceeding revenues of \$23,021,876. Total net position of the Town is a deficit balance of \$11,209,226. During the year revenues increased by 19.7% and expenses increased by 23.5%.
- The Town's governmental fund balances increased by \$3,420,874 for the year ended December 31, 2021, with revenues and other financing sources of \$23,629,878 exceeded expenditures and other financing uses of \$20,209,004. Total governmental fund balances of the Town are \$6,858,715.
- During 2021, the Town received \$1,448,765 in American Rescue Plan Act (ARPA) funding. The Town has not spent these funds as of December 31, 2021 and is therefore reported as a deferred inflow of resources as of December 31, 2021.

**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, 2021**

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**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, 2021**

**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, 2021 and 2020**

	<u>Governmental Activities</u>		<u>%</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Assets</b>			
Current assets	\$ 8,837,043	\$ 5,246,690	68.4
Capital assets	<u>16,500,181</u>	<u>16,783,624</u>	(1.7)
Total assets	<u>25,337,224</u>	<u>22,030,314</u>	15.0
<b>Deferred Outflows of Resources</b>	<u>15,520,922</u>	<u>9,782,800</u>	58.7
<b>Total Assets and Deferred Outflows of Resources</b>	<u>40,858,146</u>	<u>31,813,114</u>	28.4
<b>Liabilities</b>			
Other liabilities	816,614	1,881,877	(56.6)
Long-term liabilities	<u>40,421,908</u>	<u>36,521,366</u>	10.7
Total liabilities	<u>41,238,522</u>	<u>38,403,243</u>	7.4
<b>Deferred Inflows of Resources</b>	<u>10,828,850</u>	<u>1,377,673</u>	686.0
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>52,067,372</u>	<u>39,780,916</u>	30.9
<b>Net Position</b>			
Net investment in capital assets	16,295,401	16,568,436	(1.6)
Restricted	128,895	106,906	20.6
Unrestricted	<u>(27,633,522)</u>	<u>(24,643,144)</u>	12.1
Total net position	<u>\$ (11,209,226)</u>	<u>\$ (7,967,802)</u>	40.7



**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

(Table 2)

**Changes in Net Position from Operating Results**  
**For the Years Ended December 31, 2021 and 2020**

	<u>Governmental Activities</u>		<u>%</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 3,200,714	\$ 1,356,224	136.0
Operating grants and contributions	424,191	2,120,924	(80.0)
General Revenues			
Real property taxes	12,763,292	11,093,277	15.1
Real property tax items	520,070	434,110	19.8
Non property tax items	4,235,505	3,224,140	31.4
Use of money and property	11,687	52,214	(77.6)
Sale of property and compensation for loss	345,121	137,837	150.4
Miscellaneous local sources	104,879	102,277	2.5
State and federal aid	<u>1,416,417</u>	<u>706,791</u>	100.4
Total revenues	<u>23,021,876</u>	<u>19,227,794</u>	19.7
<b>Expenses</b>			
General government support	4,821,651	4,330,557	11.3
Public safety	10,019,120	8,156,530	22.8
Transportation	7,099,660	5,233,738	35.7
Economic assistance	4,716	411	1,047.4
Culture and recreation	4,026,468	3,085,279	30.5
Home and community services	270,939	439,965	(38.4)
Debt interest	<u>20,746</u>	<u>15,744</u>	31.8
Total expenses	<u>26,263,300</u>	<u>21,262,224</u>	23.5
<b>Change in Net Position</b>	<u>\$ (3,241,424)</u>	<u>\$ (2,034,430)</u>	59.3

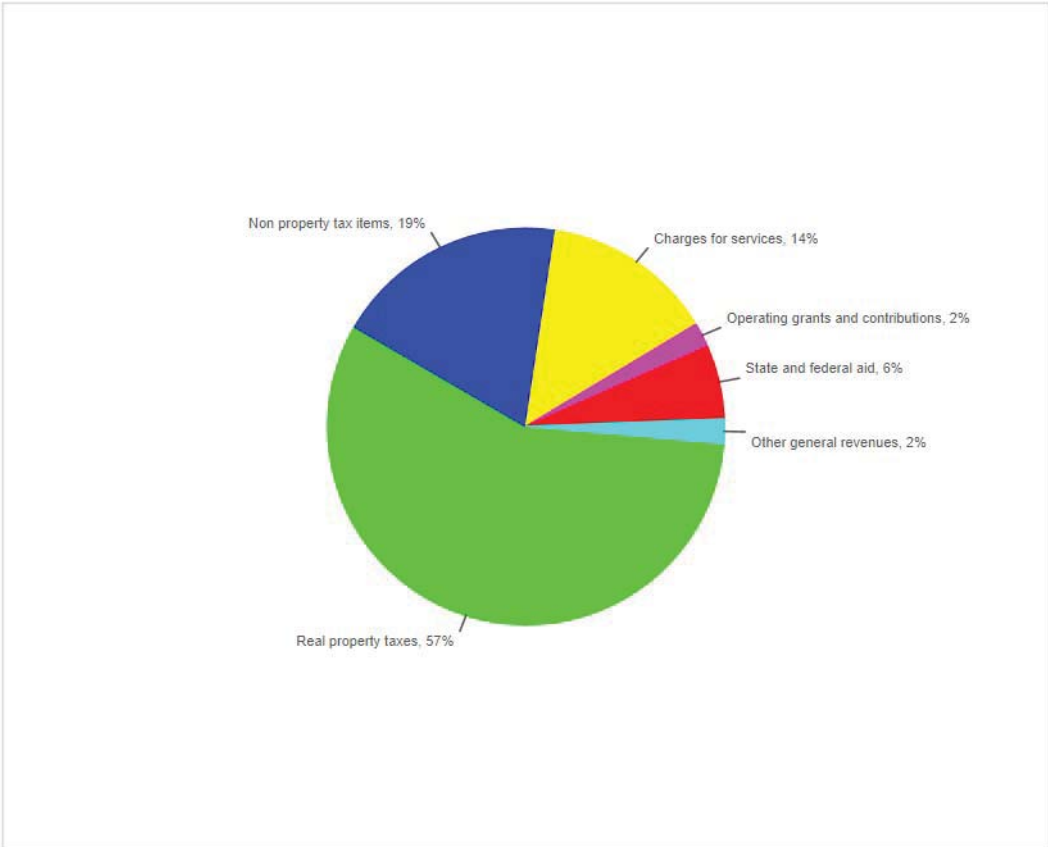
**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

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As reported in the statement of activities the cost of all governmental activities was \$26,263,300. However, the amount that taxpayers ultimately financed for these activities through the Town's real property taxes was \$12,763,292.

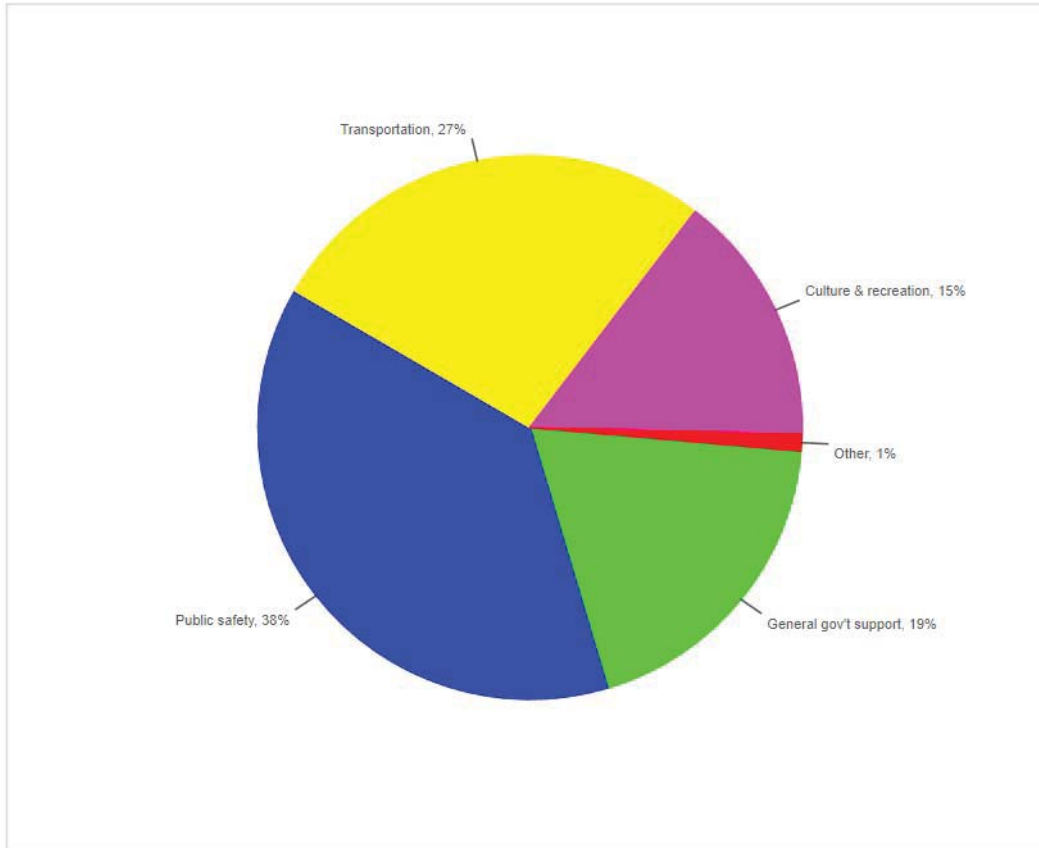
Tables 3-A&B show the revenues and expenses on a percentage basis for the governmental activities:

**Table 3-A**  
**Sources of Revenues for Governmental Activities**  
**Fiscal Year 2021**



**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

**Table 3-B**  
**Expenses for Governmental Activities**  
**Fiscal Year 2021**



**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)**

<b>Functions/Programs</b>	<b>Total Cost of Services <u>2021</u></b>	<b>Net Cost of Services <u>2021</u></b>	<b>Total Cost of Services <u>2020</u></b>	<b>Net Cost of Services <u>2020</u></b>
General government support	\$ 4,821,651	\$ 3,179,086	\$ 4,330,557	\$ 3,964,179
Public safety	10,019,120	9,465,923	8,156,530	6,061,078
Transportation	7,099,660	6,091,559	5,233,738	4,438,646
Economic assistance	4,716	4,716	411	411
Culture and recreation	4,026,468	3,718,336	3,085,279	2,955,647
Home and community services	270,939	158,029	439,965	349,371
Debt interest	20,746	20,746	15,744	15,744
Total expenses	<u>\$ 26,263,300</u>	<u>\$ 22,638,395</u>	<u>\$ 21,262,224</u>	<u>\$ 17,785,076</u>

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

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- **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 \$23,629,878 and expenditures and other financing uses of \$20,209,004. The fund balance in the general fund increased by \$3,189,051 increasing the fund balance to \$5,735,978 at December 31, 2021. In the highway fund, the fund balance increased by \$18,949 increasing the fund balance to \$331,687. In the library fund, the fund balance increased by \$212,420 increasing the fund balance to \$764,159. Total other governmental funds increased by \$454 to \$26,891 for a total increase of \$3,420,874 for all government funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- Revenues - Actual revenues exceeded budget revenues and other financing sources by \$3,029,406. The increase over budgeted revenues was due to sales tax revenue increases as the economy began to recover after the COVID-19 pandemic, a large building permit fee for the construction of the new Amazon facility, and higher than expected mortgage tax revenue due to the demand in the housing market.
- Expenditures - Budgeted expenditures exceeded actual expenditures and other financing uses by \$159,645. The increase over the actual expenditures was due to conservative budgeting following the COVID-19 pandemic in expenditures such as medical insurance and retirement.

**HIGHWAY FUND BUDGETARY HIGHLIGHTS**

- Revenues - Actual revenues and other financing sources exceed budgeted revenues by \$753,226. The increase over budgeted revenues was due to an interfund transfer received from the General Fund and higher than expected CHIPS revenue.
- Expenditures - Actual expenditures exceeded budgeted expenditures by \$734,277. The increase over the budgeted expenditures was due to the rising costs of job materials such as asphalt, stone binder, and fog seal to complete road improvement projects, as well as increases in vehicle maintenance costs due to an aging fleet.

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

**LIBRARY FUND BUDGETARY HIGHLIGHTS**

- Revenues - Actual revenues exceeded budgeted revenues by \$87,899. The excess revenue was due to higher than expected earnings on the private money held by the Library.
- Expenditures - Budgeted expenditures exceeded actual expenditures by \$124,521. The increase over the actual expenditures was due to conservative budgeting following the COVID-19 pandemic in expenditures such as medical insurance, wages and supplies.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2021, the governmental activities of the Town had \$40,790,183 invested in land, buildings, land improvements, infrastructure, and machinery and equipment. Depreciation expense of \$917,151 has been recorded in the current year. The current net book value is \$16,500,181.

Table 5 shows the fiscal 2021 and 2020 balances for the major classes of assets:

(Table 5)

**Capital Assets (Net of Depreciation)**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Land	\$ 244,400	\$ 244,400	-
Buildings	2,516,442	2,569,621	(2.1)
Land improvements	172,040	193,879	(11.3)
Machinery and equipment	3,357,080	3,328,375	0.9
Infrastructure	<u>10,210,219</u>	<u>10,447,349</u>	(2.3)
Total	<u>\$ 16,500,181</u>	<u>\$ 16,783,624</u>	(1.7)

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

**Long Term Debt**

At December 31, 2021, the Town had total long-term debt of \$40,495,742 outstanding which was an increase of \$3,901,348 from the previous year. The increase in the other postemployment benefit liability noted below is due to the difference between expected and actual experience, see Note 8 for further details. The decrease in the net pension liability noted below is based on changes in actuarial assumptions, see Note 7 for further details.

(Table 6)

**Outstanding Debt**  
**December 31, 2021 and 2020**

<b>Governmental Activities</b>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Compensated absences	\$ 952,514	\$ 431,826	120.6
Capital lease obligations	204,780	215,188	(4.8)
OPEB liability	37,578,027	27,499,071	36.7
Net pension liability	<u>1,760,421</u>	<u>8,448,309</u>	(79.2)
Total	<u>\$ 40,495,742</u>	<u>\$ 36,594,394</u>	10.7

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

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The tax base of the Town has remained stable. The 2022 budget provides for real estate tax revenues of \$11,770,372, which is similar to \$11,747,234 budgeted in 2021.
- The economic outlook for the Town is optimistic. The Town continues to see growth with businesses moving into the area and new housing developments under construction. A multi-million square-foot Amazon facility is under construction in the Town, and it is expected to bring jobs and revenue to the area. The Town saw interest in new home ownership, and the Town also accepted a land donation from Dolomite Products Company for potential future projects within the Town.

**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, 2021**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents - unrestricted	\$ 7,513,600
Other receivables - net	2,624
Due from other governments	1,191,924
Investments	72,320
Cash and cash equivalents - restricted	56,575
Capital assets	
Capital assets not depreciated	244,400
Capital assets - net of depreciation	<u>16,255,781</u>
Total assets	<u>25,337,224</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources - pension	8,808,011
Deferred outflows of resources - OPEB	<u>6,712,911</u>
Total deferred outflows of resources	<u>15,520,922</u>
<b>Liabilities</b>	
Accounts payable	499,843
Accrued liabilities	242,937
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligation - current	73,834
Portion due or payable after one year	
Compensated absences	952,514
Capital lease obligation - net	130,946
OPEB liability	37,578,027
Net pension liability - proportionate share	<u>1,760,421</u>
Total liabilities	<u>41,238,522</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources - pensions	8,908,548
Deferred inflows of resources - OPEB	367,003
Advances on future period revenues	<u>1,553,299</u>
Total deferred inflows of resources	<u>10,828,850</u>
<b>Net Position</b>	
Net investment in capital assets	16,295,401
Restricted for	
Reserve for police escrow	34,050
Reserve for library	94,845
Unrestricted	<u>(27,633,522)</u>
Total net position	<u>\$ (11,209,226)</u>

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

**TOWN OF GATES**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Charges for Services</u></b>	<b><u>Program Revenues</u></b> <b><u>Operating</u></b> <b><u>Grants and</u></b> <b><u>Contributions</u></b>	<b><u>Capital</u></b> <b><u>Grants and</u></b> <b><u>Contributions</u></b>	<b><u>Net (Expenses)</u></b> <b><u>Revenues and</u></b> <b><u>Changes in Net</u></b> <b><u>Assets</u></b>  <b><u>Governmental</u></b> <b><u>Activities</u></b>
<b>Primary Government</b>					
Governmental activities					
General government support	\$ 4,821,651	\$ 1,637,565	\$ 5,000	\$ -	\$ (3,179,086)
Public safety	10,019,120	501,992	51,205	-	(9,465,923)
Transportation	7,099,660	675,515	332,586	-	(6,091,559)
Economic assistance	4,716	-	-	-	(4,716)
Culture and recreation	4,026,468	308,132	-	-	(3,718,336)
Home and community services	270,939	77,510	35,400	-	(158,029)
Debt interest	20,746	-	-	-	(20,746)
	<u>26,263,300</u>	<u>3,200,714</u>	<u>424,191</u>	<u>-</u>	<u>(22,638,395)</u>
Total primary government	<b>\$ 26,263,300</b>	<b>\$ 3,200,714</b>	<b>\$ 424,191</b>	<b>\$ -</b>	<b>(22,638,395)</b>
 <b>General Revenues</b>					
Real property taxes					12,763,292
Real property tax items					520,070
Non property tax items					4,235,505
Use of money and property					11,687
Sale of property and compensation for loss					345,121
Miscellaneous local sources					104,879
State and federal aid					1,416,417
Total general revenues					<u>19,396,971</u>
<b>Change in Net Position</b>					(3,241,424)
<b>Net Position - Beginning</b>					<u>(7,967,802)</u>
<b>Net Position - Ending</b>					<b>\$ (11,209,226)</b>

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



**TOWN OF GATES**  
**Balance Sheets**  
**Governmental Funds**  
**December 31, 2021**

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
<b>Assets</b>					
Cash and cash equivalents - unrestricted	\$ 6,143,912	\$ 604,974	\$ 735,112	\$ 29,602	\$ 7,513,600
Other receivables - net	-	-	2,624	-	2,624
Due from other funds	-	13,386	4,606	-	17,992
Due from other governments	1,124,565	67,359	-	-	1,191,924
Investments	-	-	72,320	-	72,320
Prepaid expenditures	285,771	20,559	11,421	-	317,751
Cash and cash equivalents - restricted	<u>34,050</u>	<u>-</u>	<u>22,525</u>	<u>-</u>	<u>56,575</u>
<b>Total Assets</b>	<b><u>\$ 7,588,298</u></b>	<b><u>\$ 706,278</u></b>	<b><u>\$ 848,608</u></b>	<b><u>\$ 29,602</u></b>	<b><u>\$ 9,172,786</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 243,502	\$ 200,993	\$ 52,637	\$ 2,711	\$ 499,843
Accrued liabilities	142,061	89,064	11,812	-	242,937
Due to other funds	<u>17,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,992</u>
Total liabilities	<u>403,555</u>	<u>290,057</u>	<u>64,449</u>	<u>2,711</u>	<u>760,772</u>
<b>Deferred Inflows of Resources</b>					
Advances on future period revenues	<u>1,448,765</u>	<u>84,534</u>	<u>20,000</u>	<u>-</u>	<u>1,553,299</u>
<b>Fund Balances</b>					
Nonspendable	285,771	20,559	11,421	-	317,751
Restricted					
Reserve for police escrow	34,050	-	-	-	34,050
Reserve for library	-	-	94,845	-	94,845
Assigned					
Reserve for subsequent year	955,000	-	-	-	955,000
Reserve for highway	-	311,128	-	-	311,128
Reserve for library	-	-	657,893	-	657,893
Reserve for special districts	-	-	-	25,468	25,468
Reserve for debt service	-	-	-	1,423	1,423
Unassigned	<u>4,461,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,461,157</u>
Total fund balances	<u>5,735,978</u>	<u>331,687</u>	<u>764,159</u>	<u>26,891</u>	<u>6,858,715</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 7,588,298</u></b>	<b><u>\$ 706,278</u></b>	<b><u>\$ 848,608</u></b>	<b><u>\$ 29,602</u></b>	<b><u>\$ 9,172,786</u></b>

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, 2021**

Total governmental fund balances		\$ 6,858,715
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	\$ 244,400	
Total capital assets not depreciated		244,400
Buildings	5,775,816	
Land improvements	606,644	
Machinery and equipment	7,903,732	
Infrastructure	<u>26,259,591</u>	
Total depreciable assets	40,545,783	
Less accumulated depreciation	<u>(24,290,002)</u>	
Total capital assets, net of depreciation		16,255,781
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:		
Capital lease obligations	(204,780)	
Compensated absences	<u>(952,514)</u>	
Total liabilities		(1,157,294)
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	8,808,011	
Deferred inflows of resources - pensions	(8,908,548)	
Prepaid expenditures - pensions	(317,751)	
Net pension liability - proportionate share	<u>(1,760,421)</u>	
Total pension related items		(2,178,709)
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	6,712,911	
Deferred inflows of resources - OPEB	(367,003)	
OPEB liability	<u>(37,578,027)</u>	
Total OPEB related items		<u>(31,232,119)</u>
Net position of governmental activities		<u>\$ (11,209,226)</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, 2021**

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Real property taxes	\$ 6,809,419	\$ 2,804,153	\$ 2,164,202	\$ 985,518	\$ 12,763,292
Real property tax items	520,070	-	-	-	520,070
Non property tax items	4,235,505	-	-	-	4,235,505
Department income	694,665	-	31,754	-	726,419
Intergovernmental charges	26,286	675,515	-	-	701,801
Use of money and property	2,287	544	8,853	3	11,687
Licenses and permits	1,513,714	-	-	-	1,513,714
Fines and forfeitures	258,780	-	-	-	258,780
Sale of property and compensation for loss	287,054	184,852	5,863	-	477,769
Miscellaneous local sources	7,386	2,829	94,664	-	104,879
State aid	1,472,622	332,586	-	-	1,805,208
Federal aid	35,400	-	-	-	35,400
Total revenues	<u>15,863,188</u>	<u>4,000,479</u>	<u>2,305,336</u>	<u>985,521</u>	<u>23,154,524</u>
<b>Other Financing Sources</b>					
Interfund transfers	-	400,000	3,180	-	403,180
Proceeds from capital lease obligations	-	-	-	72,174	72,174
Total revenues and other financing sources	<u>15,863,188</u>	<u>4,400,479</u>	<u>2,308,516</u>	<u>1,057,695</u>	<u>23,629,878</u>
<b>Expenditures</b>					
General government support	2,682,320	-	-	30,698	2,713,018
Public safety	4,306,783	-	-	-	4,306,783
Transportation	437,218	3,516,801	-	1,026,543	4,980,562
Economic assistance and opportunity	4,716	-	-	-	4,716
Culture and recreation	586,149	-	1,617,343	-	2,203,492
Home and community services	263,240	-	-	-	263,240
Employee benefits	3,939,526	812,406	478,753	-	5,230,685
Debt principal	44,575	38,007	-	-	82,582
Debt interest	6,430	14,316	-	-	20,746
Total expenditures	<u>12,270,957</u>	<u>4,381,530</u>	<u>2,096,096</u>	<u>1,057,241</u>	<u>19,805,824</u>
<b>Other Financing Use</b>					
Interfund transfers	403,180	-	-	-	403,180
Total expenditures and other financing use	<u>12,674,137</u>	<u>4,381,530</u>	<u>2,096,096</u>	<u>1,057,241</u>	<u>20,209,004</u>
<b>Change in Fund Balances</b>	3,189,051	18,949	212,420	454	3,420,874
<b>Fund Balances - Beginning</b>	<u>2,546,927</u>	<u>312,738</u>	<u>551,739</u>	<u>26,437</u>	<u>3,437,841</u>
<b>Fund Balances - Ending</b>	<u>\$ 5,735,978</u>	<u>\$ 331,687</u>	<u>\$ 764,159</u>	<u>\$ 26,891</u>	<u>\$ 6,858,715</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, 2021**

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Change in fund balances - total governmental funds		\$ 3,420,874
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 expense. In the current period, these amounts are the following:		
Capital outlay	\$ 766,356	
Depreciation expense	<u>(917,151)</u>	
Excess of depreciation over capital outlay		(150,795)
Repayment of capital leases are reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences:		
Capital lease issuance	(72,174)	
Capital lease repayment	<u>82,582</u>	
Excess of capital lease repayment over issuance		10,408
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		(520,688)
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.		
		80,525
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.		
		(5,949,100)
Other differences - loss on disposition of assets		<u>(132,648)</u>
Change in net position of governmental activities		<u>\$ (3,241,424)</u>

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

**TOWN OF GATES**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2021**

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	<u><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash and cash equivalents - restricted	\$ 143,843
Total assets	<u>\$ 143,843</u>
<b>NET POSITION</b>	
Net position - restricted	\$ 143,843
Total net position	<u>\$ 143,843</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, 2021**

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	<u><b>Custodial Funds</b></u>
<b>ADDITIONS</b>	
Collections for other governments	\$ 68,020,066
Custodial additions	43,094
Interest and earnings	12
Total additions	<u>68,063,172</u>
<b>DEDUCTIONS</b>	
Payments to other governments	<u>68,020,066</u>
<b>Change in Fiduciary Net Position</b>	43,106
<b>Fiduciary Net Position - Beginning</b>	<u>100,737</u>
<b>Fiduciary Net Position - Ending</b>	<u>\$ 143,843</u>

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

**TOWN OF GATES**  
**Notes to Financial Statements**

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**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 principals (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**

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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, 2021, the Town had \$128,895 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, 2021, 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, 2021, 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**

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**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. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

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**

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**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 a liability its portion of the collective pension 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 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 7.

**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 8.

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 2021.

**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 7 and 8, respectively.

**TOWN OF GATES**  
**Notes to Financial Statements**

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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 7 and 8, 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. 87 - "*Leases*." Effective for fiscal years beginning after June 15, 2021.

Statement No. 91 - "*Conduit Debt Obligations*". Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - "*Omnibus 2020*". Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - "*Replacement of Interbank Offered Rates*". Effective for fiscal years beginning June 15, 2021.

Statement No. 94 - "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". Effective for fiscal years beginning June 15, 2022.

Statement No. 96 - "*Subscription-Based Information Technology Arrangements*". Effective for fiscal years beginning June 15, 2022.

Statement No. 97 - "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". Effective for fiscal years beginning after June 15, 2021.

**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.

**TOWN OF GATES**  
**Notes to Financial Statements**

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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.

**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	25-50	\$ 25,000
Infrastructure		
Roads and surfaces	25-75	\$ 50,000
Sidewalks	25	\$ 25,000
Machinery and equipment	3-20	\$ 5,000

**TOWN OF GATES**  
**Notes to Financial Statements**

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**10. 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.

**11. 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.

**12. 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.

**13. 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. 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, 2021 is \$34,050.

**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, 2021 is \$94,845.

**B. Assigned**

**1. Reserve for Subsequent Year** - Represents the estimated fund balance that is appropriated into the adopted budget in the general fund at year end. The balance at December 31, 2021 is \$955,000.

**2. Reserve for Highway** - Represents the amount of outstanding fund balance in the highway fund at year end. The balance at December 31, 2021 is \$311,128.

**3. Reserve for Library** - Represents the amount of outstanding fund balance in the library fund at year end. The balance at December 31, 2021 is \$657,893.

**TOWN OF GATES**  
**Notes to Financial Statements**

---

**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, 2021 is \$25,468.

**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, 2021 is \$1,423.

**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, 2021, 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, 2021, the Town's bank balances can be categorized as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Bank Balance</u></b>
Cash and cash equivalents and investments	<u>\$ 7,714,018</u>	<u>\$ 7,763,221</u>
Collateralized with securities held by the Town or by its agent in the Town's name		\$ 7,203,596
Covered by FDIC insurance		<u>559,625</u>
Total deposits		<u>\$ 7,763,221</u>



**TOWN OF GATES**  
**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, 2021:

	<u>Amount</u>	<u>Fair Value (Level 1)</u>
Mutual funds	\$ 72,320	\$ 72,320

**Interest Rate Risk** - In accordance with its investment policy, the Town manages its exposure by requiring the Finance Director to manage its investments in accordance with the investment policy and legal requirements. A disclosure of the Town's investments is incorporated into the monthly Finance Report, presented at the Town Board meetings.

**Credit Risk** - The Town's investment policy states that the Town is to only invest with a commercial bank that is authorized to do business in New York State and is located in Monroe County. Each investment shall be invested for a period of time to receive the maximum income for the Town. The Town is responsible for maintaining adequate collateral pledging the investment.

**Concentration of Credit Risk** - The Town's investment policy places no limit on the amount the Town may invest in any one issuer. The Town's portfolio consisted of 100% mutual funds December 31, 2021.



**TOWN OF GATES**  
**Notes to Financial Statements**

**Note 3. Capital Assets**

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Balance 12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2021</u>
<b>Governmental Activities Capital Assets</b>				
<b>Capital Assets Not Depreciated</b>				
Land	\$ 244,400	\$ -	\$ -	\$ 244,400
<b>Capital Assets Depreciated</b>				
Buildings	5,775,816	-	-	5,775,816
Land improvements	606,644	-	-	606,644
Machinery and equipment	7,952,403	635,628	(684,299)	7,903,732
Infrastructure	<u>26,128,863</u>	<u>130,728</u>	<u>-</u>	<u>26,259,591</u>
Total capital assets depreciated	<u>40,463,726</u>	<u>766,356</u>	<u>(684,299)</u>	<u>40,545,783</u>
<b>Less - Accumulated Depreciation</b>				
Buildings	3,206,195	53,179	-	3,259,374
Land improvements	412,765	21,839	-	434,604
Machinery and equipment	4,624,028	474,275	(551,651)	4,546,652
Infrastructure	<u>15,681,514</u>	<u>367,858</u>	<u>-</u>	<u>16,049,372</u>
Total accumulated depreciation	<u>23,924,502</u>	<u>917,151</u>	<u>(551,651)</u>	<u>24,290,002</u>
Total capital assets depreciated - net	<u>16,539,224</u>	<u>(150,795)</u>	<u>(132,648)</u>	<u>16,255,781</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 16,783,624</u>	<u>\$ (150,795)</u>	<u>\$ (132,648)</u>	<u>\$ 16,500,181</u>

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

<b>Governmental Activities</b>	
General government support	\$ 49,625
Public safety	161,748
Transportation	577,706
Culture and recreation	<u>128,072</u>
Total depreciation expense	<u>\$ 917,151</u>

**TOWN OF GATES**  
**Notes to Financial Statements**

**Note 4. Other Long-term Debt**

The following is a description of capital lease obligations as of December 31, 2021:

<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 Escape / 4/19	4/30/2022	4.96%	\$ 10,584	\$ -	\$ 8,387	\$ 2,197
Ford F-250 / 9/19	9/30/2024	4.74%	22,870	-	5,701	17,169
Ford F-150 / 5/19	5/31/2021	4.96%	4,138	-	4,138	-
Ford F-350 Chassis / 8/19	8/31/2024	4.93%	33,007	-	8,512	24,495
Ford F-350 Chassis / 8/19	8/31/2024	4.93%	40,655	-	9,188	31,467
Ford Escape / 5/19	5/31/2022	4.96%	11,172	-	8,288	2,884
Ford F-350 Cutaway / 11/19	11/30/2024	4.74%	35,821	-	8,417	27,404
Ford Escape / 1/20	1/31/2023	4.12%	11,726	-	5,734	5,992
Ford F-150 / 1/20	1/31/2023	4.12%	18,731	-	8,974	9,757
Ford F-150 / 2/20	2/28/2025	3.80%	26,484	-	5,689	20,795
Ford F-350 / 3/21	3/31/2026	2.80%	-	41,476	5,644	35,832
Ford F-150 / 3/21	3/31/2026	2.80%	-	30,698	3,910	26,788
Totals			<u>\$ 215,188</u>	<u>\$ 72,174</u>	<u>\$ 82,582</u>	<u>\$ 204,780</u>

Annual minimum lease payments are as follows:

2022	\$ 85,380
2023	64,097
2024	54,850
2025	17,677
2026	<u>5,576</u>
Total	227,580
Less interest	<u>(22,800)</u>
Total	<u>\$ 204,780</u>

Equipment held under the capital leases is as follows at December 31, 2021:

Machinery and equipment	\$ 421,006
Less - accumulated depreciation	<u>(101,153)</u>
Total machinery and equipment held under capital lease - net	<u>\$ 319,853</u>

Amortization of machinery and equipment held under capital leases is included in depreciation expense.

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

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>
Compensated absences	\$ 431,826	\$ 520,688	\$ -	\$ 952,514
Capital lease obligations	215,188	72,174	82,582	204,780
OPEB liability	27,499,071	10,078,956	-	37,578,027
Net pension liability	<u>8,448,309</u>	<u>-</u>	<u>6,687,888</u>	<u>1,760,421</u>
Total	<u>\$ 36,594,394</u>	<u>\$ 10,671,818</u>	<u>\$ 6,770,470</u>	<u>\$ 40,495,742</u>
Due in one year				\$ 73,834
Due in more than one year				<u>40,421,908</u>
Total				<u>\$ 40,495,742</u>

**TOWN OF GATES**  
**Notes to Financial Statements**

---

**Note 5. Interfund Receivables and Payables**

Interfund balances at December 31, 2021 consisted of the following:

	<u>Amount Receivable</u>	<u>Amount Payable</u>	
General fund	\$ -	\$ 17,992	
Library fund	4,606	-	
Highway fund	13,386	-	
Total	<u>\$ 17,992</u>	<u>\$ 17,992</u>	

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

**Note 6. Interfund Transfers**

Interfund transfers for the year ended December 31, 2021 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>	
General fund	\$ -	\$ 403,180	
Library fund	3,180	-	
Highway fund	400,000	-	
Total	<u>\$ 403,180</u>	<u>\$ 403,180</u>	

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move residual cash from closed projects to debt service to be used for debt payments at a later date.

**Note 7. 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](http://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.

**TOWN OF GATES**  
**Notes to Financial Statements**

**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>
2021	\$	587,885	\$	1,014,177	\$	1,602,062
2020	\$	517,116	\$	786,472	\$	1,303,588
2019	\$	503,969	\$	748,865	\$	1,252,834

**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 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 ERS System in reports provided to the Town. At December 31, 2021, 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, 2021:

Actuarial valuation date	4/1/2020
Net pension liability	\$11,405
Town's proportion of the Plan's total net pension liability	0.0114534%

At December 31, 2021, the Town's proportion was 0.0114534%, which was an increase of 0.0006152% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$356,683. At December 31, 2021 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	\$ 139,281	\$ -
Changes in assumptions	2,096,939	39,549
Net difference between projected and actual investment earnings on pension plan investments	-	3,276,074
Changes in proportion and differences between employer contributions and proportionate share of contributions	219,141	6,347
Employer contributions subsequent to the measurement date	<u>571,072</u>	<u>-</u>
Total	<u>\$ 3,026,433</u>	<u>\$ 3,321,970</u>

**TOWN OF GATES**  
**Notes to Financial Statements**

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

For the fiscal year ended:	
2022	\$ (112,263)
2023	(9,784)
2024	(137,942)
2025	(606,620)
2026	-
Total	<u>\$ (866,609)</u>

**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, 2021, 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, 2021:

Actuarial valuation date	4/1/2020
Net pension liability	\$1,749,016
Town's proportion of the Plan's total net pension liability	0.1007337%

At December 31, 2021, the Town's proportion was 0.1007337%, which was an decrease of 0.0036323% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Town's recognized pension expense of \$833,790. At December 31, 2021 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>PFRS</u></b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 388,097	\$ -
Changes in assumptions	4,297,142	-
Net difference between projected and actual investment earnings on pension plan investments	-	5,142,878
Changes in proportion and differences between employer contributions and proportionate share of contributions	78,658	443,700
Employer contributions subsequent to the measurement date	<u>1,017,681</u>	-
Total	<u>\$ 5,781,578</u>	<u>\$ 5,586,578</u>

**TOWN OF GATES**  
**Notes to Financial Statements**

---

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

For the fiscal year ended:	
2022	\$ (316,507)
2023	(110,970)
2024	(247,174)
2025	(962,681)
2026	<u>814,651</u>
Total	<u>\$ (822,681)</u>

*Actuarial Assumptions for ERS and PFRS*

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

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	3/31/2021
Actuarial valuation date	4/1/2020
Interest rate	5.9%
Salary scale	4.4% average in ERS, 6.2% average in PFRS
Inflation	2.7%
Decrement table	April 1, 2015 - March 31, 2020 System's Experience

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

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method 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:

**TOWN OF GATES**  
**Notes to Financial Statements**

---

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate*</u>
Domestic equity	32.0 %	4.1 %
International equity	15.0 %	6.3 %
Private equity	10.0 %	6.8 %
Real estate	9.0 %	5.0 %
Opportunistic/ARS portfolio	3.0 %	4.5 %
Credit	4.0 %	3.6 %
Real assets	3.0 %	6.0 %
Fixed income	23.0 %	- %
Cash	1.0 %	0.5 %
	<u>100.0 %</u>	

\*Real rates of return are net of long-term inflation assumption of 2.0% for 2021.

*Discount Rate*

The discount rate used to calculate the total pension liability was 5.9% for the year ended December 31, 2021. 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 liability.

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

The following presents the Town's proportionate share of the net pension 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:

	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
Town of Gates' proportionate share of the ERS net pension liability (asset)	\$ 3,165,478	\$ 11,405	\$ (2,897,389)
Town of Gates' proportionate share of the PFRS net pension liability (asset)	\$ 7,437,800	\$ 1,749,016	\$ (2,959,828)

*Pension Plan Fiduciary Net Position*

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

	<b>ERS</b>	<b>PFRS</b>
Valuation date	4/1/2020	4/1/2020
Employers' total pension liability	\$ 220,680,157,000	\$ 41,236,775,000
Plan net position	<u>(220,580,583,000)</u>	<u>(39,500,500,000)</u>
Employers' net pension liability	<u>\$ 99,574,000</u>	<u>\$ 1,736,275,000</u>
Ratio of plan net position to the employers' total pension liability	99.95 %	95.79 %

**TOWN OF GATES**  
**Notes to Financial Statements**

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**Note 8. 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	87
Active eligible to retire	16
Retired and surviving spouses	91
Retiree spouses covered	<u>63</u>
Total	<u><u>257</u></u>

**Total OPEB Liability** - The Town's total OPEB liability of \$37,578,027 was measured as of December 31, 2021 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.

**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*	2.19%
Year in which assets expire	2021
Single discount rate	2.19%
Initial healthcare cost trend rate	6.10%
Ultimate healthcare cost trend rate	4.37%
Salary scale increases	3.44%

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



**TOWN OF GATES**  
**Notes to Financial Statements**

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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, 2020	\$ 27,499,071
Changes for the year:	
Service cost	452,877
Interest	648,805
Differences between expected and actual experience	8,988,365
Changes in assumptions or other inputs	1,019,504
Benefit payments	<u>(1,030,595)</u>
Net changes	<u>10,078,956</u>
Total OPEB liability as of December 31, 2021	<u>\$ 37,578,027</u>

*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 2.19% 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 (1.19%) or 1% point higher (3.19%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b><u>(1.19%)</u></b>	<b><u>(2.19%)</u></b>	<b><u>(3.19%)</u></b>
Total OPEB Liability	\$ 43,439,818	\$ 37,578,027	\$ 32,855,750

*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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b><u>(5.10% to</u></b>	<b><u>(6.10% to</u></b>	<b><u>(7.10% to</u></b>
	<b><u>3.37%)</u></b>	<b><u>4.37%</u></b>	<b><u>5.37%)</u></b>
Total OPEB Liability	\$ 32,584,282	\$ 37,578,027	\$ 43,824,676

**TOWN OF GATES**  
**Notes to Financial Statements**

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

For the year ended December 31, 2021, the Town recognized OPEB expense of \$6,996,146. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 5,243,213	\$ 367,003
Changes of assumptions or other inputs	1,209,218	-
Employer contributions subsequent to the measurement date	<u>260,480</u>	<u>-</u>
Total	<u>\$ 6,712,911</u>	<u>\$ 367,003</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:	
2022	\$ 4,417,449
2023	<u>1,667,979</u>
Total	<u>\$ 6,085,428</u>

**Note 9. 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.

**Note 10. 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 11. Stewardship, Compliance, Accountability**

**Material Violations of Finance-Related Provisions**

Expenditures exceeding the budget are explained as follows:

**Highway Fund**

Expenditures for transportation exceeded the budgeted amount. This is due to unanticipated overtime wages, the rising costs of materials such as asphalt and gasoline, and increases in vehicle maintenance costs due to an aging fleet. Expenditures for employee benefits exceeded the budgeted amount. This is due to the rising cost of medical insurance. Expenditures for debt principal exceeded budget amounts due to capital lease payments budgeted under the transportation expenditure category as opposed to debt principal.

**TOWN OF GATES**  
**Notes to Financial Statements**

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**Note 12. Tax Abatements**

As of December 31, 2021, 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, 2021 are as follows:

Industrial	\$	901,424
Manufacturing	\$	41,238
Other	\$	296,522
Storage	\$	11,432

**TOWN OF GATES**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real property taxes	\$ 6,836,746	\$ 6,836,746	\$ 6,809,419	\$ (27,327)
Real property tax items	398,676	398,676	520,070	121,394
Non property tax items	3,025,426	3,179,425	4,235,505	1,056,080
Department income	740,069	740,069	694,665	(45,404)
Intergovernmental charges	52,650	52,650	26,286	(26,364)
Use of money and property	23,621	23,621	2,287	(21,334)
Licenses and permits	280,730	280,730	1,513,714	1,232,984
Fines and forfeitures	200,985	200,985	258,780	57,795
Sale of property and compensation for loss	110,152	110,152	287,054	176,902
Miscellaneous local sources	43,762	43,762	7,386	(36,376)
State aid	1,120,965	966,966	1,472,622	505,656
Federal aid	-	-	35,400	35,400
Total revenues	<u>12,833,782</u>	<u>12,833,782</u>	<u>15,863,188</u>	<u>3,029,406</u>
<b>Expenditures</b>				
General government support	2,854,362	2,863,219	2,682,320	180,899
Public safety	4,149,041	4,379,041	4,306,783	72,258
Transportation	420,957	420,957	437,218	(16,261)
Economic assistance and opportunity	1,500	1,500	4,716	(3,216)
Culture and recreation	777,339	714,482	586,149	128,333
Home and community services	438,474	262,474	263,240	(766)
Employee benefits	4,192,109	4,192,109	3,939,526	252,583
Debt principal	-	-	44,575	(44,575)
Debt interest	-	-	6,430	(6,430)
Total expenditures	<u>12,833,782</u>	<u>12,833,782</u>	<u>12,270,957</u>	<u>562,825</u>
<b>Other Financing Uses</b>				
Interfund transfers	-	-	403,180	(403,180)
Total expenditures and other financing uses	<u>12,833,782</u>	<u>12,833,782</u>	<u>12,674,137</u>	<u>159,645</u>
<b>Change in Fund Balance</b>	-	-	3,189,051	<u>\$ 3,189,051</u>
<b>Fund Balance - Beginning</b>	<u>2,546,927</u>	<u>2,546,927</u>	<u>2,546,927</u>	
<b>Fund Balance - Ending</b>	<u>\$ 2,546,927</u>	<u>\$ 2,546,927</u>	<u>\$ 5,735,978</u>	

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Budgetary Comparison Schedule**  
**Highway Fund**  
**For the Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real property taxes	\$ 2,804,153	\$ 2,804,153	\$ 2,804,153	\$ -
Intergovernmental charges	514,000	514,000	675,515	161,515
Use of money and property	700	700	544	(156)
Sale of property and compensation for loss	80,000	80,000	184,852	104,852
Miscellaneous local sources	3,000	3,000	2,829	(171)
State aid	<u>245,400</u>	<u>245,400</u>	<u>332,586</u>	<u>87,186</u>
Total revenues	3,647,253	3,647,253	4,000,479	353,226
<b>Other Financing Sources</b>				
Interfund transfers	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total revenues and other financing sources	<u>3,647,253</u>	<u>3,647,253</u>	<u>4,400,479</u>	<u>753,226</u>
<b>Expenditures</b>				
Transportation	2,906,493	2,923,293	3,516,801	(593,508)
Employee benefits	740,760	723,960	812,406	(88,446)
Debt principal	-	-	38,007	(38,007)
Debt interest	<u>-</u>	<u>-</u>	<u>14,316</u>	<u>(14,316)</u>
Total expenditures	<u>3,647,253</u>	<u>3,647,253</u>	<u>4,381,530</u>	<u>(734,277)</u>
<b>Change in Fund Balance</b>	-	-	18,949	<u>\$ 18,949</u>
<b>Fund Balance - Beginning</b>	<u>312,738</u>	<u>312,738</u>	<u>312,738</u>	
<b>Fund Balance - Ending</b>	<u>\$ 312,738</u>	<u>\$ 312,738</u>	<u>\$ 331,687</u>	

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Budgetary Comparison Schedule**  
**Library Fund**  
**For the Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real property taxes	\$ 2,164,202	\$ 2,164,202	\$ 2,164,202	\$ -
Department income	34,615	34,615	31,754	(2,861)
Use of money and property	11,850	11,850	8,853	(2,997)
Sale of property and compensation for loss	500	500	5,863	5,363
Miscellaneous local sources	3,950	3,950	94,664	90,714
State aid	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>(5,500)</u>
Total revenues	2,220,617	2,220,617	2,305,336	84,719
<b>Other Financing Sources</b>				
Interfund transfers	<u>-</u>	<u>-</u>	<u>3,180</u>	<u>3,180</u>
Total revenues and other financing sources	<u>2,220,617</u>	<u>2,220,617</u>	<u>2,308,516</u>	<u>87,899</u>
<b>Expenditures</b>				
Culture and recreation	1,687,114	1,687,114	1,617,343	69,771
Employee benefits	<u>533,503</u>	<u>533,503</u>	<u>478,753</u>	<u>54,750</u>
Total expenditures	<u>2,220,617</u>	<u>2,220,617</u>	<u>2,096,096</u>	<u>124,521</u>
<b>Change in Fund Balance</b>	-	-	212,420	<u>\$ 212,420</u>
<b>Fund Balance - Beginning</b>	<u>551,739</u>	<u>551,739</u>	<u>551,739</u>	
<b>Fund Balance - Ending</b>	<u>\$ 551,739</u>	<u>\$ 551,739</u>	<u>\$ 764,159</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, 2021**

	<b>Total OPEB Liability</b>			
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Service cost	\$ 452,877	\$ 481,176	\$ 370,189	\$ 479,788
Interest	648,805	710,434	775,851	834,683
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	8,988,365	(1,415,581)	2,527,397	(2,843,210)
Changes in assumptions or other inputs	1,019,504	2,370,245	2,760,514	(1,050,755)
Expected benefit payments	<u>(1,030,595)</u>	<u>(968,160)</u>	<u>(901,790)</u>	<u>(923,094)</u>
Net changes in total OPEB liability	10,078,956	1,178,114	5,532,161	(3,502,588)
Total OPEB liability - beginning	<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>\$ 37,578,027</u>	<u>\$ 27,499,071</u>	<u>\$ 26,320,957</u>	<u>\$ 20,788,796</u>
Covered employee payroll	\$ 6,591,381	\$ 8,247,909	\$ 7,999,136	\$ 7,958,644
Total OPEB liability as a percentage of covered employee payroll	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 Liability - ERS**  
**For the Year Ended December 31, 2021**

	<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	0.0114534 %	0.0108382 %	0.0106580 %	0.0109490 %	0.0106388 %	0.0117665 %	0.0118310 %	0.0118310 %
The Town's proportionate share of the net pension liability	\$ 11,405	\$ 2,870,012	\$ 755,149	\$ 353,372	\$ 999,645	\$ 1,888,554	\$ 399,679	\$ 534,625
The Town's covered employee payroll	\$ 5,054,764	\$ 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 liability as a percentage of covered employee payroll	0.23 %	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 liability	99.95 %	86.40 %	96.30 %	98.20 %	94.70 %	90.70 %	97.20 %	97.20 %

**TOWN OF GATES**  
**Schedule of Town's Proportionate Share of the Net Pension Liability - PFRS**  
**For the Year Ended December 31, 2021**

	<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	0.1007337 %	0.1043660 %	0.0963772 %	0.0989088 %	0.0930899 %	0.0993425 %	0.0962823 %	0.0962823 %
The Town's proportionate share of the net pension liability	\$ 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	\$ 3,741,836	\$ 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	46.74 %	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	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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 587,885	\$ 517,116	\$ 503,969	\$ 526,867	\$ 520,717	\$ 529,462	\$ 619,274	\$ 654,769	\$ 613,398	\$ 520,992
Contribution in relation to the contractually required contribution	<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>	<u>613,398</u>	<u>520,992</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>\$5,054,764</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>	<u>\$4,153,380</u>	<u>\$4,015,171</u>
Contribution as a percentage of covered employee payroll	11.63 %	11.58 %	10.89 %	11.27 %	11.54 %	12.15 %	14.40 %	15.53 %	14.77 %	12.98 %

**TOWN OF GATES**  
**Schedule of Employer's Contributions - PFRS**  
**For the Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$1,014,177	\$ 786,472	\$ 748,865	\$ 712,513	\$ 701,366	\$ 696,233	\$ 715,848	\$ 709,165	\$ 739,448	\$ 614,987
Contribution in relation to the contractually required contribution	<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>	<u>739,448</u>	<u>614,987</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>\$3,741,836</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>	<u>\$2,730,680</u>	<u>\$2,632,181</u>
Contribution as a percentage of covered employee payroll	27.10 %	21.92 %	22.21 %	21.71 %	22.97 %	23.05 %	24.07 %	24.86 %	27.08 %	23.36 %

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Notes to Required Supplementary Information**  
**December 31, 2021**

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**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 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.

The Schedules of Town's Proportionate Share of the Net Pension Liability are 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.

**TOWN OF GATES**  
**Combining Balance Sheets**  
**Other Governmental Funds**  
**December 31, 2021**

<b>ASSETS</b>	<b>Special Districts Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents - unrestricted	\$ 28,179	\$ 1,423	\$ -	\$ 29,602
<b>Total Assets</b>	<b>\$ 28,179</b>	<b>\$ 1,423</b>	<b>\$ -</b>	<b>\$ 29,602</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,711	\$ -	\$ -	\$ 2,711
<b>Fund Balances</b>				
Assigned				
Reserve for special districts	25,468	-	-	25,468
Reserve for debt service	-	1,423	-	1,423
Total fund balances	<u>25,468</u>	<u>1,423</u>	<u>-</u>	<u>26,891</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,179</b>	<b>\$ 1,423</b>	<b>\$ -</b>	<b>\$ 29,602</b>

**TOWN OF GATES**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2021**

	<b>Special Districts Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>				
Real property taxes	\$ 985,518	\$ -	\$ -	\$ 985,518
Use of money and property	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total revenues	985,521	-	-	985,521
<b>Other Financing Sources</b>				
Proceeds from capital lease obligations	<u>-</u>	<u>-</u>	<u>72,174</u>	<u>72,174</u>
Total revenues and other financing sources	<u>985,521</u>	<u>-</u>	<u>72,174</u>	<u>1,057,695</u>
<b>Expenditures</b>				
General government support	-	-	30,698	30,698
Transportation	<u>985,067</u>	<u>-</u>	<u>41,476</u>	<u>1,026,543</u>
Total expenditures	<u>985,067</u>	<u>-</u>	<u>72,174</u>	<u>1,057,241</u>
<b>Change in Fund Balance</b>	454	-	-	454
<b>Fund Balances - Beginning</b>	<u>25,014</u>	<u>1,423</u>	<u>-</u>	<u>26,437</u>
<b>Fund Balances - Ending</b>	<u>\$ 25,468</u>	<u>\$ 1,423</u>	<u>\$ -</u>	<u>\$ 26,891</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, 2021, and the related notes to financial statements, which collectively comprise the Town of Gates' basic financial statements, and have issued our report thereon dated April 20, 2022.

### **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  
April 20, 2022