

*TOWN OF NORTH GREENBUSH, NEW YORK*  
*REGULATORY BASIS FINANCIAL STATEMENTS*  
*DECEMBER 31, 2015*

**TOWN OF NORTH GREENBUSH, NEW YORK**

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**INDEPENDENT AUDITOR'S REPORT**

To the Supervisor and Members of  
the Town Board of the  
Town of North Greenbush, New York

**Report on the Financial Statements**

We have audited the accompanying regulatory basis financial statements of the Town of North Greenbush, New York (the "Town") as of and for the year ended December 31, 2015, as listed in the table of contents, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these regulatory basis financial statements in accordance with financial reporting provisions prescribed by the New York State Office of the State Comptroller. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of regulatory basis financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the Town on the basis of the financial reporting provisions of the New York State Office of the State Comptroller, which is a basis other than accounting principles generally accepted in the United States of America, to meet the requirements of the New York State Office of the State Comptroller.

The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the effects of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of North Greenbush, New York, as of December 31, 2015, or the changes in its financial position for the year then ended.

### **Basis for Qualified Opinion**

As discussed in Note 1, the regulatory basis financial statements referred to above do not include in the balance sheets a general fixed assets account group. In our opinion, the recording of the general fixed asset account group is required in accordance with accounting principles prescribed by the New York State Office of the State Comptroller. The additional amounts that should be recorded in the general fixed assets account group is not known.

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effect of such adjustments as might have been determined to be necessary had we been able to audit the items mentioned in the “Basis for Qualified Opinion” paragraph, the regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the Town of North Greenbush, New York as of December 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles prescribed by the New York State Office of the State Comptroller.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
March 22, 2016

**TOWN OF NORTH GREENBUSH, NEW YORK**

REGULATORY BASIS BALANCE SHEETS

DECEMBER 31, 2015

	Governmental Fund Types							Fiduciary	Memorandum Only	
	General	Highway	Water	Sewer	Lighting	Community Development	Capital Projects	Fund Type	Account Group	Total Primary Government
Assets	General	Highway	Water	Sewer	Lighting	Community Development	Capital Projects	Agency	Non-Current Liabilities	December 31, 2015
Cash	\$ 922,991	\$ 377,255	\$ -	\$ 364,410	\$ 28,517	\$ 53,406	\$ 440,398	\$ 43,660	\$ -	\$ 2,230,637
Cash - restricted	229,759	151,071	-	-	-	-	-	-	-	380,830
Due from other governments	488,509	-	-	-	-	-	11,777	-	-	500,286
Due from other funds	80,339	-	-	-	-	-	-	-	-	80,339
Prepaid expenditures	115,236	24,334	5,930	3,408	-	-	-	-	-	148,908
Other receivables	129,987	-	617,164	-	-	-	-	-	-	747,151
Loan receivable	-	-	-	-	-	316,631	-	-	-	316,631
Provisions to be made in future budgets	-	-	-	-	-	-	-	-	18,349,849	18,349,849
<b>Total assets</b>	<b>\$ 1,966,821</b>	<b>\$ 552,660</b>	<b>\$ 623,094</b>	<b>\$ 367,818</b>	<b>\$ 28,517</b>	<b>\$ 370,037</b>	<b>\$ 452,175</b>	<b>\$ 43,660</b>	<b>\$ 18,349,849</b>	<b>\$ 22,754,631</b>
<b>Liabilities, Deferred Inflows and Fund Equity</b>										
Liabilities										
Accounts payable	\$ 6,491	\$ 321	\$ 231	\$ 1,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,919
Accrued liabilities	55,701	24,850	4,640	3,282	-	-	-	43,660	-	132,133
Due to other governments	131,066	-	-	-	-	-	-	-	199,958	331,024
Due to retirement system	-	-	-	-	-	-	-	-	171,435	171,435
Due to other funds	-	-	80,339	-	-	-	-	-	-	80,339
Compensated absences	-	-	-	-	-	-	-	-	650,650	650,650
OPEB payable	-	-	-	-	-	-	-	-	824,672	824,672
Unearned revenues	6,250	-	-	-	-	-	-	-	-	6,250
Pension liability - net	-	-	-	-	-	-	-	-	299,519	299,519
Lease payable	-	-	-	-	-	-	-	-	101,615	101,615
BAN payable	-	-	-	-	-	-	818,000	-	-	818,000
Bonds payable	-	-	-	-	-	-	-	-	16,102,000	16,102,000
<b>Total liabilities</b>	<b>199,508</b>	<b>25,171</b>	<b>85,210</b>	<b>5,158</b>	<b>-</b>	<b>-</b>	<b>818,000</b>	<b>43,660</b>	<b>18,349,849</b>	<b>19,526,556</b>
Deferred Inflows of Resources										
Deferred Revenue	-	-	59,657	-	-	-	-	-	-	59,657
Fund Equity (Deficit)										
Fund balances										
Nonspendable	115,236	24,334	5,930	3,408	-	316,631	-	-	-	465,539
Restricted	229,759	151,071	-	-	-	-	-	-	-	380,830
Assigned	705,395	352,084	472,297	359,252	28,517	53,406	-	-	-	1,970,951
Unassigned (deficit)	716,923	-	-	-	-	-	(365,825)	-	-	351,098
<b>Total fund equity (deficit)</b>	<b>1,767,313</b>	<b>527,489</b>	<b>478,227</b>	<b>362,660</b>	<b>28,517</b>	<b>370,037</b>	<b>(365,825)</b>	<b>-</b>	<b>-</b>	<b>3,168,418</b>
<b>Total liabilities, deferred inflows and fund equity (deficit)</b>	<b>\$ 1,966,821</b>	<b>\$ 552,660</b>	<b>\$ 623,094</b>	<b>\$ 367,818</b>	<b>\$ 28,517</b>	<b>\$ 370,037</b>	<b>\$ 452,175</b>	<b>\$ 43,660</b>	<b>\$ 18,349,849</b>	<b>\$ 22,754,631</b>

**TOWN OF NORTH GREENBUSH, NEW YORK**  
REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Fund Types								Memorandum Only
	General	Highway	Water	Sewer	Lighting	Ambulance	Community Development	Capital Projects	Total Primary Government December 31, 2015
Revenue									
Real property taxes	\$ 1,312,944	\$ 1,635,277	\$ 1,240,418	\$ 357,672	\$ 38,369	\$ 257,000	\$ -	\$ -	\$ 4,841,680
Real property tax items	435,676	-	-	-	-	-	-	-	435,676
Non property tax items	1,649,516	-	-	-	-	-	-	-	1,649,516
Departmental income	262,697	-	1,502,509	22,480	-	-	-	-	1,787,686
Use of money and property	23,080	-	-	-	-	-	6,456	-	29,536
Licenses and permits	138,766	6,350	-	-	-	-	-	-	145,116
Fines and forfeitures	196,414	-	-	-	-	-	-	-	196,414
Sale of property and compensation for loss	40,823	2,002	-	-	-	-	-	-	42,825
Miscellaneous local sources	181,599	51,500	61	76	-	-	-	-	233,236
State aid	406,411	116,800	-	-	-	-	-	-	523,211
Federal aid	-	-	-	-	-	-	-	11,777	11,777
Total revenue	<u>4,647,926</u>	<u>1,811,929</u>	<u>2,742,988</u>	<u>380,228</u>	<u>38,369</u>	<u>257,000</u>	<u>6,456</u>	<u>11,777</u>	<u>9,896,673</u>
Expenditures									
General governmental support	960,856	-	-	-	-	-	-	-	960,856
Public safety	1,744,432	-	-	-	-	257,000	-	-	2,001,432
Public health	8,195	-	-	-	-	-	-	-	8,195
Transportation	87,869	1,056,821	-	-	36,748	-	-	676	1,182,114
Economic assistance and opportunity	10,000	-	-	-	-	-	-	-	10,000
Culture and recreation	204,067	-	-	-	-	-	-	-	204,067
Home and community services	50,042	-	1,541,371	138,972	-	-	-	508,865	2,239,250
Employee benefits	1,033,821	353,611	74,936	47,495	-	-	-	-	1,509,863
Debt service (principal and interest)	117,916	259,132	1,215,905	131,041	-	-	-	3,740	1,727,734
Total expenditures	<u>4,217,198</u>	<u>1,669,564</u>	<u>2,832,212</u>	<u>317,508</u>	<u>36,748</u>	<u>257,000</u>	<u>-</u>	<u>513,281</u>	<u>9,843,511</u>
Excess (deficiency) of revenue over expenditures	<u>430,728</u>	<u>142,365</u>	<u>(89,224)</u>	<u>62,720</u>	<u>1,621</u>	<u>-</u>	<u>6,456</u>	<u>(501,504)</u>	<u>53,162</u>
Other financing sources (uses)									
Operating transfers in	98,095	-	-	-	-	-	-	-	98,095
Operating transfers out	-	(24,000)	(42,964)	(31,131)	-	-	-	-	(98,095)
Total other financing sources (uses)	<u>98,095</u>	<u>(24,000)</u>	<u>(42,964)</u>	<u>(31,131)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	528,823	118,365	(132,188)	31,589	1,621	-	6,456	(501,504)	53,162
Fund balance at beginning of year	<u>1,238,490</u>	<u>409,124</u>	<u>610,415</u>	<u>331,071</u>	<u>26,896</u>	<u>-</u>	<u>363,581</u>	<u>135,679</u>	<u>3,115,256</u>
Fund balance (deficit) at end of year	<u>\$ 1,767,313</u>	<u>\$ 527,489</u>	<u>\$ 478,227</u>	<u>\$ 362,660</u>	<u>\$ 28,517</u>	<u>\$ -</u>	<u>\$ 370,037</u>	<u>\$ (365,825)</u>	<u>\$ 3,168,418</u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of North Greenbush, New York (the “Town”) have been prepared in accordance with accounting principles prescribed by the New York State Office of the State Comptroller for complying with Article 3, Section 30 of the General Municipal Law in which every municipal corporation is required to make an annual financial report (Annual Update Document or “AUD”). The most significant difference between this regulatory basis of accounting and generally accepted accounting principles (“GAAP”) is that Government Accounting Standards Board (“GASB”) Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” need not be implemented to meet the requirements of General Municipal Law. GASB 34 requires significant changes including:

- Government-Wide Reporting
- Focus on Major Funds
- Changes in Budgetary Reporting
- Full Accrual Accounting Including Depreciation
- Management Discussion and Analysis
- Capitalization of Infrastructure Assets

Management has considered the costs and benefits of adopting GASB 34 and determined that preparing the financial statements utilizing another comprehensive basis of accounting as opposed to GAAP makes fiscal sense for the Town.

The Town of North Greenbush, New York, which was established in 1855 in Rensselaer County, is governed by its Town Charter, other general laws of the State of New York and various local laws. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting Council members, all elected. The Town Supervisor serves as the chief executive officer and chief fiscal officer.

The Town provides the following basic services: public safety, health services, maintenance of Town roads, recreation, home and community service, economic assistance and other general services. The accounting policies of the Town conform to the accounting principles prescribed by the New York State Office of the State Comptroller, which with some exceptions, generally conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the acceptable standards setting body for establishing accounting and financial reporting practices. The following is a summary of significant policies:

- (a) Financial Reporting Entity: The financial reporting entity consists of (a) the primary government which is the Town of North Greenbush, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 61.

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

(a) Financial Reporting Entity (Continued):

The decision to include a potential component unit in the Town reporting entity is based on several criteria set forth in GASB 61 including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town's reporting entity.

Excluded from the financial reporting entity:

North Greenbush Industrial Development Agency - This potential component unit has a separate appointed board. It is excluded from the reporting entity because the government does not have the ability to exercise influence or control their daily operations, approve budgets or provide funding.

- (b) Basis of Presentation - Fund Accounting: The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Town.

**GOVERNMENTAL FUND TYPES**

Governmental funds are those in which most governmental functions of the Town are reported. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The following are the Town's governmental fund types:

- General Fund - is the primary operating fund of the Town. It is used to account for all general financial resources except those to be accounted for in other Town funds.
- Highway Fund - established pursuant to Highway Law to account for revenues and expenditures related to highway repairs and improvements, bridges, machinery, snow removal and miscellaneous highway related items.
- Water District Fund - to account for water district revenues and expenditures.
- Sewer District Fund - to account for sewer district revenues and expenditures.
- Lighting District Fund - to account for lighting district revenues and expenditures.
- Ambulance Fund - to account for rescue squad revenues and expenditures.
- Community Development Fund - to account for the use of federal monies provided by the United States Department of Housing and Urban Development.



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

(b) *Basis of Presentation - Fund Accounting (Continued):*

GOVERNMENTAL FUND TYPES (Continued)

- Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital expenditures.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds.

ACCOUNT GROUPS

Account groups are used to establish accounting controls and accountability for general fixed assets and general long-term debt. The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

NON-CURRENT GOVERNMENTAL ASSETS GROUP

This account group is established to account for all non-current assets, including all fixed assets of the Town. The Town has not maintained an inventory of fixed assets.

NON-CURRENT GOVERNMENTAL LIABILITIES GROUP

This account group is used to record all long-term obligations of the Town, such as compensated absences and bonds.

- (c) *Basis of Accounting:* The modified accrual basis of accounting is followed by the governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable except that interest on long-term debt is not recognized as an expenditure until due.

In applying the susceptible-to-accrual concept to state and federal aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax item is sales tax which is recorded as revenue in the general fund when it is received by Rensselaer County and available for distribution to the Town. Other revenues are recorded when received in cash because they are generally not measurable until actually received.

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

(d) Budgetary Data:

General Budget Process - Prior to October 1 of each year, the Budget Officer submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications to the budget.

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

(e) Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year end are reported as reservations of fund balances since the commitments do not constitute expenditure or liabilities.

(f) Fixed Assets: Acquisition of equipment and capital facilities are appropriately recorded as expenditures in the various governmental funds of the Town. These acquisitions should also be recorded in the balance sheet in a general fixed assets account group, as required by accounting principles prescribed by the New York State Office of the State Comptroller, to account for all land, buildings, improvements and equipment utilized by the Town. The Town does not maintain a general fixed assets account group and the amount that should be recorded in this account group is not known.

(g) Compensated Absences: Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave at various rates subject to certain maximum limitations. The liability for accumulated vacation and for accumulated sick time has been recorded in the general long-term debt account group.

(h) Property Taxes: Real property tax levies are fully accrued at the beginning of the fiscal year. The current year's property taxes are levied no later than January 1 based upon the full assessed value of real property within the Town. The taxes are collected by the Town Tax Collector during the period January 1 through March 31. On March 31, settlement proceedings take place whereby the County of Rensselaer, New York becomes the tax collecting agent for the Town. All real property tax enforcement action becomes the duty of the County of Rensselaer, New York.

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

- (i) *Postemployment Benefits*: In addition to providing pension benefits, the Town also provides certain health care benefits for retired employees. Substantially all the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

Effective for the year ended December 31, 2009, Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45") requires the Town to recognize the cost of other postemployment benefits ("OPEB") in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 requires the services of an actuary to calculate current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than prior practice which recognized expense on a pay-as-you-go basis.

OPEB costs on a pay-as-you-go basis were approximately \$25,000 in 2015 for 13 retirees.

- (j) *Total Columns*: Total columns in the regulatory basis financial statements are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in accordance with accounting principles prescribed by the New York State Office of the State Comptroller, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

*Deficit Fund Balance*

The Capital Projects Fund had deficits totaling \$365,825 at December 31, 2015. This deficit is caused by allowing contracts for projects funded with bond anticipation notes. The deficit will be eliminated when serial bonds are issued.

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2015, the Town implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the Town to report as a liability its portion of the collective net pension liability in the New York State Employees' Retirement System.

**4. CASH AND INVESTMENTS**

The Town's written investment policy was adopted by the Town Board and is governed by State statutes. Town monies must be deposited in FDIC insured commercial banks or trust companies designated by the Town Board. New York State statutes and guidelines authorize the Town to invest in obligations of the U.S. Government and its agencies, certificates of deposit, repurchase agreements, and obligations of the State of New York.

**4. CASH AND INVESTMENTS (CONTINUED)**

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations issued, fully insured, or guaranteed by New York State, and obligations issued by any municipality or school district of New York State. Restrictions may apply to some of the above categories.

During 2015, cash and investments were either insured by federal depository insurance or collateralized by assets of the Town's custodial bank in the Town's name.

**5. POOLED BANK ACCOUNTS**

Separate bank accounts are not maintained for each of the Town's funds. Instead, cash is pooled and deposited in pooled bank accounts with accounting records maintained to show the portion of the balance attributable to each fund. At December 31, 2015 the Town's funds had the following book balances in the pooled bank account:

Unrestricted	
General	\$ 922,991
Highway	377,255
Sewer	364,410
Lighting	28,517
Capital Projects	440,398
Agency	43,660
Community Development	<u>53,406</u>
	<u>2,230,637</u>
Restricted	
General Fund - Greenspace	221,260
General Fund - Police Funds	8,499
Highway Fund - Traffic Mitigation	<u>151,071</u>
	<u>380,830</u>
	<u>\$ 2,611,467</u>

**6. OTHER RECEIVABLES**

Other receivables consist of the following:

**General Fund**

Time Warner Franchise Fee	\$ 57,753
Town Justices December 2015 Fines	19,285
Host Benefit Agreement S.A. Dunn	46,975
Other	<u>5,974</u>
	<u>\$ 129,987</u>

**Water Fund**

Water Re-levy	\$ 231,217
Water Rents Receivable	35,284
Unbilled Water Rents	<u>350,663</u>
	<u>\$ 617,164</u>

**7. LOAN RECEIVABLE**

Loan receivable consists of a HUD loan (originally \$350,000) payable in monthly installments of \$1,483 including interest at 2%. Future minimum payments are as follows:

2016	\$	11,575
2017		11,808
2018		12,047
2019		12,290
2020		12,538
Thereafter		<u>256,373</u>
	\$	<u><u>316,631</u></u>

**8. SHORT-TERM DEBT**

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the capital projects fund. 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.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is a summary of changes in BAN's for the year ended December 31, 2015:

BANs Outstanding , January 1, 2015	\$	500,000
BANs Issued		568,000
BANs Redeemed		<u>(250,000)</u>
BANs Outstanding, December 31, 2015	\$	<u><u>818,000</u></u>

BAN's consist of a \$250,000 BAN for the Brookside Bridge bearing interest at .88% and maturing July 22, 2016 and a \$568,000 BAN for Water District No. 3 bearing interest at .92% and maturing December 29, 2016.

**TOWN OF NORTH GREENBUSH, NEW YORK**  
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

**9. LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	<u>Balance</u> <u>January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2015</u>
Bonds Payable (Note 10)	\$ 17,084,629	\$ -	\$ 982,629	\$ 16,102,000
Lease Payable (Note 11)	-	154,312	52,697	101,615
Compensated Absences	698,466	-	47,816	650,650
Retirement System (Note 12)	205,722	-	34,287	171,435
LOSAP (Note 13)	137,468	-	137,468	-
Workers Compensation (Note 14)	251,702	-	51,744	199,958
Other Postemployment Benefits (Note 15)	412,336	412,336	-	824,672
Pension Liability - Net (Note 16)	413,539	-	114,020	299,519
	<u>\$ 19,203,862</u>	<u>\$ 566,648</u>	<u>\$ 1,420,661</u>	<u>\$ 18,349,849</u>

**10. BONDS PAYABLE**

The following is a summary and description of the serial bonds outstanding at December 31, 2015:

<u>Issue</u> <u>Date</u>	<u>Original</u> <u>Issue</u>	<u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Outstanding at</u> <u>December 31, 2015</u>
3/3/2005	\$ 689,782	11/18/2019	3.0-4.06%	\$ 200,000
3/31/1999	\$ 998,124	10/15/2018	2.78-4.905%	190,000
10/15/2002	\$ 4,481,232	10/15/2022	1.533-5.123%	1,865,000
9/1/2003	\$ 1,902,000	9/1/2022	4.4-5.0%	750,000
7/26/2001	\$ 2,788,984	11/15/2021	4.334-5.154%	955,000
5/1/1981	\$ 337,000	5/1/2018	5.0%	57,000
6/1/2009	\$ 370,000	6/1/2023	6.75%	145,000
5/23/2103	\$ 1,930,000	5/15/2025	1-2%	1,650,000
4/10/2014	\$ 10,473,629	4/1/2035	3.125-4.0%	10,290,000
				<u>\$ 16,102,000</u>

**10. BONDS PAYABLE (CONTINUED)**

Future maturities of bonds payable and the related interest expense are as follows:

	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,164,000	\$ 493,207
2017	1,204,000	464,721
2018	1,244,000	433,274
2019	1,195,000	400,464
2020	1,190,000	367,456
Thereafter	<u>10,105,000</u>	<u>2,649,003</u>
	<u>\$ 16,102,000</u>	<u>\$ 4,808,125</u>

**11. LEASE PAYABLE**

Lease payable consists of a three year lease for the purchase of a truck and plow. Future payments are as follows:

2016	\$ 52,697
2017	<u>52,697</u>
	105,394
Less: Amount Representing Interest	<u>(3,779)</u>
Balance December 31, 2015	<u>\$ 101,615</u>

**12. DUE TO RETIREMENT SYSTEM**

Due to Retirement System consists of a past service costs adjustment. Future maturities are as follows:

2016	\$ 34,287
2017	34,287
2018	34,287
2019	34,287
2020	<u>34,287</u>
	<u>\$ 171,435</u>

**13. DUE TO LENGTH OF SERVICE PLAN (“LOSAP”)**

Due to LOSAP consists of an estimate of \$137,468 of the Town’s cost to consolidate two length of service plans. The Town does not sponsor any formal LOSAP program, but did inherit a LOSAP liability when a Fire Protection District dissolved and merged with a Fire Department a few years ago. At that time the Town agreed to finalize the annuity purchases for the eligible Fire Protection District members under the old LOSAP. To do such, the Town budgeted monies to pay for the one-time purchases of annuities for those members. Those members are now enrolled in the LOSAP sponsored by the Fire Department which is managed exclusively by them. The liability was completely paid in 2015.

**14. WORKERS COMPENSATION**

The Town participates in a self-funded workers compensation insurance plan. The third party administrator for the plan provides the Town with a monthly report of claims paid as well as their estimate of loss reserves for open claims. The third party administrator does not provide an estimate of “incurred but not reported” claims. The Town has recorded the estimated loss reserves as estimated by the third party administrator of \$199,958 in the long-term debt account group.

**15. OTHER POSTEMPLOYMENT BENEFITS**

The Town provides postemployment (health insurance) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Town’s contractual agreements. The Town implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, within the required implementation time-line. This required the Town to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The Town recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund level financial statements as payments are made. For the current year and two preceding years, the Town recognized its share of insurance premiums for currently enrolled retirees the following:

2015	\$ 24,895
2014	\$ 23,718
2013	\$ 30,400

The Town has obtained an actuarial valuation report as of December 31, 2014 which indicates that the total liability for other postemployment benefits is \$824,672, which is reflected in the long-term debt account group.

**Funding Policy:** The annual contributions are established by the Town Board. Required annual insurance premiums are budgeted as approved by the Town Board.

**Annual OPEB Cost and Net OPEB Obligation:** The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation:



**15. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Annual OPEB Cost	\$ 443,336
Contributions made	<u>(31,000)</u>
Increase in net OPEB obligation	412,336
Net OPEB obligation - 1/1/2014	<u>-</u>
Net OPEB obligation - 12/31/2014	412,336
Estimate for 2015	<u>412,336</u>
Net OPEB obligation 12/31/2015	<u><u>\$ 824,672</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most current year is as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Percentage of Net OPEB Obligation</u>
12/31/2014	\$ 443,336	\$31,000	7.0%

Funded Status and Funding Progress: As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$4,711,028, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,711,028. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: 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 of benefit costs between the employer and plan members to that point. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return and an annual healthcare cost trend rate of 7.5%, reduced by decrements to an ultimate rate of 5% in 2021. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 29 years.

**16. PENSION PLANS**

***General Information***

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and New York State and Local Police and Fire Retirement System ("PFRS"). The Systems are cost sharing multiple-employer, public employee retirement systems. The Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

**Plan Description and Benefits Provided.** The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the Systems. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the Systems. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for ERS employees who joined the 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 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100% of the contributions required as follows:

	<u>ERS</u>	<u>PFRS</u>
2015	\$ 272,650	\$ 322,983
2014	\$ 283,236	\$ 270,537
2013	\$ 345,473	\$ 351,693

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ended March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ended March 31, 2011 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The Town has not bonded or amortized any portion of their retirement obligations.

**16. PENSION PLANS (CONTINUED)**

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

At December 31, 2015, the Town reported a liability of \$225,769 for ERS and \$73,750 for PFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the Town's proportion was .066683% percent ERS and .026793% PFRS.

At December 31, 2015, the Town's deferred outflows of resources related to pensions from the following sources:

	<b>Total Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 16,121
Net difference between projected and actual earnings on pension plan investments	63,973
Contributions subsequent to the measurement date	<u>595,633</u>
	<u>\$ 675,727</u>

At December 31, 2015, the Town's deferred inflows of resources related to pensions from the following sources:

	<b>Total Deferred Inflows of Resources</b>
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>\$ 52,901</u>

The net amount of the employer's balances of deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31, 2016	\$ 602,566
December 31, 2017	6,933
December 31, 2018	6,933
December 31, 2019	6,933
December 31, 2020	<u>(539)</u>
	<u>\$ 622,826</u>

**16. PENSION PLANS (CONTINUED)**

**ERS and PFRS Actuarial Assumptions.** The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were a follows:

Interest rate	7.5%
Salary increase	4.9%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period August 1, 2005 - March 31, 2010.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 for ERS and PFRS were as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55%
Private equity	11.0%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.0%
Cash	2.25%
Inflation-indexed bonds	4.0%

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.5% for ERS and PFRS. 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.

**16. PENSION PLANS (CONTINUED)**

**Sensitivity of the Proportionate Share of the Net Pension Assets/Liability to the Discount Rate Assumption**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
<b><u>ERS</u></b>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(1,504,849)</u>	\$ <u>(225,769)</u>	\$ <u>854,092</u>
<b><u>PFRS</u></b>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(981,946)</u>	\$ <u>(73,750)</u>	\$ <u>687,373</u>

**Pension Plan Fiduciary Net Position**

The components of the net pension liability of the employer as of March 31, 2015 was as follows (in thousands):

	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ (164,591,504)	\$ (28,474,417)
Fiduciary net position	<u>161,213,259</u>	<u>28,199,157</u>
Employers' net pension liability	<u>(3,378,245)</u>	<u>(275,260)</u>
Ratio of fiduciary net position to the employers' total pension liability	<u>97.9%</u>	<u>99.0%</u>

**17. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflows of resources is reduced and revenue is recognized.

Deferred inflows of resources consists of deferred revenue relating to water rents receivable.

**18. FUND BALANCES**

The Town has implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB 54 defines five categories of fund balances as follows:

- **Non-spendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town’s non-spendable fund balance consists of prepaid expenses at December 31, 2015.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance includes to following:

	<u>General Fund</u>	<u>Highway Fund</u>
Greenspace Fund	\$ 221,260	\$ -
Police Funds	8,499	-
Traffic Mitigation	-	151,071
	<u>\$ 229,759</u>	<u>\$ 151,071</u>

- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town has no committed fund balances at December 31, 2015.
- **Assigned** fund balance includes amounts that are constrained by the Town Board to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for ensuing year’s budget. Assigned fund balance includes the following:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Lighting Fund</u>
Assigned for Ensuing					
Years Budget	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Tax Stabilization	705,395	58,254	-	-	-
Repair and Replacement	-	-	-	305,276	-
Assigned for Special					
Revenue Funds	-	283,830	472,297	53,976	28,517
	<u>\$ 705,395</u>	<u>\$ 352,084</u>	<u>\$ 472,297</u>	<u>\$ 359,252</u>	<u>\$ 28,517</u>

- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

The Town Board determines whether restricted, committed, assigned or unassigned amounts are considered to have been spent first when resources are available from multiple constraint levels. The default policy is that resources are first spent from the highest constraint level.

**18. FUND BALANCES (CONTINUED)**

The Town has a fund balance policy which targets unassigned fund balance to be at least 12% and no more than 17% of expenditures. The goal is that unassigned fund balance should approximate two months expenditures. Balances in excess of 17% should be assigned for other purposes or used to stabilize property tax.

**19. TAX ABATEMENTS**

The Town enters into Payment in Lieu of Taxes (“PILOTS”) agreements with some local businesses. PILOTS are often included as part of an Industrial Development Agency (“IDA”) agreement with a commercial or industrial development for the purpose of attracting or retaining business within their jurisdictions. PILOT agreements normally provide for payments of amounts lesser than would have been collected for real estate taxes for a number of years.

For the year ended December 31, 2015, the Town recognized \$423,126 in PILOT revenue under PILOT agreements expiring through 2034. Abated property taxes amounted to \$140,271 under this program.

**20. OPERATING TRANSFERS**

The Town records the estimated cost of administrative charges to the highway, water and sewer funds. Interfund transfers arising from these transactions for the year ended December 31, 2015 were as follows:

	<b>Operating Transfer <u>In</u></b>	<b>Operating Transfer <u>Out</u></b>	
General	\$ 98,095	\$ -	
Highway	-	24,000	
Water	-	42,964	
Sewer	-	31,131	
	<u>\$ 98,095</u>	<u>\$ 98,095</u>	

**21. COMMITMENTS AND CONTINGENCIES**

*Litigation:* The Town is a defendant in lawsuits arising in the normal course of business. In the opinion of the Town, after considering all relevant facts, the ultimate losses not covered by insurance resulting from such litigation would be immaterial in relation to the regulatory basis financial statements taken as a whole.

*Self-Insurance:* The Town participates in a self-insurance plan for workers' compensation under Local Law No. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality or public entity for participation. The County of Rensselaer, New York is responsible for administration of the plan and its reserves. The Town’s contribution to the plan was \$187,438 for the year ended December 31, 2015.

**21. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Environmental Concerns: The Town is engaged in many activities (i.e., highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2015 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

Host Benefit Agreement: The Town signed a host benefit agreement with a local company in 2012. The thirty year agreement requires quarterly payments of forty cents per ton of construction and debris disposed on site. For the year ended December 31, 2015, the Town recognized \$88,822 and \$51,500 as miscellaneous revenue in the general fund and highway fund, respectively.

Water Purchase Contracts: The Town has contracts to purchase water from the City of Troy, the City of Rensselaer and the Town of East Greenbush. The contract with Troy expires in 2036 while the contract with Rensselaer and East Greenbush expired in 2004. Water purchases for the year ended December 31, 2015 were as follows:

City of Troy	\$ 784,588
City of Rensselaer	211,077
Town of East Greenbush	<u>211,077</u>
	<u>\$ 1,206,742</u>

Lease Obligations: The Town leases property and has an operating lease expiring November 30, 2018 for its Police Station. Future minimum lease payments are \$150,450 for 2016, \$158,563 for 2017 and \$147,125 for 2018.

Union Contracts: Police and highway Town employees are each represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association - DPW	December 31, 2019
North Greenbush Town Employees	December 31, 2018
Town Police	December 31, 2016

**22. SUBSEQUENT EVENTS**

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through March 22, 2016, the date the financial statements were available to be issued. No such events or transactions were identified.