

TOWN OF NORTH GREENBUSH, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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
North Greenbush, New York

Opinion

We have audited the accompanying financial statements of the governmental funds and fiduciary funds activities of the Town of North Greenbush, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of North Greenbush's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental funds and fiduciary funds activities of the Town of North Greenbush as of December 31, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of North Greenbush 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the governmental funds and fiduciary funds and do not purport to, and do not, present fairly the financial position of the Town of North Greenbush, New York as of December 31, 2022, the changes in the financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Greenbush'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 of North Greenbush's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 35-37), 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Greenbush's basic financial statements. The accompanying schedule of expenditures of federal awards on page 28, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards 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 June 27, 2023 on our consideration of the Town of North Greenbush'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 of North Greenbush's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Greenbush's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 27, 2023

TOWN OF NORTH GREENBUSH, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUND TYPES

DECEMBER 31, 2022

	Governmental Fund Types						Total Governmental Fund Type
Assets	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Sewer</u>	<u>Lighting</u>	<u>Capital Projects</u>	
Cash	\$ 4,535,469	\$ 972,367	\$ 3,372,819	\$ 636,542	\$ 19,709	\$ 365,482	\$ 9,902,388
Cash - restricted	301,445	21,600	-	-	-	-	323,045
Due from other governments	1,015,851	-	-	-	-	1,796,052	2,811,903
Other receivables	99,840	-	140,811	-	-	-	240,651
Prepaid expenditures	<u>167,931</u>	<u>14,060</u>	<u>2,190</u>	<u>1,403</u>	<u>-</u>	<u>-</u>	<u>185,584</u>
Total assets	<u>\$ 6,120,536</u>	<u>\$ 1,008,027</u>	<u>\$ 3,515,820</u>	<u>\$ 637,945</u>	<u>\$ 19,709</u>	<u>\$ 2,161,534</u>	<u>\$ 13,463,571</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 101,949	\$ 46,545	\$ 566,494	\$ 5,782	\$ 288	\$ 468,115	\$ 1,189,173
Accrued liabilities	193,816	14,942	3,738	1,844	-	-	214,340
Unearned revenue	<u>708,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,856</u>
Total liabilities	<u>1,004,621</u>	<u>61,487</u>	<u>570,232</u>	<u>7,626</u>	<u>288</u>	<u>468,115</u>	<u>2,112,369</u>
Fund Balances							
Nonspendable	167,931	14,060	2,190	1,403	-	-	185,584
Restricted	301,445	21,600	-	-	-	-	323,045
Assigned	3,750,000	570,000	2,943,398	628,916	19,421	1,693,419	9,605,154
Unassigned	<u>896,539</u>	<u>340,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237,419</u>
Total fund balances	<u>5,115,915</u>	<u>946,540</u>	<u>2,945,588</u>	<u>630,319</u>	<u>19,421</u>	<u>1,693,419</u>	<u>11,351,202</u>
Total liabilities and fund balances	<u>\$ 6,120,536</u>	<u>\$ 1,008,027</u>	<u>\$ 3,515,820</u>	<u>\$ 637,945</u>	<u>\$ 19,709</u>	<u>\$ 2,161,534</u>	<u>\$ 13,463,571</u>

TOWN OF NORTH GREENBUSH, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Governmental Fund Types							Total Governmental Fund Type
	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Sewer</u>	<u>Lighting</u>	<u>Ambulance</u>	<u>Capital Projects</u>	
Revenue								
Real property taxes	\$ 1,524,445	\$ 1,974,561	\$ 1,786,339	\$ 316,814	\$ 41,869	\$ 360,500	\$ -	\$ 6,004,528
Real property tax items	230,468	-	-	-	-	-	-	230,468
Non property tax items	2,979,955	-	-	-	-	-	-	2,979,955
Departmental income	220,965	-	1,520,764	5,333	-	-	-	1,747,062
Use of money and property	44,079	-	2,150	-	-	-	-	46,229
Licenses and permits	110,903	31,700	-	-	-	-	-	142,603
Fines and forfeitures	69,205	-	-	-	-	-	-	69,205
Sale of property and compensation for loss	32,594	-	-	-	-	-	-	32,594
Miscellaneous local sources	186,143	-	-	-	-	-	-	186,143
Interfund revenues	74,757	-	-	-	-	-	-	74,757
State aid	606,678	247,609	-	-	-	-	86,453	940,740
Federal aid	192,661	-	-	-	-	-	1,260,783	1,453,444
Total revenue	<u>6,272,853</u>	<u>2,253,870</u>	<u>3,309,253</u>	<u>322,147</u>	<u>41,869</u>	<u>360,500</u>	<u>1,347,236</u>	<u>13,907,728</u>
Expenditures								
General governmental support	1,284,989	-	43,626	31,131	-	-	-	1,359,746
Public safety	2,237,496	-	-	-	-	360,500	-	2,597,996
Public health	56,965	-	-	-	-	-	-	56,965
Transportation	103,191	1,478,245	-	-	47,123	-	1,075,979	2,704,538
Economic assistance and opportunity	10,000	-	-	-	-	-	-	10,000
Culture and recreation	234,675	-	-	-	-	-	-	234,675
Home and community services	54,339	-	1,560,618	271,162	-	-	542,779	2,428,898
Employee benefits	1,179,352	313,173	58,984	34,269	-	-	-	1,585,778
Debt service	71,820	247,994	940,534	58,432	-	-	-	1,318,780
Total expenditures	<u>5,232,827</u>	<u>2,039,412</u>	<u>2,603,762</u>	<u>394,994</u>	<u>47,123</u>	<u>360,500</u>	<u>1,618,758</u>	<u>12,297,376</u>
Excess (deficiency) of revenue	1,040,026	214,458	705,491	(72,847)	(5,254)	-	(271,522)	1,610,352
Fund balance, beginning of year	<u>4,075,889</u>	<u>732,082</u>	<u>2,240,097</u>	<u>703,166</u>	<u>24,675</u>	<u>-</u>	<u>1,964,941</u>	<u>9,740,850</u>
Fund balance, end of year	<u>\$ 5,115,915</u>	<u>\$ 946,540</u>	<u>\$ 2,945,588</u>	<u>\$ 630,319</u>	<u>\$ 19,421</u>	<u>\$ -</u>	<u>\$ 1,693,419</u>	<u>\$ 11,351,202</u>

TOWN OF NORTH GREENBUSH, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION AND CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2022

	<u>Custodial</u>
Cash	\$ <u>15,606</u>
Due to General Fund	\$ 9,566
Net Position	<u>6,040</u>
	<u>\$ 15,606</u>
Property Tax Collection for Other Governments	<u>7,713,742</u>
Total Revenue	<u>7,713,742</u>
Property Taxes Paid to County	<u>7,713,742</u>
Total Expenses	<u>7,713,742</u>
Change in Net Position	-
Net Position, Beginning of Year	<u>6,040</u>
Net Position, End of Year	<u>\$ 6,040</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of North Greenbush, New York (the “Town”), 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 basic services including public safety, health services, maintenance of Town roads, recreation, home and community service, economic assistance and other general services.

The Town has prepared its governmental funds and fiduciary fund financial statements in accordance with accounting principles generally accepted in the United States of America as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretations).

The Town does not comply with GASB Statement No. 34, which requires the Town to present the government-wide financial statements on a full accrual government-wide basis as well as the fund basis. The financial statements present only the governmental and fiduciary fund types and do not purport to, and do not present fairly the financial position or changes in financial position of the Town.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.
- 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 or other governmental units.

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, bonds, other postemployment benefit liability and the net pension liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (c) *Basis of Accounting*: The modified accrual basis of accounting is followed by the governmental 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.

- (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) *Deferred Outflows and Inflows of Resources*

In addition to assets, a separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time in the government wide financial statements. In addition, to liabilities, a separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time in the government wide financial statements. The Town deferred outflows of resources and deferred inflows of resources relating to pension and other postemployment benefits.

TOWN OF NORTH GREENBUSH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (f) 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.
- (g) 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, 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.
- (h) 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.
- (i) 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.
- (j) 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, 2021, Governmental Accounting Standards Board Statement No. 75 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 75") 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 75 requires the services of an actuary to calculate current OPEB costs. 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 \$31,000 in 2022 for 19 retirees.

TOWN OF NORTH GREENBUSH, NEW YORK*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*DECEMBER 31, 2022

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Expenditures exceeded appropriations as follows:

General Fund	
General government support	\$ 16,863
Public safety	\$ 6,145
Public health	\$ 47,634
Transportation	\$ 4,400
Highway Fund	
Debt Service	\$ 65,694

Expenditures exceeded appropriation as a result of expenditures incurred without budgetary approval.

3. 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.

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 2022, 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.

4. 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, 2022 the Town's funds had the following book balances in the pooled bank account:

Unrestricted	
General	\$ 4,535,469
Highway	972,367
Water	3,372,819
Sewer	636,542
Lighting	19,709
Capital Projects	365,482
Custodial	6,040
	<u>9,908,428</u>
Restricted	
General Fund - Greenspace	274,669
General Fund - Police Funds	26,776
Highway Fund - Traffic Mitigation	21,600
	<u>323,045</u>
	<u>\$ 10,231,473</u>

TOWN OF NORTH GREENBUSH, NEW YORK*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

DECEMBER 31, 2022

5. RECEIVABLES

Due from other governments consist of the following:

General Fund

Sales Tax	\$ 1,015,851
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Capital Projects

New York State - Route 4 Project	\$ 1,674,743
EFC - Water Improvement Project	121,309
	<u>\$ 1,796,052</u>

Other receivables consist of the following:

General Fund

Charter Communications Franchise Fee	\$ 65,725
Town Justices December 2022 Fines	5,721
Host Benefit Agreement S.A. Dunn	18,828
Interest and Penalties - Tax Receiver	9,566
	<u>\$ 99,840</u>

Water Fund

Water Relevy	\$ 140,811
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6. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	<u>Balance</u> <u>January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2022</u>
Bonds Payable (Note 7)	\$ 9,719,671	\$ -	\$ 1,054,671	\$ 8,665,000
Lease Payable (Note 8)	294,261	-	150,941	143,320
Compensated Absences	677,408	110,038	-	787,446
Due to City of Rensselaer (Note 9)	179,474	-	7,179	172,295
Workers Compensation (Note 10)	343,314	-	169,364	173,950
Other Postemployment Benefits (Note 11)	8,740,009	1,099,687	-	9,839,696
Pension Liability - Net (Note 12)	629,785	-	399,253	230,532
	<u>\$ 20,583,922</u>	<u>\$ 1,209,725</u>	<u>\$ 1,781,408</u>	<u>\$ 20,012,239</u>

TOWN OF NORTH GREENBUSH, NEW YORK**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2022****7. BONDS PAYABLE**

The following is a summary and description of the serial bonds outstanding at December 31, 2022:

<u>Issue Date</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Outstanding at December 31, 2022</u>
6/1/2009	\$ 370,000	6/1/2023	6.75%	\$ 20,000
2/17/21	\$ 7,900,000	4/1/35	1%-4%	7,280,000
3/4/21	\$ 1,444,671	3/1/36	1.17%	1,365,000
				<u>\$ 8,665,000</u>

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

	<u>Principal</u>	<u>Interest</u>
2023	\$ 690,000	\$ 227,607
2024	695,000	204,879
2025	720,000	179,126
2026	560,000	156,072
2027	585,000	135,790
2028-2032	3,220,000	377,109
2033-2036	2,195,000	63,578
	<u>\$ 8,665,000</u>	<u>\$ 1,344,161</u>

8. LEASE PAYABLE

The Town leases its police station under a lease which expires December 31, 2023.

9. DUE TO CITY OF RENSSELAER

In accordance with an inter-municipal cooperation agreement, the Town will reimburse the City of Rensselaer for water line expenditures within the Town in the amount of \$7,179 annually for thirty years, maturing in 2046.

10. WORKERS' COMPENSATION

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 \$134,956 for the year ended December 31, 2022.

The third party administrator provides an estimate of claims payable. At December 31, 2022, \$173,950 has been reflected in the non-current governmental liabilities account group for workers' compensation payable.

11. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)**Plan Description**

GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefits. The postemployment benefit liability is recognized on the Statement of Net Position over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Town provides postemployment healthcare benefits for certain eligible retirees.

Employees Covered by Benefit Terms

As of January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Active employees	<u>51</u>
Total participants covered by OPEB Plan	<u><u>70</u></u>

Total OPEB Liability

The Town’s total OPEB liability of \$9,839,696 at December 31, 2022 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Discount Rate	3.72%
Healthcare Cost Trend Rates:	
Current Year Trend	9.64%
Second Year Trend (Pre 65/Post 65)	7.50/4.54%
Ultimate Trend	4.84%
Year Ultimate Trend is Reached (Pre 65/Post 65)	2090/223
Salary Increases	3.5%

TOWN OF NORTH GREENBUSH, NEW YORK**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)(CONTINUED)

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of December 31, 2022.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2021 (Base Year 2006).

Changes in the Total OPEB Liability

OPEB Liability Beginning of Year	\$ 8,740,009
Changes for the Year:	
Service Cost	546,760
Interest	358,328
Assumption Changes	(2,707,599)
Difference Between Actual and Expected Expenses	3,204,395
Benefit Payments	<u>(302,197)</u>
OPEB Liability End of Year	<u>\$ 9,839,696</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Town’s total OPEB Liability calculated using a discount rate of 3.72%, as well as what the Town’s total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 11,336,617</u>	<u>\$ 9,839,696</u>	<u>\$ 8,624,575</u>

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

The following presents the Town’s total OPEB Liability calculated using the trend rate of 9.64%, as well as what the Town’s total OPEB Liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Healthcare Cost Trend Rate</u>		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 8,317,580</u>	<u>\$ 9,839,696</u>	<u>\$ 11,806,017</u>

TOWN OF NORTH GREENBUSH, NEW YORK*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

DECEMBER 31, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)**OPEB Expense**

For the year ended December 31, 2022, the Town recognized an OPEB expense as follows:

	<u>2022</u>
Service Cost	\$ 546,760
Interest	358,328
Amortization of Deferred Charges:	
Difference Between Expected and Actual Expenses	459,175
Changes of Assumptions or Other Inputs	<u>5,513</u>
Net OPEB Expense	<u>\$ 1,369,776</u>
Covered Payroll	<u>\$ 2,928,686</u>

At December 31, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,899,012	\$ -
Change in assumptions	<u>2,948,545</u>	<u>(2,410,387)</u>
	<u>\$ 6,847,557</u>	<u>\$ (2,410,387)</u>

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

December 31, 2023	\$ 464,688
December 31, 2024	464,688
December 31, 2025	464,688
December 31, 2026	688,819
December 31, 2027	410,155
Thereafter	<u>1,944,132</u>
	<u>\$ 4,437,170</u>

12. 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>
2022	\$ 194,456	\$ 368,758
2021	\$ 259,353	\$ 368,774
2020	\$ 235,876	\$ 348,510

Chapter 260 of the laws of 2004 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.

TOWN OF NORTH GREENBUSH, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

12. Pension Plans (Continued)

At December 31, 2022, the Town reported an asset of \$445,950 for ERS and a liability of \$(230,532) for PFRS for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2022, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset/liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022, the Town's proportion was .0055% ERS and .0406% PFRS.

At December 31, 2022, the Town's deferred outflows and inflows of resources related to pensions are from the following sources:

	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 158,053	\$ (43,805)
Changes in assumptions	2,124,023	(12,558)
Net difference between projected and actual earnings on pension plan investments	-	(3,397,369)
Changes in proportion	167,768	(158,751)
Contributions subsequent to the measurement date	422,411	-
	<u>\$ 2,872,255</u>	<u>\$ (3,612,483)</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, 2023	\$ 223,647
December 31, 2024	(313,783)
December 31, 2025	(832,810)
December 31, 2026	172,874
December 31, 2027	9,844
	<u>\$ (740,228)</u>

ERS and PFRS Actuarial Assumptions. The total pension asset/liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset/liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions.

	<u>ERS</u>	<u>PFRS</u>
Interest rate	5.9%	5.9%
Salary increase	4.4%	6.2%
Inflation rate	2.7%	2.7%
Cost of living adjustments	1.4%	1.4%

12. PENSION PLANS (CONTINUED)

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 for ERS and PFRS were as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	3.30%
International equity	5.85%
Private equity	6.50%
Real estate	5.00%
Opportunistic portfolio	4.10%
Real assets	3.78%
Cash	(1.00%)

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% 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.

12. 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 6.8%, 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% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<u>ERS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(1,147,870)</u>	\$ <u>445,950</u>	\$ <u>1,779,103</u>
<u>PFRS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(2,564,311)</u>	\$ <u>(230,532)</u>	\$ <u>1,701,218</u>

Pension Plan Fiduciary Net Position

The components of the net pension liability of the employer as of March 31, 2022 was as follows (in thousands):

	<u>ERS</u>	<u>PFRS</u>
Total pension liability	\$ (223,874,888)	\$ (42,237,292)
Plan fiduciary net position	<u>232,049,473</u>	<u>41,669,250</u>
Employers' net pension liability	<u>8,174,585</u>	<u>(568,042)</u>
Ratio of fiduciary net position to the employers' total pension asset/liability	<u>103.65%</u>	<u>98.66%</u>

13. 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 expenditures at December 31, 2022.

13. FUND BALANCES (CONTINUED)

GASB 54 defines five categories of fund balances as follows (continued):

- **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 the following:

	<u>General Fund</u>	<u>Highway Fund</u>
Greenspace Fund	\$ 274,669	\$ -
Police Funds	26,776	-
Traffic Mitigation	-	21,600
	<u>\$ 301,445</u>	<u>\$ 21,600</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, 2022.
- **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. Assigned fund balance includes the following:

	<u>General Fund</u>	<u>Highway Fund</u>
Tax Stabilization	\$ 3,050,000	\$ 470,000
Other Postemployment Benefits	700,000	100,000
	<u>\$ 3,750,000</u>	<u>\$ 570,000</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.

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% are normally assigned to stabilize property tax or for other postemployment benefits.

14. 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, 2022, the Town recognized \$220,902 in PILOT revenue under PILOT agreements expiring through 2033. Abated property taxes amounted to \$200,000 under this program.

15. INTERFUND REVENUES AND ADMINISTRATIVE CHARGES

The Town records the estimated cost of administrative charges to the highway, water and sewer funds. Interfund revenues and charges arising from these transactions for the year ended December 31, 2022 were as follows:

	<u>Interfund Revenue</u>	<u>Administrative Charge</u>
General	\$ 74,757	\$ -
Water	-	43,626
Sewer	-	31,131
	<u>\$ 74,757</u>	<u>\$ 74,757</u>

16. 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 financial statements taken as a whole.

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, 2022, 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, 2022, the Town recognized \$79,832 as miscellaneous revenue in the general fund.

TOWN OF NORTH GREENBUSH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, but continue to be honored. Water purchases for the year ended December 31, 2022 were as follows:

City of Troy	\$ 812,372
City of Rensselaer	199,982
Town of East Greenbush	199,982
	<u>\$ 1,212,336</u>

Union Contracts: Police, Highway and 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, 2025
North Greenbush Town Employees	December 31, 2024
Town Police	December 31, 2025

Capital Projects: The Town has \$8.7 million in state and federal funding for a \$10.7 million project to improve Route 4 safety which was substantially completed at December 31, 2022. Additionally, the Town has \$2.2 million grant from NYS Environmental Facilities Corporation for a \$4.3 million Town-wide drinking water improvement project along Route 43 of which approximately 38% was completed at December 31, 2022.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 27, 2023, the date the financial statements were available to be issued. No such events or transactions were identified.

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of North Greenbush, New York (the "Town"), as of and for the year ended December 31, 2022, and the related statement of revenues, expenditures and change in fund balances, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying schedule of current audit findings as items 2022-01, 2022-02, 2022-03 and 2022-04, that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 27, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of North Greenbush, New York's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2022. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 27, 2023

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed Through the New York State Department of Transportation (Contract D035822)			
Highway Planning and Construction	20.205	\$ -	\$ 860,783
<u>U.S. Department of Treasury</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	-	547,140
<u>U.S. Department of Homeland Security</u>			
Disaster Grants	97.036	-	45,521
Total Federal Awards		\$ -	\$ 1,453,444

- (1) The schedule of expenditures of federal awards was prepared on the accrual basis of accounting.
- (2) The Town did not elect to use the 10% de minimus indirect cost rate. Administrative rates are established by the grant.
- (3) There were no subrecipients in 2022.
- (4) There were no loans or loan guarantees in 2022.

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? X yes _____ None reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ yes X no

Identification of major program.

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

See attached for current audit findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.

SECTION IV - RESOLUTION OF PRIOR YEAR AUDIT FINDINGS

No findings or matters were reported.

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

2022-01 Month End and Year End Reconciliations

Criteria: For management to make informed decisions, the internal financial statements need to be accurate and timely. Other than cash, there were no reconciliation procedures performed for balance sheet accounts during the year the cash reconciliation was flawed.

We noted the following:

A) Cash (All Funds)

Need a comprehensive cash reconciliation process. The December 31, 2022 reconciliation has:

- an unreconciled amount of \$7,643.59.
- unrecorded interest income of \$9,928.33.
- a payroll outstanding check list for which the detail was not maintained.
- an accounts payable outstanding check list that is inaccurate as it is missing at least two outstanding checks that we identified.

B) Accounts Receivable/Due from Other Governments (All Funds)

There are no procedures to adjust receivables to the proper balance at year end. We made adjustments of \$(2,088.83) to accounts receivable and \$190,850.58 to due from other governments in the general fund, \$(19,502.19) to accounts receivable in the water fund and \$(1,796,662) to due from other governments in the capital projects fund.

C) Prepaid Expenses (All Funds)

There are no procedures to properly adjust prepaid expenses at year end. We made adjustments of \$48,683 to prepaid retirement and \$44,780 to prepaid health insurance.

D) Accounts Payable (All Funds)

There are no procedures to reconcile and adjust payables to the proper balance at year end. The system does not produce a report of accounts payable outstanding at year end. Extensive analysis must be done to determine what accounts payable is recorded and what accounts payable needs to be reported. As a result of these procedures we identified \$92,104 in additional accounts payable that had not been accrued in the operating funds and \$430,280 in the capital projects fund.

E) Accrued Payroll (All Funds)

There are no procedures to calculate and adjust accrued payroll at year end. We made an adjustment of (\$12,173) to adjust accrued payroll in the operating funds.

F) Deferred Revenue (General Fund)

There are no procedures to reconcile and adjust deferred revenue at year end. The deferred revenue account consists wholly of America Rescue funds. These funds were improperly recorded in the agency fund which required an adjustment of \$(627,998) to move the funds from the agency fund to the general fund. An additional adjustment of \$547,140 was required to recognize the revenue earned on those funds in 2022.

G) Fund Balances (All Funds)

There are no procedures to calculate and adjust the various fund balance accounts. We made several significant adjustments to fund balance.

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

H) Real Estate Tax (Water and Sewer Fund)

It appears that a portion of real estate tax revenue is being posted to departmental revenue in error. We made an adjustment of \$(557,534) in the water fund and \$(25,079) in the sewer fund to properly reflect real estate tax revenue.

I) Interest and Penalties on Real Estate Taxes (General Fund)

It appears that the Tax Receiver is not remitting interest and penalties on real estate taxes as collected each month, but remitted these amounts in January 2023. As a result we made an adjustment of \$9,566 to reflect the receivable.

J) Interfund Revenues and Administrative Charge (General, Water and Sewer Funds)

The interfund revenue and related administrative charges were not recorded. As a result we recorded \$74,757 revenue in the general fund and \$74,757 in expense in the water and sewer funds.

K) Debt Service Expense (Highway, Water and Sewer Funds)

It appears that the portion of the Greene County Commercial Bank bond that applies to the highway fund is being posted to the water fund. We made adjustments for this and other minor reclassification differences.

L) Road Improvements (Highway Fund)

All road paving is currently posted to account 51104 Street Maintenance - Contractual. Road paving costs should be posted to account 51124 Road Improvements. Although it makes no difference for our audit, the State Comptroller has this as a finding on the AUD if there has been CHIPs revenue recognized. As a result, we made an adjustment for \$261,422.

Condition: As a result, we made a significant number of proposed adjusting entries which had a significant income effect (General Fund \$316,939, Highway Fund \$(34,445), Water Fund \$(138,132), Sewer Fund \$(28,177) and Capital Project Fund \$569,268).

Cause: An inadequate general ledger system and turnover in the Town Comptroller's position.

Effect: Monthly and year end internal financial statements were not materially accurate.

Recommendation: Our prior year recommendation that the Town acquire a new general ledger system is being implemented and is expected to be operating in the fall/winter. Additionally, we recommend that management develop and implement monthly reconciliation procedures for all balance sheet accounts.

2022-02 Budgetary Control

Criteria: Town Law §117, provides that no expenditure shall be made nor any contract involving the expenditure of money or the incurring of any monthly liability be entered into unless an amount has been appropriated for the particular purpose is available.

Condition: In the general fund, 19 of 54 budgetary line items were overexpended by approximately \$243,000 in total.

Cause: No procedure was employed to monitor and appropriately amend the budget.

Effect: Town Law §117 was violated.

Recommendation: We recommend that management develop and implement procedures to amend the budget as needed during the year on a timely basis.

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

2022-03 Security of Deposits

Criteria: General Municipal Law §10 requires that all public deposits in excess of the amounts insured under the provisions of the FDIC be secured.

Condition: At December 31, 2022, deposits with one bank of \$3,176,707 had FDIC coverage of \$500,000 and collateral of \$2,359,984 resulting in unsecured cash of \$316,723.

Cause: No procedures to monitor collateral on a monthly basis were in place.

Effect: General Municipal Law §10 was violated.

Recommendation: We recommend that management develop and implement procedures to document and monitor the adequacy of collateral.

2022-04 Estimated Water Bills

Criteria: The Town should have procedures to insure it is getting what it pays for.

Condition: Two water bills submitted for payment for 2022 totaling \$812,372 were based on estimated meter readings as the meters were inoperative.

Cause: Although the meters have been inoperative for some time they were not replaced.

Effect: The Town may be over or under paying for the actual water usage.

Recommendation: The meters should be replaced immediately so that accurate meter readings of the Town's usage are available.



**Town of North Greenbush
Michael Chaires Sr. Comptroller
2 Douglas Street
Wynantskill, New York 12198
Tel: (518) 283-3525 Ext.19
Fax: (518) 421-6177**

To: Ken Claflin CPA/Cusack & Company
From: Michael Chaires Sr.
Date: June 28, 2023
Subject: Corrective Action Plan

Ken,

Please see the Town of North Greenbush, Corrective Action Plan, for the Schedule of Findings and Questioned Costs.

- 2022-01 Month End and Year End Reconciliations
 - A) **Cash (All Funds)**-The current system (MTX Enhanced Fund Accounting) did not reconcile the bank and book balances properly to ensure that bank balances and book balances agree. The Town is currently in the process of implementing a new financial management system which will provide the capability to complete a proper monthly reconciliation of the bank and book balances.
 - B) **Accounts Receivable/Due From Other Governments (All Funds)**- The current financial management system was equipped with the accounts receivable function, however, that function was not purchased and therefore inoperable. The new system, NetSuite, is equipped with the A/R functionality and will be operational at the estimated live date of October 1, 2023.
 - C) **Prepaid Expenses (All Funds)**- Develop procedures to reconcile prepaid expenses.
 - a. Print the details for prepaid expenses.
 - b. Match the line items to supporting detail to the prepaid expenses' amortization spreadsheet. The spreadsheet will contain the original amount, amortization period and monthly expense for each prepaid expense.
 - c. At the end of the month, create and adjust entry to amortize the appropriate expense.
 - d. Once amortizations are complete, verify the total balance matches the balance in the prepaid expense account. If not, reconcile and adjust as necessary.
 - D) **Accounts Payable (All Funds)**- The new financial management system will be equipped with the A/P functionality and be operational on the estimated live date of October 1, 2023.
 - E) **Accrued Payroll- (All Funds)**-To be addressed in the A/P function of the new system, which will generate a year end AP with reporting on accrued payroll.
 - F) **Deferred Revenue (General Fund)**- To properly account for deferred revenue in the future, journal entries to receive deferred revenue and to recognize the revenue has met recognition criteria will be completed according to GAAP. The NYS Comptroller provided guidance on the proper accounting for the ARPA funds, however the previous Town Comptroller may not have been aware of this guidance.
 - G) **Fund Balances (All Funds)**- The fund balances for all funds will be calculated using the accounting procedures provided by the NYS Comptroller. Worksheets, electronic or hard copies will be retained to provide the external auditor with a road map to follow to adjust if necessary.
 - H) **Real Estate Tax (Water/Sewer Funds)** Review posting of real estate tax revenue to ensure the revenue is posted to proper funds. Upon the town being made whole by the Receiver of Taxes, identify and confirm the revenue allocated to each fund as appropriate.
 - I) **Interest and Penalties on Real Estate Taxes (General Fund)** Notify the new Receiver of Taxes that interest and penalties must be submitted to the town monthly.
 - J) **Interfund Revenues and Administrative Charge (General, Water and Sewer Funds)** Review the current process for posting interfund revenues to determine the area for improvement.

Develop and provide procedures to the finance directors to ensure the postings are completed correctly.

- K) **Debt Service Expense (Highway, Water and Sewer Funds)** Review posting for debt and provide guidance to the finance directors as needed if questions arise.
- L) **Road Improvements (Highway Fund)** Create coding guidance for road improvements; ensure that road paving is accounted for in account 5112.0 Permanent Improvements (OSC). New financial management system implementation date scheduled for October 1, 2023.

2022-02 Budgetary Control

- General Fund-19 of 54 budgetary line items were over expended by approximately \$234,000 in total.
- Corrective Action Plan-NetSuite, financial management system, equipped with a warning system threshold (i.e. 2%) when the expenditure approaches the limit of the budgeted appropriation; the user will be notified when entering the transaction.

Michael Chaires Sr.

Comptroller

Town of North Greenbush
(518) 283-3525 Ext. 19
mchaires@northgreenbush.org

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue				
Real property taxes	\$ 1,524,445	\$ 1,524,445	\$ 1,524,445	\$ -
Real property tax items	239,762	239,762	230,468	(9,294)
Non property tax items	2,325,389	2,325,389	2,979,955	654,566
Departmental income	167,180	167,180	220,965	53,785
Use of money and property	24,300	24,300	44,079	19,779
Licenses and permits	126,100	126,100	110,903	(15,197)
Fines and forfeitures	169,500	169,500	69,205	(100,295)
Sale of property and compensation for loss	6,000	6,000	32,594	26,594
Miscellaneous local sources	70,273	70,273	81,594	11,321
Interfund revenues	74,757	74,757	74,757	-
State aid *	536,447	536,447	711,227	174,780
Federal aid	-	-	192,661	192,661
Total revenue	<u>5,264,153</u>	<u>5,264,153</u>	<u>6,272,853</u>	<u>1,008,700</u>
Expenditures				
General governmental support	1,268,126	1,268,126	1,284,989	(16,863)
Public safety	2,231,351	2,231,351	2,237,496	(6,145)
Public health	9,331	9,331	56,965	(47,634)
Transportation	98,791	98,791	103,191	(4,400)
Economic assistance and opportunity	10,000	10,000	10,000	-
Culture and recreation	275,524	275,524	234,675	40,849
Home and community services	64,808	64,808	54,339	10,469
Employee benefits	1,201,902	1,201,902	1,179,352	22,550
Debt service (principal and interest)	104,320	104,320	71,820	32,500
Total expenditures	<u>5,264,153</u>	<u>5,264,153</u>	<u>5,232,827</u>	<u>31,326</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,026</u>	<u>\$ 1,040,026</u>

* For budget purposes reclass actual reported amounts by \$104,549 from miscellaneous to state aid.

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue				
Real property taxes	\$ 1,974,561	\$ 1,974,561	\$ 1,974,561	\$ -
Use of money and property	1,000	1,000	-	(1,000)
Licenses and permits	6,000	6,000	31,700	25,700
Sale of property and compensation for loss	3,000	3,000	-	(3,000)
State aid	<u>145,550</u>	<u>145,550</u>	<u>247,609</u>	<u>102,059</u>
Total revenue	<u>2,130,111</u>	<u>2,130,111</u>	<u>2,253,870</u>	<u>123,759</u>
Expenditures				
Transportation	1,513,595	1,513,595	1,478,245	35,350
Employee benefits	434,166	434,166	313,173	120,993
Debt service	<u>182,300</u>	<u>182,300</u>	<u>247,994</u>	<u>(65,694)</u>
Total expenditures	<u>2,130,061</u>	<u>2,130,061</u>	<u>2,039,412</u>	<u>90,649</u>
Excess of revenue over expenditures	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 214,458</u>	<u>\$ 214,408</u>

TOWN OF NORTH GREENBUSH, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue				
Real property taxes	\$ 1,228,311	\$ 1,228,311	\$ 1,786,339	\$ 558,028
Departmental income	1,877,956	1,877,956	1,520,764	(357,192)
Use of money and property	-	-	2,150	2,150
State Aid	<u>1,753</u>	<u>1,753</u>	<u>-</u>	<u>(1,753)</u>
Total revenue	<u>3,108,020</u>	<u>3,108,020</u>	<u>3,309,253</u>	<u>201,233</u>
Expenditures				
General governmental support	43,626	43,626	43,626	-
Home and community services	1,843,776	1,843,776	1,560,618	283,158
Employee benefits	87,381	87,381	58,984	28,397
Debt service	<u>1,228,311</u>	<u>1,228,311</u>	<u>940,534</u>	<u>287,777</u>
Total expenditures	<u>3,203,094</u>	<u>3,203,094</u>	<u>2,603,762</u>	<u>599,332</u>
Other Financial Uses				
Operating Transfer	<u>(43,626)</u>	<u>(43,626)</u>	<u>-</u>	<u>43,626</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (138,700)</u>	<u>\$ (138,700)</u>	<u>\$ 705,491</u>	<u>\$ 844,191</u>