

# **TOWN OF NEW HARTFORD, NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information and Supplementary  
Information for the Year Ended December 31, 2023  
and Independent Auditors' Reports*





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### INDEPENDENT AUDITORS' REPORT

Honorable Town Board  
Town of New Hartford, New York

#### Report on the Audit of the Financial Statements

##### *Adverse and Unmodified Opinions*

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of New Hartford, New York (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

##### *Adverse Opinion on Governmental Activities*

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of the report, the accompanying financial statements do not present fairly the financial position of the governmental activities of the Town, as of December 31, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Unmodified Opinions on Discretely Presented Component Unit, Each Major Fund, and the Aggregate Remaining Fund Information*

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Town, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Adverse and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), 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 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 adverse and unmodified audit opinions.

##### *Matters Giving Rise to Adverse Opinion on Governmental Activities*

As discussed in Note 4 to the financial statements, management does not maintain a complete record of capital assets for governmental activities. As a result, we were unable to obtain sufficient appropriate audit evidence to support the Town's balance of capital assets for governmental activities. Accounting principles generally accepted in the United States of America require that capital assets be properly capitalized and

depreciated, which would increase the assets and net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined. Additionally, as discussed in Note 7, the Town has not recorded the estimated value of the long-term pension liability related to its Length of Service Award Program (“LOSAP”), or the related deferred inflows of resources and deferred outflows of resources, thereof. Accounting principles generally accepted in the United States of America require that the long-term pension liability and related deferred inflows of resources and deferred outflows of resources be properly recorded, which would increase the liabilities, deferred inflows of resources, deferred outflows of resources and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred inflows of resources, deferred outflows of resources, net position, and expenses of the governmental activities have not been determined.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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’s 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 auditor’s 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 GAAS and GAS 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 GAAS and GAS, 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’s 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’s 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 and other Required Supplementary Information, as listed in the table of contents, 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's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, 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 Supplementary Information, as listed in the table of contents, is 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 November 19, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Drescher + Maleki LLP*

November 19, 2025



**TOWN OF NEW HARTFORD, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2023**

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As management of the Town of New Hartford, New York (the “Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2023. We encourage readers to consider the financial information presented here in conjunction with additional information that we have furnished in the Town’s financial statements, which follow this narrative.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the Town’s primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$2,436,351 (*net position*). This consists of \$3,974,393 net investment in capital assets, \$1,810,303 restricted for specific purposes and an unrestricted net position of (\$8,221,047).
- The Town’s total primary government net position increased by \$350,531 during the year ended December 31, 2023.
- At the close of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$18,837,619, an increase of \$1,303,307.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$3,993,762, or 96.0 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town’s discretion and constitutes approximately 71.6 percent of the General Fund’s total fund balance of \$5,579,383 at December 31, 2023.
- During the year ended December 31, 2023, the Town’s total serial bonds outstanding decreased \$1,204,520 due to scheduled principal payments.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and unallocated interest and fiscal charges. The Town does not engage in any business-type activities.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate Library (the New Hartford Public Library) for which the Town is financially accountable. Financial information for this discretely presented component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-14 of this report.

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

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

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

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Police Fund, Highway Town-wide Fund, Highway Part-Town Fund, Sewer Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

**Fiduciary funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources are not available to support the Town's own programs. The Town maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on pages 19-20 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-50 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's net pension liabilities/assets, the changes in the Town's total other postemployment benefits ("OPEB") obligations, and the Town's budgetary comparison schedules for the General Fund, Police Fund, Highway Town-wide Fund, Highway Part-Town Fund and Sewer Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 51-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section on pages 63-64 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,436,351 at the close of the most recent fiscal year, as compared to \$2,786,882 at the close of the fiscal year ended December 31, 2022.

Table 1, as shown on the following page, presents a condensed statement of net position as compared to the prior year.

**Table 1—Condensed Statement of Net Position—Primary Government**

	Governmental Activities	
	December 31,	
	2023	2022
Current assets	\$ 20,510,276	\$ 20,081,415
Noncurrent assets	21,383,473	23,442,279
Total assets	<u>41,893,749</u>	<u>43,523,694</u>
Deferred outflows of resources	8,623,039	8,406,443
Current liabilities	1,719,880	2,461,888
Noncurrent liabilities	43,709,580	43,213,535
Total liabilities	<u>45,429,460</u>	<u>45,675,423</u>
Deferred inflows of resources	7,523,679	9,041,596
Net position:		
Net investment in capital assets	3,974,393	5,399,718
Restricted	1,810,303	1,477,437
Unrestricted	(8,221,047)	(9,664,037)
Total net position	<u>\$ (2,436,351)</u>	<u>\$ (2,786,882)</u>

The largest portion of the Town's net position, \$3,974,393 reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure and right-to-use lease assets), net of accumulated depreciation/amortization and less any related debt used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$1,810,303, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the Town's net position, \$(8,221,047) is considered to be an unrestricted net deficit. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the Town's capital assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences, the net pension liability and OPEB obligation, are funded annually within the funds.

Table 2, as presented on the following page, shows the changes in net position for the years ended December 31, 2023 and December 31, 2022.

**Table 2—Condensed Statements of Changes in Net Position—Primary Government**

	Governmental Activities	
	Year Ended December 31,	
	2023	2022
Program revenues:		
Charges for services	\$ 1,060,890	\$ 1,038,884
Operating grants and contributions	943,547	699,977
Capital grants and contributions	512,401	409,020
General revenues	<u>16,185,427</u>	<u>15,291,333</u>
Total revenues	<u>18,702,265</u>	<u>17,439,214</u>
Total expenses	<u>18,351,734</u>	<u>15,418,308</u>
Change in net position	350,531	2,020,906
Net position—beginning	<u>(2,786,882)</u>	<u>(4,807,788)</u>
Net position—ending	<u>\$ (2,436,351)</u>	<u>\$ (2,786,882)</u>

Overall revenues of the primary government increased 7.2 percent from the prior year, while overall expenses increased 19.0 percent. The increase in revenues is due an increase in use of money and property and nonproperty tax items. The increase in expenses is due to an increase in home and community service expenses related to sewer contractual expenses.

A summary of sources of revenues for the years ended December 31, 2023 and December 31, 2022 is presented in Table 3 below.

**Table 3—Summary of Sources of Revenues—Primary Government**

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 1,060,890	\$ 1,038,884	\$ 22,006	2.1
Operating grants and contributions	943,547	699,977	243,570	34.8
Capital grants and contributions	512,401	409,020	103,381	25.3
Real property taxes and tax items	6,382,648	6,430,408	(47,760)	(0.7)
Nonproperty tax items	8,356,500	7,890,507	465,993	5.9
Use of money and property	529,779	43,591	486,188	1,115.3
Sale of property and compensation for loss	288,600	113,226	175,374	154.9
Miscellaneous	197,253	273,468	(76,215)	(27.9)
Unrestricted state aid	<u>430,647</u>	<u>540,133</u>	<u>(109,486)</u>	<u>(20.3)</u>
Total revenues	<u>\$ 18,702,265</u>	<u>\$ 17,439,214</u>	<u>\$ 1,263,051</u>	<u>7.2</u>

The Town's most significant source of revenue for the year ended December 31, 2023 was nonproperty tax items, which accounted for \$8,356,500, or 44.7 percent of total revenues. The next largest sources of revenue were real property taxes and tax items of \$6,382,648, or 34.1 percent of total revenues, and charges for services of \$1,060,890, or 5.7 percent of total revenues. For the year ended December 31, 2022, the Town's most significant source of revenue was nonproperty tax items, which accounted for \$7,890,507, or 45.2 percent of total revenues. The next largest sources of revenue were real property taxes

and tax items of \$6,430,408, or 36.9 percent of total revenues, and charges for services of \$1,038,884, or 6.0 percent of total revenues.

A summary of program expenses for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 4:

**Table 4—Summary of Program Expenses—Primary Government**

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 2,149,060	\$ 2,150,032	\$ (972)	(0.0)
Public safety	7,070,770	6,014,207	1,056,563	17.6
Health	82,905	75,862	7,043	9.3
Transportation	4,972,247	4,884,038	88,209	1.8
Economic assistance and opportunity	9,984	4,425	5,559	125.6
Culture and recreation	1,096,616	1,099,217	(2,601)	(0.2)
Home and community services	2,225,534	839,028	1,386,506	165.3
Interest and fiscal charges	744,618	351,499	393,119	111.8
<b>Total expenses</b>	<b>\$ 18,351,734</b>	<b>\$ 15,418,308</b>	<b>\$ 2,933,426</b>	<b>19.0</b>

The Town's most significant expense item for the year ended December 31, 2023 was public safety, which accounted for \$7,070,770, or 38.5 percent of total expenses. The next largest expense items were transportation of \$4,972,247, or 27.1 percent of total expenses, and home and community services of \$2,225,534, or 12.1 percent of total expenses. For the year ended December 31, 2022, most significant expense item for the year ended December 31, 2023 was public safety, which accounted for \$6,014,207, or 39.0 percent of total expenses. The next largest expense items were transportation of \$4,884,038, or 31.7 percent of total expenses, and general government support of \$2,150,032, or 13.9 percent of total expenses.

### **Financial Analysis of Governmental Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board.

At December 31, 2023, the Town's governmental funds reported combined ending fund balances of \$18,837,619, an increase of \$1,303,307 from the prior year fund balance of \$17,534,312. Total unassigned fund balance is \$3,993,762. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is (1) not in spendable form, \$1,231,662, (2) restricted for particular purposes, \$3,603,224, or (3) assigned for particular purposes, \$10,008,971.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,993,762, while total fund balance increased to \$5,579,383. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 96.0 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 134.1 percent of that same amount. The total fund balance of the Town's General Fund increased by \$511,488 during the current fiscal year, primarily due to savings realized within general government support and culture and recreation expenditures as well as higher than anticipated nonproperty tax revenue.

The Town's Police Fund ending fund balance was \$2,977,409 at December 31, 2023. Of this amount, \$2,449,533 is assigned to specific Police Fund use and \$401,000 is assigned for the subsequent year's expenditures. During the year ended December 31, 2023, the Police Fund's fund balance increased \$356,739, primarily due to higher than anticipated nonproperty tax items and state aid.

The Town's Highway Town-wide Fund ending fund balance was \$595,255. The entire fund balance was assigned for specific Highway Town-wide Fund use. During the year ended December 31, 2023, the Highway Town-wide Fund's fund balance increased \$218,324 due to savings realized within transportation expenditures and higher than anticipated sales tax.

The Town's Highway Part-Town Fund ending fund balance was \$4,272,908. Of this amount, \$43,567 is nonspendable, \$531,834 is assigned for the subsequent year's expenditures and \$3,697,507 is assigned for specific Highway Part-Town Fund use. During the year ended December 31, 2023, the Highway Part-Town Fund's fund balance increased \$1,284,020 primarily due to an increase in nonproperty tax items related to sales tax.

The Town's Sewer Fund ending fund balance was \$632,744. Of this amount, \$3,090 is nonspendable, \$625,000 is assigned for the subsequent year's appropriations, and \$4,654 is assigned for specific Sewer Fund use. During the year ended December 31, 2023, the Sewer Fund's fund balance decreased \$1,104,763, primarily as a result of expenditures exceeding the Sewer Fund's real property tax and departmental income revenues.

The Town's Capital Projects Fund's fund balance decreased \$423,957 during the year ended December 31, 2023. The ending fund balance in the Capital Projects Fund was \$1,792,921, all of which is reported as restricted fund balance.

### **General Fund Budgetary Highlights**

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2023 is presented in Table 5 on the following page.

**Table 5—General Fund Budget**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 3,595,965	\$ 4,217,464	\$ 4,670,687	\$ 453,223
Expenditures and other financing uses	4,126,649	4,536,159	4,159,199	376,960
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (530,684)</u>	<u>\$ (318,695)</u>	<u>\$ 511,488</u>	<u>\$ 76,263</u>

**Original budget compared to final budget**—At the close of the fiscal year, the overall budgeted revenues increased \$721,499. Revenues were amended to reflect increases in nonproperty taxes and federal aid.

**Final budget compared to actual results**—A review of actual expenditures compared to estimated appropriations in the final budget yields several favorable variances, most notably related to lower than anticipated culture and recreation and employee benefits expenditures. Revenues were higher than anticipated due to unanticipated increases in sales tax and state aid.

### Capital Assets and Debt Administration

**Capital assets**—The Town's investment in capital assets for its governmental activities as of December 31, 2023, amounted to \$21,383,473 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, infrastructure and right-to-use lease assets.

Capital assets net of depreciation for the governmental activities at December 31, 2023 and 2022 are presented below.

**Table 6—Summary of Capital Assets (Net of Depreciation/Amortization)**

	Governmental Activities	
	December 31,	
	2023	2022
Land	\$ 611,634	\$ 611,634
Construction in progress	5,295,101	4,871,144
Buildings and improvements	527,681	658,390
Machinery and equipment	64,422	1,088,551
Infrastructure	14,850,678	15,469,823
Right-to-use lease assets	<u>33,957</u>	<u>53,118</u>
Total	<u>\$ 21,383,473</u>	<u>\$ 22,752,660</u>

Additional information on the Town's capital assets can be found in Note 4 to the financial statements.

**Long-term debt**—At December 31, 2023, the Town had net bonded debt outstanding of \$19,485,008 as compared to \$20,689,528 at December 31, 2022. The Town made scheduled principal payments of \$1,204,520 during the year ended December 31, 2023.

The Town's governmental activities also have recorded debt for lease liabilities, compensated absences, a net pension liability and other postemployment benefits ("OPEB") obligation.

A summary of the Town's long-term liabilities at December 31, 2023 and December 31, 2022 is presented in Table 7 below:

**Table 7—Summary of Long-Term Liabilities**

	Governmental Activities	
	December 31,	
	2023	2022
Serial bonds	\$ 19,485,008	\$ 20,689,528
Premium on serial bonds	49,289	54,466
Lease liability	38,863	57,449
Compensated absences	879,967	880,519
Net pension liability	4,746,618	247,785
OPEB obligation	<u>18,509,835</u>	<u>21,283,788</u>
Total	<u>\$ 43,709,580</u>	<u>\$ 43,213,535</u>

Additional information on the Town's long-term liabilities can be found in Note 11 to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate, not seasonally adjusted, for the region at December 31, 2023 was 4.4 percent. This compares to New York State's average unemployment rate of 4.5 percent. These factors are considered in preparing the Town's budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Supervisor of the Town of New Hartford, 8635 Clinton Street, New Hartford, New York 13413.

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## BASIC FINANCIAL STATEMENTS



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**TOWN OF NEW HARTFORD, NEW YORK**  
**Statement of Net Position**  
**December 31, 2023**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>New Hartford Public Library</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,643,246	\$ 90,827
Restricted cash and cash equivalents	4,147,615	200,673
Restricted investments	581,127	-
Receivables	591,456	2,670
Intergovernmental receivables	2,184,615	-
Lease receivable	153,853	-
Prepaid items	208,364	2,876
Capital assets not being depreciated/amortized	5,906,735	96,460
Capital assets, net of accumulated depreciation/amortization	<u>15,476,738</u>	<u>1,451,057</u>
Total assets	<u>41,893,749</u>	<u>1,844,563</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows—relating to pension plans	3,615,511	58,216
Deferred outflows—relating to OPEB	4,998,013	-
Deferred charge on refunding	9,515	-
Total deferred outflows of resources	<u>8,623,039</u>	<u>58,216</u>
<b>LIABILITIES</b>		
Accounts payable	197,497	3,808
Accrued liabilities	438,081	12,275
Unearned revenues	1,084,302	-
Noncurrent liabilities:		
Due within one year	1,259,758	5,406
Due within more than one year	<u>42,449,822</u>	<u>78,010</u>
Total liabilities	<u>45,429,460</u>	<u>99,499</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows—relating to pension plans	244,708	5,370
Deferred inflows—relating to OPEB	7,125,118	-
Deferred inflows—relating to leases	153,853	-
Total deferred inflows of resources	<u>7,523,679</u>	<u>5,370</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,974,393	1,547,517
Restricted for:		
Mitigation	459,437	-
Capital	-	200,673
Debt service	769,739	-
Service awards program	581,127	-
Unrestricted	<u>(8,221,047)</u>	<u>250,393</u>
Total net position	<u>\$ (2,436,351)</u>	<u>\$ 1,797,910</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Statement of Activities**  
**Year Ended December 31, 2023**

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	New Hartford Public Library	New Hartford Public Library
<b>Primary government:</b>							
Governmental activities:							
General government support	\$ 2,149,060	\$ 378,764	\$ -	\$ -	\$ (1,770,296)	\$ -	\$ -
Public safety	7,070,770	57,525	400,000	-	(6,613,245)		
Health	82,905	-	-	-	(82,905)		
Transportation	4,972,247	425,374	543,547	512,401	(3,490,925)		
Economic assistance and opportunity	9,984	-	-	-	(9,984)		
Culture and recreation	1,096,616	179,699	-	-	(916,917)		
Home and community services	2,225,534	19,528	-	-	(2,206,006)		
Interest and other fiscal charges	744,619	-	-	-	(744,619)		
Total primary government	\$ 18,351,734	\$ 1,060,890	\$ 943,547	\$ 512,401	(15,834,896)		
<b>Component unit:</b>							
New Hartford Public Library	\$ 558,872	\$ 7,621	\$ 344,519	\$ 7,006			(199,726)
Total component unit	\$ 558,872	\$ 7,621	\$ 344,519	\$ 7,006			(199,726)
General revenues:							
Real property taxes and tax items					6,382,648		-
Nonproperty tax items					8,356,500		-
Use of money and property					529,779	42	
Sale of property and compensation for loss					288,600	723	
Miscellaneous					197,253	28,968	
Unrestricted state aid					430,647	-	
Total general revenues					\$ 16,185,427		(169,993)
Change in net position					350,531		(169,993)
Net position—beginning					(2,786,882)		1,967,903
Net position—ending					\$ (2,436,351)		\$ 1,797,910

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**December 31, 2023**

	Special Revenue						Capital Projects	Nonmajor Funds	Total	Total Governmental Funds				
	General	Police	Highway	Highway	Sewer									
			Town-wide	Part-Town										
<b>ASSETS</b>														
Cash and cash equivalents	\$ 4,092,257	\$ 2,464,537	\$ 902,944	\$ 2,954,690	\$ 3,999	\$ 1,023,298	\$ 1,201,521	\$ 12,643,246						
Restricted cash and cash equivalents	1,084,302	-	-	-	-	2,154,965	908,348	4,147,615						
Restricted investments	-	-	-	-	-	-	581,127	581,127						
Receivables	244,744	236,493	-	96,249	-	-	13,970	591,456						
Lease receivable	153,853	-	-	-	-	-	-	-	153,853					
Intergovernmental receivables	477,978	404,059	58,309	1,227,874	-	-	16,395	2,184,615						
Due from other funds	1,023,298	7	-	145,517	664,530	-	325,074	2,158,426						
Prepaid items	29,988	126,876	-	43,567	3,090	-	4,843	208,364						
Total assets	<u>\$ 7,106,420</u>	<u>\$ 3,231,972</u>	<u>\$ 961,253</u>	<u>\$ 4,467,897</u>	<u>\$ 671,619</u>	<u>\$ 3,178,263</u>	<u>\$ 3,051,278</u>	<u>\$ 22,668,702</u>						
<b>LIABILITIES</b>														
Accounts payable	22,603	95,018	-	51,353	26,489	400	1,634	197,497						
Accrued liabilities	69,425	101,068	-	53,823	5,776	-	6,913	237,005						
Due to other funds	196,854	58,477	365,998	89,813	6,610	1,384,942	55,732	2,158,426						
Unearned revenue	1,084,302	-	-	-	-	-	-	1,084,302						
Total liabilities	<u>1,373,184</u>	<u>254,563</u>	<u>365,998</u>	<u>194,989</u>	<u>38,875</u>	<u>1,385,342</u>	<u>64,279</u>	<u>3,677,230</u>						
<b>DEFERRED INFLOWS OF RESOURCES</b>														
Deferred inflows—relating to leases	<u>153,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,853</u>					
Total deferred inflows of resources	<u>153,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,853</u>					
<b>FUND BALANCES</b>														
Nonspendable	1,053,286	126,876	-	43,567	3,090	-	4,843	1,231,662						
Restricted	-	-	-	-	-	1,792,921	1,810,303	3,603,224						
Assigned	532,335	2,850,533	595,255	4,229,341	629,654	-	1,171,853	10,008,971						
Unassigned	3,993,762	-	-	-	-	-	-	3,993,762						
Total fund balances	<u>5,579,383</u>	<u>2,977,409</u>	<u>595,255</u>	<u>4,272,908</u>	<u>632,744</u>	<u>1,792,921</u>	<u>2,986,999</u>	<u>18,837,619</u>						
Total liabilities and fund balances	<u>\$ 7,106,420</u>	<u>\$ 3,231,972</u>	<u>\$ 961,253</u>	<u>\$ 4,467,897</u>	<u>\$ 671,619</u>	<u>\$ 3,178,263</u>	<u>\$ 3,051,278</u>	<u>\$ 22,668,702</u>						

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**December 31, 2023**

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Amounts reported for governmental activities in the statement of net position (page 13) are different because:

Total fund balances—governmental funds (page 15) \$ 18,837,619

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$53,658,946 and the accumulated depreciation is \$32,275,473. 21,383,473

Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt. 9,515

Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements:

Deferred outflows related to employer contributions	\$	621,042
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	2,994,469	
Deferred inflows related to pension plans	(244,708)	
Deferred outflows related to OPEB	4,998,013	
Deferred inflows related to OPEB	<u>(7,125,118)</u>	1,243,698

Net accrued interest expense for serial bonds is not reported in the fund statements. (201,076)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:

Serial bonds	\$	(19,485,008)
Premium on serial bonds	(49,289)	
Lease liability	(38,863)	
Compensated absences	(879,967)	
Net pension liability	(4,746,618)	
OPEB obligation	<u>(18,509,835)</u>	<u>(43,709,580)</u>

Net position of governmental activities \$ (2,436,351)

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances—Governmental Funds**  
**Year Ended December 31, 2023**

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds			
	General	Police	Highway	Highway	Sewer							
			Town-wide	Part-Town								
<b>REVENUES</b>												
Real property taxes	\$ 1,702,968	\$ 2,632,605	\$ -	\$ -	\$ 301,066	\$ -	\$ 1,574,407	\$ 6,211,046				
Real property tax items	171,602	-	-	-	-	-	-	171,602				
Nonproperty tax items	1,404,386	1,647,052	237,332	5,000,957	-	-	66,773	8,356,500				
Departmental income	249,394	31,989	-	-	19,078	-	122,103	422,564				
Intergovernmental charges	41,126	-	-	374,123	-	-	-	415,249				
Use of money and property	134,465	101,941	55,451	124,220	-	-	113,702	529,779				
Sale of property and compensation for loss	-	17,884	-	10,849	-	-	259,867	288,600				
Licenses and permits	17,403	-	-	-	-	-	97,568	114,971				
Fines and forfeitures	108,106	-	-	-	-	-	-	108,106				
Miscellaneous	10,590	15,271	-	115,923	-	-	55,469	197,253				
State aid	430,647	536,053	-	512,401	-	-	-	1,479,101				
Federal aid	400,000	7,494	-	-	-	-	-	407,494				
Total revenues	4,670,687	4,990,289	292,783	6,138,473	320,144	-	2,289,889	18,702,265				
<b>EXPENDITURES</b>												
Current:												
General government support	1,461,665	-	-	-	-	-	-	1,461,665				
Public safety	105,277	3,094,661	-	-	-	-	1,355,531	4,555,469				
Health	-	-	-	-	-	-	56,387	56,387				
Transportation	111,757	-	2,131	3,251,163	-	-	16,780	3,381,831				
Economic assistance and opportunity	6,790	-	-	-	-	-	-	6,790				
Culture and recreation	745,854	-	-	-	-	-	-	745,854				
Home and community services	-	-	-	-	1,361,488	-	152,190	1,513,678				
Employee benefits	605,184	1,891,554	-	735,764	51,437	-	106,905	3,390,844				
Debt service:												
Principal	490,052	27,830	63,100	494,880	9,334	-	137,910	1,223,106				
Interest and fiscal charges	232,620	19,505	9,228	372,646	2,648	-	2,730	639,377				
Capital outlay	-	-	-	-	-	423,957	-	423,957				
Total expenditures	3,759,199	5,033,550	74,459	4,854,453	1,424,907	423,957	1,828,433	17,398,958				
Excess (deficiency) of revenues over expenditures	911,488	(43,261)	218,324	1,284,020	(1,104,763)	(423,957)	461,456	1,303,307				
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	400,000	-	-	-	-	-	400,000				
Transfers out	(400,000)	-	-	-	-	-	-	(400,000)				
Total other financing sources (uses)	(400,000)	400,000	-	-	-	-	-	-				
Net change in fund balances	511,488	356,739	218,324	1,284,020	(1,104,763)	(423,957)	461,456	1,303,307				
Fund balances—beginning	5,067,895	2,620,670	376,931	2,988,888	1,737,507	2,216,878	2,525,543	17,534,312				
Fund balances—ending	\$ 5,579,383	\$ 2,977,409	\$ 595,255	\$ 4,272,908	\$ 632,744	\$ 1,792,921	\$ 2,986,999	\$ 18,837,619				

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended December 31, 2023**

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Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances—total governmental funds (page 17)	\$ 1,303,307
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period.

Capital asset additions, net of disposals	\$ 423,957
Depreciation/amortization expense	<u>(1,793,144)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(1,153)

Net differences between pension contributions and OPEB changes recognized on the fund financial statements and the government-wide financial statements are as follows:

Town pension contributions	\$ 824,014
Cost of benefits earned net of employee contributions	<u>(1,543,519)</u>
Changes in OPEB assumptions	<u>(2,756,453)</u>

(109,266)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized within the government-wide statements. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Principal payments on serial bonds	\$ 1,204,520
Amortization of bond premium	5,177
Principal payments on lease liability	18,586
Change in compensated absences	552
Change in OPEB obligation	<u>2,773,953</u>
	<u>4,002,788</u>
Change in net position of governmental activities	<u>\$ 350,531</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Statement of Fiduciary Net Position—Custodial Fund**  
**December 31, 2023**

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	<b>Custodial Fund</b>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 704,020
Prepays items	2,955
Total assets	<u>706,975</u>
<b>LIABILITIES</b>	
Accounts payable and other liabilities	<u>693,339</u>
Total liabilities	<u>693,339</u>
<b>NET POSITION</b>	
Restricted for other organizations	<u>\$ 13,636</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Statement of Changes in Fiduciary Net Position—Custodial Fund**  
**Year Ended December 31, 2023**

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	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Funds received on behalf of others	\$ 6,690
Total additions	<u>6,690</u>
<b>DEDUCTIONS</b>	
Funds distributed on behalf of others	<u>-</u>
Total deductions	<u>-</u>
Change in fiduciary net position	6,690
Net position—beginning	<u>6,946</u>
Net position—ending	<u>\$ 13,636</u>

The notes to the financial statements are an integral part of this statement.

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**TOWN OF NEW HARTFORD, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2023**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Town of New Hartford, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

### ***Description of Government-Wide Financial Statements***

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges to external customers for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Town reports one component unit, the New Hartford Public Library.

### ***Reporting Entity***

The Town, which was established in 1870, is located within the County of Oneida, New York. The Town is governed by the general laws of the State of New York and various local laws and ordinances. The Town Board is the legislative body responsible for the overall operations of the Town. The Supervisor serves as the Chief Executive Officer and as Chief Fiscal Officer of the Town.

The following basic services are provided: general government support, fire protection through contracts with local volunteer companies, safety inspection, highway maintenance, recreational programs, water transmission services, sanitary sewerage, street lighting, refuse, and general administration.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk and Receiver of Taxes
Councilmembers (4)	Town Justices (2)
Superintendent of Highways	

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

***Discretely Presented Component Unit***—The component unit column in the basic financial statements includes the financial data of the Town’s discretely presented component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Town.

- **New Hartford Public Library**—The New Hartford Public Library (the “Library”) was established in 1977 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Town appoints all trustees, raises taxes for

the library purposes, and as needed, issues all library indebtedness which is supported by the full faith and credit of the Town. The Library has title to its capital assets. The Library is a discretely presented component unit of the Town.

Units of local government which operate within the boundaries of the Town consist of the Village of New Hartford, the Village of New York Mills, and the hamlets of Chadwicks and Washington Mills. Public education is provided by one independent school districts within the Town.

#### ***Basis of Presentation—Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide statements.

As discussed earlier, the Town has one discretely presented component unit shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### ***Basis of Presentation – Fund Financial Statements***

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *Police Fund*—This fund accounts for the revenues and expenditures related to Police services. Real property taxes are raised for police services from the whole Town excluding the Village of New York Mills.
- *Highway Town-wide Fund*—The Highway Town-wide Fund is used to record all revenues and expenditures related to road maintenance and construction inside Village boundaries. The major source of revenue for this fund is sales tax.
- *Highway Part-Town Fund*—The Highway Part-Town Fund is used to record all revenues and expenditures related to road maintenance and construction outside Village boundaries. The major source of revenue for this fund is non-property taxes.

- *Sewer Fund*—The Sewer Fund is used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for the purpose of the Sewer Fund. The major source of revenue for this fund is real property taxes.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

Additionally, the Towns reports the following fund type:

*Fiduciary Funds*—These funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary fund include monies held on behalf of others.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Custodial Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

#### ***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

***Cash and Cash Equivalents and Investments***—The Town's cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town investments are recorded at fair value based on quoted market value.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represent amounts to support unearned revenue, fund balance restrictions, unspent proceeds of debt and cash held on behalf of others.

***Restricted Investments***—The Town's restricted investments consist of annuity contracts related to the Town's Length of Service Award Program ("LOSAP").

***Receivables***—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible account has been provided since it is believed that such an allowance would not be material.

***Leases Receivables***—The Town is a lessor for various leases. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

***Prepaid Items***—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

**Capital Assets**—Capital assets, which include buildings and improvements, machinery and equipment, infrastructure and right-to-use lease assets are reported in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Donated assets are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the life of an asset are capitalized. Other costs incurred for repairs and maintenance and expensed as incurred. Infrastructure assets are capitalized on a prospective basis. Right-to-use leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and are amortized on a straight-line basis over their useful lives. Land and construction in progress are not depreciated. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as shown below:

Assets	Years
Buildings and improvements	40
Machinery and equipment	3-15
Infrastructure	40
Right-to-use lease assets	5-10

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

**Unearned Revenue**—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2023, the Town reported unearned revenue within the General Fund of \$1,084,302. This balance is related to American Rescue Plan Act relief funds, but the Town has not performed the related services, and therefore recognizes a liability.

**Deferred Outflows/Inflows of Resources**—In addition to assets, the statement of financial 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2023, the Town has three items that qualify for reporting in this category. This first item represents the effect of the net change in the Town's proportion of the collective net pension liability, the difference during the measurement period between the Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item represents the effects of the change in the Town's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The final item represents a deferred charge on refunding. Each of these items are reported in the government-wide financial statements.

In addition to liabilities, the statement of financial 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. At December 31, 2023, the Town has three items that qualify for reporting in this category. The first item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of the total

contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the Town's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is related to leases receivable reported on the government-wide financial statements and on the balance sheet of governmental funds, which is reported equal to the lease receivable at the present value of the remaining lease payments expected to be received during the lease term and amortized over the life of the lease.

**Net Position Flow Assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position 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. It is the Town's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

**Fund Balance Flow Assumptions**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by Town Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### ***Revenues and Expenses/Expenditures***

**Program Revenues**—The amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All

taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Property Taxes**—Taxes are collected by the receiver of taxes during the period January 1<sup>st</sup> to January 31<sup>st</sup> without penalty. Taxes are due by January 31<sup>st</sup>. If received during February, there is a 1% penalty. If payment is received in March, there is a 1.5% penalty. After May 31<sup>st</sup>, any unpaid amount is turned over to Oneida County. The County is responsible for collecting all taxes after April 1<sup>st</sup>. The County pays the Town for the delinquent taxes and assumes enforcement responsibility for all taxes levied in the Town.

**Compensated Absences**—Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limits.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

**Pension Plans**—The Town is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

**Length of Service Awards Program ("LOSAP")**—The Town has adopted a LOSAP for firefighters that serve on a volunteer basis. This program is administered by an outside agency with the Town as trustee. More information is included in Note 7.

**Other Postemployment Benefits**—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 8.

#### **Other**

**Estimates**—The preparation of the financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncements**—During the year ended the year ended December 31, 2023, the Town implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements ("PPPs"). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements ("SBITAs") and providing uniform guidance for accounting and financial reporting for transactions that meet that

definition. GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the Town's financial position or results from operations.

***Future Impacts of Accounting Pronouncements***—The Town has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, 102, 103 and 104 will have on its financial position and results of operations when such statements are adopted.

### ***Stewardship, Compliance and Accountability***

***Legal Compliance—Budgets***—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than October 5th, the Town Supervisor submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of legislative resolution no later than Thursday after election date. Certified copies are filed no later than November 20th with the tax roll coordinator of Oneida County for the purpose of preparing the tax levy.
- The Town Supervisor is authorized to transfer certain budgeted amounts within departments and/or individual funds.

## **2. CASH, CASH EQUIVALENTS 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 Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2023 are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 375	\$ -	\$ 375
Deposits	<u>17,166,420</u>	<u>704,020</u>	<u>17,870,440</u>
Total	<u>\$ 17,166,795</u>	<u>\$ 704,020</u>	<u>\$ 17,870,815</u>

**Deposits**—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2023 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	<u>17,243,301</u>	<u>16,870,440</u>
Total	<u>\$ 18,243,301</u>	<u>\$ 17,870,440</u>

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

**Interest Rate Risk**—In accordance with its investment policy, the Town manages exposures by limiting investments to low risk type investments governed by New York State statute.

**Restricted Cash and Cash Equivalents**—The Town reports amounts to support unearned revenue, restricted fund balance, unspent proceeds of debt and amounts held on behalf of others as restricted cash and cash equivalents. At December 31, 2023, the Town reported \$1,084,302, \$2,154,965, \$459,437, \$448,911 and \$704,020 of restricted cash and cash equivalents within the General Fund, Capital Projects Fund, Mitigation Fund, Debt Service Fund and Custodial Fund, respectively.

**Restricted Investments**—The Town's restricted investments consist of annuity contracts related to the Town's Length of Service Award Program (“LOSAP”), a defined benefit volunteer firefighter award program (see Note 7). These amounts are guaranteed fixed annuities, whereby the reported values are reported daily based on the valuation method disclosed in the annuity contract as calculated by the annuity provider and therefore are considered Level 2 inputs for fair value measurement purposes. The interest on each annuity varies but they are all fixed rate with a guaranteed minimum rate for a specific period. The cost and fair value of the contracts amounted to \$581,127 at December 31, 2023 and are recorded within the Fire Protection Fund.

**Fair Value Measurement**—The Town reports its treasury bill fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Town has access at the measurement date.

- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets in markets that are not active;
  - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and,
  - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

**New Hartford Public Library**—The Library's cash and cash equivalents, including restricted cash of \$200,673, totaled \$291,500 and were fully collateralized or FDIC insured at December 31, 2023.

### 3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2023 consisted of the following:

**Receivables**—Represents amounts due from various sources. Receivables at December 31, 2023 are shown below:

General Fund:		
PILOT	\$ 106,576	
Cable TV franchise fees	83,065	
Justice Court fees	10,351	
Other	<u>44,752</u>	\$ 244,744
Police Fund:		
Town patrols	236,493	
Highway Part-Town Fund:		
Fuel & repairs	96,249	
Nonmajor Funds:		
General Part-Town Fund—fees	<u>13,970</u>	
Total governmental funds	<u>\$ 591,456</u>	

**Intergovernmental Receivables**—Represents amounts due from other units of government, such as Federal, New York State, County of Oneida or other local governments. Intergovernmental receivables at December 31, 2023 are shown below:

General Fund:		
Mortgage tax	\$ 217,091	
Sales tax	<u>260,887</u>	\$ 477,978
Police Fund:		
Sales tax	404,059	
Highway Town-Wide Fund:		
Sales tax	58,309	
Highway Part-Town Fund:		
Sales tax	1,227,874	
Nonmajor Funds:		
General Part-Town Fund—sales tax	<u>16,395</u>	
Total governmental funds	<u>\$ 2,184,615</u>	

**Lease Receivables**—The Town recognizes a lease receivable for renting a cell tower and is measured at the present value of the remaining lease payments expected to be received during the lease terms. The lease has a maturity date in 2028, and the Town recognized \$16,800 in lease revenue during the current year end. As of December 31, 2023, the Town’s outstanding receivable for lease payments was \$153,853. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$153,853.

#### 4. CAPITAL ASSETS

The Town’s management does not maintain a complete record of capital assets for governmental activities. Capital asset activity for governmental activities for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated/amortized:				
Land	\$ 611,634	\$ -	\$ -	\$ 611,634
Construction in progress	4,871,144	423,957	-	5,295,101
Total capital assets, not being depreciated/amortized	<u>5,482,778</u>	<u>423,957</u>	<u>-</u>	<u>5,906,735</u>
Capital assets, being depreciated:				
Buildings and improvements	5,286,290	-	-	5,286,290
Machinery and equipment	13,379,079	-	-	13,379,079
Infrastructure	28,957,224	-	-	28,957,224
Right-to-use lease asset	129,618	-	-	129,618
Total capital assets, being depreciated/amortized	<u>47,752,211</u>	<u>-</u>	<u>-</u>	<u>47,752,211</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	4,627,900	130,709	-	4,758,609
Machinery and equipment	12,290,528	1,024,129	-	13,314,657
Infrastructure	13,487,401	619,145	-	14,106,546
Right-to-use lease asset	76,500	19,161	-	95,661
Total accumulated depreciation/amortization	<u>30,482,329</u>	<u>1,793,144</u>	<u>-</u>	<u>32,275,473</u>
Total capital assets, being depreciated/amortized, net	<u>17,269,882</u>	<u>(1,793,144)</u>	<u>-</u>	<u>15,476,738</u>
Total capital assets, net	<u>\$ 22,752,660</u>	<u>\$ (1,369,187)</u>	<u>\$ -</u>	<u>\$ 21,383,473</u>

Depreciation expense was charged to the functions of the governmental activities for the year ended December 31, 2023 as shown below:

General government support	\$ 350,241
Public safety	586,745
Transportation	602,258
Culture and recreation	96,379
Home and community services	<u>157,521</u>
Total	<u><u>\$ 1,793,144</u></u>

**New Hartford Public Library**—Capital asset activity for the Library for the year ended December 31, 2023 is shown below:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 96,460	\$ -	\$ -	\$ 96,460
Total capital assets, not being depreciated	<u>96,460</u>	<u>-</u>	<u>-</u>	<u>96,460</u>
Capital assets, being depreciated:				
Land improvements	150,662	-	-	150,662
Buildings and improvements	3,081,508	8,280	(15,239)	3,074,549
Machinery and equipment	<u>355,614</u>	<u>-</u>	<u>-</u>	<u>355,614</u>
Total capital assets, being depreciated	<u>3,587,784</u>	<u>8,280</u>	<u>(15,239)</u>	<u>3,580,825</u>
Less accumulated depreciation for:				
Land improvements	154,248	10,614	-	164,862
Buildings and improvements	1,503,199	101,342	(15,239)	1,589,302
Machinery and equipment	<u>362,761</u>	<u>12,843</u>	<u>-</u>	<u>375,604</u>
Total accumulated depreciation	<u>2,020,208</u>	<u>124,799</u>	<u>(15,239)</u>	<u>2,129,768</u>
Total capital assets, being depreciated, net	<u>1,567,576</u>	<u>(116,519)</u>	<u>(30,478)</u>	<u>1,451,057</u>
Total capital assets, net	<u>\$ 1,664,036</u>	<u>\$ (116,519)</u>	<u>\$ (30,478)</u>	<u>\$ 1,547,517</u>

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2023 were as follows:

	General Fund	Police Fund	Part-Town Fund	Sewer Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 69,425	\$ 101,068	\$ 53,823	\$ 5,776	\$ 6,913	\$ 237,005
Total accrued liabilities	<u>\$ 69,425</u>	<u>\$ 101,068</u>	<u>\$ 53,823</u>	<u>\$ 5,776</u>	<u>\$ 6,913</u>	<u>\$ 237,005</u>

## 6. PENSION PLANS

**New York State and Local Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)**—The Town participates in the PFRS and ERS (the “Systems”). The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are 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 Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The Systems are included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, 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.

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) 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 three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**—At December 31, 2023, the Town reported the following liabilities for its proportionate share of the net pension liability for each of the Systems. The net pension liabilities were measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2022, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 2,900,049	\$ 1,846,569
Town's portion of the Plan's total		
net pension liability	0.0526280%	0.0086111%

For the year ended December 31, 2023, the Town recognized pension expenses of \$889,851 and \$652,501, respectively, for PFRS and ERS. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 283,451	\$ 196,674	\$ -	\$ 51,858
Changes of assumptions	1,413,186	896,813	-	9,911
Net difference between projected and actual earnings on pension plan investments	5,127	-	-	10,849
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	151,632	47,586	117,601	54,489
Town contributions subsequent to the measurement date	384,090	236,952	-	-
<b>Total</b>	<b>\$ 2,237,486</b>	<b>\$ 1,378,025</b>	<b>\$ 117,601</b>	<b>\$ 127,107</b>

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

Year Ending December 31,	PFRS	ERS
2024	\$ 318,346	\$ 242,010
2025	(62,886)	(101,684)
2026	864,183	370,668
2027	545,092	502,972
2028	71,060	-

**Actuarial Assumptions**—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.9%	5.9%
Salary scale	4.4%	6.2%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustments	1.5%	1.5%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

	PFRS and ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
Measurement date	March 31, 2023	
Asset class:		
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Opportunistic/absolute return strategies	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.0
Total	<u>100 %</u>	

**Discount Rate**—The discount rate used to calculate the total pension liability was 5.9%. 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**—The chart below presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1%	Current	1%
	Decrease (4.9%)	Assumption (5.9%)	Increase (6.9%)
Employer's proportionate share of the net pension liability—PFRS	\$ 6,045,288	\$ 2,900,049	\$ 295,602
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 4,462,366	\$ 1,846,569	\$ (339,233)

**Pension Plan Fiduciary Net Position**—The components of the current-year net pension liabilities of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2022	April 1, 2022	
Employers' total pension liability	\$ 43,835,333	\$ 232,627,259	\$ 276,462,592
Plan fiduciary net position	38,324,863	211,183,223	249,508,086
Employers' net pension liability	<u>\$ 5,510,470</u>	<u>\$ 21,444,036</u>	<u>\$ 26,954,506</u>
System fiduciary net position as a percentage of total pension liability	87.4%	90.8%	90.3%

**The New Hartford Public Library**—The Library also participates in the ERS system.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions**—At December 31, 2023, the Library reported a liability of \$78,010 for its proportionate share of the net pension liability. At the March 31, 2023 measurement date, the Library's proportion was 0.0003638%.

For the year ending December 31, 2023, the Library recognized pension expense of \$27,565. At December 31, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	
Differences between expected and actual experiences	\$ 8,309	\$ 2,191
Changes of assumptions	37,887	419
Net difference between projected and actual earnings on pension plan investments	-	458
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	2,010	2,302
Library contributions subsequent to the measurement date	<u>10,010</u>	<u>-</u>
Total	<u>\$ 58,216</u>	<u>\$ 5,370</u>

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

Year Ending December 31,	ERS
2024	\$ 10,224
2025	(4,296)
2026	15,659
2027	21,249

***Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption***—The following chart presents the Library's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Library's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability	\$ 188,517	\$ 78,010	\$ (14,331)

## 7. PENSION OBLIGATIONS—LOSAP

The Town has not implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*.

***Plan Description***—The Town established a defined benefit Length of Service Award Program (“LOSAP”) for the active volunteer firefighters of the Willowvale Fire Co., Inc. the Willowvale Fire Co., Inc. Service Award Program took effect in January 1, 2008. The program was established pursuant to Article 11-A of General Municipal Law. The program provides municipally-funded, pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program.

The Town's financial statements are for the year ended December 31, 2023. However, the actuarially calculated obligations of the plan contained in this note are based on the information for the LOSAP for the plan year ended on January 1, 2024, which is the most recent plan year for which complete information is available.

***Participation, Vesting and Service Credit***—Active volunteer firefighters who have reached the age of 18 and who are current active members for one year on the Emergency Service organization's membership roster are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates points in accordance with the method used by the sponsor to determine active status. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on a basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

**Benefits**—A participant’s benefit under the program is paid as a life annuity guaranteed for ten years. Equal to \$15 multiplied by the firefighter’s total number of years of firefighting service. The number of years of firefighters service used to compute the benefit cannot exceed 40 years, except in the case of death or disability, in which benefits are payable when the participant reached the entitlement age. The maximum benefit is \$600. The program provides statutorily mandated death and disability benefits.

**Fiduciary Investment and Control**—Service credit is determined by the governing Board of the sponsor, based on information certified to the governing Board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing Board of the Sponsor has retained and designated Firefighters Benefit and Insurance Services (“FBIS”) to assist in the administration of the program. The designated program administrator’s functions include those services listed in the service fee agreement. Disbursements of program assets for the payment of benefits or administrative expenses must be approved. The following is an explanation of the process for approving disbursements for benefits:

1. Entitlement Benefits—FBIS prepared and submits to the Plan Administrator (Sponsor) a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon terminations from the plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to FBIS to disburse entitlement benefits.
2. Death Benefits—Upon notification from the Plan Administrator (Sponsor) of a participant’s death, FBIS prepares a Verification of Benefits statement and a lump-sum death benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork accompanied by a death certificate to FBIS authorizing FBIS to disburse a death benefit.
3. Disability Benefits—Upon notification from the Plan Administrator (Sponsor) of a participant’s total and permanent disability, FBIS prepares a Verification of Benefits statement, a physician statement form, and lump-sum disability benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork authorizing FBIS to disburse a disability benefit.

**Payment of Administrative Expenses**—Per the executed service fee agreement, the Plan Administrator agrees to payment as contracted.

Program assets are required to be held in trust by the LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are held in compliance with GML 11-A217(j).

Authority to invest program assets is vested in the Hartford Life Insurance Company. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule.

**Program Financial Condition**—The Sponsor is required to retain an actuary to determine the amount of Sponsor’s contributions to the plan. The actuary retained by the Sponsor for this purpose is FBIS. Portions of the following information are derived from a report prepared by the actuary with a valuation date of January 1, 2024 for the plan year ending December 31, 2023.

Prior service costs have been amortized and paid. The program assets are less than the actuarial present value of accrued benefits.

### Program Financial Condition

#### *Asset and Liabilities:*

Actuarial Present Value of Benefits at December 31, 2023:		\$ 581,127
Less: Assets available for benefits	% of total	
Cash	0.00%	-
Life Insurance - Specialty	4.39%	25,521
International Stock	14.01%	81,436
Small-Cap Stock	2.11%	12,270
Mid-Cap Stock	4.06%	23,579
Large-Cap Stock	21.12%	122,715
Bonds	54.31%	315,606
Total net assets available for benefits		<u>581,127</u>
Total unfunded benefits		<u>\$ -</u>

#### *Receipts and Disbursements:*

Plan net assets, January 1, 2023		\$ 525,658
Changes during the year:		
Add: Plan contributions	\$ 26,295	
Earnings from investments	58,514	
Less: Payments to retirees	(50,996)	
Insurance premiums	21,656	
Net change		<u>55,469</u>
Plan net assets, December 31, 2023		<u>\$ 581,127</u>

#### *Contributions*

Amount of sponsor's contributions recommended by actuary	\$ 32,147
Amount of sponsor's actual contributions	\$ 26,295

## 8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

**Plan Description and Benefits Provided**—In addition to pension benefits, the Town administers a single-employer defined benefit medical plan (the “Plan”). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Town subject to applicable collective bargaining and employment agreements. Generally, the employees may retire with benefits when they reach the age of 55 and have 20 years of service with the Town. The Plan does not issue standalone publicly available financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**Employees Covered by Benefit Terms**—At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Active employees	54
Total	<u>86</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments, which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

### ***Total OPEB Liability***

The Town’s total OPEB liability of \$18,509,835 was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2023 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.06% effective January 1, 2022 to 3.72% effective January 1, 2023 based on a 20-year high-quality tax-exempt municipal bond index as of the measurement date. The salary scale is 3.50%. Adjusted RPH-2014, fully generational using scale MP-2014 was used for mortality rates adjusted using scale MP-2014, and projected forward with scale MP-2021. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.8%, while the ultimate healthcare cost trend rate is 4.1%.

**Changes in the Total OPEB Liability**—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance as of December 31, 2022:	<u>\$ 21,283,788</u>
Changes for the year:	
Service cost	706,431
Interest	447,047
Changes in benefit terms	(39,492)
Differences between expected and actual experience	1,186,549
Changes in assumptions and other inputs	(4,496,737)
Benefits payments	<u>(577,751)</u>
Net changes	<u>(2,773,953)</u>
Balance at December 31, 2023:	<u>\$ 18,509,835</u>

**Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate**—The discount rate assumption can have a profound impact on total liabilities. The table below presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability.

	1%	Current	1%
	Decrease (2.72%)	Discount Rate (3.72%)	Increase (4.72%)
Total OPEB liability	\$ 21,560,189	\$ 18,509,835	\$ 16,064,791

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the initial (7.8%)/ultimate (4.1%) healthcare cost trend rates.

	Healthcare Cost Trend		
	1%	Decrease (6.8% / 3.10%)	Rates (7.8% / 4.10%)
Total OPEB liability	\$ 15,832,728	\$ 18,509,835	\$ 21,918,498

**Funding Policy**—Authorization for the Town to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the Town Board. The Town recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. Town governmental activities contributed \$577,751 for the fiscal year ended December 31, 2023. For the year ended December 31, 2023, the Town's governmental activities recognized OPEB expense of \$619,545. The Town's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 15. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**—The Town reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The following table presents the Town's deferred outflows and inflows of resources at December 31, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,038,968	\$ 2,445,549
Changes of assumptions	3,322,000	4,679,569
Benefit payments subsequent to the measurement date	637,045	-
<b>Total</b>	<b>\$ 4,998,013</b>	<b>\$ 7,125,118</b>

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

Year Ending December 31,	
2024	\$ (494,441)
2025	(554,178)
2026	(263,809)
2027	(353,857)
2028	(274,439)
Thereafter	(823,426)

## 9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for: property coverage, inland marine coverage, general liability coverage, crime coverage, automobile coverage, umbrella coverage, accidental death and dismemberment coverage and cyber coverage. There have been no significant reduction in the levels of this commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years.

Property insurance is limited based on scheduled locations. Inland marine coverage has various limits for each individually scheduled property and equipment. The general liability insurance is limited to \$1 million per occurrence, with a \$3 million annual aggregate limit. Various crime coverage is limited to \$1 million per each wrongful act, with a \$2 million aggregate limit. Automobile insurance is limited to \$1 million per accident. Umbrella coverage is limited to \$4 million per occurrence with a \$4 million annual aggregate limit. Accidental death and dismemberment varies. Cyber coverage limits range from \$500,000 to \$1,000,000 for each first party insured event.

## **10. LEASE LIABILITIES**

The Town is a lessee for various leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities if they are considered significant, individually or in the aggregate, to the financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported within capital assets and lease liabilities are reported within noncurrent liabilities on the statement of net position.

As a result of the implementation of the GASB Statements No. 87, *Leases*, the Town reports certain leases as lease liabilities. As of December 31, 2023, the value of the lease liabilities was \$38,863. The value of the right-to-use lease assets as of the end of the current fiscal year was \$129,618 and reported accumulated amortization of \$95,661.

## **11. LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include serial bonds, premiums on serial bonds, lease liability, compensated absences, net pension liability and other postemployment benefits ("OPEB") obligations. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long-term debt for the year ended December 31, 2023 follows:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Serial bonds	\$ 20,689,528	\$ -	\$ 1,204,520	\$ 19,485,008	\$ 1,191,439
Premium on serial bonds	54,466	-	5,177	49,289	5,177
Net bonds payable	20,743,994	-	1,209,697	19,534,297	1,196,616
Lease liability	57,449	-	18,586	38,863	19,144
Compensated absences*	880,519	-	552	879,967	43,998
Net pension liability*	247,785	4,498,833	-	4,746,618	-
OPEB obligation	21,283,788	2,340,027	5,113,980	18,509,835	-
Total	\$ 43,213,535	\$ 6,838,860	\$ 6,342,815	\$ 43,709,580	\$ 1,259,758

\*Additions/reductions to compensated absences and the net pension liability are reported net of additions/reductions.

**Serial Bonds**—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town.

A summary of additions and payments for the year ended December 31, 2023 is presented on the following page.

Purpose	Year of Issue/ Maturity	Interest Rate (%)	Balance 1/1/2023			Balance 12/31/2023	Due Within One Year
				Increases	Decreases		
<b>General Fund:</b>							
Public improvements	2013/2027	2.50-3.25%	\$ 114,000	\$ -	\$ 22,000	\$ 92,000	\$ 22,000
Parks and recreation improvements	2016/2024	0.85-2.30%	102,140	-	51,070	51,070	51,070
Public improvements—refunding	2018/2032	1.90-4.00%	845,000	-	185,000	660,000	75,000
Public improvements	2019/2042	3.00-3.13%	4,684,228	-	172,804	4,511,424	178,976
Public improvements	2022/2039	3.00-3.50%	1,589,890	-	59,179	1,530,711	74,194
<b>Total General Fund</b>			<b>7,335,258</b>	<b>-</b>	<b>490,053</b>	<b>6,845,205</b>	<b>401,240</b>
<b>General Part-Town Fund:</b>							
Public improvement	2019/2042	3.00-3.13%	37,570	-	1,386	36,184	1,436
<b>Total General Fund Part-Town</b>			<b>37,570</b>	<b>-</b>	<b>1,386</b>	<b>36,184</b>	<b>1,436</b>
<b>Police Fund:</b>							
Public improvements	2013/2027	2.50-3.25%	19,600	-	3,800	15,800	3,800
Parks and recreation improvements	2016/2024	0.85-2.30%	8,800	-	4,400	4,400	4,400
Public improvements	2019/2042	3.00-3.13%	241,703	-	8,918	232,785	9,236
Public improvements	2022/2039	3.00-3.50%	287,800	-	10,713	277,087	13,431
<b>Total Police Fund</b>			<b>557,903</b>	<b>-</b>	<b>27,831</b>	<b>530,072</b>	<b>30,867</b>
<b>Highway Town-wide Fund:</b>							
Public improvements	2013/2027	2.50-3.25%	327,700	-	63,100	264,600	63,100
<b>Total Highway Town-wide Fund</b>			<b>327,700</b>	<b>-</b>	<b>63,100</b>	<b>264,600</b>	<b>63,100</b>
<b>Highway Part-Town Fund:</b>							
Public improvements	2013/2027	2.50-3.25%	343,700	-	66,100	277,600	66,100
Parks and recreation improvements	2016/2024	0.85-2.30%	106,254	-	53,127	53,127	53,127
Public improvements	2019/2042	3.00-3.13%	2,492,675	-	91,957	2,400,718	95,240
Public improvements	2022/2039	3.00-3.50%	7,122,310	-	265,108	6,857,202	332,374
<b>Total Highway Part-Town Fund</b>			<b>10,064,939</b>	<b>-</b>	<b>476,292</b>	<b>9,588,647</b>	<b>546,841</b>
<b>Water Fund:</b>							
Water improvements	2006/2036	0.00%	2,219,528	-	134,518	2,085,010	136,439
<b>Total Water Fund</b>			<b>2,219,528</b>	<b>-</b>	<b>134,518</b>	<b>2,085,010</b>	<b>136,439</b>
<b>Sewer Fund:</b>							
Parks and recreation improvements	2016/2024	0.85-2.30%	12,806	-	6,403	6,403	6,403
Public improvements	2019/2042	3.00-3.13%	79,454	-	2,932	76,522	3,036
<b>Total Sewer Fund</b>			<b>92,260</b>	<b>-</b>	<b>9,335</b>	<b>82,925</b>	<b>9,439</b>
<b>Fire Fund:</b>							
Public improvements	2019/2042	3.00-3.13%	54,370	-	2,006	52,364	2,077
<b>Total Fire Fund</b>			<b>54,370</b>	<b>-</b>	<b>2,006</b>	<b>52,364</b>	<b>2,077</b>
<b>Total</b>			<b>\$ 20,689,528</b>	<b>\$ -</b>	<b>\$ 1,204,520</b>	<b>\$ 19,485,008</b>	<b>\$ 1,191,439</b>

**Premium on Serial Bonds**—The Town issued 2018 Public Improvement Refunding Bonds at a premium of \$59,452 and 2022 Public Improvement Serial Bonds at a premium of \$15,805. The premiums are being amortized over the life of the bonds. At December 31, 2023, the unamortized premium is \$49,289.

**Compensated Absences**—As described in Note 1, the Town records the value of compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable. The value recorded at December 31, 2023, for governmental activities is \$879,967. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$43,998 will become due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

**Net Pension Liability**—The Town reports a liability for its proportionate share of the net pension liability for the New York State and Local Employee Retirement System and Police and Fire Retirement System. The total net pension liability is estimated to be \$4,746,618. Refer to Note 6 for additional information related to the Town's net pension liability.

**OPEB Obligation**—As discussed in Note 8, the Town's total OPEB obligation at December 31, 2023 is estimated to be \$18,509,835.

The following is a maturity schedule of the Town's indebtedness.

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	Lease Liability	Compensated Absences	Net Pension Liability	OPEB Obligation	Total
2024	\$ 1,191,439	\$ 5,177	\$ 19,144	\$ 43,998	\$ -	\$ -	\$ 1,259,758
2025	1,108,360	5,177	19,719	-	-	-	1,133,256
2026	1,135,283	5,177	-	-	-	-	1,140,460
2027	1,162,204	5,177	-	-	-	-	1,167,381
2028	1,024,125	5,177	-	-	-	-	1,029,302
2029-2033	5,454,453	18,450	-	-	-	-	5,472,903
2034-2038	5,814,151	4,650	-	-	-	-	5,818,801
2039-2042	2,594,993	304	-	-	-	-	2,595,297
Thereafter	-	-	-	835,969	4,746,618	18,509,835	24,092,422
Total	<u>\$ 19,485,008</u>	<u>\$ 49,289</u>	<u>\$ 38,863</u>	<u>\$ 879,967</u>	<u>\$ 4,746,618</u>	<u>\$ 18,509,835</u>	<u>\$ 43,709,580</u>

Interest requirements on serial bonds payable and lease liabilities are as follows:

Year ending December 31,	Serial Bonds	Lease Liability
2024	\$ 531,414	\$ 1,166
2025	501,818	592
2026	471,287	-
2027	439,318	-
2028	409,430	-
2029-2033	1,613,124	-
2034-2038	841,020	-
2039-2042	133,436	-
Total	<u>\$ 4,940,847</u>	<u>\$ 1,758</u>

## The New Hartford Public Library

The Library's outstanding long-term liabilities include compensated absences and net pension liability. A summary of changes in the Library's long-term debt at December 31, 2023 is shown below:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Compensated absences	\$ 4,648	\$ 758	\$ -	\$ 5,406	\$ 5,406
Net pension liability*	-	78,010	-	78,010	-
Total	<u>\$ 4,648</u>	<u>\$ 78,768</u>	<u>\$ -</u>	<u>\$ 83,416</u>	<u>\$ 5,406</u>

(\*Reductions to the net pension liability are shown net of additions.)

**Compensated Absences**—As described in Note 1, the Library records the value of compensated absences. The value recorded at December 31, 2023 for the Library is \$5,406, all of which is considered to be due within one year.

**Net Pension Liability**—The Library reported a liability for its proportionate share of the net pension liability for the Local Employees' Retirement System. The total net pension liability is estimated to be \$78,010. Refer to Note 6 for additional information related to the Library's net pension liability.

## 12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town's governmental activities net investment in capital assets is shown below:

Capital assets, net of accumulated depreciation	\$ 21,383,473
Related debt:	
Serial bonds	(19,485,008)
Capital Projects Fund accounts payable	(400)
Unamortized premium on serial bonds	(49,289)
Deferred charge on refunding	9,515
Lease liability	(38,863)
Unspent debt proceeds	<u>2,154,965</u>
Net investment in capital assets	<u>\$ 3,974,393</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation.
- **Unrestricted Net Position**—This category represents the net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2023 are shown below:

- **Prepaid Items**—Represents amounts prepaid for various insurance policies and prepaid retirement expenditures. The General Fund, Police Fund, Highway Part-Town Fund, Sewer Fund and Nonmajor Funds reported \$29,988, \$126,876, \$43,567, \$3,090 and \$4,843, respectively, at December 31, 2023.
- **Long-term Receivable**—Represents long-term receivables owed from the Capital Projects Fund. The General Fund reported \$1,023,298 of nonspendable fund balance at December 31, 2023.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2023 include:

- **Restricted for LOSAP**—Represents monies, \$581,127, held in trust for the administration of the Town's LOSAP.
- **Restricted for Mitigation**—Represents funds, \$459,437, held from the collection of mitigation fees that can only be spent on specific public improvements.
- **Restricted for Debt Service**—Represents resources that have been legally restricted for principal and interest payments that will be made in future periods. At December 31, 2023, the Debt Service Fund reported \$769,739.
- **Restricted for Capital Projects**—Represents resources set aside to fund future capital improvements. At December 31, 2023, the Capital Projects Fund reported restricted fund balance of \$1,792,921.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town's highest level of decision-making authority. At December 31, 2023, the Town reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the Town Board. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. At December 31, 2023, the following fund balances were considered to be assigned:

	General Fund	Police Fund	Highway Town-wide Fund	Highway Part-Town Fund	Sewer Fund	Nonmajor Funds	Total
Subsequent year's appropriations	\$ 532,335	\$ 401,000	\$ -	\$ 531,834	\$ 625,000	\$ 76,419	\$ 2,166,588
Specific use	-	2,347,592	539,804	3,949,221	4,654	999,267	7,840,538
Total assigned fund balance	<u>\$ 532,335</u>	<u>\$ 2,748,592</u>	<u>\$ 539,804</u>	<u>\$ 4,481,055</u>	<u>\$ 629,654</u>	<u>\$ 1,075,686</u>	<u>\$ 10,007,126</u>

- **Assigned to Subsequent Year's Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2024 fiscal year.

- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed.

If the Town must use funds for emergency expenditures, the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if the funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other funds are available, the Town will use unassigned fund balance.

### 13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the ensuing year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

Interfund receivables, payables, and transfers of the Town as of, and for the year ended December 31, 2023 are presented below:

Fund	Interfund			
	Receivables	Payables	Transfers in	Transfers out
Governmental funds:				
General Fund	\$ 1,023,298	\$ 196,854	\$ -	\$ 400,000
Police Fund	7	58,477	400,000	-
Highway Town-Wide Fund	-	365,998	-	-
Highway Part-Town Fund	145,517	89,813	-	-
Sewer Fund	664,530	6,610	-	-
Capital Projects Fund	-	1,384,942	-	-
Nonmajor funds	325,074	55,732	-	-
Total	<u>\$ 2,158,426</u>	<u>\$ 2,158,426</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>

### 15. LABOR CONTRACTS

Town employees are represented by three bargaining units with the balance governed by Town Board rules and regulations. The Joseph Corr Police Benevolent Association has a contract through December 31, 2023, and the Parks and Recreation Teamsters Local No. 294 and Highway Teamsters Local No. 294 have contracts through December 31, 2024.

### 16. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2022, the Town did not report any significant encumbrances.

## **17. TAX ABATEMENTS**

The Town is subject to programs entered into by the Oneida County Industrial Development Agency (“OCIDA”). These programs have the stated purpose of increasing business activity and employment in the region and providing housing for senior citizens and disabled citizens with low to moderate income. Economic development agreements entered into by the OCIDA includes the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the OCIDA and the Town, the Town collected \$65,027 during the 2023 fiscal year in payments in lieu of taxes (“PILOTs”); these collections were made in lieu of \$71,088 in property taxes.

## **18. CONTINGENCIES**

**Grants**—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

**Litigation**—The Town is involved in litigation in the ordinary course of its operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town’s financial condition or results of operations.

**Assessments**—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

## **19. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 19, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

## **REQUIRED SUPPLEMENTARY INFORMATION**



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**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of the Town's Proportionate Share of the**  
**Net Pension Liability—Police and Fire Retirement System**  
**Last Ten Fiscal Years**

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	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0526280%	0.0436208%	0.0462052%	0.0495700%	0.0516585%	0.0533926%	0.0567903%	0.058437%	0.058184%	0.058184%
Town's proportionate share of the net pension liability	\$ 2,900,049	\$ 247,785	\$ 802,250	\$ 2,649,487	\$ 866,346	\$ 539,670	\$ 1,177,066	\$ 1,730,184	\$ 160,158	\$ 242,227
Town's covered payroll	\$ 2,271,314	\$ 2,064,831	\$ 1,908,737	\$ 1,938,270	\$ 1,903,898	\$ 1,870,032	\$ 1,857,505	\$ 1,788,100	\$ 1,731,783	\$ 1,709,519
Town's proportionate share of the net pension liability as a percentage of its covered payroll	127.7%	12.0%	42.0%	136.7%	45.5%	28.9%	63.4%	96.8%	9.2%	14.2%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%	98.5%

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of the Town's Contributions—**  
**Police and Fire Retirement System**  
**Last Ten Fiscal Years**

	<b>Year Ended December 31,</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 530,652	\$ 526,360	\$ 497,936	\$ 437,699	\$ 430,576	\$ 428,947	\$ 416,259	\$ 397,862	\$ 476,267	\$ 428,212
Contributions in relation to the contractually required contribution	(530,652)	(526,360)	(497,936)	(437,699)	(430,576)	(428,947)	(416,259)	(397,862)	(476,267)	(428,212)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 2,282,389	\$ 2,019,813	\$ 1,801,448	\$ 1,886,006	\$ 1,903,146	\$ 1,882,884	\$ 1,867,125	\$ 1,851,484	\$ 1,840,060	\$ 1,731,108
Contributions as a percentage of covered payroll	23.2%	26.1%	27.6%	23.2%	22.6%	22.8%	28.5%	21.5%	25.9%	24.7%

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of the Town's Proportionate Share of the**  
**Net Pension Liability/(Asset)—Employees' Retirement System**  
**Last Ten Fiscal Years**

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
<b>Primary Government ("Town"):</b>										
Town's proportion of the net pension liability	0.0086111%	0.0084362%	0.0087502%	0.0088535%	0.0091519%	0.0092398%	0.0091062%	0.0097943%	0.0105183%	0.0105045%
Town's proportionate share of the net pension liability/(asset)	\$ 1,846,569	\$ (689,619)	\$ 8,712	\$ 2,344,447	\$ 648,436	\$ 298,209	\$ 855,636	\$ 1,572,015	\$ 355,333	\$ 474,681
Town's covered payroll	\$ 2,710,938	\$ 2,510,128	\$ 2,407,025	\$ 2,549,191	\$ 2,555,046	\$ 2,619,631	\$ 2,573,075	\$ 2,558,750	\$ 2,569,190	\$ 2,473,210
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	68.1%	(27.5)%	0.4%	92.0%	25.4%	11.4%	33.3%	61.4%	13.8%	19.2%
<b>Town of New Hartford Public Library ("Library"):</b>										
Library's proportion of the net pension liability	0.0003638%	0.0004597%	0.0003350%	0.0003508%	0.0003330%	0.0003093%	0.0006226%	0.0006677%	0.0006567%	0.0006705%
Library's proportionate share of the net pension liability/(asset)	\$ 78,010	\$ (37,581)	\$ 344	\$ 92,901	\$ 23,595	\$ 9,982	\$ 58,505	\$ 107,166	\$ 22,184	\$ 30,299
Library's covered payroll	\$ 143,690	\$ 136,848	\$ 94,820	\$ 100,971	\$ 92,944	\$ 113,464	\$ 94,650	\$ 160,611	\$ 197,461	\$ 161,164
Library's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	54.3%	(27.5)%	0.4%	92.0%	25.4%	8.8%	61.8%	66.7%	11.2%	18.8%

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of the Town's Contributions—**  
**Employees' Retirement System**  
**Last Ten Fiscal Years**

	Year Ended March 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Primary Government ("Town"):</b>										
Contractually required contribution	\$ 282,854	\$ 299,940	\$ 373,945	\$ 382,459	\$ 385,343	\$ 391,532	\$ 397,720	\$ 489,332	\$ 456,306	\$ 521,918
Contributions in relation to the contractually required contribution	<u>(282,854)</u>	<u>(299,940)</u>	<u>(373,945)</u>	<u>(382,459)</u>	<u>(385,343)</u>	<u>(391,532)</u>	<u>(397,720)</u>	<u>(489,332)</u>	<u>(456,306)</u>	<u>(521,918)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 2,596,139	\$ 2,449,188	\$ 2,279,358	\$ 2,314,674	\$ 2,549,013	\$ 2,663,573	\$ 2,597,911	\$ 2,524,980	\$ 2,694,546	\$ 2,608,107
Contributions as a percentage of covered payroll	10.9%	12.2%	16.4%	16.5%	15.1%	14.7%	15.3%	19.4%	16.9%	20.0%
<b>Town of New Hartford Public Library ("Library")</b>										
Contractually required contribution	\$ 11,939	\$ 16,435	\$ 14,745	\$ 15,149	\$ 14,022	\$ 13,106	\$ 11,632	\$ 30,570	\$ 28,507	\$ 32,606
Contributions in relation to the contractually required contribution	<u>(11,939)</u>	<u>(16,435)</u>	<u>(14,745)</u>	<u>(15,149)</u>	<u>(14,022)</u>	<u>(13,106)</u>	<u>(11,632)</u>	<u>(30,570)</u>	<u>(28,507)</u>	<u>(32,606)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered payroll	\$ 141,538	\$ 133,526	\$ 89,791	\$ 91,682	\$ 92,725	\$ 118,668	\$ 108,990	\$ 95,586	\$ 189,115	\$ 194,453
Contributions as a percentage of covered payroll	8.4%	12.3%	16.4%	16.5%	15.1%	11.0%	10.7%	32.0%	15.1%	16.8%

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**  
**Last Six Fiscal Years\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>						
Service cost	\$ 706,431	\$ 663,526	\$ 714,274	\$ 486,746	\$ 675,307	\$ 609,152
Interest	447,047	427,237	594,155	668,947	675,868	668,295
Changes in benefit terms	(39,492)	-	-	526,177	-	-
Differences between expected and actual experience	1,186,549	-	(3,387,563)	-	(1,746,884)	-
Changes of assumptions or other inputs	(4,496,737)	977,404	1,119,269	3,919,072	(2,327,878)	1,026,391
Benefit payments	(577,751)	(547,085)	(495,306)	(424,162)	(414,634)	(390,232)
Net changes in total OPEB liability	(2,773,953)	1,521,082	(1,455,171)	5,176,780	(3,138,221)	1,913,606
Total OPEB liability—beginning	21,283,788	19,762,706	21,217,877	16,041,097	19,179,318	17,265,712
Total OPEB liability—ending	<u>\$ 18,509,835</u>	<u>\$ 21,283,788</u>	<u>\$ 19,762,706</u>	<u>\$ 21,217,877</u>	<u>\$ 16,041,097</u>	<u>\$ 19,179,318</u>
<b>Plan Fiduciary Net Position</b>						
Contributions—employer	\$ 577,751	\$ 547,085	\$ 495,306	\$ 424,162	\$ 414,634	\$ 390,232
Benefit payments	(577,751)	(547,085)	(495,306)	(424,162)	(414,634)	(390,232)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>					
<b>Town's net OPEB liability—ending</b>	<b>\$ 18,509,835</b>	<b>\$ 21,283,788</b>	<b>\$ 19,762,706</b>	<b>\$ 21,217,877</b>	<b>\$ 16,041,097</b>	<b>\$ 19,179,318</b>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 3,947,559	\$ 3,704,061	\$ 3,728,918	\$ 3,728,918	\$ 3,728,918	\$ 3,728,918

\*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>			<b>Variance with</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>	
<b>REVENUES</b>					
Real property taxes	\$ 1,702,998	\$ 1,710,998	\$ 1,702,968	\$ (8,030)	
Real property tax items	206,600	198,599	171,602	(26,997)	
Nonproperty tax items	795,646	1,115,646	1,404,386	288,740	
Departmental income	176,105	177,605	249,394	71,789	
Intergovernmental charges	-	-	41,126	41,126	
Use of money and property	5,000	5,000	134,465	129,465	
Licenses and permits	28,050	28,050	17,403	(10,647)	
Fines and forfeitures	70,000	70,000	108,106	38,106	
Miscellaneous	12,090	12,090	10,590	(1,500)	
State aid	499,476	499,476	430,647	(68,829)	
Federal aid	-	400,000	400,000	-	
Total revenues	<u>3,495,965</u>	<u>4,217,464</u>	<u>4,670,687</u>	<u>453,223</u>	
<b>EXPENDITURES</b>					
Current:					
General government support	1,592,348	1,613,319	1,461,665	151,654	
Public safety	115,626	116,626	105,277	11,349	
Transportation	125,177	125,177	111,757	13,420	
Economic assistance and opportunity	15,700	15,700	6,790	8,910	
Culture and recreation	890,588	889,789	745,854	143,935	
Employee benefits	690,008	678,346	605,184	73,162	
Debt service:					
Principal	490,052	490,052	490,052	-	
Interest and fiscal charges	<u>207,150</u>	<u>207,150</u>	<u>232,620</u>	<u>(25,470)</u>	
Total expenditures	<u>4,126,649</u>	<u>4,136,159</u>	<u>3,759,199</u>	<u>376,960</u>	
Excess (deficiency) of revenues over expenditures	<u>(630,684)</u>	<u>81,305</u>	<u>911,488</u>	<u>76,263</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	100,000	-	-	-	
Transfers out	-	(400,000)	(400,000)	-	
Total other financing sources (uses)	<u>100,000</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	
Net change in fund balances*	(530,684)	(318,695)	511,488	76,263	
Fund balances—beginning	5,067,895	5,067,895	5,067,895	-	
Fund balances—ending	<u>\$ 4,537,211</u>	<u>\$ 4,749,200</u>	<u>\$ 5,579,383</u>	<u>\$ 76,263</u>	

\* The net change in fund balance was included as an appropriation (i.e. spenddown) of fund balance. The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—Police Fund**  
**Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Real property taxes	\$ 2,632,605	\$ 2,632,605	\$ 2,632,605	\$ -
Nonproperty tax items	1,235,788	1,235,788	1,647,052	411,264
Departmental income	330,350	330,350	31,989	(298,361)
Use of money and property	-	-	101,941	101,941
Sale of property and compensation for loss	15,000	15,000	17,884	2,884
Miscellaneous	-	-	15,271	15,271
State aid	835,904	295,904	536,053	240,149
Federal aid	-	-	7,494	7,494
<b>Total revenues</b>	<b>5,049,647</b>	<b>4,509,647</b>	<b>4,990,289</b>	<b>480,642</b>
<b>EXPENDITURES</b>				
Current:				
General government support	7,000	7,000	-	7,000
Public safety	3,250,194	3,250,694	3,094,661	156,033
Employee benefits	1,870,673	1,869,330	1,891,554	(22,224)
Debt service:				
Principal	27,830	27,830	27,830	-
Interest and fiscal charges	14,950	14,950	19,505	(4,555)
<b>Total expenditures</b>	<b>5,170,647</b>	<b>5,169,804</b>	<b>5,033,550</b>	<b>163,033</b>
Excess (deficiency) of revenues over expenditures	(121,000)	(660,157)	(43,261)	643,675
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	400,000	400,000	-
Total other financing sources	-	400,000	400,000	-
Net change in fund balances*	(121,000)	(260,157)	356,739	643,675
Fund balances—beginning	2,620,670	2,620,670	2,620,670	-
Fund balances—ending	\$ 2,499,670	\$ 2,360,513	\$ 2,977,409	\$ 643,675

\* The net change in fund balance was included as an appropriation (i.e. spenddown) of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—Highway Town-wide Fund**  
**Year Ended December 31, 2023**

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<b>Highway Town-wide Fund</b>					
	<b>Budgeted Amounts</b>			<b>Variance with</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>	
<b>REVENUES</b>					
Nonproperty tax items	\$ 177,328	\$ 177,328	\$ 237,332	\$ 60,004	
Use of money and property	-	-	55,451	55,451	
Total revenues	<u>177,328</u>	<u>177,328</u>	<u>292,783</u>	<u>115,455</u>	
<b>EXPENDITURES</b>					
Current:					
Transportation	105,000	105,000	2,131	102,869	
Debt service:					
Principal	63,100	63,100	63,100	-	
Interest and fiscal charges	<u>9,228</u>	<u>9,228</u>	<u>9,228</u>	<u>-</u>	
Total expenditures	<u>177,328</u>	<u>177,328</u>	<u>74,459</u>	<u>102,869</u>	
Net change in fund balance	-	-	218,324	162,873	
Fund balances—beginning	<u>376,931</u>	<u>376,931</u>	<u>376,931</u>	<u>-</u>	
Fund balances—ending	<u>\$ 376,931</u>	<u>\$ 376,931</u>	<u>\$ 595,255</u>	<u>\$ 162,873</u>	

The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—Highway Part-Town Fund**  
**Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>		<b>Variance with</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Nonproperty tax items	\$ 3,744,738	\$ 3,744,738	\$ 5,000,957	\$ 1,256,219
Intergovernmental charges	258,200	258,200	374,123	115,923
Use of money and property	-	-	124,220	124,220
Sale of property and compensation for loss	20,000	20,000	10,849	(9,151)
Miscellaneous	-	-	115,923	115,923
State aid	161,279	161,279	512,401	351,122
<b>Total revenues</b>	<b>4,184,217</b>	<b>4,184,217</b>	<b>6,138,473</b>	<b>1,954,256</b>
<b>EXPENDITURES</b>				
Current:				
Transportation	2,717,727	2,717,700	3,251,163	(533,463)
Employee benefits	890,318	890,528	735,764	154,764
Debt service:				
Principal	548,218	548,218	494,880	53,338
Interest and fiscal charges	385,724	385,724	372,646	13,078
<b>Total expenditures</b>	<b>4,541,987</b>	<b>4,542,170</b>	<b>4,854,453</b>	<b>(312,283)</b>
Excess (deficiency) of revenues over expenditures	(357,770)	(357,953)	1,284,020	1,641,973
<b>OTHER FINANCING SOURCES</b>				
Transfers in	357,770	-	-	-
<b>Total other financing sources</b>	<b>357,770</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	(357,953)	1,284,020	1,641,973
Fund balances—beginning	2,988,888	2,988,888	2,988,888	-
<b>Fund balances—ending</b>	<b>\$ 2,988,888</b>	<b>\$ 2,630,935</b>	<b>\$ 4,272,908</b>	<b>\$ 1,641,973</b>

The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—Sewer Fund**  
**Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>			<b>Variance with</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>	
<b>REVENUES</b>					
Real property taxes	\$ 301,066	\$ 301,066	\$ 301,066	\$ -	
Departmental income	24,729	24,729	19,078	(5,651)	
Total revenues	<u>325,795</u>	<u>325,795</u>	<u>320,144</u>	<u>(5,651)</u>	
<b>EXPENDITURES</b>					
Current:					
General government support	991	991	-	991	
Home and community services	809,868	809,868	1,361,488	(551,620)	
Employee benefits	52,936	52,936	51,437	1,499	
Debt service:					
Principal	9,335	9,335	9,334	1	
Interest and fiscal charges	2,525	2,525	2,648	(123)	
Total expenditures	<u>875,655</u>	<u>875,655</u>	<u>1,424,907</u>	<u>(549,252)</u>	
Net change in fund balances*	(549,860)	(549,860)	(1,104,763)	(554,903)	
Fund balances—beginning	<u>1,737,507</u>	<u>1,737,507</u>	<u>1,737,507</u>	<u>-</u>	
Fund balances—ending	<u>\$ 1,187,647</u>	<u>\$ 1,187,647</u>	<u>\$ 632,744</u>	<u>\$ (554,903)</u>	

\* The net change in fund balance was included as an appropriation (i.e. spenddown) of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NEW HARTFORD, NEW YORK**  
**Notes to the Required Supplementary Information**  
**Year Ended December 31, 2023**

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## **1. OPEB LIABILITY**

***Changes of Assumptions***—Changes of assumptions reflect the effects of changes in the discount rates and medical healthcare cost trend rate. The discount rate is based on a 20-year high-quality tax-exempt municipal bond index as of the measurement date, which increased from 2.06% to 3.72% at December 31, 2023. The medical healthcare trend rates were updated to reflect current medical provisions and premiums and expected future experience.

## **2. BUDGETARY INFORMATION**

***Budgetary Basis of Accounting***—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund does not have appropriated budgets since there are other means to control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The appropriated budget is prepared by fund, function and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is as the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

***Excess of Expenditures over Appropriations***—The Town's Highway Part-Town Fund incurred expenditures for the year ended December 31, 2022 which exceeded the final budgeted appropriations as follows:

- General Fund—Interest and fiscal charges—The \$25,470 variance is related to higher than expected interest charges related to debt service payments.
- Police Fund—Employee benefits—The \$22,224 variance is primarily due to increased costs related to the state retirement system.
- Police Fund—Interest and fiscal charges—The \$4,555 variance is related to higher than expected interest charges related to debt service payments.
- Highway Part-Town Fund—Transportation—The \$157,529 variance is due to unexpected purchases on new equipment and increases in wages related to highway maintenance and snow removal services.

- Sewer Fund—Home and community services—The \$551,620 variance is due to significant contractual services expenditures that were not anticipated during the original budget process.
- Sewer Fund—Interest and fiscal charges—The \$123 variance is related to higher than expected interest charges related to debt service payments.

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## SUPPLEMENTARY INFORMATION



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**TOWN OF NEW HARTFORD, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2023**

	<b>Fire</b>	<b>General Part-Town</b>	<b>Mitigation</b>	<b>Debt Service</b>	<b>Water</b>	<b>Lighting Districts</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 151,756	\$ 747,309	\$ 39,115	\$ -	\$ 94,971	\$ 168,370	\$ 1,201,521
Restricted cash and cash equivalents	-	-	459,437	448,911	-	-	908,348
Restricted investments	581,127	-	-	-	-	-	581,127
Receivables	-	13,970	-	-	-	-	13,970
Intergovernmental receivables	-	16,395	-	-	-	-	16,395
Due from other funds	-	4,246	-	320,828	-	-	325,074
Prepaid items	-	4,843	-	-	-	-	4,843
<b>Total assets</b>	<b>\$ 732,883</b>	<b>\$ 786,763</b>	<b>\$ 498,552</b>	<b>\$ 769,739</b>	<b>\$ 94,971</b>	<b>\$ 168,370</b>	<b>\$ 3,051,278</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 1,634	\$ -	\$ -	\$ -	\$ -	\$ 1,634
Accrued liabilities	-	6,913	-	-	-	-	6,913
Due to other funds	9,924	1,550	39,115	-	-	5,143	55,732
<b>Total liabilities</b>	<b>9,924</b>	<b>10,097</b>	<b>39,115</b>	<b>-</b>	<b>-</b>	<b>5,143</b>	<b>64,279</b>
<b>FUND BALANCES</b>							
Nonspendable	-	4,843	-	-	-	-	4,843
Restricted	581,127	-	459,437	769,739	-	-	1,810,303
Assigned	141,832	771,823	-	-	94,971	163,227	1,171,853
<b>Total fund balances</b>	<b>722,959</b>	<b>776,666</b>	<b>459,437</b>	<b>769,739</b>	<b>94,971</b>	<b>163,227</b>	<b>2,986,999</b>
<b>Total liabilities and fund balances</b>	<b>\$ 732,883</b>	<b>\$ 786,763</b>	<b>\$ 498,552</b>	<b>\$ 769,739</b>	<b>\$ 94,971</b>	<b>\$ 168,370</b>	<b>\$ 3,051,278</b>

**TOWN OF NEW HARTFORD, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances—Nonmajor Governmental Funds**  
**Year Ended December 31, 2023**

	<b>Fire</b>	<b>General Part-Town</b>	<b>Mitigation</b>	<b>Debt Service</b>	<b>Water</b>	<b>Lighting Districts</b>	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>							
Real property taxes	\$ 1,336,664	\$ -	\$ -	\$ -	\$ 128,753	\$ 108,990	\$ 1,574,407
Nonproperty tax items	-	66,773	-	-	-	-	66,773
Departmental income	-	122,103	-	-	-	-	122,103
Use of money and property	-	5	17,472	58	-	-	17,535
Sale of property and compensation for loss	-	-	-	259,867	-	-	259,867
Licenses and permits	-	97,568	-	-	-	-	97,568
Miscellaneous	<u>55,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,469</u>
<b>Total revenues</b>	<b><u>1,392,133</u></b>	<b><u>286,449</u></b>	<b><u>17,472</u></b>	<b><u>259,925</u></b>	<b><u>128,753</u></b>	<b><u>108,990</u></b>	<b><u>2,193,722</u></b>
<b>EXPENDITURES</b>							
Current:							
Public safety	1,355,531	-	-	-	-	-	1,355,531
Health	-	56,387	-	-	-	-	56,387
Transportation	-	-	-	-	-	16,780	16,780
Home and community services	-	152,190	-	-	-	-	152,190
Employee benefits	-	106,905	-	-	-	-	106,905
Debt service:							
Principal	2,006	1,386	-	-	134,518	-	137,910
Interest and fiscal charges	<u>1,615</u>	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,730</u>
Total expenditures	<u>1,359,152</u>	<u>317,983</u>	<u>-</u>	<u>-</u>	<u>134,518</u>	<u>16,780</u>	<u>1,828,433</u>
Excess (deficiency) of revenues over expenditures	<u>32,981</u>	<u>(31,534)</u>	<u>17,472</u>	<u>259,925</u>	<u>(5,765)</u>	<u>92,210</u>	<u>365,289</u>
Fund balances—beginning	680,951	730,753	441,965	509,814	96,412	65,648	2,525,543
Fund balances—ending	<u>\$ 713,932</u>	<u>\$ 699,219</u>	<u>\$ 459,437</u>	<u>\$ 769,739</u>	<u>\$ 90,647</u>	<u>\$ 157,858</u>	<u>\$ 2,890,832</u>

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## DRESCHER & MALECKI LLP

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### 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*

Honorable Town Board  
Town of New Hartford, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of New Hartford, New York (the "Town") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 19, 2025 (which report contains an adverse opinion on governmental activities due to capital assets and net pension related to its Length of Service Award Program).

#### *Report on Internal Control Over Financial Reporting*

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

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

Our consideration of internal control was for the limited purpose 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-005 that we consider to be material weaknesses.

### ***Report on Compliance and Other Matters***

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

### **Town's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Town's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Drescher + Maleki LLP*

November 19, 2025

**TOWN OF NEW HARTFORD, NEW YORK**  
**Schedule of Findings**  
**Year Ended December 31, 2023**

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*We consider the deficiencies presented below to be material weaknesses in internal control.*

**Finding 2023-001—Governmental Accounting Standards and Principles**

*Criteria:* Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to fully comply with Governmental Accounting Standards Board (“GASB”) requirements.

*Condition and Context:* GASB statements require that the Town appropriately account for their capital assets and the related depreciation on those assets. While conducting our audit we found that the Town does not maintain a complete inventory of capital assets, and does not track capital asset deletions or depreciation. The Town has not performed, and has not had performed, an inventory of capital assets that meets the recognition criteria under GASB standards.

In addition, in accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the Town is responsible to determine its net pension liability related to its length of service awards programs (“LOSAP”).

*Cause:* The lack of complete capital asset records and failure to consider the effects of the GASB Statement No. 73.

*Effect or Potential Effect:* The financial statement balances of the Town’s capital assets and the Town’s LOSAP pension liability and related deferred inflows of resources and deferred outflows of resources could have a material impact on the Town’s governmental activities net position.

*Recommendation:* We recommend that the Town perform an inventory of capital assets that meet the GASB recognition criteria, and records the appropriate infrastructure and depreciation for those and all other depreciable assets.

We also recommend that the Town work with their LOSAP actuary and establish a timeline to obtain actuarial information for the year ended December 31, 2023 which addresses the provisions of GASB Statement No. 73 to estimate the Town’s LOSAP net pension liability and related deferred inflows and outflows of resources.

*Management’s Response:* The Town Board will determine a course of action to develop a comprehensive, detailed list of all assets and put in place a procedure to monitor those assets on a regular basis. In addition, the Town will also reach out to the LOSAP actuary to ensure that the valuation for the year ended December 31, 2024 addresses and includes the provisions of GASB Statement No. 73.

## **Finding 2023-002—Knowledge of Governmental Generally Accepted Accounting Principles and Audit Readiness**

*Criteria:* Adequate knowledge of generally accepted accounting principles in the United States (“GAAP”) for governmental entities should be in place to ensure that accurate financial records are maintained to produce financial reports with complete and accurate disclosures, exclusive of the efforts of the independent auditor. Prior to providing financial records to auditors, the Town should prepare for the audit of its financial statements by appropriately closing the books for the year. Standard closing procedures should be established to include sufficient documentation that is readily available, and ensure that reconciliations of account balances are performed on a monthly basis.

*Condition and Context:* The expertise in selecting and applying governmental GAAP was not present throughout the year. Certain account balances in the trial balance that was provided had not been appropriately adjusted and reconciled.

*Cause:* Insufficient knowledge in governmental GAAP throughout the year and a lack of standard processes.

*Effect or Potential Effect:* Potential for misstatement of account balances.

*Recommendation:* We recommend that the Town maintain financial records and produce a reliable and timely financial statement in accordance with governmental GAAP. In addition, we recommend that the Town inquire about additional training resources for the accounting system and establish formal documented monthly processes related to journal entries, cash reconciliations and other key accounting procedures. In addition, the Town should consider whether accounting staffing levels are adequate.

*Management’s Response:* The Town will seek guidance from their auditors to develop formal policies and procedures relating to GAAP and audit readiness. Implementation of strengthened controls and greater expertise within the accounting department are anticipated in the near future.

## **Finding 2023-003—Bank Reconciliations**

*Criteria:* Bank accounts should be reconciled to the general ledger for all cash accounts within a reasonable time of receiving the bank statements. This reconciliation should be signed off and dated by the preparer and then be appropriately reviewed by another party.

*Condition and Context:* Several bank accounts were not reconciled during the year ended December 31, 2023.

*Effect or Potential Effect:* The Town is at risk of misstated general ledger account balances and exposed to increased risk of errors in reporting and the opportunity for fraud.

*Cause:* Bank reconciliations were not performed within a reasonable amount of time during the year ended December 31, 2023.

*Recommendation:* We recommend that the Town performs timely bank reconciliations on all cash accounts. Further, these reconciliations should be signed off by the preparer and reviewed and approved by an independent reviewer. The individual responsible for performing the reconciliations, the individual responsible for reviewing the reconciliations, and the appropriate timeline of performing these functions should be communicated in a formal policy.

*Management's Response:* The Town Board will put procedures in place to all bank reconciliations are performed on a monthly basis and be submitted to the Town Supervisor and Town Board for review. Full implementation of improved procedures is anticipated to begin in November 2025.

### **Finding 2023-004—Journal Entries**

*Criteria:* All manual journal entries should clearly identify the purpose of each manual journal entry, provide supporting documentation and include evidence of an independent review of each journal entry.

*Condition and Context:* During the year ended December 31, 2023, we found that journal entries lacked supporting documentation and there was no evidence of an independent review of each journal entry.

*Effect or Potential Effect:* There is the potential the Town's financial statements will not present the financial position and the changes in financial position in conformity with accounting principles generally accepted in the United States of America. In addition, there is the potential risk of material misstatement of the Town's financial statements due to fraud or error.

*Cause:* Lack of accounting policies and procedures.

*Recommendation:* We recommend the Town develop a formal journal entry policy. Additionally, we recommend that the Town clearly identify the purpose, provide supporting documentation and include evidence of an independent review each journal entry.

*Management's Response:* The Town Board will put procedures in place for reviewing journal entries on a monthly basis. These will include requiring supporting documentation for each journal entry, which will be submitted to the Town Supervisor and Town Board for review on a monthly basis. Full implementation of improved procedures is anticipated to begin in November 2025.

### **Finding 2023-005—Budget Monitoring**

*Criteria:* A formal policy should be established and followed regarding the budget process and standard budget monitoring procedures.

*Condition and Context:* The Town does not have standard policies in place establishing procedures to routinely perform budget amendments and transfers.

*Effect or Potential Effect:* The absence of standard budget monitoring policies and procedures can result in potential overspending when there are budget shortfalls. Additionally, budget amendments and transfers can be utilized to aid in the potential of budget shortfalls to ensure the budget is appropriate given current Town spending.

*Cause:* There are currently no procedures in place to ensure that the Town budget is monitored and budget transfers and amendments are made prior to overspending the budget.

*Recommendation:* We recommend that the Town formalize its policy to ensure budget monitoring is being performed continuously throughout the fiscal year. Additionally, budget amendments and transfers should be reviewed and approved on a more frequent basis to ensure that transfers are appropriate and no budget issues arise.

*Management's Response:* The Town Supervisor plans to track revenues and expenditures and perform budget monitoring procedures. Budget amendments and transfers will be reviewed on a monthly basis. Formal policies and procedures are to be implemented by December 2025.