

**TOWN OF RIVERHEAD, NEW YORK**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**(WITH INDEPENDENT AUDITORS' REPORT)**

For the Year Ended December 31, 2023

**TOWN OF RIVERHEAD**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**  
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**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**  
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## **FINANCIAL SECTION**

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## **Independent Auditors' Report**

**The Honorable Supervisor and Town Board  
of the Town of Riverhead, New York**

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

#### ***Opinions***

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

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Riverhead Industrial Development Agency or the Riverhead IDA Economic Job Development Corporation, which represent 100% of both the assets and revenues of the aggregate discretely presented component units as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by another auditor, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Riverhead Industrial Development Agency and the Riverhead IDA Economic Job Development Corporation are based solely on the reports of the other auditor.

#### ***Basis for 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 audit opinions.

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

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

## ***Responsibilities of Management for the Financial Statements*** (continued)

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgement, 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 Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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 December 16, 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.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**  
Hauppauge, New York  
December 16, 2024



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<p><b>REQUIRED SUPPLEMENTARY INFORMATION</b> <b>Management's Discussion and Analysis</b></p>
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**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

As management of the Town of Riverhead (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2023. Please read it in conjunction with the Town's financial statements.

**FINANCIAL HIGHLIGHTS**

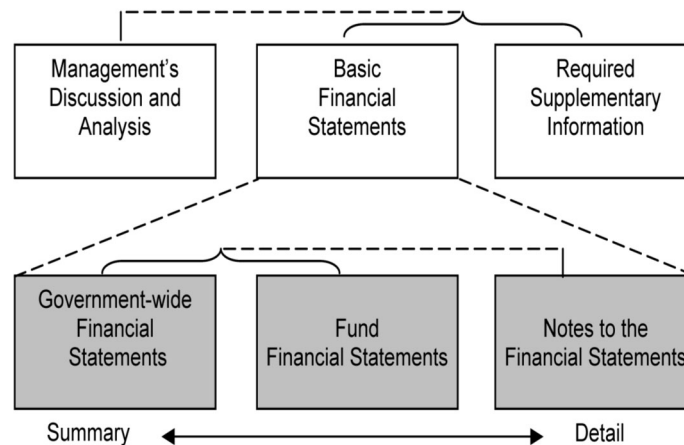
- The assets and deferred outflows of the primary government exceed its liabilities and deferred inflows of resources at the close of 2023 by \$132,402,630 (net position). The net position of governmental activities was \$65,690,037 and the net position of business-type activities was \$66,712,593.
- The primary government's total net position increased by \$13,413,630 or 11.3%. The governmental net position increased by \$10,363,967 and the business-type net position increased by \$3,049,663.
- The Town is committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the Town has recognized substantial liabilities in the government-wide financial statements for these benefits. As of December 31, 2023, the Town had liabilities of \$152,597,117 for other postemployment benefits recorded in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("OPEB"), \$9,633,509 for its proportionate share of the net pension liability of the New York State and Local Employees' Retirement System ("ERS"), and \$18,498,237 for its proportionate share of the net pension liability of the New York State and Local Police and Fire Retirement System ("PFRS") recorded in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* as of the plans' year end of March 31, 2023. More detailed information about the Town's pension and OPEB reporting is presented in Notes 3F and 3G in the notes to financial statements.
- As of the close of 2023, the primary government's governmental funds reported combined ending fund balances of \$54,875,364, an increase of \$14,423,237 in comparison with the prior year. Of this amount, \$1,437,570 is not in spendable form or is required to remain intact. The remaining \$53,437,794 or approximately 97.38% of total fund balances is in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Town's discretion.
- At the end of 2023, the primary government's total fund balance for the General Fund was \$26,612,404, an increase of \$6,741,373 or 33.93% from the prior year. The aggregate assigned and unassigned fund balance for the General Fund was \$25,244,487, or 46.73% of total General Fund expenditures and other financing uses.
- The primary government's total bonded debt outstanding (inclusive of general obligation bonds, exclusive of premiums), was \$41,280,000 a decrease of \$5,315,000 or 12.88%. The Town's governmental activities bonded debt outstanding decreased by \$3,750,166 and the Town's business-type funds bonded debt outstanding decreased by \$1,564,834.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**COMPONENTS OF  
THE ANNUAL FINANCIAL REPORT**



**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 intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Position presents financial information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. This combines and consolidates the Town's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Town's total net worth. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage systems and other assets to assess the overall health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's governmental funds financial statements.

The Town's government-wide financial statements includes both the governmental and business-type activities of the Town itself (known as the primary government) and of its legally separate nonmajor component units for which the Town is financially accountable. Financial information for these component units are reported separately (discretely presented nonmajor) from the financial information presented for the primary government. Each of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the Town include sewer and water services.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Governmental Activities**

The Town's basic services are reported here, including: general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation and home and community services. Property taxes, sales taxes, mortgage taxes, franchise fees, fines, and state, local and federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

**Component Units**

Discretely presented component units are legally separate organizations, that are not an operating department of the Town, for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These entities are reported in a separate column in the government-wide statements. The Town includes the Riverhead Industrial Development Agency and the Riverhead IDA Economic Job Development Corporation as nonmajor discretely presented component units.

The Town also includes one blended component unit, the Town of Riverhead Community Development Agency that is, in substance, a part of the Town's operations.

Information on separately issued financial statements is shown in Note 1.A to the financial statements.

**Fund Financial Statements**

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Town, like other 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 three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near term financial decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains fourteen (14) governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the five (5) major funds. The General Fund, Highway Fund, Debt Service Fund, Capital Projects Fund and Community Preservation Fund are reported as major funds. Data from the nine (9) other 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 in the "Other Supplementary Information" section in this report.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds (continued)

The Town adopts an annual appropriated budget for its General Fund, Highway Fund, Debt Service Fund and Community Preservation Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with their adopted budgets. Budgetary comparison schedules for the General Fund, Highway Fund, and Community Preservation Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis". A budgetary comparison schedule for the Debt Service Fund can be found in the section labeled "Other Supplementary Information."

The governmental funds financial statements can be found in the "Basic Financial Statements" section of this report.

Proprietary Funds

The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Sewer and Water District Funds. Internal Service funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses its Internal Service Funds to account for general liability and workers' compensation risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are included in a single column in the proprietary funds statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Sewer District and Water District Funds since both are considered to be major funds of the Town. The proprietary funds financial statements can be found in the "Basic Financial Statements" section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and as the resources are not available to support the Town's programs, these funds are not reflected in the government-wide financial statements. The Town has one fiduciary fund, a custodial fund, which primarily accounts for real property taxes billed and collected on behalf of other local municipalities, and bail collected and held on behalf of bailees.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's budget to actual comparisons for the major governmental funds, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information immediately follows the notes to the financial statements.

The budget to actual comparison for the Debt Service Fund, as well as combining nonmajor governmental funds financial statements are presented immediately following the required supplementary information.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

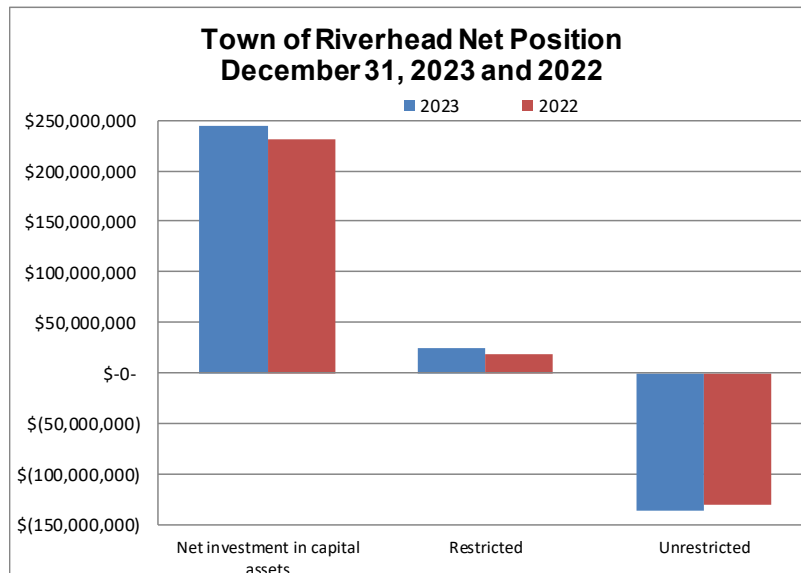
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$132,402,630 at the close of the most recent year. The following analysis focuses on the net position and changes in net position of the Town's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 76,179,623	\$ 69,090,373	\$ 32,583,434	\$ 30,891,220	\$ 108,763,057	\$ 99,981,593
Capital assets	230,894,364	206,558,125	87,360,841	86,453,377	318,255,205	293,011,502
<b>Total Assets</b>	<b>307,073,987</b>	<b>275,648,498</b>	<b>119,944,275</b>	<b>117,344,597</b>	<b>427,018,262</b>	<b>392,993,095</b>
<b>Deferred Outflows of Resources</b>	<b>60,787,590</b>	<b>42,840,201</b>	<b>3,726,875</b>	<b>3,446,496</b>	<b>64,514,465</b>	<b>46,286,697</b>
<b>Liabilities</b>						
Current liabilities	41,212,082	19,047,050	8,284,085	8,892,529	49,496,167	27,939,579
Non-current liabilities	192,318,725	153,653,975	35,044,946	33,360,984	227,363,671	187,014,959
<b>Total Liabilities</b>	<b>233,530,807</b>	<b>172,701,025</b>	<b>43,329,031</b>	<b>42,253,513</b>	<b>276,859,838</b>	<b>214,954,538</b>
<b>Deferred Inflows of Resources</b>	<b>68,640,733</b>	<b>90,461,604</b>	<b>13,629,526</b>	<b>14,874,650</b>	<b>82,270,259</b>	<b>105,336,254</b>
<b>Net Position</b>						
Net investment in capital assets	183,748,241	174,331,649	61,229,129	57,495,715	244,977,370	231,827,364
Restricted	19,126,444	14,422,772	4,596,863	3,878,635	23,723,307	18,301,407
Unrestricted	(137,184,648)	(133,428,351)	886,601	2,288,580	(136,298,047)	(131,139,771)
<b>Total Net Position</b>	<b>\$ 65,690,037</b>	<b>\$ 55,326,070</b>	<b>\$ 66,712,593</b>	<b>\$ 63,662,930</b>	<b>\$ 132,402,630</b>	<b>\$ 118,989,000</b>

By far, the largest portion of the Town's net position, \$244,977,370 reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment, intangibles and infrastructure) less any outstanding debt or other borrowings used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's net 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 will not be used to liquidate these liabilities.

The deficit in unrestricted net position does not necessarily indicate fiscal stress. The deficit balance of unrestricted net position arose primarily due to long-term liabilities, including compensated absences, employee retirement incentives, claims and judgments, landfill closure and postclosure care costs, the proportionate share of the net pension liability, and total other postemployment benefits liability ("OPEB") that will be funded through future budgetary appropriations when they become payable in future periods.





**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

The total net position of the Town as of December 31, 2023 was \$132,402,630, an increase of \$13,413,630 from the prior year. Of this amount, \$244,977,370 was the net investment in capital assets, while \$23,723,307 was restricted by statute or other specific purpose leaving an unrestricted deficit of \$136,298,047.

**Changes in Net Position**

**Governmental Activities and Business-type Activities - Primary Government**

For the years ended December 31,

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022*	2023	2022*
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 5,719,439	\$ 4,933,815	\$ 12,813,623	\$ 13,130,217	\$ 18,533,062	\$ 18,064,032
Operating grants and contributions	1,577,389	1,863,106			1,577,389	1,863,106
Capital grants and contributions	3,055,102	1,945,868	3,240,161	606,757	6,295,263	2,552,625
	<u>10,351,930</u>	<u>8,742,789</u>	<u>16,053,784</u>	<u>13,736,974</u>	<u>26,405,714</u>	<u>22,479,763</u>
<b>General revenues:</b>						
Real property taxes	56,948,425	54,823,760	1,967,813	1,975,579	58,916,238	56,799,339
Other tax items	2,639,419	2,389,184	12,651	12,492	2,652,070	2,401,676
Non-property tax items	10,340,892	12,090,207			10,340,892	12,090,207
Investment earnings - unrestricted	3,165,311	1,299,174	323,326	56,059	3,488,637	1,355,233
State aid	1,821,754	1,878,904			1,821,754	1,878,904
Other	200,328	1,017,826	976,020	880,603	1,176,348	1,898,429
	<u>75,116,129</u>	<u>73,499,055</u>	<u>3,279,810</u>	<u>2,924,733</u>	<u>78,395,939</u>	<u>76,423,788</u>
<b>Total Revenues</b>	<u>85,468,059</u>	<u>82,241,844</u>	<u>19,333,594</u>	<u>16,661,707</u>	<u>104,801,653</u>	<u>98,903,551</u>
<b>Expenses</b>						
General government support	16,763,635	13,846,509			16,763,635	13,846,509
Public safety	37,151,490	26,609,876			37,151,490	26,609,876
Health	3,377,795	3,066,285			3,377,795	3,066,285
Transportation	6,521,079	5,938,987			6,521,079	5,938,987
Economic assistance and opportunity	2,062,750	1,627,354			2,062,750	1,627,354
Culture and recreation	3,249,549	3,272,069			3,249,549	3,272,069
Home and community services	6,040,755	6,352,264	14,972,329	14,938,554	21,013,084	21,290,818
Interest on debt	1,248,641	1,389,972			1,248,641	1,389,972
<b>Total Expenses</b>	<u>76,415,694</u>	<u>62,103,316</u>	<u>14,972,329</u>	<u>14,938,554</u>	<u>91,388,023</u>	<u>77,041,870</u>
Change in net position before transfers	9,052,365	20,138,528	4,361,265	1,723,153	13,413,630	21,861,681
Transfers	1,311,602	1,199,346	(1,311,602)	(1,199,346)	-0-	-0-
Change in net position	<u>\$ 10,363,967</u>	<u>\$ 21,337,874</u>	<u>\$ 3,049,663</u>	<u>\$ 523,807</u>	<u>\$ 13,413,630</u>	<u>\$ 21,861,681</u>

\*Certain reclassifications were made to conform to the current year presentation.

The change in net position from all combined activities was an increase of \$13,413,630. The governmental activities increased by \$10,363,967 and the business-type activities increased by \$3,049,663.

Key elements of the changes in governmental activities were:

- Grants and contributions fluctuate due to the timing of certain projects/operating expenses and the related reimbursements. Operating grants and contributions decreased from the prior year by \$285,717. Capital grants and contributions increased from the prior year by \$1,109,234.
- General revenues increased by \$1,617,074 from the prior year, primarily due to increases in real property taxes and investment earnings - unrestricted in the amounts of \$2,124,665 and \$1,866,137 respectively, offset by decreases in non-property tax items of \$1,749,315 and other revenues of \$817,498.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

- Overall, governmental expenses increased by \$14,312,378 compared to prior year. This is primarily a result of the overall increases in general government support, public safety, health, transportation, and economic assistance and opportunity due to increases in pension expense and other postemployment benefits expense, offset by a decrease in home and community services.

Key elements of the changes in business-type activities were:

- Sewer rents and charges decreased \$1,135,443, from the prior year primarily due to the Town writing off bad debt. Water sales and service charges increased by \$818,849 compared to the prior year, primarily due to the Town's new two tier billing system which was implemented in January 2023.
- Capital grant revenue increased by \$2,633,404 primarily due to revenues from New York State Water Infrastructure Improvement Grant for capital improvements at one of the Town's water treatment plants.

The following chart illustrates the total expenses by program for the Town's governmental activities.

Governmental Activities

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2023	2022	2023	2022	2023	2022
General government support	\$ 16,763,635	\$ 13,846,509	\$ 630,024	\$ 1,021,491	\$ (16,133,611)	\$ (12,825,018)
Public safety	37,151,490	26,609,876	3,044,846	2,525,692	(34,106,644)	(24,084,184)
Health	3,377,795	3,066,285	57,748	138,379	(3,320,047)	(2,927,906)
Transportation	6,521,079	5,938,987	3,050,223	1,973,033	(3,470,856)	(3,965,954)
Economic assistance and opportunity	2,062,750	1,627,354	543,748	779,769	(1,519,002)	(847,585)
Culture and recreation	3,249,549	3,272,069	1,202,616	1,157,683	(2,046,933)	(2,114,386)
Home and community services	6,040,755	6,352,264	1,822,725	1,146,742	(4,218,030)	(5,205,522)
Interest on debt	1,248,641	1,389,972			(1,248,641)	(1,389,972)
	<u>\$ 76,415,694</u>	<u>\$ 62,103,316</u>	<u>\$ 10,351,930</u>	<u>\$ 8,742,789</u>	<u>\$ (66,063,764)</u>	<u>\$ (53,360,527)</u>

The cost of the governmental activities this year was \$76,415,694. The cost of these services after being partially subsidized by program revenues of \$10,351,930 was \$66,063,764.

Business-type Activities

The following chart illustrates the total net cost of services for the Town's business-type activities.

	Total Cost of Services		Program Revenue		Net (Cost) Revenue of Services	
	2023	2022	2023	2022*	2023	2022*
Home and community services - Sewer	\$ 7,523,884	\$ 7,907,734	\$ 5,383,833	\$ 6,256,021	\$ (2,140,051)	\$ (1,651,713)
Home and community services - Water	7,448,445	7,030,820	10,669,951	7,480,953	3,221,506	450,133
	<u>\$ 14,972,329</u>	<u>\$ 14,938,554</u>	<u>\$ 16,053,784</u>	<u>\$ 13,736,974</u>	<u>\$ 1,081,455</u>	<u>\$ (1,201,580)</u>

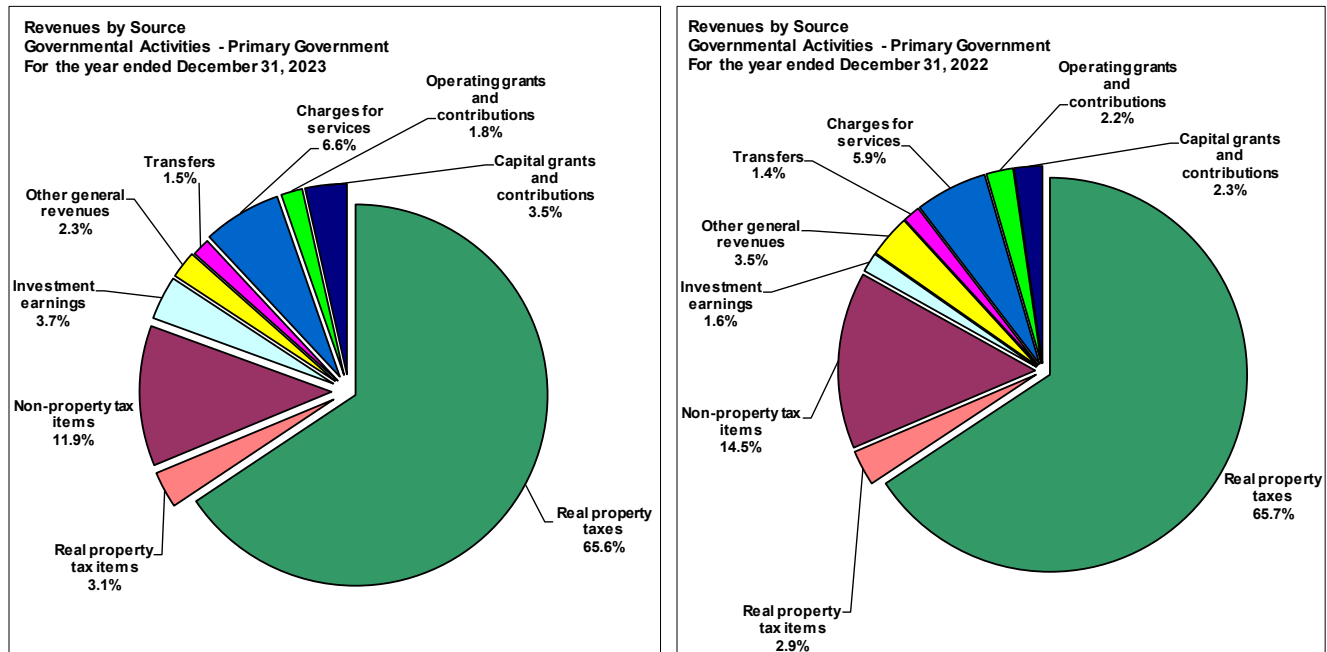
\*Certain reclassifications were made to conform to the current year presentation.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

The cost of the sewer business-type activity was \$7,523,884, which was funded with program revenues of \$5,383,833 resulting in a net cost of \$2,140,051. The cost of the water business-type activity this year was \$7,448,445. After program revenues of \$10,669,951, the water business-type activity generated net revenues of \$3,221,506.

The following graphs and chart illustrate the revenues by source for the Town's governmental activities.



	2023	2022
Real property taxes	\$ 56,948,425	\$ 54,823,760
Real property tax items	2,639,419	2,389,184
Non-property tax items	10,340,892	12,090,207
Investment earnings - unrestricted	3,165,311	1,299,174
Other general revenues	2,022,082	2,896,730
Transfers	1,311,602	1,199,346
Charges for services	5,719,439	4,933,815
Operating grants and contributions	1,577,389	1,863,106
Capital grants and contributions	3,055,102	1,945,868
	<u>\$ 86,779,661</u>	<u>\$ 83,441,190</u>

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**FINANCIAL ANALYSIS OF THE TOWN'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, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

There are no restrictions that are expected to have a significant effect on the availability of fund resources for future use.

At December 31, 2023, the Town's governmental funds reported total ending fund balances of \$54,875,364, an increase of \$14,423,237 or 35.66% in comparison with the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$1,437,570 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$19,126,444 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$14,179,149 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
- **Unassigned fund balance** - \$20,132,201 (residual net resources) is the total fund balance in the General Fund of \$21,848,178 in excess of nonspendable, restricted and assigned fund balance offset by the unassigned deficit in the capital projects fund of \$1,715,977, which represents expenditures for projects for which permanent financing has not been obtained.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$26,612,404, an increase of \$6,741,373, or 33.93%, from the prior year. Of this amount, \$1,367,917 is not in spendable form (prepaid items and inventory). The remaining \$25,244,487 of the fund balance is in spendable form as follows: \$3,396,309 has been assigned for other miscellaneous designations and purchase orders, and the remaining \$21,848,178 represents spendable, unassigned fund balance.

The major components of the fund balance increase were as follows:

- Actual revenues were more than budgeted expectations by \$4,358,819, primarily due to higher-than-expected departmental income in the amount of \$1,594,095, use of money and property \$1,557,465, state and local aid over budget in the amount of \$841,259, and non-property tax items over budget of \$467,432, offset by budget shortfalls of \$694,371 in interfund revenues, and \$402,395 in sale of property and compensation for loss.
- Actual revenues and other financing sources increased by \$3,099,094 compared to the prior year, primarily due to increases in real property tax items, non-property tax items, use of money and property, and departmental income of \$1,143,974, \$359,859, \$827,614, and \$1,364,437 respectively. These increases were offset by a decrease in federal aid of \$427,905.

**TOWN OF RIVERHEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2023

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS** (continued)

Governmental Funds (continued)

**General Fund** (continued)

- Overall expenditures were under budget by \$3,496,912, a result of budgetary savings in general governmental support of \$1,499,492, primarily relating to insurance, fuel, information technology, and equipment purchases, and lower than expected costs for employee benefit costs of \$1,339,456 related to pension, social security and medical insurance.
- Actual expenditures and other financing uses increased by \$1,529,028 compared to the prior year, primarily a result of increases in general government support, public safety services, and employee benefits of \$431,244, \$1,518,073 and \$915,112 respectively, offset by a decrease in transfers out of \$1,507,894.
- The general fund final budget included budgeted appropriation of fund balance of \$1,863,203.

**Highway Fund**

At the end of the current year, the total fund balance of the Highway Fund was \$4,556,674, decreasing \$489,942, or 9.71%, from the prior year. Of this amount, \$61,475 is not in spendable form (prepaid items). The remaining \$4,495,199 of the fund balance is assigned for general highway purposes.

The major components of the fund balance decrease of \$489,942 were as follows:

- Actual revenues exceeded budgeted expectations by \$357,878 due to use of money and property coming in over budget by \$270,753, and real property taxes of \$53,443.
- Overall actual revenues and other financing sources were higher than the prior year by \$601,546, which is primarily a result of a real property tax and use of money and property by \$408,488 and \$241,384.
- Transportation expenditures for fuel costs, purchases and repair of equipment, as well as various road improvement costs and snow removal costs were lower than budgeted expectations by \$733,133.
- Overall actual expenditures and other financing uses increased by \$1,760,504 compared to prior year due to an increase in transportation expense of \$1,823,431.
- The final budget includes current year fund balance appropriations totaling \$1,925,189.

**Capital Projects Fund**

The fund balance increased in the Capital Projects Fund by \$2,870,955 from the prior year as a result of timing differences between project expenditures and the recognition of corresponding financing. At the end of the current year, the Capital Projects Fund had a deficit fund balance of \$1,327,246 which will be eliminated when permanent financing for the town square land acquisition project is obtained.

**TOWN OF RIVERHEAD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2023

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS** (continued)

**Community Preservation Fund**

At the end of the current year, the Community Preservation Fund had a total fund balance of \$18,686,619, increasing by \$4,309,206 from the prior year. This fund balance is restricted for Community Preservation purposes.

The major components of the fund balance increase of \$4,309,206 were as follows:

- Total non-property tax items and use of money and property exceeded the budget by \$4,308,050, and decreased from prior year revenues by \$1,779,856.
- Overall actual expenditures and operating transfers out were consistent with the prior year, and the adopted budget.

**Nonmajor Governmental Funds**

The net change in fund balances was an increase of \$991,645 over the nine nonmajor funds, the most notable changes are as follows:

- The Street Lighting District had an increase in fund balance of \$360,902 primarily due to state and local aid of \$140,093 and increase of \$94,944 in use of money and property.
- The Refuse and Garbage Fund had an increase of \$286,681 in fund balance, a result of real property tax by \$608,850, offset by home and community services expenses of \$222,700.

Proprietary Funds

The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficit) of the Sewer and Water proprietary funds at the end of the year amounted to (\$3,983,350) and \$4,869,951 respectively. The total net position changes were a decrease of \$2,339,082 in the Sewer District Funds and an increase of \$5,388,745 in the Water District Funds:

- In the Sewer Fund, total operating revenues decreased by \$1,135,443 from prior year due to a decrease in sewer charges of \$1,816,815, offset by an increase in sewer rent of \$681,372. Operating expense decreased from the prior year by \$374,316, primarily due to decreases in sewage treatment disposal and employee benefits of \$250,185 and \$190,150 respectively.
- In the Water Fund, operating revenues related to water sales increased by \$818,849 compared to the prior year, as a result of an increase in billing rates. Overall operating costs increased by \$444,034 from the prior year due to increase in employee benefits by \$658,093, which is offset by decrease in administration cost by \$370,200. Non-operating revenues, net increased \$2,625,057 from the prior year as a result of an increase in state and local aid of \$2,660,605.

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, there were budget amendments that increased estimated revenues and transfers by \$294,133 and budgeted appropriations by \$1,737,021 inclusive of transfers. Please see the "General Fund" section for more details on the comparison of adopted budgets to actual amounts. The following are the main components of the increase in appropriations:

- The increase in estimated revenues of \$294,133 was primarily in real property taxes, State and local aid, and federal aid of \$52,175, \$50,000, and \$132,398 respectively.
- The increase in budgeted appropriations of \$1,737,021 were primarily due to prior year encumbrances of \$420,315, and an increase of \$1,274,189 for transfers out.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for its governmental and business-type activities as of December 31, 2023 amount to \$318,255,205 (net of accumulated depreciation/amortization). These capital assets include land and landfills, non-depreciable intangible assets, buildings, improvements, infrastructure, machinery and equipment, depreciable intangible assets and construction in progress.

Major capital asset events during the current year included the following:

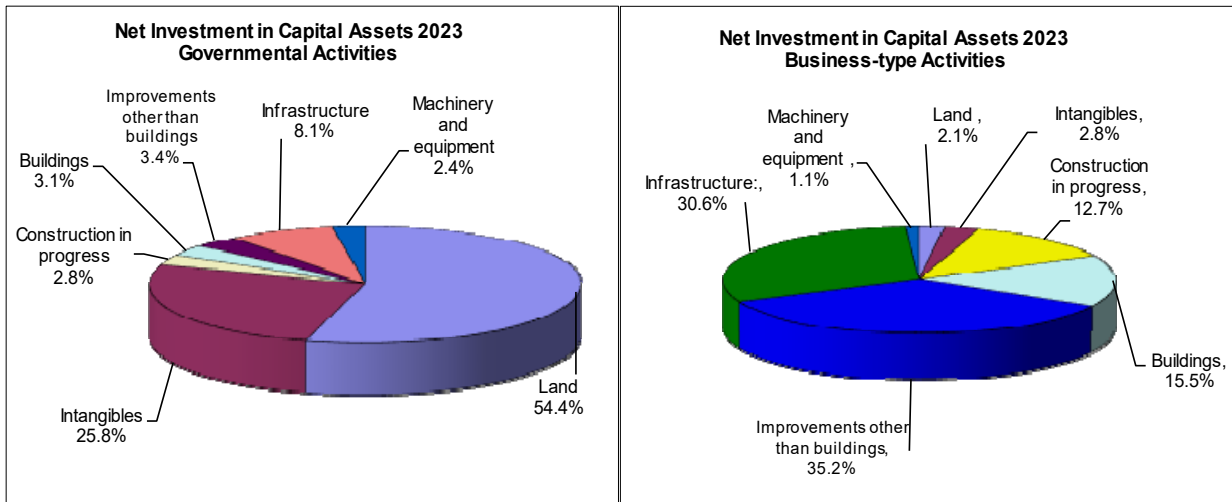
- The Sewer District Fund invested \$460,347 for sewer treatment plant upgrade projects.
- The Water District Fund invested \$4,386,377 for various projects.
- The Town acquired property totaling \$21,312,094 including land, buildings and improvements other than buildings.
- The Town completed various capital improvements at a cost of \$890,203.
- The Town resurfaced various Town roads for \$668,348.
- The Town purchased equipment for governmental activities for \$2,670,627.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 115,165,401	\$ 112,508,615	\$ 1,830,300	\$ 1,830,300	\$ 116,995,701	\$ 114,338,915
Intangible development rights and easements	52,987,917	52,966,917	2,378,757	2,378,757	55,366,674	55,345,674
Construction in progress	6,738,838	5,729,573	11,195,672	20,703,602	17,934,510	26,433,175
Buildings	23,477,359	6,422,148	13,520,686	14,113,348	36,998,045	20,535,496
Improvements other than buildings	7,608,676	6,986,221	30,718,291	18,653,975	38,326,967	25,640,196
Infrastructure	18,305,055	16,640,559	26,722,188	27,748,072	45,027,243	44,388,631
Machinery and equipment	6,308,415	5,051,579	959,409	980,749	7,267,824	6,032,328
Intangibles - software	302,703	252,513	35,538	44,574	338,241	297,087
Total capital assets	<u>\$ 230,894,364</u>	<u>\$ 206,558,125</u>	<u>\$ 87,360,841</u>	<u>\$ 86,453,377</u>	<u>\$ 318,255,205</u>	<u>\$ 293,011,502</u>

**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

**CAPITAL ASSET AND DEBT ADMINISTRATION** (continued)

**Capital Assets** (continued)



Additional information on the Town's capital assets is shown in Note 3.D to the financial statements.

**Debt Administration**

At the end of 2023, the Town had total bonded debt outstanding, excluding bond anticipation notes, of \$41,280,000. The entire debt is backed by the full faith and credit of the Town of Riverhead.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds*	\$ 20,198,462	\$ 23,948,628	\$ 21,081,538	\$ 22,646,372	\$ 41,280,000	\$ 46,595,000
Bond anticipation notes	22,800,000				22,800,000	-0-
Total	<u>\$ 42,998,462</u>	<u>\$ 23,948,628</u>	<u>\$ 21,081,538</u>	<u>\$ 22,646,372</u>	<u>\$ 64,080,000</u>	<u>\$ 46,595,000</u>

\*This does not include the bond premium as presented in the Statement of Net Position.

As of July 2021, the Town had an "Aa2" rating from Moody's Investors Service.

New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation. The debt limit excludes water debt and sewer debt of the business-type activities. The Town's outstanding general obligation debt is significantly less than its current debt limit of \$534,955,931. The percentage of debt limit exhausted as of December 31, 2023 was 8.24%.

In November 1998, the voters of the Town approved the implementation of a real estate transfer tax in the amount of 2% against the proceeds of the sale of real property in excess of \$150,000 for developed property and in excess of \$75,000 for undeveloped property. The tax is to be collected on every transaction through the year 2030. These funds are dedicated by the Town Board to pay the debt service generated by the acquisition of open space and purchase of farmland development rights.

Additional information on the Town's indebtedness is shown in Note 3.E to the financial statements.



**TOWN OF RIVERHEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2023

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

The 2024 budget will increase by \$7,489,996 (7.21%) as compared to the 2023 budget with increases in spending for the General Fund of \$5,442,900, the Highway Fund of \$169,200, the Sewer Districts of \$443,546, the Water Districts of \$566,300, the Ambulance Districts of \$245,700 and the Refuse and Garbage District of \$509,600. Several other funds had minor increases or decreases.

Assessed values increased in 2024 by \$5,406,342, or 0.65% as compared to 2023.

The Town-wide tax rate increased by \$2.706 per \$1,000 of assessed value.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012 no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. There are permitted exceptions and adjustments. The Town adopted a local law and exceeded the 2% cap inclusive of allowable exclusions for 2024.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Town's finances. If you have any questions about this report or need any additional information, contact the Financial Administrator at 4 West Second Street, Riverhead, New York 11901 or by telephone 631-727-3200.

## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF RIVERHEAD**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
December 31, 2023

		Primary Government			
		Governmental Activities	Business-type Activities	Total	Nonmajor Component Units
ASSETS					
Current assets:					
Cash and cash equivalents	\$	51,786,210	\$ 14,141,445	\$ 65,927,655	\$ 400,096
Cash - restricted		18,436,948	4,596,863	23,033,811	
Accounts receivable		284,469	126,901	411,370	102,800
Billings receivable			1,458,793	1,458,793	
Leases receivable		360,587	466,759	827,346	
Due from other governments		2,724,031	2,928,144	5,652,175	
Prepays		1,334,766	81,632	1,416,398	23,153
Inventory of materials and supplies		102,804	170,220	273,024	
Other assets				-0-	1,400
Total current assets		75,029,815	23,970,757	99,000,572	527,449
Non-current assets:					
Leases receivable		1,149,808	8,612,677	9,762,485	
Non-depreciable capital assets		174,892,156	15,404,729	190,296,885	
Capital assets, net of accumulated depreciation		56,002,208	71,956,112	127,958,320	891
Total non-current assets		232,044,172	95,973,518	328,017,690	891
Total Assets		307,073,987	119,944,275	427,018,262	528,340
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding		193,103		193,103	
Pensions		35,198,854	1,528,416	36,727,270	58,002
Other postemployment benefits		25,395,633	2,198,459	27,594,092	
Total Deferred Outflows of Resources		60,787,590	3,726,875	64,514,465	58,002
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities		3,865,272	1,067,352	4,932,624	39,627
Retainage payable			126,592	126,592	
Accrued interest payable		323,596	202,584	526,180	
Bond anticipation notes payable		1,100,000		1,100,000	
Due to other governments		64,378	111,040	175,418	
Compensated absences		262,528		262,528	
Unearned revenue		3,345,641	1,506,891	4,852,532	145,414
Other liabilities		948,189	40,000	988,189	
Non-current liabilities due within one year:					
Due to other governments			3,219,898	3,219,898	
Bond anticipation notes payable		22,800,000		22,800,000	
General obligation bonds payable, inclusive of unamortized premiums		3,916,670	1,598,330	5,515,000	
Financed purchase debt		20,878		20,878	
Compensated absences payable		1,247,607	110,016	1,357,623	
Claims and judgments payable		390,925		390,925	
Estimated liability for landfill closure and postclosure care costs		66,715		66,715	
Total other postemployment benefits payable		2,859,683	301,382	3,161,065	
Total Current Liabilities		41,212,082	8,284,085	49,496,167	185,041
Non-current liabilities due in more than one year:					
General obligation bonds payable, inclusive of unamortized premiums		19,083,051	20,735,546	39,818,597	
Compensated absences payable		6,885,427	607,167	7,492,594	5,718
Claims and judgments payable		1,159,407		1,159,407	
Estimated liability for landfill closure and postclosure care costs		1,325,275		1,325,275	
Net pension liability - proportionate share - ERS		7,787,512	1,845,997	9,633,509	81,763
Net pension liability - proportionate share - PFRS		18,498,237		18,498,237	
Total other postemployment benefits payable		137,579,816	11,856,236	149,436,052	
Total non-current liabilities		192,318,725	35,044,946	227,363,671	87,481
Total Liabilities		233,530,807	43,329,031	276,859,838	272,522
DEFERRED INFLOWS OF RESOURCES					
Lease related		1,448,835	8,661,598	10,110,433	
Unearned revenue - property taxes		7,972,183	947,985	8,920,168	
Deferred gain on refunding			69,957	69,957	
Pensions		14,891,241	112,543	15,003,784	5,686
Other postemployment benefits		44,328,474	3,837,443	48,165,917	
Total Deferred Inflows of Resources		68,640,733	13,629,526	82,270,259	5,686
NET POSITION					
Net investment in capital assets		183,748,241	61,229,129	244,977,370	
Restricted for:					
Capital projects		388,731	4,596,863	4,985,594	
Community preservation fund		18,686,619		18,686,619	
Other purposes		51,094		51,094	
Unrestricted		(137,184,648)	886,601	(136,298,047)	308,134
Total Net Position	\$	65,690,037	\$ 66,712,593	\$ 132,402,630	\$ 308,134

**TOWN OF RIVERHEAD**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Nonmajor Component Units
					Governmental Activities	Business-type Activities		
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General government support	\$ 16,763,635	\$ 299,374	\$ 330,650		\$ (16,133,611)		\$ (16,133,611)	
Public safety	37,151,490	2,704,809	340,037		(34,106,644)		(34,106,644)	
Health	3,377,795	57,748			(3,320,047)		(3,320,047)	
Transportation	6,521,079	26,525	127,358	\$ 2,896,340	(3,470,856)		(3,470,856)	
Economic assistance and opportunity	2,062,750	67,635	476,113		(1,519,002)		(1,519,002)	
Culture and recreation	3,249,549	1,050,722	1,894	150,000	(2,046,933)		(2,046,933)	
Home and community services	6,040,755	1,512,626	301,337	8,762	(4,218,030)		(4,218,030)	
Interest on debt	1,248,641				(1,248,641)		(1,248,641)	
Total governmental activities	<u>76,415,694</u>	<u>5,719,439</u>	<u>1,577,389</u>	<u>3,055,102</u>	<u>(66,063,764)</u>		<u>(66,063,764)</u>	
Business-type Activities:								
Home and community services - Sewer	7,523,884	5,317,903		65,930		\$ (2,140,051)	(2,140,051)	
Home and community services - Water	7,448,445	7,495,720		3,174,231		3,221,506	3,221,506	
Total business-type activities	<u>14,972,329</u>	<u>12,813,623</u>	<u>-0-</u>	<u>3,240,161</u>	<u>-0-</u>	<u>1,081,455</u>	<u>1,081,455</u>	
Total primary government	<u>\$ 91,388,023</u>	<u>\$ 18,533,062</u>	<u>\$ 1,577,389</u>	<u>\$ 6,295,263</u>	<u>\$ (66,063,764)</u>	<u>\$ 1,081,455</u>	<u>\$ (64,982,309)</u>	
<b>NONMAJOR COMPONENT UNITS:</b>								
Economic assistance and opportunity	\$ 408,590	\$ 642,093						\$ 233,503
Total nonmajor component units	<u>\$ 408,590</u>	<u>\$ 642,093</u>						<u>233,503</u>
<b>General revenues:</b>								
Real property taxes					\$ 56,948,425	\$ 1,967,813	\$ 58,916,238	
Real property tax items					2,639,419	12,651	2,652,070	
Non-property tax items					10,340,892		10,340,892	
Investment earnings - unrestricted					3,165,311	323,326	3,488,637	\$ 454
State aid - unrestricted					1,821,754		1,821,754	
Other					200,328	976,020	1,176,348	
<b>Transfers</b>					<u>1,311,602</u>	<u>(1,311,602)</u>	<u>-0-</u>	
Total general revenues and transfers					<u>76,427,731</u>	<u>1,968,208</u>	<u>78,395,939</u>	<u>454</u>
Change in net position					10,363,967	3,049,663	13,413,630	233,957
<b>Net position - beginning of year</b>					<u>55,326,070</u>	<u>63,662,930</u>	<u>118,989,000</u>	<u>74,177</u>
<b>Net position - ending</b>					<u>\$ 65,690,037</u>	<u>\$ 66,712,593</u>	<u>\$ 132,402,630</u>	<u>\$ 308,134</u>

**TOWN OF RIVERHEAD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2023

	MAJOR FUNDS					Nonmajor	Total
	General	Highway	Debt Service	Capital Projects	Community Preservation	Governmental Funds	Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 33,597,708	\$ 6,127,439		\$ 2,153,412		\$ 7,932,248	\$ 49,810,807
Cash - restricted					\$ 18,286,948		18,286,948
Accounts receivable	280,494	1,276				2,699	284,469
Due from other funds	3,125,670					196	3,125,866
Leases receivable	1,510,395						1,510,395
Due from other governments	1,099,709	4,809		956,250	399,671	263,592	2,724,031
Prepays	1,265,113	61,475				8,178	1,334,766
Inventory	102,804						102,804
Total assets	<u>\$ 40,981,893</u>	<u>\$ 6,194,999</u>	<u>\$ -0-</u>	<u>\$ 3,109,662</u>	<u>\$ 18,686,619</u>	<u>\$ 8,206,913</u>	<u>\$ 77,180,086</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 2,442,096	\$ 616,578		\$ 225,524		\$ 480,960	\$ 3,765,158
Bond anticipation notes payable				1,100,000			1,100,000
Due to other funds				2,917,238		208,628	3,125,866
Due to other governments	64,378						64,378
Compensated absences	262,528						262,528
Unearned revenue	3,026,387	43,330		194,146		81,778	3,345,641
Other liabilities	906,508	41,681					948,189
Total liabilities	<u>6,701,897</u>	<u>701,589</u>	<u>\$ -0-</u>	<u>4,436,908</u>	<u>\$ -0-</u>	<u>771,366</u>	<u>12,611,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	271,944						271,944
Lease related	1,448,835						1,448,835
Unavailable revenue - property taxes	5,946,813	936,736				1,088,634	7,972,183
Total deferred inflows of resources	<u>7,667,592</u>	<u>936,736</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,088,634</u>	<u>9,692,962</u>
<b>FUND BALANCES</b>							
Nonspendable	1,367,917	61,475				8,178	1,437,570
Restricted				388,731	18,686,619	51,094	19,126,444
Assigned	3,396,309	4,495,199				6,287,641	14,179,149
Unassigned	21,848,178			(1,715,977)			20,132,201
Total fund balances (deficit)	<u>26,612,404</u>	<u>4,556,674</u>	<u>-0-</u>	<u>(1,327,246)</u>	<u>18,686,619</u>	<u>6,346,913</u>	<u>54,875,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,981,893</u>	<u>\$ 6,194,999</u>	<u>\$ -0-</u>	<u>\$ 3,109,662</u>	<u>\$ 18,686,619</u>	<u>\$ 8,206,913</u>	<u>\$ 77,180,086</u>

**TOWN OF RIVERHEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
December 31, 2023

**Total Fund Balances - Governmental Funds** **\$ 54,875,364**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets - non-depreciable	\$ 174,892,156	
Capital assets - depreciable/amortizable	209,946,342	
Accumulated depreciation/amortization	<u>(153,944,134)</u>	
		230,894,364

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of Internal Service Funds are included in the governmental activities in the government-wide Statement of Net Position (net of the \$1,550,332 allocated to the judgements and claims liability). 2,025,289

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue		271,944
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Deferred outflows of resources are included in the Statement of Net Position.

Pensions	35,198,854	
Other postemployment benefits	<u>25,395,633</u>	
		60,594,487

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However these liabilities are included in the Statement of Net Position:

Accrued interest payable	(323,596)	
Bond anticipation notes payable - long-term	(22,800,000)	
General obligation bonds payable	(20,198,462)	
Financed purchase debt	(20,878)	
Compensated absences payable	(8,133,034)	
Claims and judgments payable	(1,550,332)	
Estimated liability for landfill closure and postclosure care costs	(1,391,990)	
Net pension liability - proportionate share - ERS	(7,787,512)	
Net pension liability - proportionate share - PFRS	(18,498,237)	
Total other postemployment benefits payable	<u>(140,439,499)</u>	
		(221,143,540)

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Deferred loss on refunding	193,103	
Premium on general obligation bonds	<u>(2,801,259)</u>	
		(2,608,156)

Deferred inflows of resources are included in the Statement of Net Position.

Pensions	(14,891,241)	
Other postemployment benefits	<u>(44,328,474)</u>	
		(59,219,715)

**Net Position of Governmental Activities** **\$ 65,690,037**

**TOWN OF RIVERHEAD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended December 31, 2023

	MAJOR FUNDS					Nonmajor	Total
	General	Highway	Debt Service	Capital Projects	Community Preservation	Governmental Funds	Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 42,517,065	\$ 6,917,243				\$ 7,514,117	\$ 56,948,425
Real property tax items	2,346,296	219,956				73,167	2,639,419
Non-property tax items	3,211,432				\$ 7,129,460		10,340,892
Departmental income	4,219,355	1,725				57,748	4,278,828
Use of money and property	1,830,965	272,753			386,390	746,753	3,236,861
Licenses and permits	231,713	22,150					253,863
Fines and forfeitures	720,376						720,376
Sale of property and compensation for loss	5,105	42,251				627	47,983
Miscellaneous local sources	25,798			\$ 6,500		4,461	36,759
Interfund revenues	1,142,729						1,142,729
State and local aid	2,491,359			820,603		140,093	3,452,055
Federal aid	556,759					316,538	873,297
<b>Total revenues</b>	<b>59,298,952</b>	<b>7,476,078</b>	<b>\$ -0-</b>	<b>827,103</b>	<b>7,515,850</b>	<b>8,853,504</b>	<b>83,971,487</b>
<b>EXPENDITURES</b>							
Current:							
General government support	10,767,185	74,247			9,875	129,257	10,980,564
Public safety	20,132,757						20,132,757
Health	15,302					1,689,597	1,704,899
Transportation	316,282	5,884,937				713,455	6,914,674
Economic assistance and opportunity	904,847					220,121	1,124,968
Culture and recreation	1,435,774					122,571	1,558,345
Home and community services	1,661,914					4,429,413	6,091,327
Employee benefits	14,983,044	1,982,236				240,485	17,205,765
Capital Outlay:							
General government support				21,312,094			21,312,094
Public safety				48,252			48,252
Transportation				668,348			668,348
Economic assistance and opportunity				2,263			2,263
Culture and recreation				560,147			560,147
Home and community services				279,541			279,541
Debt Service:							
Principal	40,262		3,750,166				3,790,428
Interest	3,288		1,282,192				1,285,480
<b>Total expenditures</b>	<b>50,260,655</b>	<b>7,941,420</b>	<b>5,032,358</b>	<b>22,870,645</b>	<b>9,875</b>	<b>7,544,899</b>	<b>93,659,852</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>9,038,297</b>	<b>(465,342)</b>	<b>(5,032,358)</b>	<b>(22,043,542)</b>	<b>7,505,975</b>	<b>1,308,605</b>	<b>(9,688,365)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,461,602	220,100	5,032,358	2,326,780		103,683	9,144,523
Transfers out	(3,758,526)	(244,700)		(212,283)	(3,196,769)	(420,643)	(7,832,921)
Debt proceeds				22,800,000			22,800,000
<b>Total other financing sources (uses)</b>	<b>(2,296,924)</b>	<b>(24,600)</b>	<b>5,032,358</b>	<b>24,914,497</b>	<b>(3,196,769)</b>	<b>(316,960)</b>	<b>24,111,602</b>
<b>Net change in fund balance</b>	<b>6,741,373</b>	<b>(489,942)</b>	<b>-0-</b>	<b>2,870,955</b>	<b>4,309,206</b>	<b>991,645</b>	<b>14,423,237</b>
<b>Fund balances at beginning of year</b>	<b>19,871,031</b>	<b>5,046,616</b>	<b>-0-</b>	<b>(4,198,201)</b>	<b>14,377,413</b>	<b>5,355,268</b>	<b>40,452,127</b>
<b>Fund balances at end of year</b>	<b>\$ 26,612,404</b>	<b>\$ 4,556,674</b>	<b>\$ -0-</b>	<b>\$ (1,327,246)</b>	<b>\$ 18,686,619</b>	<b>\$ 6,346,913</b>	<b>\$ 54,875,364</b>



**TOWN OF RIVERHEAD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2023**

**Net change in fund balances - total governmental funds** **\$ 14,423,237**

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The amount by which depreciation/amortization expense and the loss on disposition exceeds capital outlay in the current period is:

Capital outlay	\$ 26,294,578	
Depreciation/amortization expense	(4,103,588)	
Donated capital assets	2,178,000	
Loss on disposition	<u>(32,751)</u>	
		24,336,239
Deferred Outflows of Resources		
Pension	13,146,177	
OPEB	4,825,689	
Deferred loss on refunding	<u>(24,477)</u>	
		17,947,389
Deferred Inflows of Resources		
Pension	10,655,471	
OPEB	<u>10,847,663</u>	
		21,503,134

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (57,501)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net gain of the internal service funds is reported with governmental activities.

Claims and judgments payable	487,328	
Other change in net position	<u>(177,831)</u>	
		309,497

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:

Bond anticipation notes issued	(22,800,000)	
Repayment of bond principal	3,750,166	
Repayment of financed purchase debt	40,262	
Compensated absences	(228,859)	
Employee retirement incentive	50,400	
Estimated liability for landfill closure and postclosure care costs	65,093	
Net pension - asset/(liability) proportionate share	(27,697,358)	
Total other postemployment benefits payable	<u>(21,747,340)</u>	
		(68,567,636)

Premiums on bond issuances are recognized in the governmental funds statements when issued and capitalized and amortized in the Statement of Activities. 408,292

Bond interest is recorded as an expenditure on the fund statements when it is paid, and on the Statement of Activities when it is accrued. 61,316

**Change in net position of governmental activities** **\$ 10,363,967**

**TOWN OF RIVERHEAD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Water	Totals	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 4,034,057	\$ 10,107,388	\$ 14,141,445	\$ 1,975,403
Cash - restricted	1,970,744	2,626,119	4,596,863	150,000
Accounts receivable	126,901		126,901	
Water rents receivable		1,458,793	1,458,793	
Leases receivable		466,759	466,759	
Due from other governments, net of allowance of \$2,918,147	291,065	2,637,079	2,928,144	
Prepays	38,858	42,774	81,632	
Inventory		170,220	170,220	
Total current assets	6,461,625	17,509,132	23,970,757	2,125,403
<b>Non-current assets:</b>				
Leases receivable		8,612,677	8,612,677	
<b>Capital assets:</b>				
Land	890,273	940,027	1,830,300	
Intangibles - non-depreciable		2,378,757	2,378,757	
Construction work in progress	2,341,330	8,854,342	11,195,672	
Buildings	25,868,825	11,016,872	36,885,697	
Improvements other than buildings	39,772,919	3,032,541	42,805,460	
Machinery and equipment	1,182,733	8,525,886	9,708,619	
Infrastructure	21,155,681	58,830,562	79,986,243	
Intangibles - depreciable		161,154	161,154	
Less accumulated depreciation/amortization	(49,526,816)	(48,064,245)	(97,591,061)	
Capital assets, net of accumulated depreciation/amortization	41,684,945	45,675,896	87,360,841	-0-
Total non-current assets	41,684,945	54,288,573	95,973,518	-0-
Total assets	48,146,570	71,797,705	119,944,275	2,125,403
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	662,249	866,167	1,528,416	
Other postemployment benefits	1,043,365	1,155,094	2,198,459	
Total deferred outflows of resources	1,705,614	2,021,261	3,726,875	-0-
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	428,913	513,994	942,907	100,114
Accrued liabilities	55,391	69,054	124,445	
Retainage payable		126,592	126,592	
Accrued interest payable	87,409	115,175	202,584	
Due to other governments	111,040		111,040	
Unearned revenue	168,310	1,338,581	1,506,891	
Security deposits	40,000		40,000	
<b>Non-current liabilities due within one year:</b>				
Due to other governments	3,219,898		3,219,898	
General obligation bonds payable, inclusive of unamortized premiums	675,000	923,330	1,598,330	
Compensated absences payable	51,843	58,173	110,016	
Claims and judgments payable				390,925
Total other postemployment benefits payable	137,633	163,749	301,382	
Total current liabilities	4,975,437	3,308,648	8,284,085	491,039
<b>Non-current liabilities due in more than one year:</b>				
General obligation bonds payable, inclusive of unamortized premiums	8,425,000	12,310,546	20,735,546	
Compensated absences payable	286,116	321,051	607,167	
Claims and judgments payable				1,159,407
Net pension liability - proportionate share - ERS	731,547	1,114,450	1,845,997	
Total other postemployment benefits payable	5,631,926	6,224,310	11,856,236	
Total non-current liabilities	15,074,589	19,970,357	35,044,946	1,159,407
Total liabilities	20,050,026	23,279,005	43,329,031	1,650,446
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related		8,661,598	8,661,598	
Unearned revenue - property taxes	753,276	194,709	947,985	
Deferred gain on refunding		69,957	69,957	
Pensions	46,667	65,876	112,543	
Other postemployment benefits	1,821,209	2,016,234	3,837,443	
Total deferred inflows of resources	2,621,152	11,008,374	13,629,526	-0-
<b>NET POSITION</b>				
Net investment in capital assets	29,193,612	32,035,517	61,229,129	
Restricted	1,970,744	2,626,119	4,596,863	
Unrestricted	(3,983,350)	4,869,951	886,601	474,957
Total net position	\$ 27,181,006	\$ 39,531,587	\$ 66,712,593	\$ 474,957

See notes to the financial statements.

**TOWN OF RIVERHEAD**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Water	Totals	
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Water sales		\$ 6,459,465	\$ 6,459,465	
Sewer rents	\$ 4,283,789		4,283,789	
Sewer charges	1,034,114		1,034,114	
Intergovernmental charges				\$ 272,348
Water service charges		1,036,255	1,036,255	
Total operating revenues	<u>5,317,903</u>	<u>7,495,720</u>	<u>12,813,623</u>	<u>272,348</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services:				
Administration	951,176	1,660,753	2,611,929	
Sewerage treatment disposal	3,044,041		3,044,041	
Source of supply, power and pump		2,203,794	2,203,794	
Depreciation/amortization	2,198,851	1,843,625	4,042,476	
Employee benefits	1,198,759	1,437,592	2,636,351	
Total operating expenses	<u>7,392,827</u>	<u>7,145,764</u>	<u>14,538,591</u>	<u>-0-</u>
Operating (loss) income	<u>(2,074,924)</u>	<u>349,956</u>	<u>(1,724,968)</u>	<u>272,348</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment earnings - unrestricted	144,942	178,384	323,326	37,149
Interest expense	(131,057)	(302,681)	(433,738)	
Tower rentals and miscellaneous		976,020	976,020	
Developers' fees	25,077	448,265	473,342	
Real property taxes	530,645	1,437,168	1,967,813	
Real property tax items	1,720	10,931	12,651	
State and local aid	40,853	2,725,966	2,766,819	
Total non-operating revenue	<u>612,180</u>	<u>5,474,053</u>	<u>6,086,233</u>	<u>37,149</u>
Income (loss) before transfers	<u>(1,462,744)</u>	<u>5,824,009</u>	<u>4,361,265</u>	<u>309,497</u>
<b>Transfers</b>				
Transfers out	<u>(876,338)</u>	<u>(435,264)</u>	<u>(1,311,602)</u>	
Change in net position	<u>(2,339,082)</u>	<u>5,388,745</u>	<u>3,049,663</u>	<u>309,497</u>
Total net position - beginning of year	<u>29,520,088</u>	<u>34,142,842</u>	<u>63,662,930</u>	<u>165,460</u>
Total net position - ending	<u>\$ 27,181,006</u>	<u>\$ 39,531,587</u>	<u>\$ 66,712,593</u>	<u>\$ 474,957</u>

**TOWN OF RIVERHEAD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer	Water	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 5,192,783	\$ 6,379,067	\$ 11,571,850	
Cash payments for contractual expenses	(3,188,975)	(2,250,345)	(5,439,320)	
Cash payments to employees for salaries and employee benefits	(1,829,920)	(2,523,607)	(4,353,527)	\$ 93,716
Cash paid for internal services provided - risk management				(253,937)
Net cash from operating activities	173,888	1,605,115	1,779,003	(160,221)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Real property taxes and tax items	511,781	1,416,818	1,928,599	
Operating grants		127,971	127,971	
Security deposits collected (returned)	35,000		35,000	
Transfers to/from other funds	(937,289)	713,377	(223,912)	1,050,000
Net cash from noncapital and related financing activities	(390,508)	2,258,166	1,867,658	1,050,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital grants	2,624,672		2,624,672	
Principal paid on capital debt	(738,000)	(1,081,419)	(1,819,419)	
Interest paid on capital debt	(134,330)	(312,031)	(446,361)	
Capital contributions by developers	25,077	833,047	858,124	
Gain on refunding		(8,867)	(8,867)	
Payments to contractors	(511,930)	(5,444,541)	(5,956,471)	
Net cash from capital and related financing activities	1,265,489	(6,013,811)	(4,748,322)	-0-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	144,942	178,384	323,326	37,149
Rental income received		407,567	407,567	
Net cash from investing activities	144,942	585,951	730,893	37,149
Net increase (decrease) in cash and cash equivalents	1,193,811	(1,564,579)	(370,768)	926,928
Cash and cash equivalents at January 1, 2023 *	4,810,990	14,298,086	19,109,076	1,198,475
Cash and cash equivalents at December 31, 2023 *	\$ 6,004,801	\$ 12,733,507	\$ 18,738,308	\$ 2,125,403
<b>Reconciliation of operating income (loss)</b>				
<b>to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (2,074,924)	\$ 349,956	\$ (1,724,968)	\$ 272,348
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	2,198,851	1,843,625	4,042,476	
(Increase) decrease in accounts receivable	1,781		1,781	
(Increase) decrease in billings receivable	(126,901)	(1,116,653)	(1,243,554)	
(Increase) decrease in inventory		13,712	13,712	
(Increase) decrease in prepaid expense	(5,321)	(2,836)	(8,157)	
(Increase) decrease in deferred outflows related to pension	66,273	71,101	137,374	
(Increase) decrease in deferred outflows related to OPEB	(198,261)	(219,492)	(417,753)	
Increase (decrease) in compensated absences	(52,896)	50,034	(2,862)	
Increase (decrease) in employee retirement incentive payable	(14,400)		(14,400)	
Increase (decrease) in the net pension liability - proportionate share	1,010,873	1,523,176	2,534,049	
Increase (decrease) in postemployment healthcare benefits	893,477	989,155	1,882,632	
Increase (decrease) in accounts payable/accrued liabilities	(144,934)	(60,263)	(205,197)	54,759
Increase (decrease) in deferred inflows related to pension	(934,060)	(1,343,005)	(2,277,065)	
Increase (decrease) in deferred inflows related to OPEB	(445,670)	(493,395)	(939,065)	
Increase (decrease) in claims and judgments				(487,328)
Total adjustments	2,248,812	1,255,159	3,503,971	(432,569)
Net cash from operating activities	\$ 173,888	\$ 1,605,115	\$ 1,779,003	\$ (160,221)

\*This includes \$1,970,744 of restricted cash in the Sewer Fund, \$2,626,119 of restricted cash in the Water Fund, and \$150,000 of restricted cash in the Internal Service Fund.

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

The Sewer Fund's payments to contractors in the amount of \$511,930 is reported net of the change in accounts payable and accrued liabilities totaling \$173,973.

The Water Fund's payments to contractors in the amount of \$5,444,541 is reported net of the change in accounts payable and accrued liabilities totaling \$1,131,795.

**TOWN OF RIVERHEAD**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
December 31, 2023

	Custodial Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,517,541
Due from other governments	75,742
Accounts receivable	9,664
Total assets	<u>\$ 9,602,947</u>
<b>LIABILITIES</b>	
Due to other governments	\$ 9,537,586
Other liabilities	65,361
Total liabilities	<u>\$ 9,602,947</u>

**TOWN OF RIVERHEAD**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
Year Ended December 31, 2023

	Custodial Fund
<b>ADDITIONS</b>	
Real property taxes collected for other governments	\$ 99,361,667
Bail collected	71,480
Total Additions	<u>99,433,147</u>
<b>DEDUCTIONS</b>	
Payments of real property taxes to other governments	99,361,667
Bail returned or remitted	71,480
Total Deductions	<u>99,433,147</u>
Change in Net Position	-0-
Net Position - Beginning of year	<u>-0-</u>
Net Position - End of year	<u><u>\$ -0-</u></u>

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**TOWN OF RIVERHEAD**  
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**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Riverhead, New York (the "Town"), which was established in 1792, is governed by Town Law, other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor who is elected for a term of two years and four council members who are elected for terms of four years. The Town Board appoints the Town Attorney whose term is fixed by Town Law. The Town Clerk and Receiver of Taxes are elected and serve for four years terms. The Town provides a full range of municipal services, including public safety, transportation, home and community services, public works and road maintenance, recreation and parks, and general and administrative services.

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principals.

The most significant of the Town's accounting policies are described below.

**A. 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.

The decision to include a potential component unit in the Town of Riverhead reporting entity is based on several criteria; including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town's reporting entity.

Blended Component Unit - though legally a separate entity, this component unit is, in substance, part of the Town's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from this unit is combined with that of the primary government. The Town's only blended component unit is the Town of Riverhead Community Development Agency.

The Town of Riverhead Community Development Agency was created by Chapter 480 of the Laws of 1982, a special act of the New York State Legislature. The Community Development Agency ("CDA") is an independent governmental agency and instrumentality of the State of New York and is a corporate governmental agency constituting a public benefit corporation of the State of New York. The CDA can enter into contracts, sue and be sued, and acquire and own real and personal property, each on its own behalf and in its own name. The CDA can incur debt and issue bonds and notes in its own name and, unless the Town of Riverhead elects to guarantee principal of and interest on, or only the interest on, indebtedness issued by the CDA, all indebtedness of the CDA is a liability only of the CDA and not of the Town of Riverhead.

The inclusion of the CDA as a blended component unit of the Town of Riverhead is required because the members of the CDA governing body are the same as the members of the Town Board of the Town of Riverhead and management of the primary government has operational responsibility for the component unit. When acting as a member of the CDA, however, a member has a fiduciary responsibility to the Community Development Agency and not to the Town of Riverhead.

The activities of the CDA are reported in the General Fund (administrative costs) and the Special Grant and Community Development Funds, which are reported as special revenue governmental funds in the nonmajor governmental funds financial statements. In addition, any major capital projects for the CDA are reported in the Capital Projects Fund.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. REPORTING ENTITY** (continued)

Town generated financial statements of the Town of Riverhead Community Development Agency can be obtained by contacting:

Town of Riverhead Community Development Agency  
200 Howell Avenue  
Riverhead, NY 11901

Discretely Presented Component Units - are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town. They are financially accountable to the primary government, or have a relationship such that exclusion would cause the Town's financial statements to be misleading or incomplete. These discretely presented component units serve or benefit those outside of the primary government.

The following entities are discretely presented component units of the Town of Riverhead:

- a) The Riverhead Industrial Development Agency ("RIDA") is a public benefit corporation created by the New York State Legislature Article 18-A of the General Municipal law under Section 925-p. The RIDA's mission is to attract new businesses to the Town and to help existing Riverhead businesses expand their operations and remain in the Town. Its members shall be appointed by the governing body of the Town of Riverhead. The governing body of the Town of Riverhead appoints the RIDA's Board of Directors which results in interdependency with the Town. However, the RIDA's Board of Directors has complete responsibility for approval and adoption of policies of the RIDA and accountability for fiscal matters. Accordingly, the RIDA has been determined to be a discretely presented component unit of the Town of Riverhead.
- b) The Riverhead IDA Economic Job Development Corporation ("LDC") was created as a New York State not-for-profit public benefit corporation. The LDC was established on February 3, 2011 pursuant to Sections 402 and 1411 of the not-for-profit corporation law as defined in section 102(a) (5). The LDC is a government instrumental tax-exempt corporation that was created to sustain and promote industry and commerce in the Town of Riverhead, improve economic opportunities for businesses and residents, maintain and create jobs, improve the quality of life, and promote a healthier community, complementing the objective of the RIDA. The governing body of the Town of Riverhead appoints the LDC's Board of Directors which results in interdependency with the Town. However, the LDC's Board of Directors has complete responsibility for approval and adoption of policies and accountability for fiscal matters. Accordingly, the LDC has been determined to be a discretely presented component unit of the Town of Riverhead.

Both of the Town of Riverhead's discretely presented component units are considered nonmajor.

Complete financial statements of the individually discretely presented component units can be obtained from their respective administrative offices:

Riverhead Industrial Development Agency  
209 West Main Street  
Riverhead, NY 11901

Riverhead IDA Economic Development Corporation  
209 West Main Street  
Riverhead, NY 11901

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**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 of the non-fiduciary activities of the Town as a whole and its nonmajor discretely presented component units with separate columns for the primary governmental activities and business-type activities. For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function, and (3) interest earned on grants or capital projects that is required to be used to support a particular program or project. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses to specific functions in the Statement of Activities.

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

**Fund Financial Statements**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire town. The focus of the governmental funds financial statements is on the major funds. Accordingly, the Town maintains the following fund types:

**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. Governmental funds are further classified as major and nonmajor funds.

The Town reports the following major governmental funds:

General Fund - is the principal operating fund of the Town. This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Highway Fund - is used to account for revenues and expenditures for highway purposes. This includes all operations relating to the repair and maintenance of Town roads.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Debt Service Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years. The fund balance of the Debt Service Fund, if any, is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds. This includes financial resources to be used for the acquisition, construction, renovation, expansion and major improvement of various Town facilities, thoroughfares, arterial streets and drainage improvements, improvements and construction of parks and recreational facilities and acquisition of land and other large nonrecurring projects, other than those financed by proprietary funds. It is also used to account for some grants received from Federal, State and/or County sources.

Community Preservation Fund - is used to account for financial resources for land acquisition and preservation of open space. The voters of the Town approved the implementation of a real estate transfer tax in the amount of 2% against the proceeds of the sale of real property in excess of \$150,000 for developed property and in excess of \$75,000 for undeveloped property. The tax is to be collected on every transaction through the year 2030. The proceeds of this tax are required to be set aside and used to pay the cost of the acquisition of real property, or development rights in farmland for the preservation of open space in the Town.

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. Major Special Revenue Fund includes the Highway Fund and the Community Preservation Fund:

Additionally, the Town reports the following nonmajor Special Revenue governmental funds:

Special Grant Fund - is used to account for the Federal Grant Program administered by the Federal Department of Housing and Urban Development. The Town of Riverhead is a member of the Suffolk County Consortium. It is also used to account for various New York State Grant Programs dealing with community development.

Special Trust Fund - includes funds collected as impact fees from newly approved residential subdivisions and condominiums.

Business Improvement District (BID) - includes all operations relating to promotion of the downtown business community.

East Creek Docking Facility Fund - includes all operations relating to the Town operated docking facility at East Creek, Jamesport.

Street Lighting District Fund - includes operations relating to the repair and maintenance of both traffic and street lights located within the boundaries of the Town.

Ambulance District Fund - includes all operations of a volunteer ambulance within the Town excluding the Wading River Fire District.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Refuse and Garbage District Fund - includes all operations of the closed Town Landfill and includes contracted residential garbage pickup. Commercial carters are contracted with the Town to provide residential collection of solid waste and are responsible for the ultimate disposal of this solid waste. Only residential properties contribute to the operations of the district via real property taxes on a benefit derived basis.

Public Parking District Fund - includes all operations relating to the public parking fields located only in the downtown business district.

Community Development Fund - is used to account for the operations of the CDA property located at the Calverton Enterprise Park.

**Proprietary Funds** - are used to account for ongoing activities which are similar to those often found in the private sector. Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows, liabilities (whether current or non-current) and deferred inflows are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

The Town reports the following major proprietary funds:

The Sewer District Fund, which is comprised of:

Riverhead Sewer District Fund - includes all operations relating to public sanitary sewers within the hamlet of Riverhead. This fund also includes its own capital projects and a denitrification reserve fund. This district does not encompass the entire Town. This district contracts with the County of Suffolk to provide services to the County Center Complex located in the Town of Riverhead.

Calverton Sewer District Fund - includes all operations relating to public sanitary sewers within the hamlet of Calverton. This fund also includes its own capital projects.

Riverhead Scavenger Waste District Fund - includes all the operations relating to scavenger or septic system waste from properties outside the two sewer districts. This fund also includes its own capital projects.

The Water District Fund:

The Water District Fund - includes operations relating to potable water within the Town. This district does not encompass the entire Town. This fund also includes its own capital projects.

Additionally, the Town reports the following fund type:

Internal Service Funds - are used to account for special activities or services provided by one department to other departments on a cost-reimbursement basis.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the Town's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity (general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, etc.).

The Internal Service Fund is comprised of the following funds:

Self-Insurance Fund - Workers' Compensation - is a fund that the Town uses as a self-insurance program covering workers' compensation costs for all employees and this fund is used to report this activity. For 2023, workers' compensation has a Self-Insured Retention ("SIR") of \$400,000 for all personnel.

Self-Insurance Fund - Risk Retention Fund - is used to account for the Town's self-insurance program for general liability claims and other litigation. For 2023, general liability had a \$250,000 SIR with a limit of \$10,000,000.

For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are Internal Service Fund charges and charges between the Town's Sewer or Water Enterprise Funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

**Fiduciary Fund** (Not included in government-wide financial statements) – is used to account for assets held by the Town on behalf of others.

The Town has presented the following fiduciary fund:

Custodial Fund - is used primarily to account for amounts due to other governments for general and school taxes collected, as well as amounts due to others for bail.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to what is being measured whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**  
(continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within sixty (60) days of the end of the current period. However, certain revenues may be considered available if received within one year after the end of the current year. 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, claims and judgments, landfill closure and post-closure care costs, proportionate share of the net pension liability (asset), pollution remediation obligations and other postemployment benefits are recorded when payment is due.

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

Revenues susceptible to accrual are sales tax, mortgage tax, franchise fee taxes, state and federal aid, intergovernmental revenue and operating transfers. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements are met. All other governmental fund revenues are recognized when received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing and delivering services and/or goods in connection with the proprietary fund's principal ongoing operations. Operating expenses include the cost of personnel (salaries and benefits), materials and supplies, direct costs, equipment and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues (such as interest earnings) and expenses (such as interest expense).

The Custodial Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE**

**1. CASH AND CASH EQUIVALENTS**

Cash consists of funds deposited in demand accounts, both interest bearing and non-interest bearing, time deposit accounts and petty cash. For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.



**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE** (continued)

**1. CASH AND CASH EQUIVALENTS** (continued)

State statutes govern the Town's investment policy. The Town has a written policy stating that Town money must be deposited in FDIC insured commercial banks or trust companies. The Town Supervisor is authorized to use demand accounts, special time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, obligations of New York State or its localities, and certificates of participation. All demand deposits and special time deposit accounts are carried at cost. The Town has no investments at December 31, 2023.

Collateral is required for all deposits in financial institutions at a minimum of 100% of all deposits not covered by federal deposit insurance. The Town's investment policy defines acceptable forms of collateral as (1) certain eligible securities, including but not limited to obligations of the United States and its agencies, obligations of New York State and its municipalities and school districts at 102% of the deposits, (2) certain irrevocable letters of credit issued in favor of the Town, and (3) certain eligible surety bonds issued. The Town may authorize the depository bank or trust company to "redeposit" the Town's funds through a deposit placement program that meets the requirements of State statutes.

**2. RESTRICTED ASSETS**

Certain assets of the Capital Projects Fund, Community Preservation Fund, Special Grant Fund, Water District Fund, Sewer District Fund, and Internal Service Fund are classified as restricted assets because their use is restricted by law and/or contractual agreement.

**3. RECEIVABLES, PAYABLES AND TRANSFERS**

Receivables for the governmental funds primarily include amounts due from federal, state, and other local governments; individuals and entities for services provided by the Town, as well as amounts due related to various grant and franchise agreements. At December 31, 2023, the Town considers these amounts to be fully collectible. Accordingly, the Town did not record an allowance for doubtful accounts for the governmental funds.

Receivables relating to the proprietary funds consist of amounts due from other governments and from residents and other entities for services rendered. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred and are recorded net of an allowance. At December 31, 2023, the Town recorded an allowance for doubtful accounts in the sewer district fund for amounts due from other governments. Amounts are deemed uncollectible by management on a case by case basis and generally represent amounts outstanding after management has made reasonable collection efforts.

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds statements, interfund transactions include:

**A. Interfund Revenues**

Interfund revenues and interfund services provided and used, represent amounts charged for services or facilities provided by the General and Highway Funds. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure in that fund. Transfers to the insurance reserve are classified as insurance expense in the operating funds and charges for sales and services in the Internal Service Fund.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE** (continued)

**3. RECEIVABLES, PAYABLES AND TRANSFERS** (continued)

**B. Transfers**

Transfers represent payments to the Debt Service Fund from the other funds for their appropriate share of the debt service and indirect expense allocations between the enterprise funds and the General Fund. Other transactions between funds include residual equity transfers to close out completed capital projects as well as transfers to fund certain capital projects.

**4. DUE FROM/TO OTHER FUNDS**

During the course of operations, the government has activity between funds for various purposes. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of the year-end. Certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**5. INVENTORY AND PREPAID ITEMS**

Inventory in the General Fund and the proprietary funds is valued at cost. Inventory in these funds is accounted for under the purchase method, utilizing the first-in, first-out method (FIFO).

Certain payments to vendors and other governments reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements.

In governmental funds, amounts reported as inventories and prepaid items are equally offset by non-spendable fund balance amounts, indicating that they do not constitute "available spendable resources" even though they are a component of net current assets.

**6. LEASES RECEIVABLE**

The Town is a lessor for noncancellable leases of various cell towers and office space. The Town recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Town monitors changes in circumstances that would require remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE (continued)**

**7. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets purchased or acquired with an original cost of \$5,000 or more and a five-year useful life are reported at historical cost or estimated historical cost. Infrastructure assets capitalized with an original cost of \$5,000 or more are reported at historical cost. Contributed assets are valued at their acquisition value on the date donated. Other costs incurred for repairs and maintenance are expensed as incurred. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant or equipment.

Intangible assets lack a physical substance, are nonfinancial in nature, and have an estimated useful life extending beyond a single reporting period. The Town does not capitalize internally generated intangible assets produced by Town labor. The Town will capitalize all other intangible assets exceeding \$50,000 and having a useful life of more than three years. Intangibles with indefinite useful lives may be capitalized (if it exceeds the threshold) and not amortized. The term depreciation, as used in these footnotes, includes amortization of intangible assets.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-20 years
Vehicles	5-10 years
Improvements	10-50 years
Infrastructure	10-50 years
Intangibles	5-10 years

Infrastructure assets, consisting of certain improvements including but not limited to roads, curbs, sidewalks, drainage and water systems, and street lighting, are capitalized with other capital assets.

In the fund financial statements capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition. No depreciation has been recorded on governmental capital assets in the fund financial statements, nor has interest on governmental capital assets and construction in progress been capitalized.

**8. UNEARNED REVENUE**

Unearned revenue, reported as liabilities in the fund and government-wide financial statements, are those for which asset recognition criteria have been met, but revenue recognition criteria have not been met for exchange type transactions. Such amounts include payments related to future periods received prior to yearend.

**9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the balance sheet or statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. Deferred outflows of resources consist of deferred charges on refunding bonds in a prior year, pension related amounts pertaining to the employees' retirement system, and the other postemployment benefits.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE (continued)**

**9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)**

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town's deferred inflows of resources consist of the following: unavailable revenue pertaining to leases receivable, the collection of 2024 real estate taxes, pension related amounts pertaining to the employees' retirement systems, other postemployment benefits, and a deferred gain on refunding of bonds in a prior year.

**10. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and in the proprietary fund types of the fund financial statements, liabilities for long-term obligations consisting of general obligation bonds, financed purchase debt, compensated absences, employee retirement incentives, claim and judgments, liability for landfill closure and post-closure care costs, the proportionate share of the net pension liabilities and postemployment benefits healthcare costs are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Significant bond premiums and discounts are capitalized and amortized over the lives of the related debt issues using a systematic and rational method. Bonds payable are reported net of applicable bond premium or discount. Debt issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period, in the fund servicing the debt. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether-or-not withheld from actual debt proceeds received, are reported as debt service expenditures.

**11. NET POSITION AND FUND BALANCE CLASSIFICATIONS**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable related to capital projects are considered capital related debt and are used in the calculation of net investment in capital assets.
- 2) Restricted - Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- 3) Unrestricted - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE** (continued)

**11. NET POSITION AND FUND BALANCE CLASSIFICATIONS** (continued)

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are (1) non-spendable, (2) restricted, (3) committed, (4) assigned, or (5) unassigned. Not all the Town's funds will necessarily have all the components of fund balance available to that fund.

- 1) Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), or (b) will not convert to cash within the current period (i.e. long-term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- 2) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- 3) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision-making authority. The Town's highest decision-making authority is the Town Board, who by adoption of a Town ordinance prior to year-end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action imposing the commitment.
- 4) Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes but are neither restricted nor committed. The Town Board and the Financial Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- 5) Unassigned fund balance reflects the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**12. NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS**

When outlays for a particular purpose can be funded from both restricted and unrestricted resources it is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

When both restricted and unrestricted fund balance resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/  
FUND BALANCE (continued)**

**13. FUND BALANCE POLICY**

The Town has, by resolution, adopted a fund balance policy that states the Town will make all reasonable efforts to maintain a total fund balance in its General Fund of no less than 15% of its total operating budget. If an emergency or a need were to occur that necessitated the appropriation of funds that would result in reducing the General Fund's fund balance below 15% of operating expenditures, a resolution of the Town Board, by simple majority, would be necessary to approve such appropriation. Total fund balance below the minimum cannot be replaced, unless during the succeeding year expenditures are less than amounts budgeted and/or non-tax revenues are higher than projected. The Town was in compliance with this fund balance policy at December 31, 2023.

**E. REVENUES AND EXPENDITURES**

**1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES**

Real property taxes are levied annually no later than December 15<sup>th</sup> and are recognized as revenue January 1<sup>st</sup> of the year for which they were levied. The Town has its own Assessor's Office whose responsibilities are independent and distinct from those of the Receiver of Taxes. The Town assessment rolls are used for the levy of property taxes by the Town and the school districts, as well as by the County of Suffolk, New York (the "County") and by special districts based upon a single tax bill.

The Town of Riverhead Receiver of Taxes ("Receiver") collects all real property taxes for the Town, Suffolk County, Town Special Districts, and school districts located within the Town of Riverhead as a single bill. Taxes are collected by the Town during the period December 1<sup>st</sup> to May 31<sup>st</sup>. The first half is due on January 10<sup>th</sup> and the second half is due on May 31<sup>st</sup>. The Suffolk County Tax Act guarantees that the Town, Special Districts and school districts will receive the full amount of their levies at the end of the collection period. After May 31<sup>st</sup>, the County of Suffolk assumes enforcement responsibility for all uncollected taxes. If the Town fails to collect the Town's portion of the tax warrant, that shortfall is remitted by the County to the Town.

**2. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their dependents. For Town management and Town elected officials eligibility requirements for coverage in retirement are five consecutive years of service with the Town for all individuals hired or elected prior to November 4, 2009; for Civil Service Employee Association members, this date is October 7, 2008, and 10 consecutive years of service with the Town for all individuals hired or elected thereafter, and the employee must either (1) be in service to the Town on the last date immediately prior to retirement in the New York State and Local Employees' Retirement System ("NYSERS"); or (2) have been in service to the Town as his/her last public sector employer, and have continuously self-paid his/her health insurance premiums to, and remained enrolled in, the Town's health insurance plan between the last date of service with the Town and the date of vesting and also be eligible for the receipt of benefits from the NYSERS.

Substantially all full-time police employees of the Town become eligible for these benefits if they reach normal retirement age while working for the Town.

Healthcare benefits are currently provided by the New York State Health Insurance Program ("NYSHIP") (Empire Plan) whose premiums are community rated.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. REVENUES AND EXPENDITURES** (continued)

**2. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS** (continued)

The Town recognizes the cost of postemployment healthcare in the year when the employee services are received and provides information useful in assessing potential demands on the Town's future cash flows. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss.

The liability for these other postemployment benefits payable is recorded as long-term debt in the government-wide and the proprietary fund financial statements.

**3. COMPENSATED ABSENCES**

The liability for vested or accumulated vacation, sick and personal leave (compensated absences) is recorded as current and non-current obligations in the government-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. Compensated absences liabilities and expenses are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as a liability in the funds statement in the respective fund that will pay it.

**4. PENSION**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System, which are collectively referred to as New York State and Local Retirement Systems (the "Systems") have been determined on the same basis as they are reported by the Systems. For this purpose, the Systems recognize benefit payments when due and payable in accordance with the benefit terms and reports investments at fair value.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments 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. Appropriations for all governmental funds except the Capital Projects Fund lapse at year-end. However, encumbrances reserved against fund balance are re-appropriated in the ensuing year.

**G. USE OF ESTIMATES**

The preparation of general purpose financial statements, in conformity with accounting principles generally accepted in the United State of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**H. NEW ACCOUNTING PRONOUNCEMENT**

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITA's)*" established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the Town's fiscal year ended December 31, 2023. The Town has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that implementation of this standard was not required as it did not have a material impact on its financial statements.

**I. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

The Town follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- 1) The Town Charter establishes the fiscal year as the 12 month period beginning January 1<sup>st</sup>.
- 2) On or before September 20<sup>th</sup>, each department, officer or district submits to the Financial Administrator, a detailed estimate of the budget for the amount of revenue to be received and expenditures to be made for the ensuing year.
- 3) On or before September 30<sup>th</sup>, the Budget Officer, who is the Town Supervisor, files with the Town Clerk a tentative budget for the ensuing year. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- 4) On or before October 5<sup>th</sup>, the Town Board reviews the tentative budget and files with the Town Clerk, a preliminary budget.
- 5) The Town Board conducts public hearings on the preliminary budget and on or before November 20<sup>th</sup> the Town Board meets to adopt the budget known as the "annual budget".
- 6) Formal budget integration is employed during the year as a management control device for the General Fund and certain Special Revenue Funds. Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures. The Town Board adopts the budget and establishes legal level of control of the budget at the object level. All budgetary amendments and transfers of appropriation require Town Board approval via resolution except for transfers of \$5,000 or less which can be done by the Finance Administrator, and transfers between \$5,001 - \$10,000 which require approval from the Supervisor. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.
- 7) Budgets for the General Fund, certain Special Revenue Funds and the Debt Service Fund are legally adopted each year. The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual expenditures exceed budgeted amounts, budgetary appropriations transfers are made. The Capital Projects, Special Grants and Community Development Funds do not have annually adopted budgets, but are budgeted on a project or grant basis.



**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. BUDGETARY INFORMATION (continued)**

- 8) Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012 no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Town exceeded the 2% property tax cap for the year ended December 31, 2023 by adopting a local law in accordance with the New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions.

**B. FUND EQUITY**

**1. FUND BALANCE**

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also presented.

	General Fund	Highway Fund	Capital Projects Funds	Community Preservation Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	\$ 102,804					\$ 102,804
Prepaid items	1,265,113	\$ 61,475			\$ 8,178	1,334,766
Total Nonspendable	1,367,917	61,475	\$ -0-	\$ -0-	8,178	1,437,570
<b>Restricted for:</b>						
Community preservation - 2% tax				18,686,619		18,686,619
Capital projects			388,731			388,731
Grantors and donors restrictions					51,094	51,094
Total Restricted	-0-	-0-	388,731	18,686,619	51,094	19,126,444
<b>Assigned to:</b>						
Subsequent year's budget	2,000,000					2,000,000
Purchases on order and/or contractual obligations	507,680	344,136			179,395	1,031,211
Miscellaneous designations	888,629					888,629
Special revenue funds		4,151,063			6,108,246	10,259,309
Total Assigned	3,396,309	4,495,199	-0-	-0-	6,287,641	14,179,149
<b>Unassigned, reported in:</b>						
General Fund	21,848,178		(1,715,977)			20,132,201
Total Unassigned	21,848,178	-0-	(1,715,977)	-0-	-0-	20,132,201
<b>Total Fund Balances (Deficit)</b>	<b>\$ 26,612,404</b>	<b>\$ 4,556,674</b>	<b>\$ (1,327,246)</b>	<b>\$ 18,686,619</b>	<b>\$ 6,346,913</b>	<b>\$ 54,875,364</b>

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**B. FUND EQUITY (continued)**

**2. DEFICIT FUND BALANCES AND NET POSITION**

The Recreation Program Fund and the Police Athletic League Fund which are included in the General Fund for reporting purposes, had fund deficits of \$518,446 and \$45,134 respectively, at December 31, 2023. The deficits in these funds are expected to be eliminated in 2024 by reducing the expenditures and increasing the program revenues. The capital projects fund reported a deficit fund balance of \$1,327,246 which will be eliminated when permanent financing is obtained.

**3. FUND BALANCE DESIGNATIONS**

**Miscellaneous Designations**

The majority of the \$888,629 in miscellaneous designations in the General Fund consists of the following: \$25,136 is designated for a Teen Center, \$48,129 is designated for the Senior Day Care Center, \$795,089 is designated for community benefit funds, and \$6,155 is designated for recreation awards.

**3. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND CASH EQUIVALENTS**

Custodial Credit Risk - Deposits/Investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will be unable to recover the value of its investments or collateral securities that are in possession of an outside party. The Town had no investments as of December 31, 2023.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with an irrevocable letter of credit held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

At December 31, 2023, the Town's cash book balance was \$98,466,782. This amount is inclusive of Fiduciary fund deposits of \$9,517,541, and restricted cash of \$23,033,811 but exclusive of petty cash of \$12,225 and the nonmajor discretely presented component units cash of 400,096. The available bank balance was \$100,152,524. Of the available bank balance, \$2,064,842 was covered by Federal deposit insurance and \$98,087,682 was covered by collateral held by the Town's agents, third-party financial institutions, in the Town's name. Cash held with fiscal agent is not required to be covered by collateral.

Credit Risk - State law limits investments to those authorized by State statutes.

Interest-Rate Risk - Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**A. CASH AND CASH EQUIVALENTS (continued)**

Concentration of Credit Risk – Concentration of credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5% or more in securities of a single issuer.

As of December 31, 2023, the Town of Riverhead did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

**B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

In the government-wide financial statements any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

At December 31, 2023, individual fund interfund receivable and payable balances represent either loans, services provided, or reimbursements which are expected to be paid currently. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. These balances, representing various short-term loans for operating purposes, are stated as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Due to/from Other Funds:		
Major Funds:		
General Fund	\$ 3,125,670	
Capital Projects Fund		\$ 2,917,238
Nonmajor Funds:		
Other Governmental Funds	196	208,628
Total Due to/from Other Funds	<u>\$ 3,125,866</u>	<u>\$ 3,125,866</u>

The individual fund interfund transfer balances for the governmental and proprietary funds primarily represent transfers for debt service payments, chargebacks for administrative services provided to the proprietary funds and transfers of funds to provide funding for capital projects. Interfund transfer activity for the year ended December 31, 2023 is as follows:

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)**

Transfers in:					
	Major Funds				Nonmajor Funds
	General Fund	Highway Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Transfers out:					
Governmental Funds:					
Major Funds:					
General Fund		\$ 220,100	\$ 1,170,246	\$ 2,326,780	\$ 41,400
Highway Fund			244,700		
Capital Projects Fund	\$ 150,000				62,283
Community Preservation Fund			3,196,769		
Nonmajor Funds:					
Other Governmental Funds			420,643		
Total Governmental Funds	150,000	220,100	5,032,358	2,326,780	103,683
Proprietary Funds:					
Sewer District Funds	\$ 876,338				
Water District Fund	435,264				
Total Proprietary Funds	1,311,602	-0-	-0-	-0-	-0-
Total	\$ 1,461,602	\$ 220,100	\$ 5,032,358	\$ 2,326,780	\$ 103,683

**C. LEASES RECEIVABLE**

The Town has entered into sixteen various agreements to lease its buildings and land to others for cell towers and office space. The Town recognizes lease receivables and deferred inflows of resources – lease related in the government-wide and fund financial statements. The Town expects to renew these leases for all renewable periods. The lease terms are for 4-220 months. During 2023, the Town recognized \$999,621 of lease revenue, \$379,176 in the general fund, and \$623,592 in the water fund, and \$388,601 of interest income, \$51,564 in the general fund, and \$337,037 in the water fund.

The following table is the amortization schedule for the lease receivables related to governmental activities:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2024	\$ 360,587	\$ 43,524	\$ 404,111
2025	318,428	32,695	351,123
2026	319,275	22,237	341,512
2027	270,677	12,337	283,014
2028	36,742	7,023	43,765
2029-2033	204,686	16,392	221,078
Totals	\$ 1,510,395	\$ 134,208	\$ 1,644,603

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. LEASES RECEIVABLE (continued)**

The following table is the amortization schedule for the lease receivables related to business-type activities:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2024	\$ 466,759	\$ 371,945	\$ 838,704
2025	505,009	351,873	856,882
2026	545,403	330,204	875,607
2027	588,048	306,846	894,894
2028	633,054	281,704	914,758
2029-2033	3,240,297	989,354	4,229,651
2034-2038	2,609,424	321,292	2,930,716
2039-2042	491,442	27,609	519,051
Totals	<u>\$ 9,079,436</u>	<u>\$ 2,980,827</u>	<u>\$ 12,060,263</u>

**D. CAPITAL ASSETS**

Capital assets activity for the governmental activities for the year ended December 31, 2023 is as follows:

	Balance 1/01/2023	Additions	Transfers/ Disposals/ Reclass	Balance 12/31/2023
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated/amortized:				
Land and landfills	\$ 112,508,615	\$ 2,656,786		\$ 115,165,401
Intangibles - development rights/easements	52,966,917	21,000		52,987,917
Construction work in progress	5,729,573	25,048,306	\$ (24,039,041)	6,738,838
Total capital assets not being depreciated	<u>171,205,105</u>	<u>27,726,092</u>	<u>(24,039,041)</u>	<u>174,892,156</u>
Depreciable/amortizable capital assets:				
Buildings	13,408,373	17,343,214		30,751,587
Improvements	22,297,095	1,555,680		23,852,775
Infrastructure	122,362,514	3,141,005		125,503,519
Machinery and equipment	27,569,438	2,670,628	(851,422)	29,388,644
Intangibles - software	374,817	75,000		449,817
Total depreciable capital assets	<u>186,012,237</u>	<u>24,785,527</u>	<u>(851,422)</u>	<u>209,946,342</u>
Less accumulated depreciation/amortization:				
Buildings	6,986,225	288,003		7,274,228
Improvements	15,310,874	933,225		16,244,099
Infrastructure	105,721,955	1,476,509		107,198,464
Machinery and equipment	22,517,859	1,381,041	(818,671)	23,080,229
Intangibles - software	122,304	24,810		147,114
Total accumulated depreciation/amortization	<u>\$ 150,659,217</u>	<u>\$ 4,103,588</u>	<u>\$ (818,671)</u>	<u>\$ 153,944,134</u>
Total net depreciable capital assets				<u>56,002,208</u>
Total net capital assets				<u>\$ 230,894,364</u>

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS**

Depreciation/amortization expense was charged to the functions and programs as follows:

General government support	\$ 705,357
Public safety	421,532
Health	169,447
Transportation	1,795,685
Economic assistance and opportunity	323,607
Culture and recreation	634,375
Home and community services	53,585
Total depreciation expense - governmental activities	<u>\$ 4,103,588</u>

Capital assets activity for the business-type activities for the year ended December 31, 2023 is as follows:

	Balance 1/01/2023	Additions	Transfers/ Disposals/ Reclass	Balance 12/31/2023
<b><u>Business-type Activities:</u></b>				
Capital assets not being depreciated/amortized:				
Land	\$ 1,830,300			\$ 1,830,300
Intangibles - development rights/easements	2,378,757			2,378,757
Construction work in progress	20,703,602	\$ 4,719,995	\$ (14,227,925)	11,195,672
Total capital assets not being depreciated	<u>24,912,659</u>	<u>4,719,995</u>	<u>(14,227,925)</u>	<u>15,404,729</u>
Depreciable/amortizable capital assets:				
Buildings	36,885,697			36,885,697
Improvements	28,899,484	13,905,976		42,805,460
Infrastructure	79,537,565	448,678		79,986,243
Machinery and equipment	9,610,361	103,216	(4,958)	9,708,619
Intangibles - software	161,154			161,154
Total depreciable capital assets	<u>155,094,261</u>	<u>14,457,870</u>	<u>(4,958)</u>	<u>169,547,173</u>
Less accumulated depreciation/amortization:				
Buildings	22,772,349	592,662		23,365,011
Improvements	10,245,509	1,841,660		12,087,169
Infrastructure	51,789,493	1,474,562		53,264,055
Machinery and equipment	8,629,612	124,556	(4,958)	8,749,210
Intangibles - software	116,580	9,036		125,616
Total accumulated depreciation/amortization	<u>\$ 93,553,543</u>	<u>\$ 4,042,476</u>	<u>\$ (4,958)</u>	<u>\$ 97,591,061</u>
Total net depreciable capital assets				<u>71,956,112</u>
Total net capital assets				<u>\$ 87,360,841</u>

Depreciation/amortization expense was charged to the functions and programs as follows:

Home and community services - Sewer	\$ 2,198,851
Home and community services - Water	1,843,625
Total depreciation expense - business-type activities	<u>\$ 4,042,476</u>

The Town of Riverhead evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2023, the Town has not recorded any such impairment losses.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS**

**Short-Term Debt**

**Bond Anticipation Notes (BANs)** - Bond anticipation notes (BANs) are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter. Liabilities for BANs are generally accounted for in the Capital Projects Fund. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. The Town refunded \$3,900,000 of bond anticipation notes during 2023 for the acquisition and improvement of land for a downtown town square project.

A summary of changes in BANs for the year ended December 31, 2023 is as follows:

	Interest Rate	Maturity Date	Balance 1/1/2023	Issued	Redeemed	Balance 12/31/2023
<b>Governmental activities:</b>						
Capital Projects Fund						
Series A BAN	3.250%	8/16/2023	\$ 2,900,000		\$ 2,900,000	\$ -0-
Series B BAN	3.375%	8/16/2023	2,100,000		2,100,000	-0-
Series A BAN	4.500%	8/15/2024	-0-	\$ 2,850,000	2,800,000	50,000
Series B BAN	6.000%	8/15/2024	-0-	1,050,000		1,050,000
Total bond anticipation notes			<u>\$ 5,000,000</u>	<u>\$ 3,900,000</u>	<u>\$ 7,800,000</u>	<u>\$ 1,100,000</u>

**Long-Term Debt**

**General Obligation Bonds** - General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the Town. General obligation bonds require the Town to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The Town is in compliance with this requirement.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended December 31, 2023.

The long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 0.698% to 5.00% and have maturity dates from 2030 through 2036.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS** (continued)

**E. INDEBTEDNESS** (continued)

**Long-Term Debt** (continued)

The activity related to the general obligations bonds for year ended December 31, 2023 is as follows:

	Balance 1/1/2023	Issued	Redeemed	Balance 12/31/2023
<b>Governmental Activities:</b>				
General Fund	\$ 4,568,334		\$ 795,181	\$ 3,773,153
Highway Fund	696,232		198,621	497,611
Community Preservation Fund	17,216,071		2,408,095	14,807,976
Nonmajor Funds	1,467,991		348,269	1,119,722
Total governmental activities	23,948,628	\$ -0-	3,750,166	20,198,462
<b>Business-type Activities:</b>				
Sewer Districts Funds	9,129,571		670,000	8,459,571
Water Districts Funds	13,516,801		894,834	12,621,967
Total business-type activities	22,646,372	-0-	1,564,834	21,081,538
Total general obligation bonds	\$ 46,595,000	\$ -0-	\$ 5,315,000	\$ 41,280,000

At December 31, 2023, bonds payable consisted of the following individual issues:

**Governmental activities:**

Issue	Purpose	Interest Rate	Outstanding Amount	Final Maturity	Issue Date
General Obligation Serial Bonds-2018	Refunding Bond	4.000% - 5.000%	\$ 15,150,000	August 1, 2030	December 1, 2018
General Obligation Serial Bonds-2019	Public Improvement	5.000%	220,000	November 15, 2031	September 25, 2019
General Obligation Serial Bonds-2019	Refunding Bond	2.000% - 5.000%	4,243,651	November 15, 2031	September 25, 2019
General Obligation Serial Bonds-2021	Public Improvement	2.00% - 5.00%	584,811	August 1, 2036	August 17, 2021
			<u>\$ 20,198,462</u>		

**Business-type activities:**

Issue	Purpose	Average Rate	Amount	Final Maturity	Issue Date
General Obligation Serial bonds-2016B	Public Improvement	0.6980% - 3.073%	\$ 8,595,000	August 1, 2036	September 22, 2016
General Obligation Serial Bonds-2018	Public Improvement	4.000%	4,130,000	December 1, 2033	December 1, 2018
General Obligation Serial Bonds-2019	Refunding Bond	2.000% - 5.000%	2,016,349	November 15, 2031	September 25, 2019
General Obligation Serial Bonds-2021	Public Improvement	2.00% - 5.00%	5,835,189	August 1, 2036	August 17, 2021
General Obligation Serial Bonds-2021B	Refunding Bond	0.00% - 4.951%	505,000	October 15, 2031	December 9, 2021
			<u>21,081,538</u>		
Total general obligation bonds			<u>\$ 41,280,000</u>		



**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS (continued)**

**Long-Term Debt (continued)**

Future principal and interest payments for bonds payable related to governmental activities are as follows:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2024	\$ 3,916,670	\$ 929,558	\$ 4,846,228
2025	3,783,442	733,725	4,517,167
2026	3,784,348	544,553	4,328,901
2027	3,624,939	355,335	3,980,274
2028	1,595,991	200,638	1,796,629
2029-2033	3,332,295	227,744	3,560,039
2034-2036	160,777	6,477	167,254
Totals	<u>\$ 20,198,462</u>	<u>\$ 2,998,030</u>	<u>\$ 23,196,492</u>

Future principal and interest payments for bonds payable related to business-type activities are as follows:

	Principal	Interest	Total Principal and Interest
Years Ending December 31, 2024	\$ 1,598,330	\$ 571,896	\$ 2,170,226
2025	1,641,558	524,699	2,166,257
2026	1,710,652	475,429	2,186,081
2027	1,760,061	422,773	2,182,834
2028	1,769,009	367,252	2,136,261
2029-2033	8,862,705	1,032,962	9,895,667
2034-2036	3,739,223	129,740	3,868,963
Totals	<u>\$ 21,081,538</u>	<u>\$ 3,524,751</u>	<u>\$ 24,606,289</u>

**Bonds Authorized and Unissued**

At December 31, 2023, the Town had \$57,059,509 in general obligation bonds, which were authorized but unissued.

As of December 31, 2023, the total long-term outstanding general obligation bonds of the Town aggregated to \$41,280,000. Of this amount, \$20,198,462 was subject to the constitutional debt limit and represented approximately 3.78% of its statutory debt limit.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS (continued)**

**Changes in Long-Term Debt**

Long-term liability activities for the year ended December 31, 2023 are as follows:

	Balance 1/1/2023	Increases	Reductions	Balance 12/31/2023	Non-current liabilities due within one year	Non-current liabilities
<b>Governmental activities:</b>						
General obligation bonds	\$ 23,948,628		\$ 3,750,166	\$ 20,198,462	\$ 3,916,670	\$ 16,281,792
Premiums on issuance	3,209,551		408,292	2,801,259		2,801,259
Total bonds payable	27,158,179	\$ -0-	4,158,458	22,999,721	3,916,670	19,083,051
Bond anticipation notes	-0-	22,800,000		22,800,000	22,800,000	
Financed purchase debt	61,140		40,262	20,878	20,878	
Compensated absences	7,904,175	3,166,846	2,937,987	8,133,034	1,247,607	6,885,427
Employee retirement incentive	50,400		50,400			
Claims and judgments	2,037,660	926,385	1,413,713	1,550,332	390,925	1,159,407
Estimated liability for landfill closure and postclosure care costs	1,457,083		65,093	1,391,990	66,715	1,325,275
Net pension liability - proportionate share - ERS		9,140,989	1,353,477	7,787,512		7,787,512
Net pension liability - proportionate share - PFRS	1,730,661	20,348,588	3,581,012	18,498,237		18,498,237
Postemployment benefits healthcare costs *	118,692,159	21,747,340		140,439,499	2,859,683	137,579,816
	<u>\$ 159,091,457</u>	<u>\$ 78,130,148</u>	<u>\$ 13,600,402</u>	<u>\$ 223,621,203</u>	<u>\$ 31,302,478</u>	<u>\$ 192,318,725</u>
<b>Business-type activities:</b>						
General obligation bonds	\$ 22,646,372		\$ 1,564,834	\$ 21,081,538	\$ 1,598,330	\$ 19,483,208
Premiums on issuance	1,438,923		186,585	1,252,338		1,252,338
Total bonds payable	24,085,295		1,751,419	22,333,876	1,598,330	20,735,546
Compensated absences	720,045	300,605	303,467	717,183	110,016	607,167
Employee retirement incentive	14,400		14,400			
Net pension liability - proportionate share - ERS		2,140,400	294,403	1,845,997		1,845,997
Postemployment benefits healthcare costs *	10,274,986	1,882,632		12,157,618	301,382	11,856,236
	<u>\$ 35,094,726</u>	<u>\$ 4,323,637</u>	<u>\$ 2,363,689</u>	<u>\$ 37,054,674</u>	<u>\$ 2,009,728</u>	<u>\$ 35,044,946</u>

\*Change is shown net, as information to present increases and decreases separately is not readily available.

Other long-term liabilities for compensated absences, employee retirement incentive, the Town's proportionate share of the net pension liabilities, postemployment benefits healthcare costs and the estimated liability for landfill closure and postclosure costs are to be paid by the fund that gave rise to the liability. Claims and judgments are being paid from the risk retention reserve which is funded by the operating account based on historical experience.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS (continued)**

**Financed Purchase Debt**

In April 2019, the Town entered into a capital lease for telephone equipment. The agreement calls for annual payments of \$43,551 for five years and includes both principal and interest. Annual interest is charged at a fixed rate of 1.89%. The Town has the option to purchase the equipment for \$1 upon the expiration of the lease in January 2024. The Town has determined that this lease meets the definition of a capital lease and has recorded a capital asset and corresponding long-term liability. The equipment cost is \$218,203 and accumulated depreciation of \$56,357 was recorded at December 31, 2023, resulting in a net book value of \$161,846.

Future principal and interest payments to maturity are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2024	\$ 20,878	\$	1,122	\$	22,000

**Conduit Debt Obligations**

From time to time the Riverhead Industrial Development Agency (RIDA) and the Riverhead IDA Economic Job Development Corporation (LDC) have issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities to improve economic opportunities for businesses and residents deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the RIDA, the LDC, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2023, the RIDA had one industrial revenue bond outstanding and the LDC had three industrial revenue bonds outstanding with aggregate principal amounts payable of \$560,000 and \$50,995,000, respectively.

**F. PENSION PLAN**

Plan Description

The Town of Riverhead participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") (the "Systems"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSSRL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town of Riverhead also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tiers 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

*Tiers 3, 4 and 5*

Eligibility: Tiers 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tiers 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

Benefits Provided (continued)

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63 for ERS members and 62 for PFRS members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

*Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

*Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tiers 3, 4 and 5 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is general three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (1) all pensioners who have attained age 62 and have been retired for five years; (2) all pensioners who have attained age 55 and have been retired for ten years; (3) all disability pensioners, regardless of age, who have been retired for five years; (4) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

Contributions

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

The required contributions, for the primary government, for the current year and two preceding years were:

**Annual Required Contribution - ERS**

	Annual Required Contribution	Credits & Miscellaneous Adjustments	Prepayment Discount	Total Payment
2023	\$ 1,923,923	\$ 463	\$ (13,740)	\$ 1,910,646
2022	1,653,975	(5,759)	(6,050)	1,642,166
2021	2,234,683	154	(18,302)	2,216,535

**Annual Required Contribution - PFRS**

	Annual Required Contribution	Credits & Miscellaneous Adjustments	Prepayment Discount	Total Payment
2023	\$ 3,662,229	\$ (73,936)	\$ (25,619)	\$ 3,562,674
2022	3,623,108	688	(26,556)	3,597,240
2021	3,750,820	1,435	(30,729)	3,721,526

The actual contributions were equal to 100% of the actuarially required amounts. The credits and miscellaneous adjustments represent modifications made by the Systems to the prior year's contributions due to differences between estimated and actual salaries for the plan year.

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

At December 31, 2023, the Town reported a liability of \$28,131,746 for its proportionate share of the net pension liability (asset) for the Systems. The net pension liability (asset) was measured as of March 31, 2023 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of April 1, 2022. The Town's proportion of the net pension liability (asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

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

Below is the proportionate share of the net pension liability (asset) of the Systems and the related employer allocation percentage as of March 31, 2023 (measurement date):

	Net Pension Liability (Asset)	Employer Allocation Percentage	Change in Employer Allocation Percentage Since Prior Measurement Date
ERS	\$ 9,633,509	0.0449239%	-0.0019326%
PFRS	\$ 18,498,237	0.3356924%	0.0310225%

The Town's portion of the net pension liability (asset) for ERS in the amount of \$9,633,509 is reported in the governmental activities and business-type activities in the amount of \$7,787,512 and \$1,845,997, respectively. The Town's portion of the net pension liability of \$18,498,237 for PFRS was reported in the governmental activities.

There was no significant change in the Town's proportion from March 31, 2022 to March 31, 2023.

For the year ended December 31, 2023, the Town recognized pension expense of \$9,694,393, of which \$8,981,069 was related to governmental activities and \$713,324 was for business-type activities.

At December 31, 2023, deferred outflows of resources related to the pension were reported from the following sources:

	Deferred Outflows of Resources			
	Governmental Activities			Business-Type Activities
	ERS	PFRS	Total	ERS
Differences between expected and actual experience	\$ 829,431	\$ 1,808,016	\$ 2,637,447	\$ 196,613
Changes of assumptions	3,782,118	9,014,142	12,796,260	896,535
Net difference between projected and actual earnings on pension plan investments		14,325,276	14,325,276	
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	431,278	1,148,500	1,579,778	190,370
Town's contribution subsequent to the measurement date	1,188,087	2,672,006	3,860,093	244,898
Total Deferred Outflow - Pension	\$ 6,230,914	\$ 28,967,940	\$ 35,198,854	\$ 1,528,416

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

At December 31, 2023, deferred inflows of resources related to the pension were reported from the following sources:

	Deferred Inflows of Resources		
	Government Activities		Business-Type Activities
	ERS	PFRS	ERS
Differences between expected and actual experience	\$ 218,703		\$ 51,843
Changes of assumptions	41,799		9,909
Net difference between projected and actual earnings on pension plan investments	45,751	\$ 14,292,574	10,845
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	218,245	74,169	39,946
Total Deferred Inflow - Pension	<u>\$ 524,498</u>	<u>\$ 14,366,743</u>	<u>\$ 112,543</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities		Business-Type Activities
	ERS	PFRS	ERS
Plan years ending March 31, 2024	\$ 1,088,745	\$ 2,395,500	\$ 296,790
2025	(353,649)	(127,030)	(52,700)
2026	1,656,154	5,719,479	420,499
2027	2,127,079	3,525,612	506,386
2028		415,630	
	<u>\$ 4,518,329</u>	<u>\$ 11,929,191</u>	<u>\$ 1,170,975</u>

**Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

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

\*Compounded annually, net of pension plan investment expenses, including inflation.



**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

Annuitant mortality rates are based on system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The actuarial assumptions were 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 in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *"Selection of Economic Assumptions for Measuring Pension Obligations"*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income, as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	1%	0.00%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for the Systems. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. PENSION PLAN (continued)**

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it 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:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Town's proportionate share of the net pension liability (asset) for:			
Governmental Activities:			
ERS	\$ 18,819,077	\$ 7,787,512	\$ (1,430,643)
PFRS	38,560,440	18,498,237	1,885,528
Business-Type Activities:			
ERS	4,460,983	1,845,997	(339,128)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (asset) of the employers as of the respective valuation date of April 1, 2022 were as follows (in thousands):

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

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**G. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS**

In the government wide financial statements, the cost of postemployment benefit healthcare benefits, like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of postemployment healthcare in the year when the employee services are received and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

For Civil Service Employees Association ("CSEA") employees, the Town, as a single-employer defined benefit plan will pay 75% of the full premium costs for the medical benefits for employees hired on or after October 1, 2008, with less than 10 years of service and 100% for employees with over 10 years of service; currently provided by the New York State Health Insurance Program (NYSHIP) (Empire Plan) or HIP Prime HMO. CSEA employees hired prior to October 7, 2008 need 5 years of service to receive 100% employer paid benefits. All employees must attain the age of 55. For all other employees, the Town provides 100% of these costs. For Police Benevolent Association ("PBA") employees hired on or after July 1, 2012, the Town will pay 100% of the full premium costs for the medical benefits with 25 years of service. PBA employees hired prior to July 1, 2012 need 20 years of service to receive 100% employer paid benefits. There is no age requirement for PBA employees.

Active employees of the Town have either the Empire Plan (Core Plus Enhancements) or HIP Prime HMO but retirees only have the option of NYSHIP. The Empire Plan has separate pre-Medicare and Medicare rates. Since the plans are community rated, the retiree claim costs are based on the actual rates without adjustment for age.

Benefits are provided as explained in the section entitled "Postemployment Benefits Healthcare Costs" located in the "Summary of Significant Accounting Policies". The retiree and his/her spouse are also eligible for Medicare Part B reimbursement.

Upon death of a retiree the Town ceases to pay the full healthcare costs for the un-remarried survivor after three months. The survivor may, however, elect to continue coverage in NYSHIP beyond the three months grace period but is required to pay the full healthcare costs. Such survivors continue to receive the Medicare reimbursement, if eligible. These contracts may be renegotiated at various times in the future. The Town, as administrator of the plan, does not issue a separate report.

Employees Covered by Benefit Terms

The number of participants as of January 1, 2023 is as follows:

	Primary Government	Governmental Activities	Business-Type Activities
Active employees	306	270	36
Inactive employees or beneficiaries currently receiving benefits	211	189	22
Total	517	459	58

There have been no significant changes in the number of employees or the type of coverage since that date.

Total OPEB Liability

The Town's total OPEB liability of \$152,597,117, which is comprised of governmental activities \$140,439,499 and business-type activities \$12,157,618 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023, with updating procedures used to roll forward the OPEB liability to each measurement date.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**G. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis.

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2023, actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of payroll amortization method on a closed basis. The actuarial assumptions utilized a 3.0% inflation rate, a 4.00% discount rate, and a 3.0% payroll growth rate. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Bond Index. The valuation assumes an 8.0% health care trend rate for the year ended and reduced decrements to a rate of 5.0% after seven years. Mortality rates were based on the PUB 2010 mortality table projected to the valuation date with scale MP 2021.

A copy of the Town of Riverhead's Retiree Medical Program, January 1, 2023 Valuation is available by contacting the Town of Riverhead, Office of the Financial Administrator, 4 West Second Street, Riverhead, New York 11901.

Changes in the Total OPEB Liability

The following table shows the components of the Town's other postemployment benefits liability:

	Primary Government
Other Postemployment Benefits Liability, at the Beginning of Year	\$ 128,967,145
Changes for the Year:	
Service cost	5,886,937
Interest	5,481,926
Changes of benefit terms	
Difference between expected and actual experience	8,344,519
Changes of assumptions and other inputs	7,469,148
Benefit payments	(3,552,558)
Net Changes	23,629,972
Other Postemployment Benefits Liability, at the End of Year	\$ 152,597,117

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**G. POSTEMPLOYMENT BENEFITS HEALTHCARE COSTS (continued)**

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-percent point lower (3.00%) or 1-percentage point higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	<u>\$ 177,973,909</u>	<u>\$ 152,597,117</u>	<u>\$ 132,315,691</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare costs can be subject to considerable volatility over time. The following presents the effect of the total OPEB liability at December 31, 2023 of a 1% change in the initial (8%) and the ultimate (5%) healthcare cost trend rates:

	1% Decrease (7.00% to 4.00%)	Health Care Trend Rates (8.00% to 5.00%)	1% Increase (9.00% to 6.00%)
Total OPEB Liability	<u>\$ 129,990,330</u>	<u>\$ 152,597,117</u>	<u>\$ 181,577,204</u>

OPEB Expense, Deferred Inflows of Resources and Deferred Outflows of Resources

For the year ended December 31, 2023, the Town recognized an OPEB expense of \$10,152,360. At December 31, 2023, the Town recorded deferred inflows of resources and deferred outflows of resources related to OPEB as shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,330,676	\$ 6,270,863
Changes of assumptions or other inputs	17,263,416	41,895,054
Total	<u>\$ 27,594,092</u>	<u>\$ 48,165,917</u>

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

For years ending December 31, 2024	\$ (1,622,063)
2025	(1,622,060)
2026	(6,769,451)
2027	(6,408,673)
2028	(6,408,675)
2029	2,259,097
	<u>\$ (20,571,825)</u>

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**H. COMPENSATED ABSENCES AND RETIREMENT INCENTIVE**

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

Vested vacation, personal leave and sick leave accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Vested vacation, personal leave and sick leave accumulated by business type employees have been recorded in proprietary funds as a liability and expense. Payment of vacation, personal leave, and sick leave recorded as non-current liabilities are dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for payments of vacations, personal leave and sick leave when such payments become due. As of December 31, 2023, the value of the accumulated vacation, personal leave and sick leave for governmental and business-type activities was \$8,133,034 and \$717,183, respectively, for an aggregate total of \$8,850,217.

**I. TAX ABATEMENT PROGRAM**

The Town is subject to real estate tax abatements granted by the Suffolk County Industrial Development Agency and the Riverhead Industrial Development Agency, a discretely presented component unit of the Town. The purpose of the real estate tax abatements is to offer tax saving incentives to stimulate economic development and revitalization within the Town. This growth promotes job creation, additional economic activity for local businesses, Town beautification, rising property values, and a higher quality of life for all residents and businesses in the Town.

Riverhead Industrial Development Agency Tax Abatement Programs

Local businesses apply to the Riverhead Industrial Development Agency for financial assistance. The assistance generally includes exemptions from real property tax, mortgage recording tax, and sales and use tax and issuance of low interest revenue bonds (not an obligation of the Riverhead Industrial Development Agency or the Town). As part of the transaction, the Riverhead Industrial Development Agency takes title to the project's real property. In doing so, under the provisions of Article 18-A of General Municipal Law ("GML"), the Riverhead Industrial Development Agency is not required to pay real estate taxes or assessments on any of the property acquired by or under the jurisdiction, control or supervision of the Riverhead Industrial Development Agency's activities. A portion of the real estate tax exemption is usually recaptured in the form of payments in lieu of taxes, which are less significant than the real property taxes that are abated.

The Riverhead Industrial Development Agency has a Board adopted Uniform Tax Exemption Policy, which outlines how the local businesses' real estate taxes are reduced and how the amount of the real estate abatement is determined. During the term of the agreements, the local business must operate and maintain the property consistent with the terms of the agreement. If the local business does not comply, financial penalties may be imposed, such as the recapture of the benefits received, depending upon the severity of the noncompliance.

For the year ended December 31, 2023, the Town's property tax revenues were reduced by \$2,054,095 and payments in lieu of taxes, including recapture payments, were collected in the amount of \$728,457 under the agreements entered into by the Riverhead Industrial Development Agency. The amount of the abated taxes reported is based on the assessed value of property per the official assessment tax rolls and tax rates in effect on December 1, 2022, the tax lien date.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**I. TAX ABATEMENT PROGRAM (continued)**

Suffolk County Industrial Development Agency Tax Abatement Programs

Similar to the Riverhead Industrial Development Agency, the Suffolk County Industrial Development Agency offers several abatement programs on certain qualified projects to promote, encourage, attract and develop job and recreational opportunities and economically-sound commerce and industry in Suffolk County. The Suffolk County Industrial Development Agency operates under the same provisions of GML and has adopted its own Uniform Tax Exempt Policy.

For the year ended December 31, 2023, the Town's property tax revenues were reduced by \$31,748 and payments in lieu of taxes, including recapture payments, were collected in the amount of \$9,884, under the agreements entered into by the Suffolk County Industrial Development Agency. The amount of the abated taxes reported is based on the assessed value of the property per the official assessment tax rolls and tax rates in effect on December 1, 2022, the tax lien date.

**4. COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

In common with other municipalities, the Town receives numerous notices of claims. The Town carries liability coverage as follows:

Liability

From 1987 until September 22, 1993, the Town of Riverhead was a self-insurer against personal injury liability. On September 22, 1993, the Town of Riverhead obtained catastrophic loss coverage for comprehensive general liability, automobile liability, public official's errors and omissions and employee benefits liability. This catastrophic loss coverage has a self-insured retention of \$250,000 per occurrence. Claims paid under these coverages are subject to a maximum of \$10,000,000 per occurrence for general liability and automobile liability. Coverage for public officials is \$10,000,000 per policy year. Terrorism is excluded from liability coverage, as well as any loss involving fungal pathogens and mold.

Property

The Town is self-insured for property on the first \$100,000 per loss and \$90,182,226 (based on the most recent value of the Town's various properties) per occurrence with no annual aggregate. Terrorism is excluded from property coverage. The Town has flood and earthquake coverage of \$5,000,000 per occurrence and annual aggregate. The Town also has boiler and machinery coverage with a \$5,000 deductible and coverage with a \$100,000,000 limit.

Miscellaneous

The Town has ancillary insurance policies for the East Creek Marina, Calverton Airport, Recreation Accidents and Crime and Fidelity and Cyber Liability. The East Creek Marina policy has a \$2,500 deductible with coverage up to \$6,000,000 per occurrence and \$7,000,000 annual aggregate. The Calverton Airport policy has a \$1,000 deductible with coverage up to \$5,000,000 per occurrence. The Recreation Accident policy has a \$250 deductible with coverage of \$250,000 maximum with \$10,000 accidental death benefit. The Crime and Fidelity policy has the following deductibles and limits: \$5,000 deductible for Inside the Premises - Theft of Money and Securities and Outside the Premises with a limit of \$250,000; and \$5,000 deductible for Employee Theft and Faithful Performance with a \$500,000 limit. The Cyber Liability Policy has a \$50,000 deductible with a \$1,000,000 limit.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**A. RISK MANAGEMENT (continued)**

Workers' Compensation/Unemployment Benefits

The Town is self-insured for workers' compensation insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town has provided an umbrella-type policy protecting against a catastrophic loss in the workers' compensation self-insurance protection program with \$600,000 retention per occurrence. This policy provides \$1,000,000 of coverage in excess the Town's retention amount. The Town is also self-insured for unemployment benefits paid.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

Self-Insurance Fund

The Town uses a Self-Insurance Fund to account for its potential liability. As of December 31, 2023, the Self-Insurance Fund had assets of \$2,215,403 and liabilities of \$1,650,446. Included in this amount is \$573,935 for general liability claims and \$976,397 for worker's compensation claims. This amount includes litigation but not administration expenses.

The Town estimates its workers' compensation and general liability reserves by consulting with legal counsel, contracted third party administrators and assessing past experience with similar claims. Although the dollar amounts of the claims on file against the Town materially exceed the reserves recorded; the ultimate outcome of the claims cannot be presently determined. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town does have the ability to bond any tort claims which may be resolved against the Town and which are not covered by the catastrophic loss coverage.

The schedule below presents the changes in claim reserves for general liability and workers' compensation.

	General Liability		Workers' Compensation	
	2023	2022	2023	2022
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 590,086	\$ 844,655	\$ 1,447,574	\$ 1,421,548
Insured claims and claim adjustment Expenditures:				
Provision for the insured events of the current year and increases in provision for insured events of prior years	300,707	5,029	625,678	710,321
Total incurred claims and claim adjustment expenditures	890,793	849,684	2,073,252	2,131,869
Payments:				
Claim and claim adjustment expenditures attributable to insured events of the current and prior years	316,858	259,598	1,096,855	684,295
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 573,935	\$ 590,086	\$ 976,397	\$ 1,447,574



**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**B. LITIGATION**

The Town is subject to a number of lawsuits in the ordinary conduct of its municipal affairs. Except as noted below, the Town Attorney is of the opinion that adverse decisions in those suits, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the Town.

The liabilities for these lawsuits are reported when it is probable that a material loss has occurred and the amount of that loss can be reasonably estimated.

**C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and Federal Laws and Regulations require the Town to place a final cover on its Youngs Avenue Landfill Site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill site stopped receiving waste on December 31, 1996. The Town reports a portion of the closure and postclosure care costs as a liability in each period based on landfill capacity used as of each balance sheet date. As the liability is based on 100% capacity there are no estimated costs for closure and postclosure remaining to be recognized. Postclosure care costs and monitoring activities for the site are estimated to be \$66,715 during 2024 and range between approximately \$65,000 to \$100,000 for the remaining 17 years, with an inflation factor built in.

Accordingly, as of December 31, 2023, the Town has recorded an estimated liability of \$1,391,990, in the government-wide financial statements, which represents the provision to be made in future budgets for unfunded postclosure care costs and monitoring activities. Actual costs for postclosure monitoring and maintenance are recorded in the General Fund and may be higher or lower due to inflation, changes in technology, or changes in regulations or conditions on the ground.

**D. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS**

Construction and other capital commitments for business-type activities capital projects are \$3,355,661, of which \$833,257 applies to Sewer Fund and \$2,522,404 applies to the Water District Fund. As of December 31, 2023, there are no outstanding capital commitments related to governmental activities.

**E. GRANTS**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**F. 2% TRANSFER TAX**

In November 1998, the voters of the Town of Riverhead approved a referendum for a 2% transfer tax which became effective on April 1, 1999. The transfer tax expiration date has been extended by local law until December 31, 2030. The transfer tax receipts are recorded in the Community Preservation Fund and are primarily used for purchase and/or preservation of open space, including agricultural land, park improvements and acquisition of land development rights.

**5. SUBSEQUENT EVENTS**

On February 21, 2024, the Town issued a bond anticipation note in the amount of \$20,000,000 with an interest rate of 4.00%, and a premium on issuance of \$134,800. The bond anticipation note matures on February 21, 2025.

On August 15, 2024, the Town issued a bond anticipation note in the amount of \$2,800,000 with an interest rate of 4.00%, and a premium on issuance of \$9,128. The bond anticipation note matures on August 15, 2025.

**TOWN OF RIVERHEAD**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**5. SUBSEQUENT EVENTS** (continued)

On June 13, 2024, the Town issued an interest free New York State Environmental Facilities Corporation Clean Water Statutory Installment Bond in the amount of \$3,330,938. The bonds mature on September 1, 2024 through September 1, 2041.

On December 3, 2024, the Town issued public improvement serial bonds in the amount of \$4,975,000 with a premium of \$125,000. The bonds mature on December 1, 2026 through December 1, 2039.

**6. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following Statements that may have an impact on the Town's financial reporting:

Statement No. 99, "*Omnibus 2022*", was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for certain requirements effective for the year ending December 31, 2023. The remaining requirements are effective for the year ending December 31, 2024.

Statement No. 100, "*Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*", this Statement has been issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the year ending December 31, 2024.

Statement No. 101, "*Compensated Absences*", this Statement has been issued to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for the year ending December 31, 2024.

Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for the year ending December 31, 2026.

Statement No. 104, "*Disclosure of Certain Capital Assets*", has been issued to improve disclosures about certain types of capital assets by requiring additional disclosures for capital assets held for resale (historical cost and accumulated depreciation and carrying amount of debt for which capital asset is pledged as collateral) as well as requiring certain types of assets to be disclosed separately in the capital asset footnote (such as right to use assets recognized from lease liabilities, subscription liabilities and public-private and public-public partnerships and availability payment arrangements). The requirements of this Statement are effective for the year ending December 31, 2026.

The Town is currently evaluating the impact of the above pronouncements.

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## **REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

Schedules of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
Major Governmental Funds, Schedule of Change in the Town's Total OPEB  
Liability and Related Ratios, Schedule of Proportionate Share of the  
Net Pension Liability (Asset) and Schedule of Pension Contributions

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations can be made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.

The Town adopts the budget and establishes legal level of control of the budget at the object level expenditures. The object level identifies expenditures by the article purchased or service obtained to carry out a function.

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**TOWN OF RIVERHEAD**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2023**

	Budgeted Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
REVENUES					
Real property taxes	\$ 42,177,900	\$ 42,230,075	\$ 42,517,065		\$ 286,990
Real property tax items	2,200,800	2,200,800	2,346,296		145,496
Non-property tax items	2,744,000	2,744,000	3,211,432		467,432
Departmental income	2,608,200	2,625,260	4,219,355		1,594,095
Use of money and property	256,000	273,500	1,830,965		1,557,465
Licenses and permits	199,300	199,300	231,713		32,413
Fines and forfeitures	450,000	475,000	720,376		245,376
Sale of property and compensation for loss	407,500	407,500	5,105		(402,395)
Miscellaneous local sources	1,500	1,500	25,798		24,298
Interfund revenues	1,837,100	1,837,100	1,142,729		(694,371)
State and local aid	1,600,100	1,650,100	2,491,359		841,259
Federal aid	163,600	295,998	556,759		260,761
Total revenues	54,646,000	54,940,133	59,298,952		4,358,819
EXPENDITURES					
Current:					
General government support	12,080,048	12,282,036	10,767,185	\$ 15,359	1,499,492
Public safety	19,940,958	20,655,530	20,132,757	356,888	165,885
Health	24,000	17,900	15,302		2,598
Transportation	363,800	363,800	316,282		47,518
Economic assistance and opportunity	1,027,100	1,027,100	904,847	6,354	115,899
Culture and recreation	1,432,728	1,513,760	1,435,774	4,125	73,861
Home and community services	1,854,281	2,038,621	1,661,914	124,954	251,753
Employee benefits	17,035,500	16,322,500	14,983,044		1,339,456
Debt service:					
Principal	40,700	40,700	40,262		438
Interest	3,300	3,300	3,288		12
Total expenditures	53,802,415	54,265,247	50,260,655	507,680	3,496,912
Excess of revenues over expenditures	843,585	674,886	9,038,297	(507,680)	7,855,731
OTHER FINANCING SOURCES (USES)					
Transfers in	1,311,400	1,311,400	1,461,602		150,202
Transfers out	(2,575,300)	(3,849,489)	(3,758,526)		90,963
Total other financing sources (uses)	(1,263,900)	(2,538,089)	(2,296,924)	-0-	241,165
Net change in fund balances	\$ (420,315)	\$ (1,863,203)	6,741,373	\$ (507,680)	\$ 8,096,896
Fund balances at beginning of year			19,871,031		
Fund balances at end of year			\$ 26,612,404		

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**TOWN OF RIVERHEAD**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2023**

	Budgeted Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
REVENUES					
Real property taxes	\$ 6,863,800	\$ 6,863,800	\$ 6,917,243		\$ 53,443
Real property tax items	220,900	220,900	219,956		(944)
Departmental income	5,000	5,000	1,725		(3,275)
Use of money and property	2,000	2,000	272,753		270,753
Licenses and permits	25,000	25,000	22,150		(2,850)
Sale of property and compensation for loss	1,500	1,500	42,251		40,751
Total revenues	7,118,200	7,118,200	7,476,078		357,878
EXPENDITURES					
Current:					
General government support	97,600	97,600	74,247		23,353
Transportation	6,007,383	6,665,489	5,884,937	\$ 344,136	436,416
Employee benefits	2,255,600	2,255,600	1,982,236		273,364
Total expenditures	8,360,583	9,018,689	7,941,420	344,136	733,133
Excess of revenues over expenditures	(1,242,383)	(1,900,489)	(465,342)	(344,136)	1,091,011
OTHER FINANCING SOURCES (USES)					
Transfers in	220,100	220,100	220,100		-0-
Transfers out	(244,800)	(244,800)	(244,700)		100
Total other financing sources (uses)	(24,700)	(24,700)	(24,600)	-0-	100
Net change in fund balances	\$ (1,267,083)	\$ (1,925,189)	(489,942)	\$ (344,136)	\$ 1,091,111
Fund balances at beginning of year			5,046,616		
Fund balances at end of year			\$ 4,556,674		

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**TOWN OF RIVERHEAD**  
**COMMUNITY PRESERVATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2023**

	Budgeted Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
<b>REVENUES</b>					
Non-property tax items	\$ 3,200,000	\$ 3,200,000	\$ 7,129,460		\$ 3,929,460
Use of money and property	7,800	7,800	386,390		378,590
Total revenues	<u>3,207,800</u>	<u>3,207,800</u>	<u>7,515,850</u>		<u>4,308,050</u>
<b>EXPENDITURES</b>					
Current:					
General government support	11,000	11,000	9,875		1,125
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>9,875</u>	\$ -0-	<u>1,125</u>
<b>Excess of revenues over expenditures</b>	<u>3,196,800</u>	<u>3,196,800</u>	<u>7,505,975</u>	<u>-0-</u>	<u>4,309,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(3,196,800)	(3,196,800)	(3,196,769)		31
Total other financing sources (uses)	<u>(3,196,800)</u>	<u>(3,196,800)</u>	<u>(3,196,769)</u>	<u>-0-</u>	<u>31</u>
<b>Net change in fund balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>4,309,206</u>	<u>\$ -0-</u>	<u>\$ 4,309,206</u>
<b>Fund balances at beginning of year</b>			<u>14,377,413</u>		
<b>Fund balances at end of year</b>			<u>\$ 18,686,619</u>		

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**TOWN OF RIVERHEAD**  
**SCHEDULE OF CHANGE IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2023**

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Other postemployment benefit liability at the beginning of year	\$ 128,967,145	\$ 182,818,494	\$ 178,051,730	\$ 137,051,920	\$ 128,724,451	\$ 121,388,567
Service cost	5,886,937	6,077,212	6,071,178	4,211,830	3,912,164	3,582,568
Interest	5,481,926	4,075,952	3,411,776	4,427,961	4,644,493	4,376,733
Changes in benefit terms				3,925,492		
Differences between expected and actual experience	8,344,519	(7,986,093)	6,356,461	(1,699,534)	(7,077,579)	1,673,866
Changes of assumptions or other inputs	7,469,148	(52,688,285)	(8,521,129)	32,583,865	9,105,384	
Benefit payments	(3,552,558)	(3,330,135)	(2,551,522)	(2,449,804)	(2,256,993)	(2,297,283)
Net changes	23,629,972	(53,851,349)	4,766,764	40,999,810	8,327,469	7,335,884
Other postemployment benefit liability at the end of year	\$ 152,597,117	\$ 128,967,145	\$ 182,818,494	\$ 178,051,730	\$ 137,051,920	\$ 128,724,451
Covered employee payroll	\$ 30,181,129	\$ 31,589,175	\$ 31,044,940	\$ 29,059,355	\$ 28,862,454	\$ 28,211,830
Total other postemployment benefits liability as a percentage of covered payroll	505.60%	408.26%	588.88%	612.72%	474.85%	456.28%

**Note:**

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no other date prior to 2018 is available. However, additional years will be included as they become available.

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay other postemployment benefits (OPEB).

The Town currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**Changes of Assumptions**

Changes of 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:

2023	4.00%
2022	4.31%
2021	2.25%
2020	1.93%
2019	3.26%
2018	3.64%
2017	4.00%

**TOWN OF RIVERHEAD**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>NYSERS</b>										
Town's proportion of the collective net pension liability (asset)	0.0449239%	0.0468565%	0.0427416%	0.0452466%	0.0479759%	0.0470999%	0.0492274%	0.0515963%	0.0528417%	0.0528417%
Town's proportionate share of the net collective pension liability (asset)	\$ 9,633,509	\$ (3,830,322)	\$ 42,560	\$ 11,981,573	\$ 3,399,243	\$ 1,520,126	\$ 4,625,508	\$ 8,281,359	\$ 1,785,122	\$ 2,387,842
Town's covered-employee payroll	\$ 15,224,974	\$ 14,831,781	\$ 14,311,529	\$ 14,346,519	\$ 14,495,873	\$ 13,627,909	\$ 14,065,643	\$ 12,798,470	\$ 13,227,701	\$ 13,457,406
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	63.27%	25.83%	0.30%	83.52%	23.45%	11.15%	32.89%	64.71%	13.50%	17.74%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.90%	97.20%
<b>NYSPPRS</b>										
Town's proportion of the collective net pension liability	0.3356924%	0.3046699%	0.3046545%	0.2945480%	0.3085842%	0.3002082%	0.3209108%	0.3293926%	0.3323762%	0.3323762%
Town's proportionate share of the net collective pension liability	\$ 18,498,237	\$ 1,730,661	\$ 5,289,644	\$ 15,743,406	\$ 5,175,151	\$ 3,034,375	\$ 6,651,366	\$ 9,752,613	\$ 914,897	\$ 1,383,714
Town's covered-employee payroll	\$ 13,282,954	\$ 13,354,813	\$ 13,019,933	\$ 12,802,871	\$ 12,511,883	\$ 15,065,844	\$ 13,811,746	\$ 13,610,084	\$ 14,618,715	\$ 14,971,084
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	139.26%	12.96%	40.63%	122.97%	41.36%	20.14%	48.16%	71.66%	6.26%	9.24%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%	90.24%	99.00%	98.50%

**Notes:**

Amounts presented above were determined as of the Systems' measurement date of March 31st.

There were no significant changes in benefits for the years presented above.

Changes in assumptions were as follows:

- a) The discount rate used to calculate the total pension liability was 5.9% (which was same as prior year) for both ERS and PFRS effective with the March 31, 2022 measurement date.
- b) The assumptions for salary increases was increased to 4.4% for ERS and 6.2% for PFRS effective with the March 31, 2022 measurement date.

Amounts presented are based on the fiscal year related to the measurement date of March 31st.

The decrease in the proportionate share of the net pension liability (asset) is primarily attributable to an increase in the plan fiduciary net position due to investment gains

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**TOWN OF RIVERHEAD**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2023**

	NYSERS									
	Years Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,910,646	\$ 1,642,166	\$ 2,216,535	\$ 2,003,294	\$ 2,030,932	\$ 2,075,737	\$ 2,008,863	\$ 2,204,868	\$ 2,490,586	\$ 2,873,570
Contributions in relation to the contractually required contribution	1,910,646	1,642,166	2,216,535	2,003,294	2,030,932	2,075,737	2,008,863	2,204,868	2,490,586	2,873,570
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Town's covered-employee payroll	\$ 16,225,015	\$ 14,793,354	\$ 14,595,444	\$ 13,897,090	\$ 14,248,270	\$ 12,654,327	\$ 14,065,643	\$ 15,472,582	\$ 11,907,098	\$ 13,667,903
Contributions as a percentage of covered-employee payroll	11.78%	11.10%	15.19%	14.42%	14.25%	16.40%	14.28%	14.25%	20.92%	21.02%

	NYSPFRS									
	For the Years Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,562,674	\$ 3,597,240	\$ 3,721,526	\$ 3,226,569	\$ 3,014,675	\$ 2,940,954	\$ 2,963,043	\$ 2,852,581	\$ 2,690,618	\$ 3,134,827
Contributions in relation to the contractually required contribution	3,562,674	3,597,240	3,721,526	3,226,569	3,014,675	2,940,954	2,963,043	2,852,581	2,690,618	3,134,827
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Town's covered-employee payroll	\$ 16,885,348	\$ 15,928,652	\$ 15,509,041	\$ 15,162,265	\$ 14,614,184	\$ 15,557,503	\$ 13,811,746	\$ 12,571,918	\$ 13,956,137	\$ 14,839,575
Contributions as a percentage of covered-employee payroll	21.10%	22.58%	24.00%	21.28%	20.63%	18.90%	21.45%	22.69%	19.28%	21.12%

**Notes:**  
The amounts presented for each year are determined as of the year ending December 31st and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System.  
There was a change in assumption for the pensioner mortality improvement in the April 1, 2014 actuarial valuation from the Society of Actuaries Scale AA to Scale MP-2014.  
There was a change in assumption for the pensioner mortality improvement in the April 1, 2019 actuarial valuation from the Society of Actuaries Scale MP-2014 to Scale MP-2018.  
There was a change in assumption for the pensioner mortality improvement in the April 1, 2020 actuarial valuation from the Society of Actuaries Scale MP-2018 to Scale MP-2020.

## **OTHER SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund  
Balances - Budget and Actual – Debt Service Fund  
Combining Balance Sheet Nonmajor Governmental Funds and  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances Nonmajor Governmental Funds

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**TOWN OF RIVERHEAD**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2023**

	Budgeted Amounts		Actual	Encumbrances	Variance with Final Budget
	Original	Final			
<b>EXPENDITURES</b>					
Debt service:					
Principal	\$ 3,750,400	\$ 3,750,400	\$ 3,750,166		\$ 234
Interest	2,467,100	2,467,100	1,282,192		1,184,908
Total expenditures	<u>6,217,500</u>	<u>6,217,500</u>	<u>5,032,358</u>	<u>\$ -0-</u>	<u>1,185,142</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,217,500)</u>	<u>(6,217,500)</u>	<u>(5,032,358)</u>	<u>-0-</u>	<u>1,185,142</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	6,217,500	6,217,500	5,032,358		(1,185,142)
Total other financing sources	<u>6,217,500</u>	<u>6,217,500</u>	<u>5,032,358</u>	<u>-0-</u>	<u>(1,185,142)</u>
<b>Net change in fund balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>Fund balances at beginning of year</b>			<u>-0-</u>		
<b>Fund balances at end of year</b>			<u><u>\$ -0-</u></u>		

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**TOWN OF RIVERHEAD**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2023

Special Revenue Funds										Total Nonmajor Governmental Funds
	Special Grant	Special Trust	Business Improvement District	East Creek Docking Facility	Street Lighting District	Ambulance	Refuse and Garbage	Public Parking	Community Development	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 125,061	\$ 80,395	\$ 43,796	\$ 178,910	\$ 2,343,963	\$ 1,615,909	\$ 1,895,989	\$ 412,716	\$ 1,235,509	\$ 7,932,248
Accounts receivable									2,699	2,699
Due from other funds					196					196
Due from other governments	168,251		93		90,897	1,104	3,114	133		263,592
Prepays				1,029	7,149					8,178
Total assets	<u>\$ 293,312</u>	<u>\$ 80,395</u>	<u>\$ 43,889</u>	<u>\$ 179,939</u>	<u>\$ 2,442,205</u>	<u>\$ 1,617,013</u>	<u>\$ 1,899,103</u>	<u>\$ 412,849</u>	<u>\$ 1,238,208</u>	<u>\$ 8,206,913</u>
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$ 14,925			\$ 3,245	\$ 36,593	\$ 354,321	\$ 62,898		\$ 8,978	\$ 480,960
Due to other funds	208,628									208,628
Unearned revenue	929								80,849	81,778
Total liabilities	<u>224,482</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>3,245</u>	<u>36,593</u>	<u>354,321</u>	<u>62,898</u>	<u>\$ -0-</u>	<u>89,827</u>	<u>771,366</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue - property taxes	17,736		18,191		145,865	215,118	665,813	25,911		1,088,634
Total deferred inflows of resources	<u>17,736</u>	<u>-0-</u>	<u>18,191</u>	<u>-0-</u>	<u>145,865</u>	<u>215,118</u>	<u>665,813</u>	<u>25,911</u>	<u>-0-</u>	<u>1,088,634</u>
<b>FUND BALANCES</b>										
Nonspendable				1,029	7,149					8,178
Restricted	51,094									51,094
Assigned		80,395	25,698	175,665	2,252,598	1,047,574	1,170,392	386,938	1,148,381	6,287,641
Total fund balances	<u>51,094</u>	<u>80,395</u>	<u>25,698</u>	<u>176,694</u>	<u>2,259,747</u>	<u>1,047,574</u>	<u>1,170,392</u>	<u>386,938</u>	<u>1,148,381</u>	<u>6,346,913</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 293,312</u>	<u>\$ 80,395</u>	<u>\$ 43,889</u>	<u>\$ 179,939</u>	<u>\$ 2,442,205</u>	<u>\$ 1,617,013</u>	<u>\$ 1,899,103</u>	<u>\$ 412,849</u>	<u>\$ 1,238,208</u>	<u>\$ 8,206,913</u>

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**TOWN OF RIVERHEAD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended December 31, 2023

	Special Revenue Funds									Total Nonmajor Governmental Funds
	Special Grant	Special Trust	Business Improvement District	East Creek Docking Facility	Street Lighting District	Ambulance	Refuse and Garbage	Public Parking	Community Development	
<b>REVENUES</b>										
Real property taxes			\$ 134,240		\$ 1,156,229	\$ 1,587,746	\$ 4,444,650	\$ 191,252		\$ 7,514,117
Other real property tax items					32,389	38,978		1,800		73,167
Departmental income						57,748				57,748
Use of money and property	\$ 4,850	\$ 69,001	18	\$ 298,793	112,595	34,024	79,769	12,586	\$ 135,117	746,753
Sale of property and compensation for loss					627					627
Miscellaneous local sources	1,894							2,567		4,461
State and local aid					140,093					140,093
Federal aid	316,538									316,538
Total revenues	323,282	69,001	134,258	298,793	1,441,933	1,718,496	4,524,419	208,205	135,117	8,853,504
<b>EXPENDITURES</b>										
Current:										
General government support			1,468	23,883	13,590	18,748	43,104	8,950	19,514	129,257
Health						1,689,597				1,689,597
Transportation					685,383			28,072		713,455
Economic assistance and opportunity	12,212		170,181						37,728	220,121
Culture and recreation				122,571						122,571
Home and community services	305,335						4,124,078			4,429,413
Employee benefits				19,371	150,558		70,556			240,485
Total expenditures	317,547	-0-	171,649	165,825	849,531	1,708,345	4,237,738	37,022	57,242	7,544,899
<b>Excess (deficiency) of revenues over (under) expenditures</b>	5,735	69,001	(37,391)	132,968	592,402	10,151	286,681	171,183	77,875	1,308,605
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfers in		2,294	41,400					59,989		103,683
Operating transfers out				(111,052)	(231,500)			(78,091)		(420,643)
Total other financing sources (uses)	-0-	2,294	41,400	(111,052)	(231,500)	-0-	-0-	(18,102)	-0-	(316,960)
<b>Net change in fund balance</b>	5,735	71,295	4,009	21,916	360,902	10,151	286,681	153,081	77,875	991,645
<b>Fund balances at beginning of year</b>	45,359	9,100	21,689	154,778	1,898,845	1,037,423	883,711	233,857	1,070,506	5,355,268
<b>Fund balances at end of year</b>	\$ 51,094	\$ 80,395	\$ 25,698	\$ 176,694	\$ 2,259,747	\$ 1,047,574	\$ 1,170,392	\$ 386,938	\$ 1,148,381	\$ 6,346,913

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