

**TOWN OF GATES**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2025**

# TOWN OF GATES

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Gates, as of and for the year ended December 31, 2025, 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, 2025, 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 41 - 43, schedule of changes in the Town's total OPEB liability and related ratios on page 44, schedule of the Town's proportionate share of the net pension asset/liability ERS and PFRS on pages 45 - 46, schedule of employer's contributions ERS and PFRS on pages 47 - 48 and notes to required supplementary information on page 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gates' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026, on our consideration of Town of Gates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gates internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
Rochester, New York  
May 1, 2026

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

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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, 2025. This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The Town's net position increased by \$2,282,216 for the year ended December 31, 2025, with revenues of \$26,166,410 exceeding expenses of \$23,884,194. Total net position of the Town is a deficit balance of \$5,558,435. During the year revenues increased by 9.8% and expenses increased by 3.7%.
- The Town's governmental fund balances decreased by \$1,187,981 for the year ended December 31, 2025, with expenditures and other financing uses of \$28,089,614 exceeded revenues and other financing sources of \$26,901,633. Total governmental fund balances of the Town are \$10,446,081.

**USING THIS ANNUAL REPORT**

This annual report consists of five parts: *management's discussion and analysis* (this section), *the basic financial statements*, *required supplementary information*, *other supplementary information* and *single audit reports*. 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, 2025**

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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, 2025**

**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 position and condensed statements of activities provides the perspective of the Town as a whole.

(Table 1)

**Condensed Statements of Net Position**  
**December 31, 2025 and 2024**

	<b><u>Governmental Activities</u></b>		<b><u>%</u></b>
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>Change</u></b>
<b>Assets</b>			
Current assets	\$ 12,036,805	\$ 14,637,656	(17.8)
Capital assets	<u>19,632,800</u>	<u>17,533,753</u>	12.0
Total assets	31,669,605	32,171,409	(1.6)
<b>Deferred Outflows of Resources</b>	<u>11,429,646</u>	<u>13,603,458</u>	(16.0)
<b>Total Assets and Deferred Outflows of Resources</b>	<u>43,099,251</u>	<u>45,774,867</u>	(5.8)
<b>Liabilities</b>			
Other liabilities	1,274,779	962,274	32.5
Long-term liabilities	<u>41,346,757</u>	<u>42,163,505</u>	(1.9)
Total liabilities	42,621,536	43,125,779	(1.2)
<b>Deferred Inflows of Resources</b>	<u>6,036,150</u>	<u>10,489,739</u>	(42.5)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>48,657,686</u>	<u>53,615,518</u>	(9.2)
<b>Net Position</b>			
Net investment in capital assets	19,440,559	17,258,431	12.6
Restricted	287,187	347,630	(17.4)
Unrestricted	<u>(25,286,181)</u>	<u>(25,446,712)</u>	(0.6)
Total net position	<u>\$ (5,558,435)</u>	<u>\$ (7,840,651)</u>	(29.1)

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

(Table 2)

**Condensed Statements of Activities**  
**For the Years Ended December 31, 2025 and 2024**

	<u>Governmental Activities</u>		<u>%</u>
	<u>2025</u>	<u>2024</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 2,383,520	\$ 2,259,856	5.5
Operating grants and contributions	3,001,524	904,567	231.8
General Revenues			
Real property taxes	13,610,292	13,176,357	3.3
Real property tax items	701,453	676,875	3.6
Non property tax items	4,622,250	4,427,249	4.4
Use of money and property	653,365	892,595	(26.8)
Sale of property and compensation for loss	103,619	348,571	(70.3)
Miscellaneous local sources	99,300	125,205	(20.7)
State and federal aid	991,087	1,019,540	(2.8)
Total revenues	<u>26,166,410</u>	<u>23,830,815</u>	9.8
<b>Expenses</b>			
General government support	3,513,210	4,269,345	(17.7)
Public safety	8,839,437	8,414,269	5.1
Transportation	7,653,534	6,403,605	19.5
Economic assistance	13,843	13,774	0.5
Culture and recreation	3,730,465	3,753,245	(0.6)
Home and community services	111,770	164,173	(31.9)
Debt interest	21,935	19,552	12.2
Total expenses	<u>23,884,194</u>	<u>23,037,963</u>	3.7
<b>Change in Net Position</b>	<u>\$ 2,282,216</u>	<u>\$ 792,852</u>	187.8

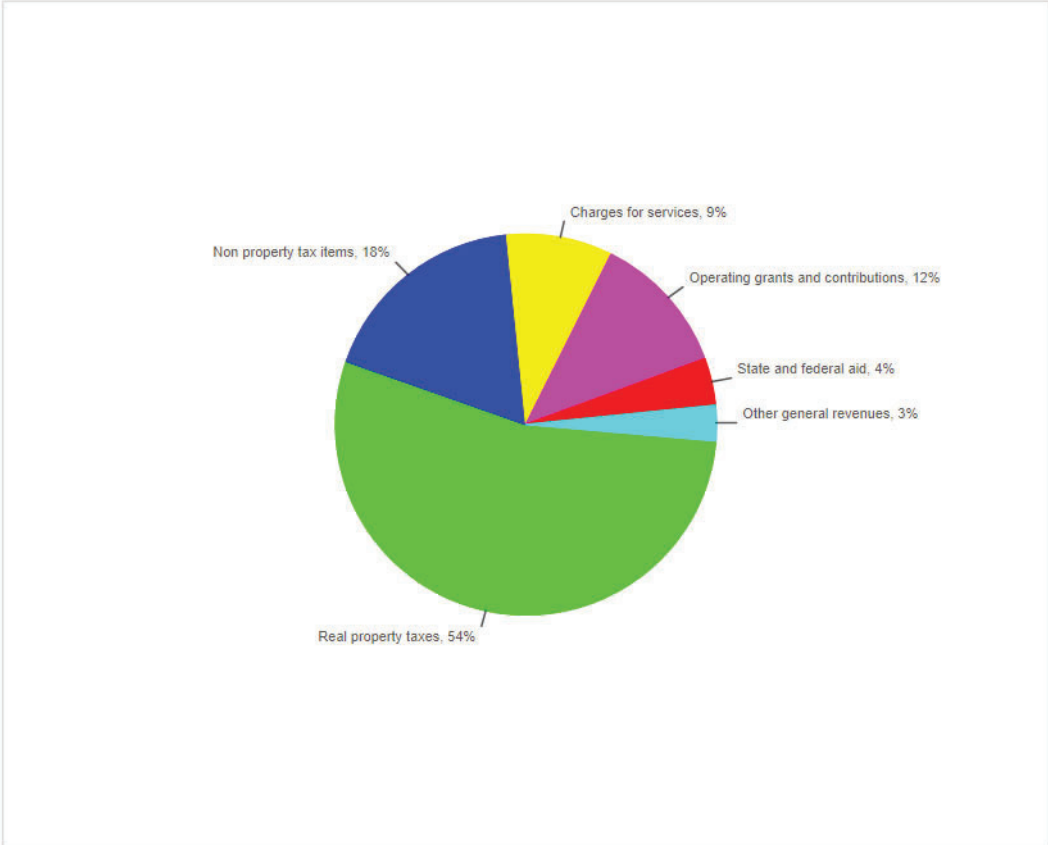
**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

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As reported in the statement of activities the cost of all governmental activities was \$23,884,194. However, the amount that taxpayers ultimately financed for these activities through the Town's real property taxes was \$13,610,292.

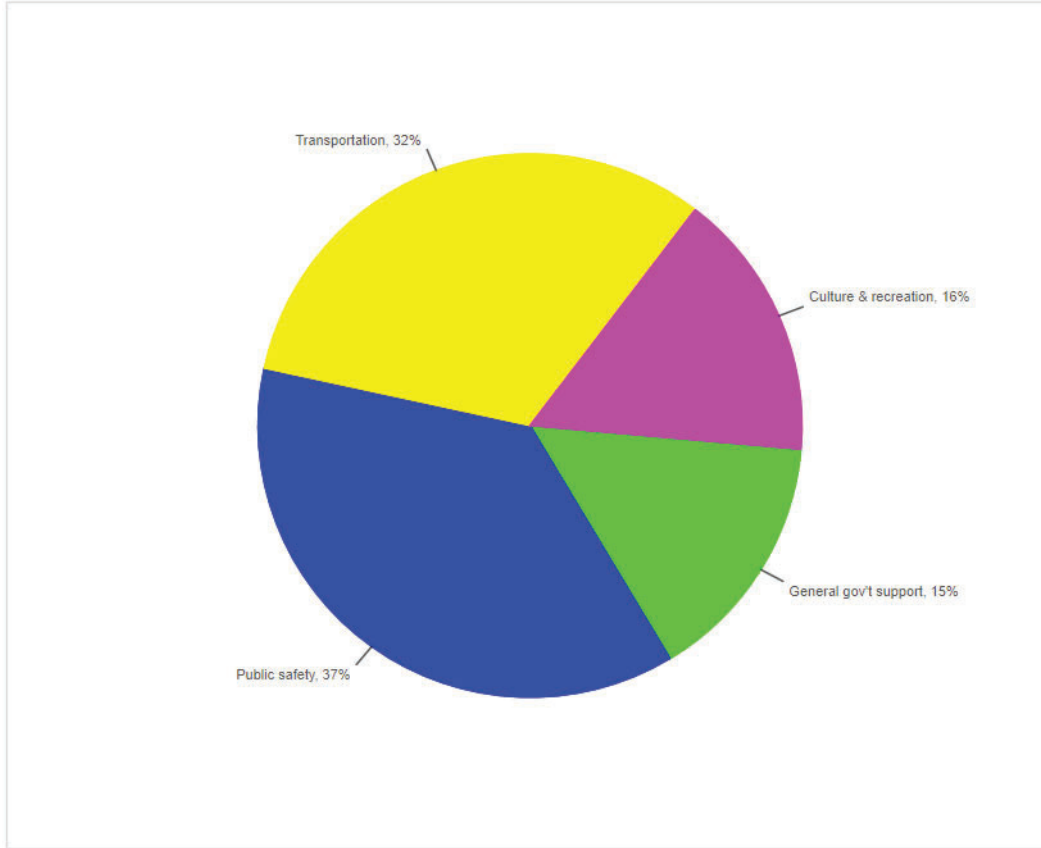
Tables 3-A&B show the revenues and expenses on a percentage basis for the governmental activities:

**Table 3-A**  
**Sources of Revenues for Governmental Activities**  
**Fiscal Year 2025**



**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

**Table 3-B**  
**Expenses for Governmental Activities**  
**Fiscal Year 2025**



**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 2025</b>	<b>Net Cost of Services 2025</b>	<b>Total Cost of Services 2024</b>	<b>Net Cost of Services 2024</b>
General government support	\$ 3,513,210	\$ 1,600,998	\$ 4,269,345	\$ 3,759,753
Public safety	8,839,437	8,008,765	8,414,269	7,551,332
Transportation	7,653,534	5,757,186	6,403,605	5,289,796
Economic assistance	13,843	13,843	13,774	13,774
Culture and recreation	3,730,465	3,002,918	3,753,245	3,088,179
Home and community services	111,770	93,505	164,173	151,154
Debt interest	21,935	21,935	19,552	19,552
Total expenses	<u>\$ 23,884,194</u>	<u>\$ 18,499,150</u>	<u>\$ 23,037,963</u>	<u>\$ 19,873,540</u>

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

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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 \$26,901,633 and expenditures and other financing uses of \$28,089,614. The fund balance in the general fund decreased by \$1,516,055 decreasing the fund balance to \$7,682,438 at December 31, 2025. In the highway fund, the fund balance increased by \$241,843 increasing the fund balance to \$1,359,270. In the library fund, the fund balance increased by \$88,934 increasing the fund balance to \$1,379,639. Total other governmental funds decreased by \$2,703 to \$24,734 for a total decrease of \$1,187,981 for all government funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- Revenues - Actual revenues exceeded budget revenues and other financing sources by \$512,574. The increase over budgeted revenues was due to increases in mortgage tax revenue and sales tax revenue, as well as more building permit revenue than was budgeted.
- Expenditures - Actual expenditures exceeded budgeted expenditures and other financing uses by \$210,005. The increase over budgeted expenditures was due to police wages being higher than budgeted due to an increase in call volume coupled with reduced staffing that led to more overtime hours than budgeted, and a large year over year increase in the PFRS annual invoice.

**HIGHWAY FUND BUDGETARY HIGHLIGHTS**

- Revenues - Actual revenues exceeded budget revenues and other financing sources by \$458,239. The increase over budgeted revenues was due to interest revenue far exceeding budgeted amounts as a result of high interest rates throughout the year, as well as an interfund transfer from the general fund that was not budgeted.
- Expenditures - Budgeted expenditures exceeded actual expenditures by \$83,605. The increase over the actual expenditures was due to less salary expense than budgeted due to unexpected vacancies in the highway department.

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

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**LIBRARY FUND BUDGETARY HIGHLIGHTS**

- Revenues - Actual revenues exceeded budgeted revenues by \$65,478. The excess revenue was due to higher than expected earnings on the private money held by the Library, interest revenue on the public funds held by the Library far exceeding budgeted amounts as a result of high interest rates throughout the year, and larger than anticipated donations made to the Library.
- Expenditures - Budgeted expenditures exceeded actual expenditures by \$148,456. The increase over the actual expenditures was due to conservative budgeting for salaries, utilities, and capital expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2025, the governmental activities of the Town had \$48,196,816 invested in land, buildings, land improvements, infrastructure, machinery and equipment and intangible right-to-use assets. Depreciation and amortization expense of \$1,161,981 has been recorded in the current year. The current net book value is \$19,632,800.

Table 5 shows the fiscal 2025 and 2024 balances for the major classes of assets:

(Table 5)

**Capital Assets (Net of Depreciation)**  
**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>% Change</u>
Land	\$ 2,144,975	\$ 1,224,400	75.2
Construction in progress	847,762	-	100.0
Buildings	2,793,183	2,678,948	4.3
Land improvements	84,684	106,523	(20.5)
Machinery and equipment	3,967,039	3,650,860	8.7
Infrastructure	9,608,347	9,655,385	(0.5)
Intangible right-to-use assets	186,810	320,204	(41.7)
Total	<u>\$ 19,632,800</u>	<u>\$ 17,636,320</u>	11.3

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

**TOWN OF GATES**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2025**

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**Long Term Debt**

At December 31, 2025, the Town had total long-term debt of \$41,602,083 outstanding which was a decrease of \$841,912 from the previous year. The decrease in the other postemployment benefit liability noted below is based on changes in actuary assumptions, see Note 7 for further details. The increase in the net pension liability noted below is based on changes in actuarial assumptions, see Note 6 for further details.

(Table 6)

**Outstanding Debts**  
**December 31, 2025 and 2024**

<b>Governmental Activities</b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>%</u></b> <b><u>Change</u></b>
Compensated absences	\$ 811,546	\$ 899,271	(9.8)
Lease obligations	192,241	377,889	(49.1)
OPEB liability	31,778,413	34,465,475	(7.8)
Net pension liability	8,685,482	6,701,360	29.6
Workers compensation liability	134,401	-	100.0
Total	<b><u>\$ 41,602,083</u></b>	<b><u>\$ 42,443,995</u></b>	(2.0)

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

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

- The tax base of the Town has remained stable. The 2026 budget provides for real estate tax revenues of \$14,838,348, which is an increase over the \$12,429,506 budgeted in 2025.
- The Town's economic outlook remains promising, with development underway on the approved 85-acre housing plan. This ambitious project includes 154 single-family homes and 200 multi-family townhomes to support the growing population. The Town also has continued development on Kaye Park/ Geraldine Pkwy of additional single-family homes, as well as a 70 multi-family unit apartment complex on the corner of Lyell Rd and Manitou Rd. ARPA funds were utilized to upgrade the Town's fleet, complete essential Town repairs, and to purchase 54 acres adjacent to the current Town Hall for potential future consideration of a town complex or campus. A town-wide re-assessment was conducted in 2025, and the Town has secured multiple local, state, and federal grants to further enhance services and facilities for its residents.

**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, 2025**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents - unrestricted	\$ 8,916,023
Due from other governments	1,846,154
Prepaid expenditures	987,441
Cash and cash equivalents - restricted	287,187
Capital assets	
Capital assets not depreciated	2,992,737
Capital assets - net	16,453,253
Intangible right of use asset - net	186,810
Total assets	<u>31,669,605</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources - pension	6,100,044
Deferred outflows of resources - OPEB	5,329,602
Total deferred outflows of resources	<u>11,429,646</u>
<b>Liabilities</b>	
Accounts payable	646,289
Accrued liabilities	373,164
Long-term liabilities	
Portion due or payable within one year	
Lease obligation - current	120,925
Workers compensation liability - current	44,800
Portion due or payable after one year	
Workers compensation liability - net	89,601
Compensated absences	811,546
Lease obligation - net	71,316
OPEB liability	31,778,413
Net pension liability - proportionate share	8,685,482
Total liabilities	<u>42,621,536</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources - pensions	503,438
Deferred inflows of resources - OPEB	5,006,241
Advances on future period revenues	526,471
Total deferred inflows of resources	<u>6,036,150</u>
<b>Net Position</b>	
Net investment in capital assets	19,440,559
Restricted for	
Reserve for workers' compensation	121,377
Reserve for police escrow	64,966
Reserve for library	100,844
Unrestricted	<u>(25,286,181)</u>
Total net position	<u>\$ (5,558,435)</u>

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



**TOWN OF GATES**  
**Balance Sheets**  
**Governmental Funds**  
**December 31, 2025**

	<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	\$ 6,264,770	\$ 1,280,300	\$ 1,342,945	\$ 28,008	\$ 8,916,023
Due from other governments	1,422,055	421,166	2,933	-	1,846,154
Prepaid expenditures	793,533	131,449	62,459	-	987,441
Cash and cash equivalents - restricted	<u>186,343</u>	<u>-</u>	<u>100,844</u>	<u>-</u>	<u>287,187</u>
<b>Total Assets</b>	<u>\$ 8,666,701</u>	<u>\$ 1,832,915</u>	<u>\$ 1,509,181</u>	<u>\$ 28,008</u>	<u>\$ 12,036,805</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 349,373	\$ 274,719	\$ 63,723	\$ 3,274	\$ 691,089
Accrued liabilities	<u>245,231</u>	<u>109,680</u>	<u>18,253</u>	<u>-</u>	<u>373,164</u>
Total liabilities	<u>594,604</u>	<u>384,399</u>	<u>81,976</u>	<u>3,274</u>	<u>1,064,253</u>
<b>Deferred Inflows of Resources</b>					
Advances on future period revenues	<u>389,659</u>	<u>89,246</u>	<u>47,566</u>	<u>-</u>	<u>526,471</u>
<b>Fund Balances</b>					
Nonspendable	793,533	131,449	62,459	-	987,441
Restricted					
Reserve for workers' compensation	121,377	-	-	-	121,377
Reserve for police escrow	64,966	-	-	-	64,966
Reserve for library	-	-	100,844	-	100,844
Assigned					
Reserve for subsequent year	1,255,000	210,000	143,500	-	1,608,500
Reserve for highway	-	1,017,821	-	-	1,017,821
Reserve for library	-	-	1,072,836	-	1,072,836
Reserve for special districts	-	-	-	23,279	23,279
Reserve for debt service	-	-	-	1,455	1,455
Reserve for encumbrances	363,914	-	-	-	363,914
Unassigned	<u>5,083,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,083,648</u>
Total fund balances	<u>7,682,438</u>	<u>1,359,270</u>	<u>1,379,639</u>	<u>24,734</u>	<u>10,446,081</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 8,666,701</u>	<u>\$ 1,832,915</u>	<u>\$ 1,509,181</u>	<u>\$ 28,008</u>	<u>\$ 12,036,805</u>

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

**TOWN OF GATES**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2025**

Total governmental fund balances		\$ 10,446,081
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and intangible right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the following:		
Land	\$ 2,144,975	
Construction in progress	<u>847,762</u>	
Total capital assets not depreciated		2,992,737
Buildings	6,519,163	
Land improvements	606,644	
Machinery and equipment	9,026,573	
Infrastructure	<u>27,105,479</u>	
Total depreciable assets	43,257,859	
Less accumulated depreciation	<u>(26,804,606)</u>	
Total capital assets, net of depreciation		16,453,253
Intangible right-to-use assets - net of amortization		
Intangible right-to-use assets	1,946,220	
Less accumulated amortization	<u>(1,759,410)</u>	
Total intangible right-to-use assets - net of amortization		186,810
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:		
Worker's compensation liability	(89,601)	
Lease obligations	(192,241)	
Compensated absences	<u>(811,546)</u>	
Total liabilities		(1,093,388)
Pension related assets, liabilities, deferred inflows and outflows are not financial resources or are not due and payable in the current period and therefore are not reported in the funds. These consist of the following:		
Deferred outflows of resources - pensions	6,100,044	
Deferred inflows of resources - pensions	(503,438)	
Net pension liability - proportionate share	<u>(8,685,482)</u>	
Total pension related items		(3,088,876)
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	5,329,602	
Deferred inflows of resources - OPEB	(5,006,241)	
OPEB liability	<u>(31,778,413)</u>	
Total OPEB related items		<u>(31,455,052)</u>
Net position of governmental activities		<u>\$ (5,558,435)</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, 2025**

	<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	\$ 5,985,399	\$ 4,115,123	\$ 2,361,073	\$ 1,148,697	\$ 13,610,292
Real property tax items	701,453	-	-	-	701,453
Non property tax items	4,622,250	-	-	-	4,622,250
Department income	1,128,386	-	30,047	-	1,158,433
Intergovernmental charges	71,487	634,751	-	-	706,238
Use of money and property	447,188	114,151	91,824	202	653,365
Licenses and permits	291,526	-	-	-	291,526
Fines and forfeitures	227,323	-	-	-	227,323
Sale of property and compensation for loss	92,332	83,766	1,645	-	177,743
Miscellaneous local sources	7,942	40	91,318	-	99,300
State aid	1,126,309	753,020	75,445	-	1,954,774
Federal aid	<u>2,037,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,037,837</u>
Total revenues	16,739,432	5,700,851	2,651,352	1,148,899	26,240,534
<b>Other Financing Sources</b>					
Interfund transfers	-	614,875	-	-	614,875
Proceeds from lease obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,224</u>	<u>46,224</u>
Total revenues and other financing sources	<u>16,739,432</u>	<u>6,315,726</u>	<u>2,651,352</u>	<u>1,195,123</u>	<u>26,901,633</u>
<b>Expenditures</b>					
General government support	4,645,414	-	-	46,224	4,691,638
Public safety	5,548,093	-	-	-	5,548,093
Transportation	488,738	5,089,346	-	1,151,602	6,729,686
Economic assistance and opportunity	13,843	-	-	-	13,843
Culture and recreation	1,004,690	-	1,818,736	-	2,823,426
Home and community services	377,124	-	-	-	377,124
Employee benefits	5,503,455	939,839	593,828	-	7,037,122
Debt principal	51,950	39,987	139,935	-	231,872
Debt interest	<u>7,305</u>	<u>4,711</u>	<u>9,919</u>	<u>-</u>	<u>21,935</u>
Total expenditures	17,640,612	6,073,883	2,562,418	1,197,826	27,474,739
<b>Other Financing Use</b>					
Interfund transfers	<u>614,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>614,875</u>
Total expenditures and other financing use	<u>18,255,487</u>	<u>6,073,883</u>	<u>2,562,418</u>	<u>1,197,826</u>	<u>28,089,614</u>
<b>Change in Fund Balances</b>	(1,516,055)	241,843	88,934	(2,703)	(1,187,981)
<b>Fund Balances - Beginning</b>	<u>9,198,493</u>	<u>1,117,427</u>	<u>1,290,705</u>	<u>27,437</u>	<u>11,634,062</u>
<b>Fund Balances - Ending</b>	<u>\$ 7,682,438</u>	<u>\$ 1,359,270</u>	<u>\$ 1,379,639</u>	<u>\$ 24,734</u>	<u>\$ 10,446,081</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, 2025**

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Change in fund balances - total governmental funds		\$ (1,187,981)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are the following:</p>		
Capital outlay	\$ 3,232,585	
Depreciation expense	(982,363)	
Amortization expense	<u>(179,618)</u>	
Excess capital outlay over depreciation and amortization		2,070,604
<p>Issuance of lease obligations are reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position. Repayment of lease obligations are reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These amounts are the net effect of these differences:</p>		
Lease issuance	(46,224)	
Lease repayment	<u>231,872</u>	
Excess of lease repayment over issuance		185,648
<p>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:</p>		
Compensated absences		87,725
<p>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.</p>		
		(403,171)
<p>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.</p>		
		1,693,116
<p>Changes in the long term portion of the workers compensation liability reported in the statement of activities does not provide for or require the use of current financial resources and therefore is not reported as revenues or expenditures in the governmental funds.</p>		
		(89,601)
Other differences - loss on disposition of assets		<u>(74,124)</u>
Change in net position of governmental activities		<u>\$ 2,282,216</u>

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

**TOWN OF GATES**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2025**

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents - restricted	\$ 198,443
Other receivables - net	<u>2,484</u>
Total assets	<u>\$ 200,927</u>
<b>NET POSITION</b>	
Net position - restricted	<u>\$ 200,927</u>
Total net position	<u>\$ 200,927</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, 2025**

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	<u><b>Custodial Funds</b></u>
<b>ADDITIONS</b>	
Collections for other governments	\$ 76,233,533
Interest and earnings	<u>1,199</u>
Total additions	<u>76,234,732</u>
<b>DEDUCTIONS</b>	
Payments to other governments	76,233,533
Custodial deductions	<u>30,970</u>
Total deductions	<u>76,264,503</u>
<b>Change in Fiduciary Net Position</b>	(29,771)
<b>Fiduciary Net Position - Beginning</b>	<u>230,698</u>
<b>Fiduciary Net Position - Ending</b>	<u>\$ 200,927</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 principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the Town:

**A. Reporting Entity**

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

**B. Basis of Presentation**

**1. Government-wide Financial Statements**

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

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

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

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

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

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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, 2025, the Town had \$287,187 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.

The Town will fund outlays for a particular purpose for both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When resources are available from multiple classifications, the Town spends funds in the following order: restricted, unrestricted.

## 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, 2025, 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, 2025, 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. Capital assets and long-term liabilities related to these activities are recorded within the government-wide financial statements.

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

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

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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 an asset/liability its portion of the collective pension asset/liability in the New York State and Local Employees' Retirement System and the Police and Fire Retirement System. The implementation of the Statements also requires the Town to report a deferred outflow and/or inflow for the effect of the net change in the Town's proportion of the collective net pension asset/liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the Town contributions to the pension system subsequent to the measurement date. See Note 6.

**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 7.

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 2025.

**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 6 and 7, 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 6 and 7, 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. 103 - *Financial Reporting Model Improvements*. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - *Disclosure of Certain Capital Assets*. Effective for fiscal years beginning after June 15, 2025.

Statement No. 105 - *Subsequent Events*. Effective for fiscal years beginning after June 15, 2026.

**4. Use of Estimates**

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

**5. Budgetary Data**

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

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

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

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

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

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

**10. Intangible Right-to-Use Assets**

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

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

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**11. Compensated Absences**

The Town complies with the provisions of GASB Statement No. 101 - *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The adoption of this standard did not result in a material change to the financial statements.

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

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

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

**12. Interfund Transfers**

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

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

**13. Workers' Compensation Insurance**

The Town is a member of the Upstate New York Municipal Workers' Compensation Program for the purpose of providing the workers' compensation and employers' liability coverage required by New York State Law. The Plan is an unincorporated association of municipalities in New York State formed in June 2004 pursuant to Article 5-G of General Municipal Law. By agreement, the Town is self-insured for claims up to \$200,000, shares in claims from \$200,000 to \$400,000, and the Plan provides insurance for claims in excess of \$400,000.

**14. Fund Balance - Reservations and Designations**

**1. Fund Financial Statements**

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

- **Nonspendable Fund Balance** - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.

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

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

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

**A. Nonspendable**

1. **Nonspendable** - Amounts classified as nonspendable are for prepaid expenditures related to the NYS retirement system payments. The balance at December 31, 2025 for all governmental funds is \$987,441.

**B. Restricted**

1. **Workers' Compensation Reserve** - Represents the cash balance outstanding in the workers' compensation reserve. The reserve is accounted for in the general fund. The balance at December 31, 2025 is \$121,377.
2. **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, 2025 is \$64,966.
3. **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, 2025 is \$100,844.

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**C. Assigned**

**1. Reserve for Subsequent Year** - Represents the estimated fund balance that is appropriated into the adopted budget in the general fund, highway fund and library fund at year end. The balance at December 31, 2025 is \$1,608,500.

**2. Reserve for Highway** - Represents the amount of outstanding fund balance in the highway fund at year end. The balance at December 31, 2025 is \$1,017,821.

**3. Reserve for Library** - Represents the amount of outstanding fund balance in the library fund at year end. The balance at December 31, 2025 is \$1,072,836.

**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, 2025 is \$23,279.

**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, 2025 is \$1,455.

**6. Reserve for Encumbrances** - Represents the amount of open purchase orders at year end. The balance at December 31, 2025 is \$363,914.

**Unrestricted** - .The difference between the assets and liabilities that is not reported in nonspendable, restricted, or assigned fund balance. The balance at December 31, 2025 is \$5,083,648.

**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, 2025, 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.

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**Deposits**

At December 31, 2025, 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	\$ 9,401,653	\$ 9,436,920
Collateralized with securities held by the Town or by its agent in the Town's name		\$ 8,806,916
Covered by FDIC insurance		<u>630,004</u>
Total deposits		<b><u>\$ 9,436,920</u></b>

**Note 3. Capital Assets**

Capital asset activity for the year ended December 31, 2025, was as follows:

	<b><u>Balance 12/31/2024</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balance 12/31/2025</u></b>
<b>Governmental Activities Capital Assets</b>				
<b>Capital Assets Not Depreciated</b>				
Land	\$ 1,224,400	\$ 920,575	\$ -	\$ 2,144,975
Construction in progress	-	847,762	-	847,762
Total capital assets not depreciated	<u>1,224,400</u>	<u>1,768,337</u>	<u>-</u>	<u>2,992,737</u>
<b>Capital Assets Depreciated</b>				
Buildings	6,270,318	248,845	-	6,519,163
Land improvements	606,644	-	-	606,644
Machinery and equipment	8,368,733	860,651	(202,811)	9,026,573
Infrastructure	<u>26,796,951</u>	<u>308,528</u>	<u>-</u>	<u>27,105,479</u>
Total capital assets depreciated	<u>42,042,646</u>	<u>1,418,024</u>	<u>(202,811)</u>	<u>43,257,859</u>
<b>Less - Accumulated Depreciation</b>				
Buildings	3,591,370	134,610	-	3,725,980
Land improvements	500,121	21,839	-	521,960
Machinery and equipment	4,717,873	470,348	(128,687)	5,059,534
Infrastructure	<u>17,141,566</u>	<u>355,566</u>	<u>-</u>	<u>17,497,132</u>
Total accumulated depreciation	<u>25,950,930</u>	<u>982,363</u>	<u>(128,687)</u>	<u>26,804,606</u>
Total capital assets depreciated - net	<u>16,091,716</u>	<u>435,661</u>	<u>(74,124)</u>	<u>16,453,253</u>
<b>Intangible Right-to-Use Assets</b>				
Leased building	1,550,884	-	-	1,550,884
Leased equipment	<u>521,684</u>	<u>46,224</u>	<u>(172,572)</u>	<u>395,336</u>
Total intangible right-to-use assets	<u>2,072,568</u>	<u>46,224</u>	<u>(172,572)</u>	<u>1,946,220</u>
<b>Less - Accumulated Amortization</b>				
Leased building	1,400,038	86,983	-	1,487,021
Leased equipment	<u>352,326</u>	<u>92,635</u>	<u>(172,572)</u>	<u>272,389</u>
Total accumulated amortization	<u>1,752,364</u>	<u>179,618</u>	<u>(172,572)</u>	<u>1,759,410</u>
Total intangible right-to-use assets - net	<u>320,204</u>	<u>(133,394)</u>	<u>-</u>	<u>186,810</u>
<b>Governmental Activities Capital Assets - Net</b>	<b><u>\$ 17,636,320</u></b>	<b><u>\$ 2,070,604</u></b>	<b><u>\$ (74,124)</u></b>	<b><u>\$ 19,632,800</u></b>

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During the year ended December 31, 2025, additional amounts for the Library building related to the intangible right-to-use assets, as well as the related lease obligation were recorded. The net effect of this did not change net position as originally reported.

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

<b>Governmental Activities</b>	
<b>Depreciation Expense</b>	
General government support	\$ 101,154
Public safety	162,314
Transportation	601,030
Culture and recreation	<u>117,865</u>
Total depreciation expense	<u>\$ 982,363</u>
<b>Amortization Expense</b>	
General government support	\$ 50,865
Transportation	41,770
Culture and recreation	<u>86,983</u>
Total amortization expense	<u>\$ 179,618</u>

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

The following is a description of lease obligations as of December 31, 2025:

<u>Purpose / Issue Date</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Ford F-150 / 2/20	2/28/2025	3.80%	\$ 1,064	\$ -	\$ 1,064	\$ -
Ford F-350 / 3/21	3/31/2026	2.80%	11,489	-	6,562	4,927
Ford F-150 / 3/21	3/31/2026	2.80%	9,702	-	9,123	579
Library building	5/31/2026	3.25%	201,268	-	139,935	61,333
Chevrolet Equinox / 9/23	9/1/2026	8.01%	3,016	-	3,016	-
Chevrolet Silverado 1500 / 8/23	8/1/2026	8.14%	23,745	-	14,640	9,105
Chevrolet Silverado 1500 / 8/23	8/1/2026	8.14%	23,802	-	14,675	9,127
Chevrolet Silverado 1500 / 8/23	8/1/2025	5.43%	24,333	-	15,125	9,208
Ford F-150 / 3/24	3/31/2029	5.93%	38,916	-	8,297	30,619
Chrysler Pacifica / 7/24	7/31/2029	5.93%	40,554	-	7,935	32,619
Chevrolet Silverado 2500 / 8/25	8/1/2030	3.77%	-	46,224	11,500	34,724
Totals			<u>\$ 377,889</u>	<u>\$ 46,224</u>	<u>\$ 231,872</u>	<u>\$ 192,241</u>

During the year ended December 31, 2025, additional amounts for the Library building related to the intangible right-to-use assets, as well as the related lease obligation were recorded. The net effect of this did not change net position as originally reported.

Annual minimum lease payments are as follows:

2026	\$ 124,756
2027	28,634
2028	28,634
2029	16,629
2030	<u>5,417</u>
Total	204,070
Less interest	<u>(11,829)</u>
Total	<u>\$ 192,241</u>

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

	<u>Balance</u> <u>12/31/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2025</u>
Compensated absences	\$ 899,271	\$ -	\$ 87,725	\$ 811,546
Lease obligations	377,889	46,224	231,872	192,241
OPEB liability	34,465,475	-	2,687,062	31,778,413
Net pension liability	6,701,360	1,984,122	-	8,685,482
Workers compensation liability	-	134,401	-	134,401
Total	<u>\$ 42,443,995</u>	<u>\$ 2,164,747</u>	<u>\$ 3,006,659</u>	<u>\$ 41,602,083</u>
Due in one year				\$ 165,725
Due in more than one year				<u>41,436,358</u>
Total				<u>\$ 41,602,083</u>

**Note 5. Interfund Transfers**

Interfund transfers for the year ended December 31, 2025 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 614,875
Highway fund	614,875	-
Total	<u>\$ 614,875</u>	<u>\$ 614,875</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 6. 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.

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**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>
2025	\$	630,055	\$	1,360,853	\$	1,990,908
2024	\$	564,778	\$	1,196,881	\$	1,761,659
2023	\$	468,360	\$	1,003,895	\$	1,472,255

**Employee's Retirement System (ERS)**

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

The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation. The Town's proportion of the net pension asset/liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Town. At December 31, 2025, the Town reported the following liability for its proportionate share of the net pension asset/liability for the System, which was measured as of March 31, 2025:

Actuarial valuation date	4/1/2024
Net pension liability	\$2,136,811
Town's proportion of the Plan's total net pension liability	0.0124626%

At December 31, 2025, the Town's proportion was 0.0124626%, which was an increase of 0.0009745 from its proportion measured as of December 31, 2024.

For the year ended December 31, 2025, the Town recognized pension expense of \$545,635. At December 31, 2025 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	\$ 530,371	\$ 25,018
Changes in assumptions	89,614	-
Net difference between projected and actual investment earnings on pension plan investments	167,648	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	159,870	6,060
Employer contributions subsequent to the measurement date	512,841	-
Total	<u>\$ 1,460,344</u>	<u>\$ 31,078</u>

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Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended December 31, 2026. 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:	
2026	\$ 420,658
2027	594,863
2028	(144,163)
2029	<u>45,067</u>
Total	<u>\$ 916,425</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, 2025, 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, 2025:

Actuarial valuation date	4/1/2024
Net pension liability	\$6,548,671
Town's proportion of the Plan's total net pension liability	0.1077641%

At December 31, 2025, the Town's proportion was 0.1077641%, which was an increase of 0.0021340% from its proportion measured as of December 31, 2024.

For the year ended December 31, 2025, the Town's recognized pension expense of \$1,487,846. At December 31, 2025 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	\$ 2,181,276	\$ -
Changes in assumptions	983,358	-
Net difference between projected and actual investment earnings on pension plan investments	251,710	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	112,037	472,360
Employer contributions subsequent to the measurement date	<u>1,111,319</u>	<u>-</u>
Total	<u>\$ 4,639,700</u>	<u>\$ 472,360</u>

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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, 2026. 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:	
2026	\$ 1,589,817
2027	955,832
2028	(12,028)
2029	357,261
2030	165,139
Total	<u>\$ 3,056,021</u>

*Actuarial Assumptions for ERS and PFRS*

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

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	3/31/2025
Actuarial valuation date	4/1/2024
Interest rate	5.9%
Salary scale	4.3% average in ERS, 6.0% average in PFRS
Inflation	2.9%
Decrement table	April 1, 2015 - March 31, 2020 System's Experience

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate*</u>
Domestic equity	25.0 %	3.5 %
International equity	14.0 %	6.6 %
Private equity	15.0 %	7.3 %
Real estate	12.0 %	5.0 %
Opportunistic/ARS portfolio	3.0 %	5.3 %
Credit	4.0 %	5.4 %
Real assets	4.0 %	5.6 %
Fixed income	22.0 %	2.0 %
Cash	1.0 %	0.3 %
	<u>100.0 %</u>	

\*Real rates of return are net of long-term inflation assumption of 2.9% for 2025.

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*Discount Rate*

The discount rate used to calculate the total pension asset/liability was 5.9% for the year ended December 31, 2025. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability. There was no change in the discount rate from 2024.

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

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

	<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)	\$ 6,184,199	\$ 2,136,811	\$ (1,242,761)
Town of Gates' proportionate share of the PFRS net pension liability (asset)	\$ 13,808,151	\$ 6,548,671	\$ 557,015

*Pension Plan Fiduciary Net Position*

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

	<b>ERS</b>	<b>PFRS</b>
Valuation date	4/1/2024	4/1/2024
Employers' total pension liability	\$ 247,600,239,000	\$ 48,718,477,000
Plan net position	<u>(230,454,512,000)</u>	<u>(42,642,620,000)</u>
Employers' net pension liability	<u>\$ 17,145,727,000</u>	<u>\$ 6,075,857,000</u>
Ratio of plan net position to the employers' total pension asset/liability	93.08 %	87.53 %

**Note 7. 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.

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**Employees Covered by Benefit Terms -**

**Participant Data**

Active not eligible to retire	98
Active eligible to retire	7
Retired and surviving spouses	100
Retiree spouses covered	<u>74</u>
Total	<u>279</u>

**Total OPEB Liability** - The Town's total OPEB liability of \$31,778,413 was measured as of December 31, 2025 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*	4.42%
Year in which assets expire	2025
Single discount rate	4.42%
Initial healthcare cost trend rate	6.10%
Ultimate healthcare cost trend rate	3.70%
Salary scale increases	3.30%

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

The single discount rate reflects a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments. Mortality rates are based on the Pub-2016 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%

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

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

Total OPEB liability as of December 31, 2024	\$ 34,465,475
Changes for the year:	
Service cost	571,502
Interest	1,285,254
Differences between expected and actual experience	(391,429)
Changes in assumptions or other inputs	(2,240,510)
Benefit payments	<u>(1,911,879)</u>
Net changes	<u>(2,687,062)</u>
Total OPEB liability as of December 31, 2025	<u>\$ 31,778,413</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 4.42% per annum (the "current rate"), as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.42%) or 1% point higher (5.42%) than the current rate:

	<b>1% Decrease</b> <b>(3.42%)</b>	<b>Current</b> <b>Assumption</b> <b>(4.42%)</b>	<b>1% Increase</b> <b>(5.42%)</b>
Total OPEB Liability	\$ 35,552,636	\$ 31,778,413	\$ 28,638,564

*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>(5.10% to</b> <b>2.70%)</b>	<b>Current</b> <b>Assumption</b> <b>(6.10% to</b> <b>3.70%)</b>	<b>1% Increase</b> <b>(7.10% to</b> <b>4.70%)</b>
Total OPEB Liability	\$ 28,455,268	\$ 31,778,413	\$ 35,783,245

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

For the year ended December 31, 2025, the Town recognized OPEB expense of \$268,456. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred</b> <b>Outflows of</b> <b>Resources</b>	<b>Deferred</b> <b>Inflows of</b> <b>Resources</b>
Differences between actual and expected experience	\$ 3,311,049	\$ 993,024
Changes of assumptions or other inputs	1,540,583	4,013,217
Employer contributions subsequent to the measurement date	<u>477,970</u>	<u>-</u>
Total	<u>\$ 5,329,602</u>	<u>\$ 5,006,241</u>

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

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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:	
2026	\$(1,588,300)
2027	308,754
2028	808,579
2029	<u>316,358</u>
Total	<u>\$ (154,609)</u>

**Note 8. 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. The Town is a member of the Upstate New York Municipal Workers' Compensation Program for the purpose of providing the workers' compensation and employers' liability coverage required by New York State Law. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. As of December 31, 2025, a workers' compensation liability of \$134,401 has been recorded.

**Note 9. 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 10. Federal and State Funded Programs**

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

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

**Material Violations of Finance-Related Provisions**

Expenditures exceeding the budget are explained as follows:

**General Fund**

Employee benefits in the general fund exceeded the budgeted amount. This is due to the rising health insurance costs and a growing number of employees.

Interfund transfers in the general fund exceeded the budgeted amount. This is due to the disbursement of ARPA funds for Highway equipment out of a general fund ARPA bank account.

**Library Fund**

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

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

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**Note 12. Tax Abatements**

As of December 31, 2025, 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, 2025 are as follows:

Industrial	\$ 3,077,009
Manufacturing	\$ 53,072
Other	\$ 218,033
Storage	\$ 14,593

**Note 13. Subsequent Events**

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

**Note 14. Certain Risk Disclosures**

**Concentration - Workforce Covered by Collective Bargaining Agreements** - The Town's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. The following is a summary of the Town's significant collective bargaining agreements:

<u>Collective Bargaining Unit</u>	<u>Expiration date</u>
• Gates Keystone Club	December 31, 2028
• Teamsters Local Union No.118	December 31, 2028
• CWA Local 1170 - Full-Time	December 31, 2027
• CWA Local 1170 - Part-Time	December 31, 2027

**Constraints**

- **Limitations on Raising Revenue** - The Town's ability to raise revenue through property taxes is subject to Article III of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit ("tax cap") imposed by Chapter 97 of the Laws of 2011. For most towns, the annual increase in the property tax levy cannot exceed the lesser of 2% or the rate of inflation, unless a local law is passed and approved by a 60% supermajority of the Town Board or governing body.
- **Limitations on Spending** - Expenditures must be authorized in accordance with the annual budget adopted by the Town, pursuant to New York State General Municipal Law (GML) and local charter provisions. The Town may not incur expenditures in excess of appropriations, except for legally authorized emergency expenditures.
- **Limitations on the Incurrence of Debt** - The Town's authority to incur indebtedness is governed by Article VIII of the New York State Constitution, the Local Finance Law, and local charters or ordinances. The Town is subject to a constitutional debt limit, which is 7% of the five-year average full valuation of taxable real property within the Town. All borrowings must be authorized by the Town Board and, in some cases, by public referendum. The Town is also subject to statutory provisions governing issuance procedure, permission purposes, and repayment requirements.

**TOWN OF GATES**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2025**

	<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	\$ 5,953,310	\$ 5,953,310	\$ 5,985,399	\$ 32,089
Real property tax items	695,000	695,000	701,453	6,453
Non property tax items	4,272,812	4,272,812	4,622,250	349,438
Department income	1,031,480	1,031,480	1,128,386	96,906
Intergovernmental charges	59,310	66,310	71,487	5,177
Use of money and property	375,000	375,000	447,188	72,188
Licenses and permits	161,635	161,635	291,526	129,891
Fines and forfeitures	180,000	180,000	227,323	47,323
Sale of property and compensation for loss	75,500	100,500	92,332	(8,168)
Miscellaneous local sources	5,000	5,000	7,942	2,942
State aid	870,974	1,010,974	1,126,308	115,334
Federal aid	981,790	2,374,837	2,037,838	(336,999)
Total revenues	<u>14,661,811</u>	<u>16,226,858</u>	<u>16,739,432</u>	<u>512,574</u>
<b>Expenditures</b>				
General government support	3,484,922	4,898,276	4,645,414	252,862
Public safety	5,310,537	5,504,719	5,548,093	(43,374)
Transportation	560,827	561,117	488,738	72,379
Economic assistance and opportunity	13,996	13,996	13,843	153
Culture and recreation	828,515	1,084,360	1,004,690	79,670
Home and community services	331,996	331,996	377,124	(45,128)
Employee benefits	5,351,018	5,351,018	5,503,455	(152,437)
Debt principal	-	-	51,950	(51,950)
Debt interest	-	-	7,305	(7,305)
Total expenditures	<u>15,881,811</u>	<u>17,745,482</u>	<u>17,640,612</u>	<u>104,870</u>
<b>Other Financing Uses</b>				
Interfund transfers	300,000	300,000	614,875	(314,875)
Total expenditures and other financing uses	<u>16,181,811</u>	<u>18,045,482</u>	<u>18,255,487</u>	<u>(210,005)</u>
<b>Change in Fund Balance</b>	(1,520,000)	(1,818,624)	(1,516,055)	<u>\$ 302,569</u>
<b>Fund Balance - Beginning</b>	<u>9,198,493</u>	<u>9,198,493</u>	<u>9,198,493</u>	
<b>Fund Balance - Ending</b>	<u>\$ 7,678,493</u>	<u>\$ 7,379,869</u>	<u>\$ 7,682,438</u>	

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Budgetary Comparison Schedule**  
**Highway Fund**  
**For the Year Ended December 31, 2025**

	<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	\$ 4,115,123	\$ 4,115,123	\$ 4,115,123	\$ -
Intergovernmental charges	489,000	489,000	634,751	145,751
Use of money and property	50,000	50,000	114,151	64,151
Sale of property and compensation for loss	176,000	176,000	83,766	(92,234)
Miscellaneous local sources	-	-	40	40
State aid	727,364	727,364	753,020	25,656
Federal aid	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,607,487</u>	<u>5,557,487</u>	<u>5,700,851</u>	<u>143,364</u>
<b>Other Financing Sources</b>				
Interfund transfers	<u>300,000</u>	<u>300,000</u>	<u>614,875</u>	<u>314,875</u>
Total revenues and other financing sources	<u>5,907,487</u>	<u>5,857,487</u>	<u>6,315,726</u>	<u>458,239</u>
<b>Expenditures</b>				
Transportation	5,181,137	5,181,138	5,089,346	91,792
Employee benefits	976,350	976,350	939,839	36,511
Debt principal	-	-	39,987	(39,987)
Debt interest	<u>-</u>	<u>-</u>	<u>4,711</u>	<u>(4,711)</u>
Total expenditures	<u>6,157,487</u>	<u>6,157,488</u>	<u>6,073,883</u>	<u>83,605</u>
<b>Change in Fund Balance</b>	(250,000)	(300,001)	241,843	<u>\$ 541,844</u>
<b>Fund Balance - Beginning</b>	<u>1,117,427</u>	<u>1,117,427</u>	<u>1,117,427</u>	
<b>Fund Balance - Ending</b>	<u>\$ 867,427</u>	<u>\$ 817,426</u>	<u>\$ 1,359,270</u>	

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Budgetary Comparison Schedule**  
**Library Fund**  
**For the Year Ended December 31, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Real property taxes	\$ 2,361,073	\$ 2,361,073	\$ 2,361,073	\$ -
Department income	28,150	28,150	30,047	1,897
Use of money and property	40,000	40,000	91,824	51,824
Sale of property and compensation for loss	1,050	1,050	1,645	595
Miscellaneous local sources	44,892	48,101	91,318	43,217
State aid	<u>96,692</u>	<u>107,500</u>	<u>75,445</u>	<u>(32,055)</u>
Total revenues	<u>2,571,857</u>	<u>2,585,874</u>	<u>2,651,352</u>	<u>65,478</u>
<b>Expenditures</b>				
Culture and recreation	2,090,257	2,104,274	1,818,736	285,538
Employee benefits	606,600	606,600	593,828	12,772
Debt principal	-	-	139,935	(139,935)
Debt interest	<u>-</u>	<u>-</u>	<u>9,919</u>	<u>(9,919)</u>
Total expenditures	<u>2,696,857</u>	<u>2,710,874</u>	<u>2,562,418</u>	<u>148,456</u>
<b>Change in Fund Balance</b>	(125,000)	(125,000)	88,934	<u>\$ 213,934</u>
<b>Fund Balance - Beginning</b>	<u>1,290,705</u>	<u>1,290,705</u>	<u>1,290,705</u>	
<b>Fund Balance - Ending</b>	<u>\$ 1,165,705</u>	<u>\$ 1,165,705</u>	<u>\$ 1,379,639</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, 2025**

	<b>Total OPEB Liability</b>							
	<u><b>2025</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Service cost	\$ 571,502	\$ 374,449	\$ 347,237	\$ 765,368	\$ 452,877	\$ 481,176	\$ 370,189	\$ 479,788
Interest	1,285,254	1,238,671	1,074,557	809,542	648,805	710,434	775,851	834,683
Changes of benefit terms	-	942,327	-	-	-	-	-	-
Differences between expected and actual experience	(391,429)	3,114,719	3,160,863	(3,088,784)	8,988,365	(1,415,581)	2,527,397	(2,843,210)
Changes in assumptions or other inputs	(2,240,510)	2,474,269	(636,986)	(9,242,076)	1,019,504	2,370,245	2,760,514	(1,050,755)
Expected benefit payments	<u>(1,911,879)</u>	<u>(1,699,142)</u>	<u>(1,369,569)</u>	<u>(1,377,997)</u>	<u>(1,030,595)</u>	<u>(968,160)</u>	<u>(901,790)</u>	<u>(923,094)</u>
Net changes in total OPEB liability	(2,687,062)	6,445,293	2,576,102	(12,133,947)	10,078,956	1,178,114	5,532,161	(3,502,588)
Total OPEB liability - beginning	<u>34,465,475</u>	<u>28,020,182</u>	<u>25,444,080</u>	<u>37,578,027</u>	<u>27,499,071</u>	<u>26,320,957</u>	<u>20,788,796</u>	<u>24,291,384</u>
Total OPEB liability - ending	<u>\$ 31,778,413</u>	<u>\$ 34,465,475</u>	<u>\$ 28,020,182</u>	<u>\$ 25,444,080</u>	<u>\$ 37,578,027</u>	<u>\$ 27,499,071</u>	<u>\$ 26,320,957</u>	<u>\$ 20,788,796</u>
Covered employee payroll	\$ 7,870,597	\$ 7,301,851	\$ 7,060,386	\$ 6,824,057	\$ 6,591,381	\$ 8,247,909	\$ 7,999,136	\$ 7,958,644
Total OPEB liability as a percentage of covered employee payroll	403.76 %	472.01 %	396.86 %	372.86 %	570.11 %	333.41 %	329.05 %	261.21 %

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Schedule of Town's Proportionate Share of the Net Pension Asset/Liability - ERS**  
**For the Year Ended December 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The Town's proportion of the net pension asset/liability	0.0124626 %	0.0114881 %	0.0113322 %	0.0111353 %	0.0114534 %	0.0108382 %	0.0106580 %	0.0109490 %	0.0106388 %	0.0117665 %
The Town's proportionate share of the net pension (asset) liability	\$ 2,136,811	\$ 1,691,510	\$ 2,430,087	\$ (910,261)	\$ 11,405	\$ 2,870,012	\$ 755,149	\$ 353,372	\$ 999,645	\$ 1,888,554
The Town's covered employee payroll	\$ 4,553,493	\$ 4,349,922	\$ 4,041,265	\$ 4,014,996	\$ 3,846,517	\$ 4,464,458	\$ 4,627,415	\$ 4,676,493	\$ 4,513,604	\$ 4,359,358
The Town's proportionate share of the net pension (asset) liability as a percentage of covered employee payroll	46.93 %	38.89 %	60.13 %	(22.67)%	0.30 %	64.29 %	16.32 %	7.56 %	22.15 %	43.32 %
Plan fiduciary net position as a percentage of the total pension asset/liability	93.08 %	93.88 %	90.78 %	103.65 %	99.95 %	86.40 %	96.30 %	98.20 %	94.70 %	90.70 %

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Schedule of Town's Proportionate Share of the Net Pension Liability - PFRS**  
**For the Year Ended December 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The Town's proportion of the net pension liability	0.1077641 %	0.1056301 %	0.1026563 %	0.1031247 %	0.1007337 %	0.1043660 %	0.0963772 %	0.0989088 %	0.0930899 %	0.0993425 %
The Town's proportionate share of the net pension liability	\$ 6,548,671	\$ 5,009,850	\$ 5,656,846	\$ 585,794	\$ 1,749,016	\$ 5,578,297	\$ 1,616,306	\$ 999,728	\$ 1,929,429	\$ 2,941,319
The Town's covered employee payroll	\$ 4,501,304	\$ 4,118,479	\$ 3,668,094	\$ 3,915,610	\$ 3,652,193	\$ 3,587,222	\$ 3,371,721	\$ 3,282,151	\$ 3,053,363	\$ 3,020,424
The Town's proportionate share of the net pension liability as a percentage of covered employee payroll	145.48 %	121.64 %	154.22 %	14.96 %	47.89 %	155.50 %	47.94 %	30.46 %	63.19 %	97.38 %
Plan fiduciary net position as a percentage of the total pension liability	87.53 %	89.72 %	87.43 %	98.66 %	95.79 %	84.90 %	95.10 %	96.90 %	93.50 %	90.20 %

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Schedule of Employer's Contributions - ERS**  
**For the Year Ended December 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 630,055	\$ 564,778	\$ 468,360	\$ 452,945	\$ 587,885	\$ 517,116	\$ 503,969	\$ 526,867	\$ 520,717	\$ 529,462
Contribution in relation to the contractually required contribution	<u>630,055</u>	<u>564,778</u>	<u>468,360</u>	<u>452,945</u>	<u>587,885</u>	<u>517,116</u>	<u>503,969</u>	<u>526,867</u>	<u>520,717</u>	<u>529,462</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$4,553,493</u>	<u>\$4,349,922</u>	<u>\$4,041,265</u>	<u>\$4,014,996</u>	<u>\$3,846,517</u>	<u>\$4,464,458</u>	<u>\$4,627,415</u>	<u>\$4,676,493</u>	<u>\$4,513,604</u>	<u>\$4,359,358</u>
Contribution as a percentage of covered employee payroll	13.84 %	12.98 %	11.59 %	11.28 %	15.28 %	11.58 %	10.89 %	11.27 %	11.54 %	12.15 %

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Schedule of Employer's Contributions - PFRS**  
**For the Year Ended December 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$1,360,853	\$1,196,881	\$1,003,895	\$1,038,535	\$1,014,177	\$ 786,472	\$ 748,865	\$ 712,513	\$ 701,366	\$ 696,233
Contribution in relation to the contractually required contribution	<u>1,360,853</u>	<u>1,196,881</u>	<u>1,003,895</u>	<u>1,038,535</u>	<u>1,014,177</u>	<u>786,472</u>	<u>748,865</u>	<u>712,513</u>	<u>701,366</u>	<u>696,233</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$4,501,304</u>	<u>\$4,118,479</u>	<u>\$3,668,094</u>	<u>\$3,915,610</u>	<u>\$3,652,193</u>	<u>\$3,587,222</u>	<u>\$3,371,721</u>	<u>\$3,282,151</u>	<u>\$3,053,363</u>	<u>\$3,020,424</u>
Contribution as a percentage of covered employee payroll	30.23 %	29.06 %	27.37 %	26.52 %	27.77 %	21.92 %	22.21 %	21.71 %	22.97 %	23.05 %

See accompanying notes to required supplementary information.

**TOWN OF GATES**  
**Notes to Required Supplementary Information**  
**December 31, 2025**

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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 Asset/Liability and Schedule of Employer's Contributions**

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

**TOWN OF GATES**  
**Combining Balance Sheets**  
**Other Governmental Funds**  
**December 31, 2025**

<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	\$ 26,553	\$ 1,455	\$ -	\$ 28,008
<b>Total Assets</b>	<b>\$ 26,553</b>	<b>\$ 1,455</b>	<b>\$ -</b>	<b>\$ 28,008</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,274	\$ -	\$ -	\$ 3,274
<b>Fund Balances</b>				
Assigned				
Reserve for special districts	23,279	-	-	23,279
Reserve for debt service	-	1,455	-	1,455
Total fund balances	<u>23,279</u>	<u>1,455</u>	<u>-</u>	<u>24,734</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,553</b>	<b>\$ 1,455</b>	<b>\$ -</b>	<b>\$ 28,008</b>

**TOWN OF GATES**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2025**

	<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	\$ 1,148,697	\$ -	\$ -	\$ 1,148,697
Use of money and property	<u>194</u>	<u>8</u>	<u>-</u>	<u>202</u>
Total revenues	1,148,891	8	-	1,148,899
<b>Other Financing Sources</b>				
Proceeds from lease obligations	<u>-</u>	<u>-</u>	<u>46,224</u>	<u>46,224</u>
Total revenues and other financing sources	<u>1,148,891</u>	<u>8</u>	<u>46,224</u>	<u>1,195,123</u>
<b>Expenditures</b>				
General government support	-	-	46,224	46,224
Transportation	<u>1,151,602</u>	<u>-</u>	<u>-</u>	<u>1,151,602</u>
Total expenditures	<u>1,151,602</u>	<u>-</u>	<u>46,224</u>	<u>1,197,826</u>
<b>Change in Fund Balance</b>	(2,711)	8	-	(2,703)
<b>Fund Balances - Beginning</b>	<u>25,990</u>	<u>1,447</u>	<u>-</u>	<u>27,437</u>
<b>Fund Balances - Ending</b>	<u>\$ 23,279</u>	<u>\$ 1,455</u>	<u>\$ -</u>	<u>\$ 24,734</u>

**TOWN OF GATES**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2025**

<b>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>U.S. Department of Transportation</b>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	N/A	\$ 19,259	\$ -
National Priority Safety Programs	20.616	N/A	<u>6,700</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<u>25,959</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Bulletproof Vest Partnership Program	16.607	N/A	3,607	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	9,495	-
Equitable Sharing Program	16.922	N/A	<u>2,849</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>15,951</u>	<u>-</u>
<b>U.S. Department of Housing &amp; Urban Development</b>				
Pass through program from Monroe County: Community Development Block Grants/ Entitlement Grants	14.218	N/A	<u>50,000</u>	<u>-</u>
<b>U.S. Department of the Treasury</b>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,697,082	-
Pass through program from Monroe County: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>248,845</u>	<u>-</u>
<b>Total U.S. Department of the Treasury</b>			<u>1,945,927</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,037,837</u>	<u>\$ -</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**TOWN OF GATES**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2025**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Town, which is described in Note 1 to the Town's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule was prepared on the accrual basis of accounting and is presented in accordance with the requirements of *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the Town's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Town's financial reporting system.

**Note 2. Subrecipients**

No amounts were provided to subrecipients.

**Note 3. Indirect Costs**

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The Town has elected not to use the 15 percent de minimus indirect cost rate as allowed under the Uniform Guidance. Matching costs (the Town's share of certain program costs) are not included in the reported expenditures.

**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, 2025, and the related notes to financial statements, which collectively comprise the Town of Gates' basic financial statements, and have issued our report thereon dated May 1, 2026.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gates' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gates' internal control.

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

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

**Report on Compliance and Other Matters**

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

## Purpose of This Report

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
Rochester, New York  
May 1, 2026

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

### **Report on Compliance for the Major Federal Program**

#### **Opinion on the Major Federal Program**

We have audited Town of Gates' compliance, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2025. The Town of Gates' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Gates' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2025.

#### **Basis for Opinion on the Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### **Responsibilities of Management for Compliance**

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

#### **Auditors' Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Gates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Gates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Gates' internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
Rochester, New York  
May 1, 2026

**TOWN OF GATES**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2025**

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**SUMMARY OF AUDITORS' RESULTS:**

**Financial Statements**

Type of auditors' report issued on whether the basic financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weaknesses identified?  Yes  No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- 3. Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- 4. Material weaknesses identified?  Yes  No
- 5. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

- 6. Audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  Yes  No

7. Major program audited was:

**Program Title**

Coronavirus State and Local Recovery Funds

**Federal CFDA Number**

21.027

8. Dollar threshold to determine type A and type B programs: \$1,000,000

9. Auditee qualified as low-risk auditee?  Yes  No\*

**FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE

\*The risk rating noted above is a result of the Town not being required to have a federal single audit in the prior year which resulted in a high risk assessment.

**TOWN OF GATES**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended December 31, 2025**

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**PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NOT APPLICABLE - Uniform Guidance audit not required in the prior year.