

TOWN OF ULSTER, NEW YORK

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2023

TOWN OF ULSTER, NEW YORK

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 4
Management's Discussion and Analysis	5 - 14
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	18
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
Statement of Changes in Fiduciary Net Position - Custodial Fund	21
Notes to Financial Statements	22 - 42
Required Supplementary information:	
Schedule of Town's Proportionate Share of the Net Pension Asset/Liability	43
Schedule of Town's Pension Contributions	44
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	45
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund	46
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget to Actual - Highway Fund	47
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget to Actual - Sewer Fund	48
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget to Actual - Water Fund	49

TOWN OF ULSTER, NEW YORK
Table of Contents, Continued

	<u>Page</u>
Other Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	50
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	51

* * * * *

INDEPENDENT AUDITORS' REPORT

To the Supervisor and Members
of the Town Board
Town of Ulster, New York:

Adverse and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Highway Fund	Unmodified
Capital Projects Fund	Unmodified
Sewer Fund	Unmodified
Water Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above 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 Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of 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, 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.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in note 2 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and does not record depreciation expense. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net position, and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 month beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 GAAS. In our opinion, the other supplementary information 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, 2024, 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 the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 19, 2024

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis
December 31, 2023

This section of the Town of Ulster, New York's (the Town) financial statements presents a discussion and analysis of the Town's financial performance during the year ended December 31, 2023. Please read it in conjunction with the Town's basic financial statements following this section. The Town is a local municipality located in the Mid Hudson Valley area of New York State. Its purpose is to provide services to the residents of the Township such as police and fire protection, highways, and home and community services.

Financial Highlights

- The Town had net position (liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources) of \$2,655,464 at the end of 2023.
- The Town's total net position increased by \$2,826,525 from 2022 to 2023, as a result of revenue exceeding expenses.
- The Town's general fund unassigned fund balance was \$4,206,184 at the end of 2023. This amount is about 41.5% of the general fund's expenditures and other financing uses.

Overview of the Financial Statements and Financial Analysis

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains supplementary information in addition to the basic financial statements.

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in the 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, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes or earned but unused vacation time). The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (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, education, public safety, transportation, economic development, culture and recreation, and home and community services. The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain accountability 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 as reported for 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 the 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. This is done so that readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations have been provided for both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

The Town maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances for the general, highway, capital projects, sewer and water funds, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund and for its major special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

The governmental fund financial statements can be found on pages 17 and 19 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

The fiduciary fund financial statement can be found on page 21 of this report.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the basic information provided in the government-wide and fund financial statements. The notes to financial statements can be found starting on page 22 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,655,464 at the close of 2023.

The largest portion of the Town of Ulster's assets is its investment in capital assets. These financial statements include only the 2004 through 2023 additions to capital assets for which the Town does not recognize depreciation, which is an exception to accounting principles generally accepted in the United States of America. All of the outstanding debt related to capital assets is included in the financial statements. The Town uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the Town's investment in its 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.

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

Condensed Statements of Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets	\$ 22,385,081	20,141,874
Net pension asset - ERS	-	994,243
Capital assets	<u>29,722,759</u>	<u>27,475,124</u>
Total assets	<u>52,107,840</u>	<u>48,611,241</u>
Deferred outflows of resources	<u>12,301,164</u>	<u>11,317,486</u>
Liabilities:		
Current liabilities	2,018,107	1,899,080
Noncurrent liabilities	<u>48,221,391</u>	<u>37,951,395</u>
Total liabilities	<u>50,239,498</u>	<u>39,850,475</u>
Deferred inflows of resources	<u>11,514,042</u>	<u>20,249,313</u>
Net position (deficit):		
Net investment in capital assets	26,630,811	24,192,837
Restricted	9,833,513	8,960,595
Unrestricted	<u>(33,808,860)</u>	<u>(33,324,493)</u>
Total net position (deficit)	\$ <u>2,655,464</u>	<u>(171,061)</u>

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

Governmental Activities

Governmental activities generated an increase in the Town's net position in 2023. A summary of the components of this increase follows.

Condensed Statements of Activities

	<u>2023</u>	<u>2022</u>
Revenue:		
Program revenue:		
Charges for services	\$ 4,563,539	4,303,548
Capital and operating grants	1,617,277	2,015,946
General revenue:		
Property taxes	11,663,470	11,737,507
Non-property tax items	466,953	417,862
Other tax items	744,374	774,232
Other	<u>1,275,492</u>	<u>569,223</u>
Total revenue	<u>20,331,105</u>	<u>19,818,318</u>
Expenses:		
General government support	1,973,701	1,919,290
Education	1,217	2,267
Public safety	3,533,446	3,695,474
Health	11,596	10,690
Transportation	2,168,821	2,540,654
Economic assistance and opportunity	9,492	8,025
Culture and recreation	238,303	175,461
Home and community services	3,164,838	2,833,885
Employee benefits	6,291,926	4,224,689
Interest on long-term debt	<u>111,240</u>	<u>110,160</u>
Total expenses	<u>17,504,580</u>	<u>15,520,595</u>
Change in net position	2,826,525	4,297,723
Net position (deficit) at beginning of year	<u>(171,061)</u>	<u>(4,468,784)</u>
Net position (deficit) at end of year	\$ <u>2,655,464</u>	<u>(171,061)</u>

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

Financial Analysis of the Government's 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 spending at the end of the year.

As of the end of the current year, the Town's governmental funds reported combined ending fund balance of \$20,566,974, an increase of \$2,129,180 over the prior year. Of this total amount, \$4,206,184 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified to indicate that it is not available for new spending because it has either already been spent or has been designated to pay for future expenditures.

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 \$4,206,184, while total fund balance was \$9,403,498.

The Town's general fund balance increased by \$20,581 during the current year.

General Fund Budgetary Highlights

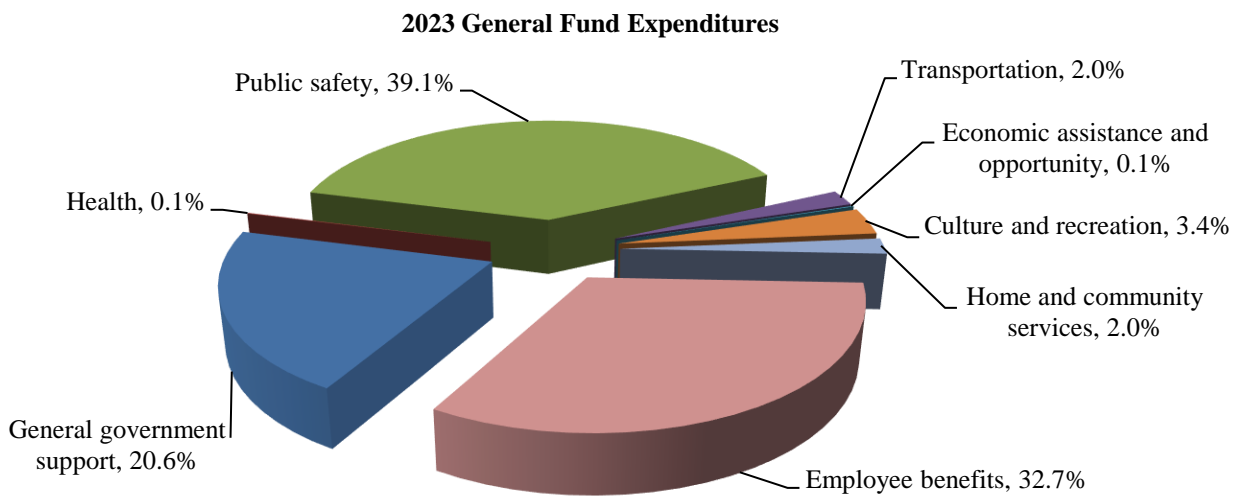
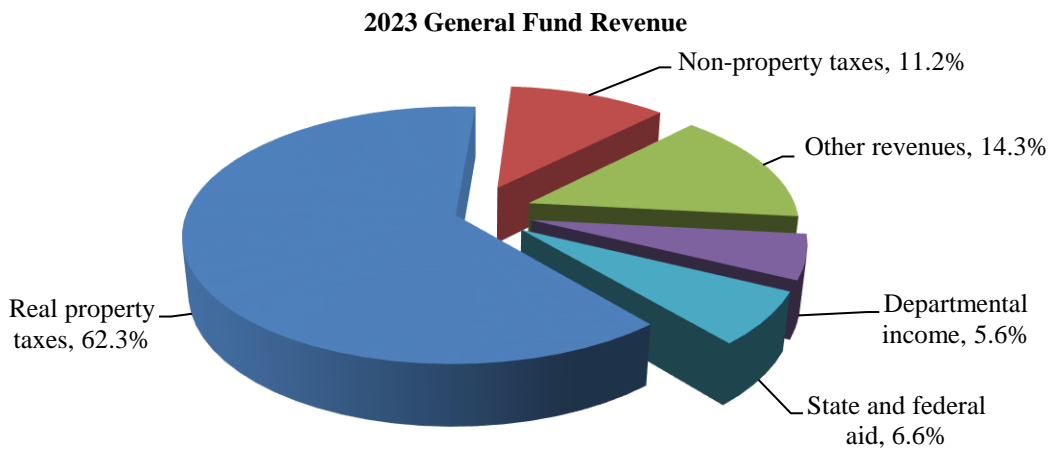
The Town's general fund is the largest fund of the Town comprising 53.7% of the adopted 2023 Town budget. Some of the services provided by the general fund are:

- Issuing and maintaining vital records (birth, death, and marriage certificates) and issuing various state and local licenses and permits;
- Providing public safety services, including police, building and code enforcement;
- Operating and maintaining the Town's solid waste transfer station and recyclable center;
- Operating and maintaining public parks and offering recreation programs; and
- Operating of the Town Court and supporting offices.

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

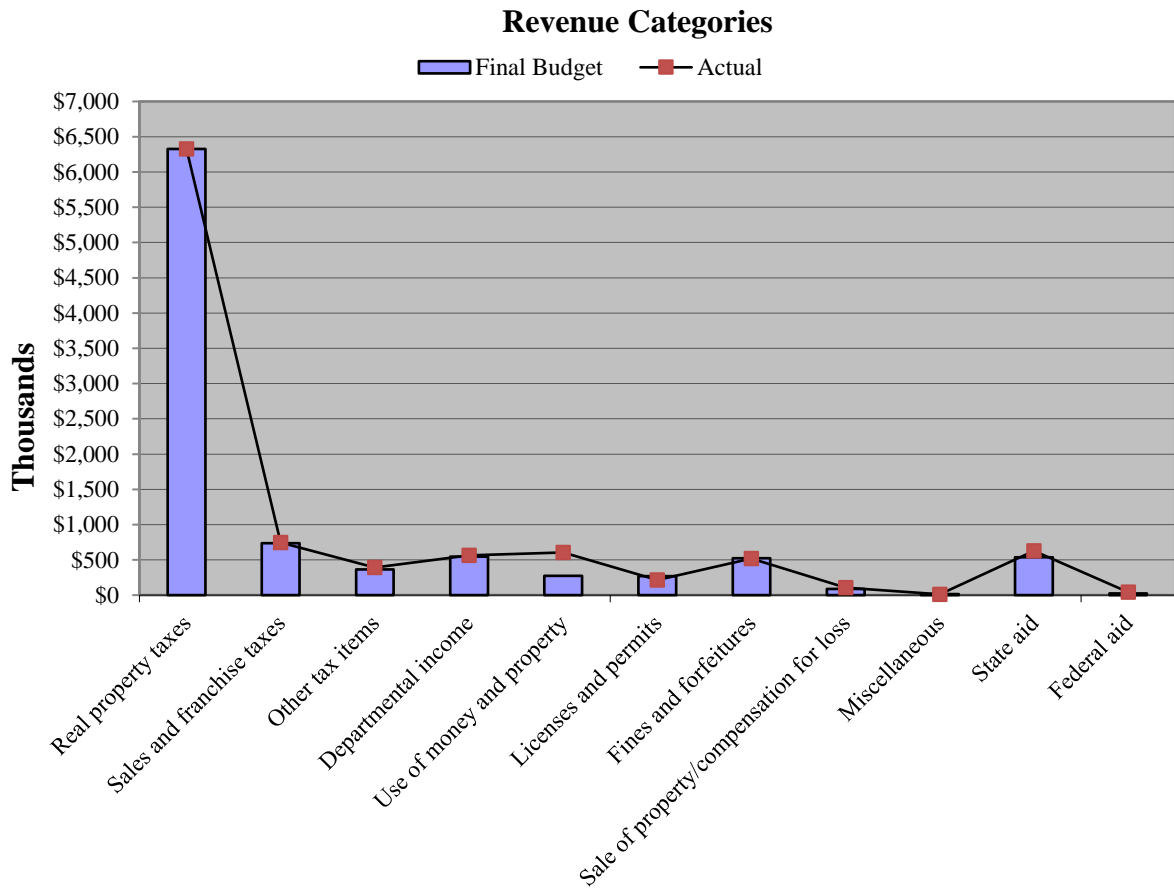
In addition to the above programs, the general fund provides support such as administration, accounting and financial management, payroll and personnel services, assessment, planning and zoning, legal, etc.

As indicated on the following charts, the Town relies upon a number of important revenue sources to fund its operating expenses. In 2023, real property taxes in the general fund represented 62.3% of the revenues. Operating expenses are incurred in the delivery of services to the Town's residents. In 2023, public safety represented 39.1% of the expenditures while employee benefits and general government support represented 32.7 % and 20.6%, respectively.

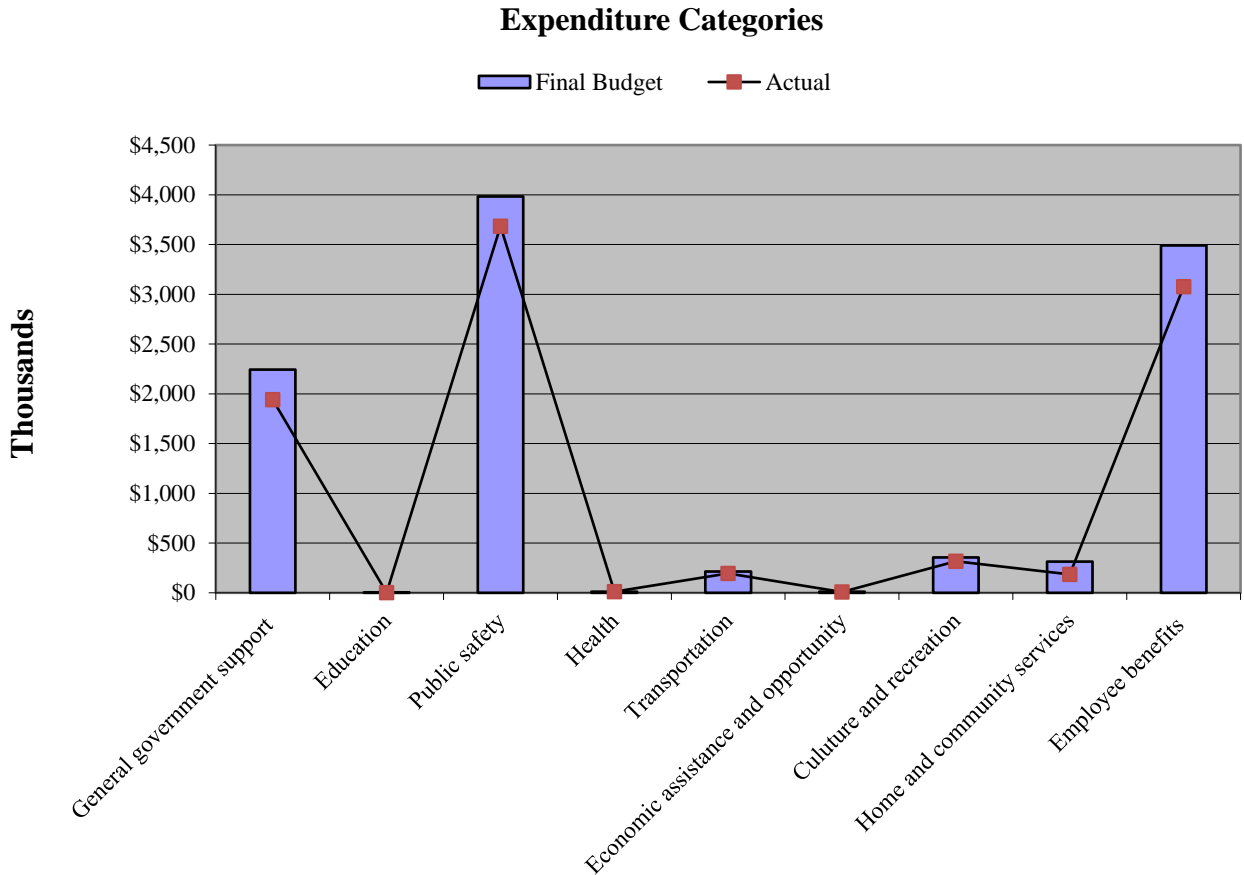


TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

The original general fund budget totaled \$9,844,509 with an anticipated use of \$675,000 of fund balance. However, actual results of operations showed an overall increase to fund balance of \$20,581, resulting in a fund balance of \$9,403,498 for the general fund at the end of 2023.



TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued



Capital Assets and Debt Administration

Capital Assets

Capital assets at December 31, 2023 were \$29,722,759. Additions and disposals totaled \$2,395,796 and \$148,161, respectively. The Town does not have a current inventory value for its fixed assets and infrastructure. The capital assets reported are those assets placed in service between 2004 and 2023. The Town has not recorded depreciation expense.

The following table summarizes the increase in the capital assets in the current fiscal year.

<u>Function/Type</u>	<u>General Fund</u>	<u>Highway Fund</u>	<u>Capital Projects Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
General government support	\$ 52,453	-	-	-	-	52,453
Public safety	350,828	-	-	-	-	350,828
Transportation	-	295,787	-	-	-	295,787
Culture and recreation	78,028	-	-	-	-	78,028
Home and community services	-	-	1,281,440	193,558	143,702	1,618,700
Total	\$ <u>481,309</u>	<u>295,787</u>	<u>1,281,440</u>	<u>193,558</u>	<u>143,702</u>	<u>2,395,796</u>

TOWN OF ULSTER, NEW YORK
Management's Discussion and Analysis, Continued

To date, the Town has not fully implemented Governmental Accounting Standards Board Statement No. 34 because it does not have sufficient information to enable it to report all capital assets in the government-wide statement of net position and by reporting depreciation expense in the statement of activities. During 2012, a fixed asset policy was adopted by the Town Board which included capitalization policies and a requirement for performing a periodic inventory. Since the adoption of this policy, staff has been working to accumulate the historical records required to serve as the basis for an inventory.

Outstanding Debt

At the end of 2023, the Town has a total of \$3,215,000 of outstanding serial bond indebtedness which is backed by the full faith and credit of the Town.

New York State statutes place a limit on the maximum amount of total outstanding long-term debt that may be incurred by a local municipal entity at no more than seven percent of the five year average full valuation of all real property. At December 31, 2023, the Town had \$204,000 of outstanding debt subject to this limitation. The Town's constitutional debt limitation was substantially below its debt contracting authority at December 31, 2023.

For more detailed information on long-term debt activity, please see the notes to financial statements on pages 30 through 32.

Requests for Information

This financial report is designed to provide a general overview of the Town of Ulster, New York's finances. Questions about this report should be addressed to James E. Quigley 3rd, Town Supervisor, Town of Ulster, 1 Town Hall Drive, Lake Katrine, New York 12449. Questions may also be sent to ulstersupervisor@townofulster.ny.gov or through the Town's website at www.townofulster.ny.gov.

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

Assets

Current assets:

Cash and equivalents - unrestricted	\$ 10,640,080
Cash and equivalents - restricted	9,833,513
Receivables	1,059,296
Due from State and Federal	353,264
Due from other governments	241,463
Prepays	<u>257,465</u>

Total current assets 22,385,081

Capital assets 29,722,759

Total assets 52,107,840

Deferred Outflows of Resources

Pensions	4,941,902
OPEB	7,236,210
Discount on bond refunding	<u>123,052</u>

Total deferred outflows of resources 12,301,164

Liabilities

Current liabilities:

Accounts payable and other current liabilities	853,465
Due to other governments	315,945
Other liabilities	648,697
Current portion of long-term liabilities	<u>200,000</u>

Total current liabilities 2,018,107

Noncurrent liabilities, less current portion 48,221,391

Total liabilities 50,239,498

Deferred Inflows of Resources

Pensions	718,092
OPEB	<u>10,795,950</u>

Total deferred inflows of resources 11,514,042

Net Position

Net investment in capital assets 26,630,811

Restricted for:

Capital asset acquisition	7,946,811
Employee benefits	1,345,188
Retirement contributions	541,514

Unrestricted (deficit) (33,808,860)

Total net position \$ 2,655,464

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
Statement of Activities
Year ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Capital and Operating Grants</u>	<u>Net (Expense) Revenue and Change in Net Position Governmental Activities</u>
Primary government:				
Governmental activities:				
General government support	\$ 1,973,701	710,643	628,805	(634,253)
Education	1,217	-	-	(1,217)
Public safety	3,533,446	526,784	43,842	(2,962,820)
Health	11,596	-	-	(11,596)
Transportation	2,168,821	120,707	-	(2,048,114)
Economic assistance and opportunity	9,492	-	-	(9,492)
Culture and recreation	238,303	52,232	-	(186,071)
Home and community services	3,164,838	3,153,173	944,630	932,965
Employee benefits	6,291,926	-	-	(6,291,926)
Interest on long-term debt	111,240	-	-	(111,240)
Total governmental activities	<u>\$17,504,580</u>	<u>4,563,539</u>	<u>1,617,277</u>	<u>(11,323,764)</u>
General revenue:				
Property taxes				11,663,470
Non-property tax items				466,953
Other tax items				744,374
Use of money and property				1,162,390
Sale of property/compensation for loss				54,223
Miscellaneous				<u>58,879</u>
Total general revenue				<u>14,150,289</u>
Change in net position				2,826,525
Net position (deficit) at beginning of year				<u>(171,061)</u>
Net position at end of year				<u>\$ 2,655,464</u>

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2023

	<u>General</u>	<u>Highway</u>	<u>Capital Projects</u>	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>							
Cash and equivalents - unrestricted	\$ 5,732,554	968,870	207,075	1,710,391	1,873,887	147,303	10,640,080
Cash and equivalents - restricted	4,151,098	1,367,423	-	3,258,538	1,056,454	-	9,833,513
Receivables	220,256	-	-	298,281	540,759	-	1,059,296
Due from other funds	255,057	357,873	-	53,863	672	-	667,465
Due from State and Federal	-	-	353,264	-	-	-	353,264
Due from other governments	121,949	4,275	115,239	-	-	-	241,463
Prepaid expenditures	<u>196,933</u>	<u>33,422</u>	<u>-</u>	<u>11,983</u>	<u>15,127</u>	<u>-</u>	<u>257,465</u>
Total assets	<u>\$ 10,677,847</u>	<u>2,731,863</u>	<u>675,578</u>	<u>5,333,056</u>	<u>3,486,899</u>	<u>147,303</u>	<u>23,052,546</u>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts payable and other current liabilities	443,868	38,000	21,760	76,515	268,819	4,503	853,465
Due to other funds	24,769	-	603,492	27,672	11,532	-	667,465
Due to other governments	157,015	74,140	-	48,107	32,712	3,971	315,945
Other liabilities	<u>648,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648,697</u>
Total liabilities	<u>1,274,349</u>	<u>112,140</u>	<u>625,252</u>	<u>152,294</u>	<u>313,063</u>	<u>8,474</u>	<u>2,485,572</u>
<u>Fund balances:</u>							
Non-spendable	196,933	33,422	-	11,983	15,127	-	257,465
Restricted for:							
Capital asset acquisition	2,768,930	1,125,897	-	3,125,306	926,678	-	7,946,811
Employee benefits	840,654	241,526	-	133,232	129,776	-	1,345,188
Retirement contributions	541,514	-	-	-	-	-	541,514
Assigned	849,283	1,218,878	50,326	1,910,241	2,102,255	138,829	6,269,812
Unassigned	<u>4,206,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,206,184</u>
Total fund balances	<u>9,403,498</u>	<u>2,619,723</u>	<u>50,326</u>	<u>5,180,762</u>	<u>3,173,836</u>	<u>138,829</u>	<u>20,566,974</u>
Total liabilities and fund balances	<u>\$ 10,677,847</u>	<u>2,731,863</u>	<u>675,578</u>	<u>5,333,056</u>	<u>3,486,899</u>	<u>147,303</u>	<u>23,052,546</u>

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 December 31, 2023

Fund balances - total governmental funds \$ 20,566,974

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The Town does not depreciate these assets. 29,722,759

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Serial bonds payable	\$ (3,215,000)	
Compensated absences	(1,345,186)	
Total OPEB liability	(37,078,015)	
Net pension liabilities	(6,709,663)	
Workers' compensation claims payable	<u>(73,527)</u>	(48,421,391)

Deferred outflows and inflows of resources are not reported in the funds.

Deferred outflows of resources	12,301,164	
Deferred inflows of resources	<u>(11,514,042)</u>	<u>787,122</u>

Net position of governmental activities \$ 2,655,464

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds
Year ended December 31, 2023

	<u>General</u>	<u>Highway</u>	<u>Capital Projects</u>	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenue:							
Taxes:							
Property	\$ 6,326,163	2,766,300	-	1,177,289	1,143,263	250,455	11,663,470
Sales and franchise	744,374	-	-	-	-	-	744,374
Other tax items	393,415	73,538	-	-	-	-	466,953
Departmental income	565,875	532,593	-	1,014,208	1,716,975	-	3,829,651
Use of money and property	606,537	135,139	151	236,605	176,986	6,972	1,162,390
Licenses and permits	215,902	100	-	-	-	-	216,002
Fines and forfeitures	517,886	-	-	-	-	-	517,886
Sale of property/compensation for loss	106,566	84,437	-	-	11,381	-	202,384
Miscellaneous	11,344	1,316	-	46,219	-	-	58,879
State aid	628,805	-	-	-	-	-	628,805
Federal aid	43,842	-	944,630	-	-	-	988,472
Total revenue	<u>10,160,709</u>	<u>3,593,423</u>	<u>944,781</u>	<u>2,474,321</u>	<u>3,048,605</u>	<u>257,427</u>	<u>20,479,266</u>
Expenditures:							
General government support	1,939,712	-	-	51,452	34,990	-	2,026,154
Education	1,217	-	-	-	-	-	1,217
Public safety	3,684,339	-	-	-	-	199,935	3,884,274
Health	11,596	-	-	-	-	-	11,596
Transportation	195,846	2,217,049	-	-	-	51,712	2,464,607
Economic assistance and opportunity	9,492	-	-	-	-	-	9,492
Culture and recreation	316,331	-	-	-	-	-	316,331
Home and community services	188,179	-	1,094,815	1,230,889	2,269,653	-	4,783,536
Employee benefits	3,077,434	839,277	-	294,382	340,207	-	4,551,300
Debt service:							
Principal	-	-	-	71,000	124,000	-	195,000
Interest	-	-	9,426	6,698	90,455	-	106,579
Total expenditures	<u>9,424,146</u>	<u>3,056,326</u>	<u>1,104,241</u>	<u>1,654,421</u>	<u>2,859,305</u>	<u>251,647</u>	<u>18,350,086</u>
Excess (deficiency) of revenue over expenditures	<u>736,563</u>	<u>537,097</u>	<u>(159,460)</u>	<u>819,900</u>	<u>189,300</u>	<u>5,780</u>	<u>2,129,180</u>
Other financing sources (uses):							
Transfers in	2,648	600,000	133,220	-	118,630	-	854,498
Transfers out	<u>(718,630)</u>	<u>-</u>	<u>(2,648)</u>	<u>-</u>	<u>(133,220)</u>	<u>-</u>	<u>(854,498)</u>
Total other financing sources (uses)	<u>(715,982)</u>	<u>600,000</u>	<u>130,572</u>	<u>-</u>	<u>(14,590)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	20,581	1,137,097	(28,888)	819,900	174,710	5,780	2,129,180
Fund balances at beginning of year	<u>9,382,917</u>	<u>1,482,626</u>	<u>79,214</u>	<u>4,360,862</u>	<u>2,999,126</u>	<u>133,049</u>	<u>18,437,794</u>
Fund balances at end of year	<u>\$ 9,403,498</u>	<u>2,619,723</u>	<u>50,326</u>	<u>5,180,762</u>	<u>3,173,836</u>	<u>138,829</u>	<u>20,566,974</u>

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
 Reconciliation of the Statement of Revenue, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Year ended December 31, 2023

Net change in fund balances - total governmental funds		\$ 2,129,180
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense - capital outlay, net of disposals of \$148,161.		
		2,247,635
Repayment of bond principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. Also, the government funds report the cost of discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments on serial bonds	\$ 195,000	
Deferred amounts from refunding of debt	<u>(4,661)</u>	190,339
Some items reported in the statement of activities related to pensions do not require the use of current period resources and are not reported as revenues or expenditures in the governmental funds.		
Net pension asset - ERS	(994,243)	
Net pension liability - ERS	(2,503,280)	
Net pension liability - PFRS	(3,798,864)	
Deferred outflows of resources - pensions	(418,088)	
Deferred inflows of resources - pensions	<u>6,641,896</u>	(1,072,579)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds.		
Workers' compensation claims payable	(53,251)	
Compensated absences	40,729	
Total OPEB liability	(4,155,330)	
Deferred outflows of resources - total OPEB liability	1,406,427	
Deferred inflows of resources - total OPEB liability	<u>2,093,375</u>	<u>(668,050)</u>
Change in net position of governmental activities		\$ <u>2,826,525</u>

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
Statement of Changes in Fiduciary Net Position - Custodial Fund
Year ended December 31, 2023

Additions - property tax collections for other governments	\$ 6,558,744
Deductions - property taxes disbursed to other governments	<u>6,558,744</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements
December 31, 2023

(1) Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

The Town, established in 1879, is governed by its Charter, the Town local law and other general laws of the State of New York (the State) and various local laws. The Town Board (Board) is the legislative body responsible for overall operations; the Supervisor serves as the chief executive officer and as the chief fiscal officer of the Town.

The following basic services are provided: highway maintenance, water, sewer, planning, police and courts, fire, zoning, building and safety inspection, lighting, and culture and recreation.

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.

The financial reporting entity consists of (a) the primary government which is the Town, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statements No. 14, No. 39 and No. 80.

The decision to include a potential component unit in the Town's reporting entity is based on the criteria set forth in GASB Statements No. 14, No. 39 and No. 80, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no component units which are required to be included in the Town's reporting.

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government as a whole. Internal activity, such as receivables and payables between funds, has been eliminated in the government-wide statements.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Government-Wide Financial Statements, Continued

The statement of net position presents the financial position of the Town at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods or services or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenue are reported as general revenue. The Town does not allocate indirect expenses to functions in the statement of activities.

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

(c) Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenue and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is presented in a separate column, with nonmajor funds aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental-wide statements, reconciliations to the statement of net position and statement of activities are presented. The Town's resources are reflected in the fund financial statements in two broad fund categories in accordance with GAAP as follows:

Fund Categories:

(1) Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town's major governmental fund types:

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Financial Statements, Continued

Fund Categories, Continued:

(1) Governmental Funds, Continued

General Fund - The general fund is the principal operating fund and includes all operations not required to be accounted for in other funds.

Special Revenue Funds:

Highway Fund - The highway fund is used to account for the activities of the highway department such as maintenance of roadways and snow removal.

Water Fund - The water fund is used to account for the operations of the water districts within the Town.

Sewer Fund - The sewer fund is used to account for the operations of the sewer districts within the Town.

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

The Town also reports the following nonmajor governmental funds:

Street Lighting Fund - The lighting fund is used to account for street lighting services provided by the Town.

Fire Protection Fund - The fire protection fund is used to account for fire protection services funded by the Town.

(2) Fiduciary Funds - Used to account for assets held by the local government in a trustee or custodial capacity:

Custodial Funds - Used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The Town does not have any fiduciary activities that are required to be reported as one of the aforementioned trusts.

(d) Budgetary Data

(1) Budget Policies - The Town's budget policies are as follows:

- No later than September 30th, the budget officer submits a tentative budget to the Board for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all the funds.
- After public hearings are conducted to obtain taxpayer comments, the Board adopts the budget.
- All modifications of the budget subsequent to its adoption must be approved by the governing board (however, the Supervisor is authorized to transfer certain budgeted amounts within departments).

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Budgetary Data, Continued

(2) Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

(3) Budget Basis of Accounting - The budget is adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

(e) Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Town's service.

The cost of sick leave is generally recognized as earned by employees. A long-term liability of \$1,345,186 of accrued vacation and sick leave at December 31, 2023, has been recorded in noncurrent government liabilities on the statement of net position, representing the Town's commitment to fund such costs from future operations. The Town has restricted net position of \$1,345,188 in order to cover this liability.

(f) Postemployment Benefits

The Town provides health insurance coverage and other benefits for retired employees. Substantially all of the Town's employees may become eligible for these benefits provided they reach normal retirement age while working for the Town. Health care benefits and survivor benefits are provided for retirees through an insurance company whose premiums are based on the benefits paid during the year. Health insurance in the form of Medicare supplements is also paid on behalf of certain retirees. The Town recognizes the cost of providing benefits by recording the insurance premiums and other items as expenditures in the year paid.

As required by GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," a long-term liability of \$37,078,015 has been recorded at December 31, 2023, as presented in note 4.

(g) Concentrations of Credit Risk

Financial instruments that potentially subject the Town to concentrations of credit risk consist principally of cash. The Town places its cash in various financial institutions and limits the amount of credit exposure by any one financial institution.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Allowance for Uncollectible Accounts

The Town does not maintain an allowance for uncollectible accounts. After one year, past due accounts are placed on the County tax rolls for collection, and paid to the Town as the taxes for the year are received.

(i) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) Measurement Focus Basis of Accounting and Financial Presentation

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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. Revenue is 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 revenue 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenue are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. Fees and other similar revenue are not susceptible to accrual because they are generally not measurable until received in cash. When expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditures are made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pension costs 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.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Property Taxes

The Town submits an approved budget to Ulster County (the County) by December 5th of the previous year. The County then establishes the warrant for the year which is due and payable on or about January 1st of that year. The Town collects the taxes on behalf of the Town and County without penalty through January 31st and with penalties and interest through May 31st. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns.

(l) Equity and Fund Balance Classifications

In the government-wide statements equity is classified as net position and displayed in three components:

- i) Net investment in capital assets - consists of capital assets including restricted capital assets, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Town does not depreciate its capital assets nor has it recorded infrastructure.
- ii) Restricted net position - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- iii) Unrestricted - consists of net position without constraints.

In the fund financial statements, fund balances are broken down into five different classifications: non-spendable, restricted, committed, assigned and unassigned.

- i) Non-spendable consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.
- ii) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- iii) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town Board is the decision-making authority that can, by Board resolution, commit fund balance.
- iv) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. 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.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Equity and Fund Balance Classifications, Continued

- v) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

(m) Deferred Outflows of Resources and Deferred Inflows of Resources

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. The Town has four items that qualify for reporting in this category. The first item represents changes in the Town's proportion of the net pension asset/liability of the New York State and Local Employees' Retirement System (ERS) and New York State and Local Police and Fire Retirement System (PFRS) and includes differences between expected and actual experience with regard to economic and demographic factors, changes in assumptions, the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion and differences between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is Town contributions to the pension systems subsequent to the measurement date. The third item is related to changes in assumptions to the current measurement of the total other postemployment benefits (OPEB) liability. The fourth item is an unamortized discount received on the advance refunding of bonds.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. The first item is related to pensions and represents changes in the Town's proportion of the net pension asset/liability (ERS and PFRS) and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to changes in assumptions for the current measurement of the total OPEB liability.

(n) Investments

GASB Statement No. 72 - "Fair Value Measurement and Application." This Statement provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Investments, Continued

- Level 1 - Valuations are based on quoted prices in active markets for identical asset or liabilities that the component units have the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

(2) Detail Notes on All Funds

(a) Assets

(1) Cash and Equivalents - The Town's investment policies are governed by State statutes. Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Supervisor is authorized to use demand accounts, special time deposit accounts, and certificates of deposit.

Permissible investments include obligations of the U.S. Treasury, obligations of U.S. agencies guaranteed by the U.S. Treasury, and obligations of the Town, but only with moneys in a reserve fund established pursuant to General Municipal Law.

Restricted cash represents cash restricted by law or third parties for specific purposes and can be used only according to the purpose for which it was established.

Collateral is required for demand deposits and certificates of deposit at 102% of all deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States, an agency thereof, or a United States government-sponsored corporation, obligations of New York State and its municipalities.

The carrying amount of cash and equivalents at December 31, 2023 totaled \$20,473,593 and the available bank balance was \$20,744,763. These bank balances were covered by Federal depository insurance or collateral as follows:

Amount insured by FDIC	\$ 3,598,809
Collateral held by a third party	<u>18,484,171</u>
Total	\$ <u>22,082,980</u>

(2) Capital Assets - Management has not prepared an inventory of capital assets and infrastructure for reporting of governmental activities nor does it recognize depreciation expense. The capital assets recorded on the statement of net position are those purchased or constructed by the Town since 2004. This practice is not in accordance with GASB Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments."

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes on All Funds, Continued

(a) Assets, Continued

(3) Accounts Receivable - Amounts at December 31, 2023 are as follows:

	General <u>Fund</u>	Highway <u>Fund</u>	Capital Projects <u>Fund</u>	Sewer <u>Fund</u>	Water <u>Fund</u>
Accounts receivable	\$ 220,256	-	-	298,281	540,759
Due from State and Federal	-	-	353,264	-	-
Due from other governments	<u>121,949</u>	<u>4,275</u>	<u>115,239</u>	<u>-</u>	<u>-</u>
Total	\$ <u>342,205</u>	<u>4,275</u>	<u>468,503</u>	<u>298,281</u>	<u>540,759</u>

(4) Interfund Receivables and Payables - Interfund receivables/payables exist for cash flow purposes. These are short-term in nature and are repaid within the next fiscal year. The interfund balances at year-end are as follows:

	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 255,057	24,769
Highway fund	357,873	-
Capital projects fund	-	603,492
Sewer fund	53,863	27,672
Water fund	<u>672</u>	<u>11,532</u>
Total	\$ <u>667,465</u>	<u>667,465</u>

(b) Liabilities

(1) Long-Term Debt - As of December 31, 2023, the total outstanding serial and interfund loan indebtedness of the Town aggregated \$3,215,000. Of this amount, \$204,000 was subject to the constitutional debt limit.

- Serial Bonds - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. This long-term debt is included as noncurrent liabilities in the statement of net position.
- Other Long-Term Debt - In addition to the above long-term debt, the Town has the following noncurrent liabilities:
 - Compensated absences - Represents the value of earned and unused portion of the liability for compensated absences.
 - Total OPEB liability - See note 4 for explanation and details.
 - Workers' compensation claims payable - See note 6(d) for explanation and details.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes on All Funds, Continued

(b) Liabilities, Continued

(2) Changes in Long-Term Liabilities - The changes in the Town's long-term indebtedness during the year ended December 31, 2023 are summarized as follows:

	Balance at December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2023</u>	Amount due within <u>one year</u>
Serial bonds	\$ 3,410,000	-	(195,000)	3,215,000	200,000
Compensated absences	1,385,915	-	(40,729)	1,345,186	-
Total OPEB liability	32,922,685	4,155,330	-	37,078,015	-
Workers' compensation claims payable	20,276	53,251	-	73,527	-
Net pension liability - ERS	-	2,503,280	-	2,503,280	-
Net pension liability - PFRS	<u>407,519</u>	<u>3,798,864</u>	<u>-</u>	<u>4,206,383</u>	<u>-</u>
Total	\$ <u>38,146,395</u>	<u>10,510,725</u>	<u>(235,729)</u>	<u>48,421,391</u>	<u>200,000</u>

(3) Serial Bonds Payable - The serial bonds payable, as of December 31, 2023, are as follows:

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Amount Outstanding 12/31/23</u>	<u>Maturity Date</u>
Refunding:					
East Kingston Water District - Series A	8/15	2.00-4.00%	\$ 485,000	386,000	2044
East Kingston Water District - Series B	8/15	2.00-4.00%	439,000	336,000	2044
Cherry Hill Water District	8/15	2.00-4.00%	1,014,000	718,000	2037
Glenerie Water District - Series A	8/15	2.00-4.00%	1,855,000	1,448,000	2042
Glenerie Water District - Series B	8/15	2.00-4.00%	156,000	123,000	2042
Washington Avenue Sewer Public Improvement	8/15	2.00-4.00%	<u>796,000</u>	<u>204,000</u>	2026
Total			\$ <u>4,745,000</u>	<u>3,215,000</u>	

(4) Annual Amortization Requirements - The annual requirements to amortize bonded debt, as of December 31, 2023, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 200,000	92,339	292,339
2025	195,000	87,279	282,279
2026	200,000	81,218	281,218
2027	140,000	74,919	214,919
2028	145,000	69,218	214,218
2029-2033	815,000	259,211	1,074,211
2034-2038	880,000	138,999	1,018,999
2039-2043	600,000	43,448	643,448
2044	<u>40,000</u>	<u>800</u>	<u>40,800</u>
	\$ <u>3,215,000</u>	<u>847,431</u>	<u>4,062,431</u>

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes on All Funds, Continued

(b) Liabilities, Continued

The above general obligation bonds are direct obligations of the Town, for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

In the event that the Town were to default on bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owners, to render judgement against the Town. A court has the power to order payment of a judgment on such bonds from funds lawfully available or to order the Town to take all lawful action to obtain the funds including raising of the funds in the next annual tax levy.

(c) Net Position

The components of net position are detailed below:

- Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. (As stated in note 2, the Town has not taken a historical inventory of fixed assets or recorded depreciation in the current year; therefore, no accumulated depreciation has been reflected in this balance).
- Restricted for Capital Asset Acquisition - restricted by Board resolution for the future purchase of capital assets. Requires a permissive referendum prior to expenditure of these funds.
- Restricted for Employee Benefits - the component of net position restricted by law for the payment of compensated absences.
- Restricted for Retirement Contributions - the component of net position restricted by law for future payment of pension expenditures.
- Unrestricted - all other net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(3) Retirement Plans

(a) Employees' Retirement Systems

The Town participates in the New York State and Local Employees' Retirement System (ERS) and New York State Police and Firefighters Retirement System (PFRS). Both ERS and PFRS are cost-sharing multiple-employee retirement plans that provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of ERS and PFRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of ERS and PFRS and for the custody and control of their funds. ERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be found at www.osc.state.ny.us/retirement/publications, or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244-0001.

ERS and PFRS are noncontributory except for employees who joined the New York State and Local Employee's Retirement System between July 28, 1976 and December 31, 2009 and have less than ten years of credited service. These members contribute 3% of their salary. Prior to October 2000, all Town employees who joined between July 28, 1976 and December 31, 2009 were required to contribute 3%, but the laws were modified to forgive the 3% contribution for those with ten or more years of service time. All members who joined between January 1, 2010 and March 31, 2012 are required to contribute 3% of their salary for the duration of service. Effective April 1, 2012 all members joining the system are required to contribute 3% of their salary for the duration of service. This contribution rate remained in effect through March 31, 2013. Beginning April 1, 2013 those members having joined as of April 1, 2012 and subsequently have their contribution rates vary from 3% to 6% based on their level of annualized wages for the duration of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation funds.

(b) 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 liabilities for ERS and PFRS. 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 valuation. The Town's proportionate shares of the net pension liabilities were based on projections of the Town's long-term shares of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and PFRS in reports provided to the Town.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(3) Retirement Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>ERS</u>	<u>PFRS</u>
Measurement date	3/31/2023	3/31/2023
Actuarial valuation date	4/1/2022	4/1/2022
Net pension liability	\$ 2,503,280	4,206,383
Town's proportion of the Plan's net pension liability	0.0116736%	0.0763344%
Change in proportion since the prior measurement date	(0.0004890)	0.0045938

For the year ended December 31, 2023, the Town recognized pension expense of \$856,711 for ERS and \$1,191,161 for PFRS in the statement of activities. At December 31, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>ERS</u>		
Differences between expected and actual experience	\$ 266,619	70,302
Changes of assumptions	1,215,754	13,436
Net difference between projected and actual earnings on pension plan investments	-	14,707
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	46,122	97,136
Town's contributions subsequent to the March 31, 2023 measurement date	<u>307,394</u>	<u>-</u>
Total ERS	<u>1,835,889</u>	<u>195,581</u>

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(3) Retirement Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

<u>PFRS</u>			
Differences between expected and actual experience	\$ 411,132		-
Changes of assumptions	2,049,759		-
Net difference between projected and actual earnings on pension plan investments	7,436		-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	202,688	522,511	
Town's contributions subsequent to the March 31, 2023 measurement date	<u>434,998</u>		<u>-</u>
Total PFRS	<u>3,106,013</u>		<u>522,511</u>
Total ERS and PFRS	<u>\$ 4,941,902</u>		<u>718,092</u>

Town contributions subsequent to the measurement dates will be recognized as a reduction of 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:

<u>Year ending</u>	<u>ERS</u>	<u>PFRS</u>
2024	\$ 311,543	370,488
2025	(147,732)	(177,428)
2026	498,483	1,187,004
2027	670,620	718,523
2028	<u>-</u>	<u>49,917</u>
Total	<u>\$ 1,332,914</u>	<u>2,148,504</u>

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(3) Retirement Plans, Continued

(c) Actuarial Assumptions

The total pension liabilities as of the measurement dates 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 dates. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Inflation	2.9%
Salary increases	4.4% in ERS, 6.2% in PFRS
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost of living adjustments	1.5%

Annuitant mortality rates are based on April 1, 2015 - March 31 2020 System experience with adjustments for mortality improvements based of the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2021 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(3) Retirement Plans, Continued

(c) Actuarial Assumptions, Continued

	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Asset type:		
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.00%
	<u>100%</u>	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption

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

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(3) Retirement Plans, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption, Continued

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset/(liability):			
ERS	\$ <u>(6,049,354)</u>	\$ <u>(2,503,280)</u>	\$ <u>459,877</u>
PFRS	\$ <u>(8,768,402)</u>	\$ <u>(4,206,383)</u>	\$ <u>428,757</u>

(f) Pension Plan Fiduciary Net Position

The components of the collective net pension liabilities of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>PFRS</u>
Measurement date	3/31/2023	3/31/2023
Employers' total pension liability	\$ (232,627)	(43,835)
Plan fiduciary net position	<u>211,183</u>	<u>38,325</u>
Employers' net pension liability	\$ <u>(21,444)</u>	<u>(5,510)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.8%	87.4%

(g) Contributions to the Pension Plans

Employer contributions are paid annually based on the Systems' fiscal year which ends on March 31st. Retirement contributions as of December 31, 2023 represent the projected employer contribution for the period of April 1, 2023 through March 31, 2024 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. These amounts have been recorded as deferred outflows of resources in the accompanying statement of net position.

(4) Total Other Postemployment Benefits Liability

(a) General Information about the OPEB Plan

Plan Description - The Town provides other postemployment benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the Town has in place with different classifications of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(4) Total Other Postemployment Benefits Liability, Continued

(a) General Information about the OPEB Plan, Continued

Benefits Provided - The Town provides medical and Medicare part B reimbursement coverage for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Town offices and are available upon request.

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	48
Active employees	<u>83</u>
Total	<u>131</u>

(b) Total OPEB Liability

The Town's total OPEB liability of \$37,078,015 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2022 with update procedures to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.26%
Medical Trend Rates Pre-65/Post 65	6.5%/5.0%
Ultimate Medical Trend Rate	5.0%
Year Ultimate Trend Rates Reached Pre-65/Post 65	2026/2022
Payroll growth rate	2.5%

(c) Changes in Total OPEB Liability

Balance at December 31, 2022	\$ 32,922,685
Changes for the year:	
Service cost	1,052,533
Interest on total OPEB liability	1,246,240
Changes in assumptions and other inputs	2,813,459
Benefit payments	<u>(956,902)</u>
Net changes	<u>4,155,330</u>
Balance at December 31, 2023	\$ <u>37,078,015</u>

(d) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.26%) or 1-percentage point higher (4.26%) than the current discount rate:

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(4) Total Other Postemployment Benefits Liability, Continued

(d) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate, Continued

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$ <u>44,481,722</u>	<u>37,078,015</u>	<u>31,348,473</u>

(e) Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.5% to 4.0%) or 1-percentage point higher (7.5% to 6.0%) than the current healthcare cost trend rate:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rate (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB liability	\$ <u>30,791,031</u>	<u>37,078,015</u>	<u>45,480,435</u>

(f) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year December 31, 2023, the Town recognized OPEB expense of \$1,585,430 and reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience loss	\$ 121,068	-
Experience gain	-	4,552,977
Changes in assumptions	<u>7,142,142</u>	<u>6,242,973</u>
	<u>\$ 7,263,210</u>	<u>10,795,950</u>

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

<u>Year Ending</u>	<u>Amount</u>
2024	\$ (667,179)
2025	(748,716)
2026	(837,371)
2027	(714,525)
2028	(516,089)
Thereafter	<u>(48,860)</u>
	<u>\$ (3,532,740)</u>

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(5) Tax Abatements

Certain real property taxes on real properties within the Town have been abated by the Ulster County Industrial Development Agency (the Agency), a component unit of Ulster County, New York.

The Agency enters into and administers Payment in Lieu of Taxes (PILOT) agreements for various companies in the surrounding area. The PILOT agreements are entered into between the Agency and a third party business. Title to property owned by the third party business is transferred to the Agency for a period of time. During the term of the agreement (when the Agency holds the title to the property), the third party business pays the Agency an annual PILOT amount based on a calculation derived by a formula in the agreement. The calculation is performed by the Agency and sent to the municipalities, including the Town. The PILOTs allow the participants to make payments at a lower rate than if the company paid the property's assessed value at the current tax rates for county, town and school taxes. Certain requirements are to be met by the company to be able to maintain their PILOT. These requirements, stated in the PILOT agreement, can be comprised of reaching and maintaining certain employment goals and paying their PILOT in a timely fashion. This promotes employment and economic development. The Agency will in turn pay the respective tax authorities. At the completion of the PILOT program, title to the property is transferred back to the third party business owner and the property goes back on the respective tax rolls.

For the year ended December 31, 2023, Agency PILOT agreements were in place for three companies which exempted approximately 61% of assessable real property taxes on six parcels, resulting in combined abatements of \$370,986.

(6) Contingencies

Contingencies at December 31, 2023 consist of the following:

(a) Landfill Operation and Closure

Effective February 1993, the Town and the Ulster County Resource Recovery Agency (UCRRA) entered into an agreement covering the operation of the Town's landfill and its subsequent closure.

Through its enabling legislation, the Agency has assumed the responsibility for management of solid waste in the County. As part of exercising that responsibility, UCRRA contracted with the Town to operate the Town's landfill for which it assumes all operating costs and indemnifies the Town for events occurring as a result of operations including environmental impairments. The Town remains liable for any losses or conditions proven to exist prior to the date of the agreement. The agreement requires UCRRA to set aside funds for payment of the costs of closing and monitoring the landfill. The landfill is presently in the post closure monitoring stage.

TOWN OF ULSTER, NEW YORK
Notes to Financial Statements, Continued

(6) Contingencies, Continued

(b) Litigation

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that these suits individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town.

(c) Grants

The Town has received amounts in prior years from various grantor agencies. Should these grantor agencies conduct audits, any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be potentially disallowed by the grant agencies cannot be determined at this time.

(d) Risk Management

The Town participates in a risk sharing pool to insure workers' compensation claims administered by the County. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to workers' compensation claims. The Town's share of the liability for unbilled and open claims (IBNR) at December 31, 2023 is \$592,313. As of December 31, 2023, the Town's portion of the pool's cash reserves was \$518,786, which leaves a net liability balance of \$73,527.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Subsequent Events

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

On September 11, 2024 the Town suffered a cyber attack that destroyed all computer records. The Town is currently working on recreating the records.

(8) Accounting Standards Issued But Not Yet Implemented

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

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

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

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

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

TOWN OF ULSTER, NEW YORK
Required Supplementary Information
Schedule of Town's Proportionate Share of the Net Pension Asset/Liability
December 31, 2023

<u>ERS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset (liability)	0.0116736%	0.0121626%	0.0115997%	0.0113480%	0.0111381%	0.0113260%	0.0115710%	0.0110285%	0.0106387%
Town's proportionate share of the net pension asset (liability)	\$(2,503,280)	994,243	(11,550)	(3,005,012)	(789,169)	(365,540)	(1,087,237)	(1,770,110)	(359,400)
Town's covered payroll	\$ 3,243,697	3,283,829	3,248,770	3,188,515	3,091,629	3,017,087	2,949,652	2,950,379	2,714,221
Town's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	77.2%	30.3%	0.4%	94.2%	25.5%	12.1%	36.9%	60.0%	13.2%
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
<u>PFRS</u>									
Town's proportion of the net pension asset (liability)	0.0763344%	0.0717406%	0.0687137%	0.0604565%	0.0629548%	0.0600693%	0.0650415%	0.0776508%	0.0729418%
Town's proportionate share of the net pension asset (liability)	\$(4,206,383)	(407,519)	(1,193,060)	(3,231,360)	(1,055,793)	(607,155)	(1,348,083)	(2,299,076)	(200,779)
Town's covered payroll	\$ 2,185,050	2,288,472	2,130,055	1,769,186	1,819,870	1,863,507	1,869,628	1,947,625	1,848,168
Town's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	192.5%	17.8%	56.0%	182.6%	58.0%	32.6%	72.1%	118.0%	10.9%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	98.7%	95.8%	84.8%	95.1%	96.9%	93.5%	90.2%	99.0%

* The amounts presented for each pension plan were determined as of the March 31st measurement date of the plans for each respective year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town should present information for those years for which information is available.

TOWN OF ULSTER, NEW YORK
Required Supplementary Information
Schedule of Town's Pension Contributions
December 31, 2023

<u>ERS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 409,859	364,630	486,348	433,815	423,783	425,436	423,012	464,637	532,539	610,354
Contributions in relation to the contractually required contribution	<u>409,859</u>	<u>364,630</u>	<u>486,348</u>	<u>433,815</u>	<u>423,783</u>	<u>425,436</u>	<u>423,012</u>	<u>464,637</u>	<u>532,539</u>	<u>610,354</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	\$3,243,697	2,383,829	3,248,770	3,188,515	3,019,629	3,017,087	2,949,652	2,950,379	2,714,221	2,750,757
Contributions as a percentage of covered payroll	12.64%	15.30%	14.97%	13.61%	14.03%	14.10%	14.34%	15.75%	19.62%	22.19%
<u>PFRS</u>										
Contractually required contribution	\$ 579,997	589,267	575,454	413,937	411,191	439,925	436,046	434,047	449,587	561,450
Contributions in relation to the contractually required contribution	<u>579,997</u>	<u>589,267</u>	<u>575,454</u>	<u>413,937</u>	<u>411,191</u>	<u>439,925</u>	<u>436,046</u>	<u>434,047</u>	<u>449,587</u>	<u>561,450</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	\$2,185,050	2,288,472	2,130,055	1,769,186	1,819,870	1,863,507	1,869,628	1,947,625	1,848,168	1,877,767
Contributions as a percentage of covered payroll	26.54%	25.75%	27.02%	23.40%	22.59%	23.61%	23.32%	22.29%	24.33%	29.90%

TOWN OF ULSTER, NEW YORK
 Required Supplementary Information
 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
 December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 1,052,533	1,727,557	1,521,402	1,227,238	961,304	1,145,299
Interest on total OPEB liability	1,246,240	898,608	835,968	926,569	1,280,519	1,159,031
Changes in benefit terms	-	145,674	-	194,413	-	-
Differences between expected and actual experience	-	(3,207,011)	-	(3,789,360)	-	-
Changes in assumptions and other inputs	2,813,459	(6,271,891)	659,125	(117,224)	9,216,488	(4,246,691)
Benefit payments	<u>(956,902)</u>	<u>(857,734)</u>	<u>(875,546)</u>	<u>(832,666)</u>	<u>(894,198)</u>	<u>(856,332)</u>
Net change in total OPEB liability	4,155,330	(7,564,797)	2,140,949	(2,391,030)	10,564,113	(2,798,693)
Total OPEB liability, beginning	<u>32,922,685</u>	<u>40,487,482</u>	<u>38,346,533</u>	<u>40,737,563</u>	<u>30,173,450</u>	<u>32,972,143</u>
Total OPEB liability, ending	<u>\$37,078,015</u>	<u>32,922,685</u>	<u>40,487,482</u>	<u>38,346,533</u>	<u>40,737,563</u>	<u>30,173,450</u>
Covered payroll	\$ 5,550,826	5,471,090	4,998,540	4,891,075	4,806,502	4,535,453
Total OPEB liability as a percentage of covered payroll	667.97%	601.76%	809.99%	784.01%	847.55%	665.28%

Notes to schedule:

Changes in assumptions - Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.26%	3.72%	2.03%	2.12%	2.74%	4.10%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town should present information for those years for which information is available.

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

TOWN OF ULSTER, NEW YORK
Required Supplementary Information
Statement of Revenue, Expenditures, and Changes in Fund Balance -
Budget to Actual - General Fund
Year ended December 31, 2023

	<u>Budget Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts	<u>Favorable</u> <u>(Unfavorable)</u>
Revenue:				
Taxes:				
Property	\$6,326,163	6,326,163	6,326,163	-
Sales and franchise	610,000	735,000	744,374	9,374
Other tax items	356,075	362,075	393,415	31,340
Departmental income	545,200	545,200	565,875	20,675
Use of money and property	75,200	275,200	606,537	331,337
Licenses and permits	269,800	269,800	215,902	(53,898)
Fines and forfeitures	525,000	525,000	517,886	(7,114)
Sale of property/compensation for loss	61,000	87,400	106,566	19,166
Miscellaneous	16,257	16,257	11,344	(4,913)
State aid	326,814	536,814	628,805	91,991
Federal aid	3,000	24,113	43,842	19,729
Total revenue	<u>9,114,509</u>	<u>9,703,022</u>	<u>10,160,709</u>	<u>457,687</u>
Expenditures:				
General government support	1,981,818	2,243,886	1,939,712	304,174
Education	6,000	6,000	1,217	4,783
Public safety	3,592,540	3,984,811	3,684,339	300,472
Health	7,000	11,596	11,596	-
Transportation	211,740	213,114	195,846	17,268
Economic assistance and opportunity	7,500	9,717	9,492	225
Culture and recreation	232,620	355,664	316,331	39,333
Home and community services	312,905	312,905	188,179	124,726
Employee benefits	3,492,386	3,492,387	3,077,434	414,953
Total expenditures	<u>9,844,509</u>	<u>10,630,080</u>	<u>9,424,146</u>	<u>1,205,934</u>
Excess (deficiency) of revenue over expenditures	<u>(730,000)</u>	<u>(927,058)</u>	<u>736,563</u>	<u>1,663,621</u>
Other financing sources (uses):				
Transfers in	55,000	55,000	2,648	(52,352)
Transfers out	-	(718,630)	(718,630)	-
Appropriated fund balance	675,000	1,590,688	-	(1,590,688)
Total other financing sources (uses)	<u>730,000</u>	<u>927,058</u>	<u>(715,982)</u>	<u>(1,643,040)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	20,581	<u>20,581</u>
Fund balance at beginning of year			<u>9,382,917</u>	
Fund balance at end of year			<u>\$9,403,498</u>	

TOWN OF ULSTER, NEW YORK
Required Supplementary Information
Statement of Revenue, Expenditures, and Changes in Fund Balance -
Budget to Actual - Highway Fund
Year ended December 31, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Revenue:				
Property taxes	\$ 2,766,300	2,766,300	2,766,300	-
Other tax items	69,210	69,210	73,538	4,328
Departmental income	216,801	241,801	532,593	290,792
Use of money and property	15,000	15,000	135,139	120,139
Licenses and permits	200	200	100	(100)
Sale of property/compensation for loss	31,000	31,000	84,437	53,437
Miscellaneous	-	-	1,316	1,316
Interfund revenues	86,135	86,135	-	(86,135)
State aid	149,580	149,580	-	(149,580)
Total revenue	<u>3,334,226</u>	<u>3,359,226</u>	<u>3,593,423</u>	<u>234,197</u>
Expenditures:				
General government support	5,000	5,000	-	5,000
Transportation	2,454,269	2,479,269	2,217,049	262,220
Employee benefits	961,609	961,609	839,277	122,332
Total expenditures	<u>3,420,878</u>	<u>3,445,878</u>	<u>3,056,326</u>	<u>389,552</u>
Excess (deficiency) of revenue over expenditures	<u>(86,652)</u>	<u>(86,652)</u>	<u>537,097</u>	<u>623,749</u>
Other financing sources:				
Transfers in	-	-	600,000	600,000
Appropriated fund balance	86,652	86,652	-	(86,652)
Total other financing sources	<u>86,652</u>	<u>86,652</u>	<u>600,000</u>	<u>513,348</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>1,137,097</u>	<u>1,137,097</u>
Fund balance at beginning of year			<u>1,482,626</u>	
Fund balance at end of year			<u>\$2,619,723</u>	

TOWN OF ULSTER, NEW YORK
Required Supplementary Information
Statement of Revenue, Expenditures, and Changes in Fund Balance -
Budget to Actual - Sewer Fund
Year ended December 31, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Revenue:				
Property taxes	\$1,177,289	1,177,289	1,177,289	-
Departmental income	710,882	752,764	1,014,208	261,444
Use of money and property	10,208	10,208	236,605	226,397
Miscellaneous	-	-	46,219	46,219
Total revenue	<u>1,898,379</u>	<u>1,940,261</u>	<u>2,474,321</u>	<u>534,060</u>
Expenditures:				
General government support	89,950	87,085	51,452	35,633
Home and community services	1,321,649	1,510,097	1,230,889	279,208
Employee benefits	425,352	425,352	294,382	130,970
Debt service	<u>77,698</u>	<u>77,699</u>	<u>77,698</u>	<u>1</u>
Total expenditures	<u>1,914,649</u>	<u>2,100,233</u>	<u>1,654,421</u>	<u>445,812</u>
Excess (deficiency) of revenue over expenditures	<u>(16,270)</u>	<u>(159,972)</u>	<u>819,900</u>	<u>979,872</u>
Other financing sources (uses):				
Transfers out	(5,000)	(5,000)	-	5,000
Appropriated fund balance	<u>21,270</u>	<u>164,972</u>	-	<u>(164,972)</u>
Total other financing sources (uses)	<u>16,270</u>	<u>159,972</u>	-	<u>(159,972)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	819,900	<u>819,900</u>
Fund balance at beginning of year			<u>4,360,862</u>	
Fund balance at end of year			<u>\$5,180,762</u>	

TOWN OF ULSTER, NEW YORK
Required Supplementary Information
Statement of Revenue, Expenditures, and Changes in Fund Balance -
Budget to Actual - Water Fund
Year ended December 31, 2023

	<u>Budget Amounts</u>		<u>Actual</u> Amounts	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenue:				
Property taxes	\$ 1,143,263	1,143,263	1,143,263	-
Departmental income	1,671,925	1,681,925	1,716,975	35,050
Use of money and property	38,350	63,350	176,986	113,636
Sale of property/compensation for loss	3,000	3,000	11,381	8,381
Total revenue	<u>2,856,538</u>	<u>2,891,538</u>	<u>3,048,605</u>	<u>157,067</u>
Expenditures:				
General government support	73,088	43,088	34,990	8,098
Home and community services	2,307,961	2,606,877	2,269,653	337,224
Employee benefits	389,874	392,411	340,207	52,204
Debt service	214,456	214,456	214,455	1
Total expenditures	<u>2,985,379</u>	<u>3,256,832</u>	<u>2,859,305</u>	<u>397,527</u>
Excess (deficiency) of revenue over expenditures	<u>(128,841)</u>	<u>(365,294)</u>	<u>189,300</u>	<u>554,594</u>
Other financing sources (uses):				
Transfers in	-	-	118,630	118,630
Transfers out	-	(133,220)	(133,220)	-
Appropriated fund balance	128,841	498,514	-	(498,514)
Total other financing sources (uses)	<u>128,841</u>	<u>365,294</u>	<u>(14,590)</u>	<u>(379,884)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>174,710</u>	<u>174,710</u>
Fund balance at beginning of year			<u>2,999,126</u>	
Fund balance at end of year			<u>\$ 3,173,836</u>	

TOWN OF ULSTER, NEW YORK
Other Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2023

	<u>Street Lighting</u>	<u>Fire Protection</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>			
Cash and equivalents - unrestricted	\$ 145,303	2,000	147,303
<u>Liabilities</u>			
Accounts payable	4,503	-	4,503
Due to other governments	3,971	-	3,971
Total liabilities	8,474	-	8,474
<u>Fund Balances</u>			
Assigned	136,829	2,000	138,829
Total liabilities and fund balances	\$ 145,303	2,000	147,303

TOWN OF ULSTER, NEW YORK
Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year ended December 31, 2023

	<u>Street Lighting</u>	<u>Fire Protection</u>	<u>Total Nonmajor Governmental Funds</u>
Revenue:			
Property taxes	\$ 50,520	199,935	250,455
Use of money and property	<u>6,972</u>	<u>-</u>	<u>6,972</u>
Total revenue	<u>57,492</u>	<u>199,935</u>	<u>257,427</u>
Expenditures:			
Public safety	-	199,935	199,935
Transportation	<u>51,712</u>	<u>-</u>	<u>51,712</u>
Total expenditures	<u>51,712</u>	<u>199,935</u>	<u>251,647</u>
Net change in fund balance	5,780	-	5,780
Fund balances at beginning of year	<u>131,049</u>	<u>2,000</u>	<u>133,049</u>
Fund balances at end of year	<u><u>\$ 136,829</u></u>	<u><u>2,000</u></u>	<u><u>138,829</u></u>