

TOWN OF NORTH GREENBUSH, NEW YORK
REGULATORY BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2016

TOWN OF NORTH GREENBUSH, NEW YORK

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying regulatory basis financial statements of the governmental activities of the Town of North Greenbush, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic regulatory basis financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the regulatory basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Basis of Qualified Accountant's Conclusion

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

Accountant's Conclusion

Based on our review, except as discussed in the previous paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the regulatory basis of accounting.

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
March 7, 2017

TOWN OF NORTH GREENBUSH, NEW YORK

REGULATORY BASIS BALANCE SHEETS

DECEMBER 31, 2016

Assets	Governmental Fund Types							Fiduciary	Memorandum Only	
	General	Highway	Water	Sewer	Lighting	Community Development	Capital Projects	Fund Type	Account Group	Total Primary Government
								Agency	Non-Current Liabilities	December 31, 2016
Cash	\$ 282,010	\$ 201,807	\$ 71,834	\$ 418,531	\$ 29,483	\$ 72,181	\$ 447,842	\$ 38,059	\$ -	\$ 1,561,747
Cash - restricted	1,307,745	209,325	-	-	-	-	-	-	-	1,517,070
Due from other governments	490,000	125,849	-	-	-	-	-	-	-	615,849
Prepaid expenditures	106,060	22,136	5,166	2,902	-	-	-	-	-	136,264
Other receivables	132,101	11,579	642,692	-	-	-	-	-	-	786,372
Loan receivable	-	-	-	-	-	304,081	-	-	-	304,081
Provisions to be made in future budgets	-	-	-	-	-	-	-	-	19,677,998	19,677,998
Total assets	\$ 2,317,916	\$ 570,696	\$ 719,692	\$ 421,433	\$ 29,483	\$ 376,262	\$ 447,842	\$ 38,059	\$ 19,677,998	\$ 24,599,381
Liabilities, Deferred Inflows and Fund Equity										
Liabilities										
Accounts payable	\$ 50,776	\$ 9,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,830
Accrued liabilities	80,274	26,559	6,400	3,710	-	-	-	38,059	-	155,002
Due to other governments	6,987	-	-	-	-	-	-	-	394,756	401,743
Due to retirement system	-	-	-	-	-	-	-	-	137,148	137,148
Compensated absences	-	-	-	-	-	-	-	-	623,279	623,279
OPEB payable	-	-	-	-	-	-	-	-	1,237,008	1,237,008
Pension liability - net	-	-	-	-	-	-	-	-	1,978,615	1,978,615
Lease payable	-	-	-	-	-	-	-	-	51,428	51,428
BAN payable	-	-	-	-	-	-	568,000	-	-	568,000
Bonds payable	-	-	-	-	-	-	-	-	14,938,000	14,938,000
Total liabilities	138,037	35,613	6,400	3,710	-	-	568,000	38,059	19,360,234	20,150,053
Deferred inflows of resources deferred revenue and deferred inflows - pension	-	-	-	-	-	304,081	-	-	317,764	621,845
Fund Equity (Deficit)										
Fund balances										
Nonspendable	106,060	22,136	5,166	2,902	-	-	-	-	-	136,264
Restricted	1,307,745	209,325	-	-	-	-	-	-	-	1,517,070
Assigned	-	303,622	708,126	414,821	29,483	72,181	-	-	-	1,528,233
Unassigned (deficit)	766,074	-	-	-	-	-	(120,158)	-	-	645,916
Total fund equity (deficit)	2,179,879	535,083	713,292	417,723	29,483	72,181	(120,158)	-	-	3,827,483
Total liabilities, deferred inflows and fund equity (deficit)	\$ 2,317,916	\$ 570,696	\$ 719,692	\$ 421,433	\$ 29,483	\$ 376,262	\$ 447,842	\$ 38,059	\$ 19,677,998	\$ 24,599,381

TOWN OF NORTH GREENBUSH, NEW YORK
REGULATORY BASIS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Fund Types								Memorandum Only
	General	Highway	Water	Sewer	Lighting	Ambulance	Community Development	Capital Projects	Total Primary Government December 31, 2016
Revenue									
Real property taxes	\$ 1,352,980	\$ 1,676,830	\$ 1,290,897	\$ 388,768	\$ 38,369	\$ 270,001	\$ -	\$ -	\$ 5,017,845
Real property tax items	436,383	-	-	-	-	-	-	-	436,383
Non property tax items	1,690,985	-	-	-	-	-	-	-	1,690,985
Departmental income	236,180	-	1,851,175	4,225	-	-	-	-	2,091,580
Use of money and property	27,448	-	-	-	-	-	6,225	-	33,673
Licenses and permits	120,616	6,300	-	-	-	-	-	-	126,916
Fines and forfeitures	181,958	-	-	-	-	-	-	-	181,958
Sale of property and compensation for loss	5,951	872	-	-	-	-	-	-	6,823
Miscellaneous local sources	141,971	48,693	-	-	-	-	-	8,424	199,088
State aid	465,824	125,849	-	-	-	-	-	-	591,673
Federal aid	-	-	-	-	-	-	-	98,795	98,795
Total revenue	<u>4,660,296</u>	<u>1,858,544</u>	<u>3,142,072</u>	<u>392,993</u>	<u>38,369</u>	<u>270,001</u>	<u>6,225</u>	<u>107,219</u>	<u>10,475,719</u>
Expenditures									
General governmental support	985,787	-	-	-	-	-	-	-	985,787
Public safety	1,799,964	-	-	-	-	270,001	-	107,219	2,177,184
Public health	8,227	-	-	-	-	-	-	-	8,227
Transportation	90,933	1,144,042	-	-	37,403	-	-	1,800	1,274,178
Economic assistance and opportunity	10,000	-	-	-	-	-	-	-	10,000
Culture and recreation	239,274	-	-	-	-	-	-	-	239,274
Home and community services	48,105	-	1,585,335	137,172	-	-	-	2,534	1,773,146
Employee benefits	907,065	323,466	60,817	44,586	-	-	-	-	1,335,934
Debt service (principal and interest)	106,470	509,442	1,217,891	125,041	-	-	-	-	1,958,844
Total expenditures	<u>4,195,825</u>	<u>1,976,950</u>	<u>2,864,043</u>	<u>306,799</u>	<u>37,403</u>	<u>270,001</u>	<u>-</u>	<u>111,553</u>	<u>9,762,574</u>
Excess (deficiency) of revenue over expenditures	<u>464,471</u>	<u>(118,406)</u>	<u>278,029</u>	<u>86,194</u>	<u>966</u>	<u>-</u>	<u>6,225</u>	<u>(4,334)</u>	<u>713,145</u>
Other financing sources (uses)									
Operating transfers in	98,095	150,000	-	-	-	-	-	-	248,095
Operating transfers out	(19,000)	(24,000)	(42,964)	(31,131)	-	-	-	-	(248,095)
BANS redeemed	-	-	-	-	-	-	-	250,000	250,000
Total other financing sources (uses)	<u>(1,905)</u>	<u>126,000</u>	<u>(42,964)</u>	<u>(31,131)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Excess of revenue and other sources over expenditures and other uses	412,566	7,594	235,065	55,063	966	-	6,225	245,666	963,145
Fund balance, beginning 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>65,956</u>	<u>(365,824)</u>	<u>2,864,338</u>
Fund balance (deficit), end of year	<u>\$ 2,179,879</u>	<u>\$ 535,083</u>	<u>\$ 713,292</u>	<u>\$ 417,723</u>	<u>\$ 29,483</u>	<u>\$ -</u>	<u>\$ 72,181</u>	<u>\$ (120,158)</u>	<u>\$ 3,827,483</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 \$45,000 in 2016 for 15 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 \$120,158 at December 31, 2016. 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. 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 2016, 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, 2016 the Town's funds had the following book balances in the pooled bank account:

Unrestricted	
General	\$ 282,010
Highway	201,807
Water	71,834
Sewer	418,531
Lighting	29,483
Capital Projects	447,842
Agency	38,059
Community Development	72,181
	<u>1,561,747</u>
Restricted	
General Fund - Tax Stabilization	1,104,927
General Fund - Greenspace	202,680
General Fund - Police Funds	138
Highway Fund - Tax Stabilization	58,254
Highway Fund - Traffic Mitigation	151,071
	<u>1,517,070</u>
	<u>\$ 3,078,817</u>

5. OTHER RECEIVABLES

Other receivables consist of the following:

General Fund

Time Warner Franchise Fee	\$ 65,221
Town Justices December 2016 Fines	17,781
Host Benefit Agreement S.A. Dunn	30,956
Other	18,143
	<u>\$ 132,101</u>

Highway Fund

Host Benefit Agreement S.A. Dunn	<u>\$ 11,579</u>
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Water Fund

Water Relevy	\$ 192,599
Water Rents Receivable	450,093
	<u>\$ 642,692</u>

6. 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:

2017	\$	11,808
2018		12,047
2019		12,290
2020		12,538
2021		12,791
Thereafter		<u>242,607</u>
	\$	<u><u>304,081</u></u>

7. 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, 2016:

BANs Outstanding , January 1, 2016	\$	818,000
BANs Redeemed		<u>(250,000)</u>
BANs Outstanding, December 31, 2016		<u><u>\$ 568,000</u></u>

BAN's at December 31, 2016 consist of a \$568,000 BAN for Water District No. 3, bearing interest at .92% and maturing January 4, 2017.

TOWN OF NORTH GREENBUSH, NEW YORK
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

8. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities for the year ended December 31, 2016:

	<u>Balance</u> <u>January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2016</u>
Bonds Payable (Note 9)	\$ 16,102,000	\$ -	\$ 1,164,000	\$ 14,938,000
Lease Payable (Note 10)	101,615		50,187	51,428
Compensated Absences	650,650	-	27,371	623,279
Retirement System (Note 11)	171,435	-	34,287	137,148
Due to Rensselaer County	-	233,870	-	233,870
Workers Compensation (Note 12)	199,958	-	39,072	160,886
Other Postemployment Benefits (Note 13)	824,672	412,336	-	1,237,008
Pension Liability - Net (Note 14)	299,519	1,679,096	-	1,978,615
Deferred Inflows of Resources - Pension (Note 14)	-	317,764	-	317,764
	<u>\$ 18,349,849</u>	<u>\$ 2,643,066</u>	<u>\$ 1,314,917</u>	<u>\$ 19,677,998</u>

9. BONDS PAYABLE

The following is a summary and description of the serial bonds outstanding at December 31, 2016:

<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, 2016</u>
3/3/2005	\$ 689,782	11/18/2019	3.0-4.06%	\$ 150,000
3/31/1999	\$ 998,124	10/15/2018	2.78-4.905%	130,000
10/15/2002	\$ 4,481,232	10/15/2022	1.533-5.123%	1,625,000
9/1/2003	\$ 1,902,000	9/1/2022	4.4-5.0%	645,000
7/26/2001	\$ 2,788,984	11/15/2021	4.334-5.154%	800,000
5/1/1981	\$ 337,000	5/1/2018	5.0%	38,000
6/1/2009	\$ 370,000	6/1/2023	6.75%	130,000
5/23/2103	\$ 1,930,000	5/15/2025	1-2%	1,500,000
4/10/2014	\$ 10,473,629	4/1/2035	3.125-4.0%	9,920,000
				<u>\$ 14,938,000</u>

9. BONDS PAYABLE (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,204,000	\$ 464,721
2018	1,244,000	433,274
2019	1,195,000	400,464
2020	1,190,000	367,456
2021	1,095,000	338,462
Thereafter	<u>9,010,000</u>	<u>2,310,542</u>
	<u>\$ 14,938,000</u>	<u>\$ 4,314,919</u>

10. LEASE PAYABLE

Lease payable consists of a three year lease for the purchase of a truck and plow. Future payments are \$51,428 for 2017.

11. DUE TO RETIREMENT SYSTEM

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

2017	\$ 34,287	
2018	34,287	
2019	34,287	
2020	<u>34,287</u>	
	<u>\$ 137,148</u>	

12. 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 Town has recorded the estimated loss reserves as estimated by the third party administrator of \$160,886 in the long-term debt account group.

13. 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.

13. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 in the following amounts:

2016	\$ 45,646
2015	\$ 24,895
2014	\$ 23,718

The Town has obtained an actuarial valuation report as of December 31, 2014 which has been increased by estimates in 2015 and 2016 for a total liability for other postemployment benefits is \$1,237,008, 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:

Annual OPEB Cost	\$ 443,336
Contributions made	(31,000)
Increase in net OPEB obligation	<u>\$ 412,336</u>
Net OPEB obligation, 12/31/2015	\$ 824,672
Estimate for 2016	412,336
Net OPEB obligation, 12/31/2016	<u>\$ 1,237,008</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.

13. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2016, was 27 years.

14. 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.

14. PENSION PLANS (CONTINUED)

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>
2016	\$	245,414	\$	299,645
2015	\$	272,650	\$	322,983
2014	\$	283,236	\$	270,537

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.

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

At December 31, 2016, the Town reported a liability of \$1,054,185 for ERS and \$924,430 for PFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, 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, 2016, the Town's proportion was .0065% percent ERS and .0312% PFRS.

At December 31, 2016, the Town's deferred outflows of resources related to pensions from the following sources:

	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 13,618
Changes in assumptions	679,638
Net difference between projected and actual earnings on pension plan investments	1,143,468
Changes in proportion	40,141
Contributions subsequent to the measurement date	545,059
	<u>\$ 2,421,924</u>

14. PENSION PLANS (CONTINUED)

At December 31, 2016, the Town's deferred inflows of resources related to pensions from the following sources:

	Total Deferred Inflows of Resources
Differences between expected and actual expenses	\$ 264,719
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,045
	\$ 317,764

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, 2017	\$ 921,964
December 31, 2018	376,905
December 31, 2019	376,905
December 31, 2020	368,608
December 31, 2021	59,778
	\$ 2,104,160

ERS and PFRS Actuarial Assumptions. The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

	<u>ERS</u>	<u>PERS</u>
Interest rate	7.0%	7.0%
Salary increase	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period August 1, 2010 - March 31, 2015.

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.

14. PENSION PLANS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 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 7.0% 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.

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 7.0%, 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>
<u>ERS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(2,377,110)</u>	\$ <u>(1,054,185)</u>	\$ <u>63,631</u>
<u>PFRS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(2,064,812)</u>	\$ <u>(924,430)</u>	\$ <u>31,457</u>

14. PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

The components of the net pension liability of the employer as of March 31, 2016 was as follows (in thousands):

	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ (172,303,544)	\$ (30,347,727)
Fiduciary net position	<u>156,253,265</u>	<u>27,386,940</u>
Employers' net pension liability	<u>(16,050,279)</u>	<u>(2,960,787)</u>
 Ratio of fiduciary net position to the employers' total pension liability	 <u>90.7%</u>	 <u>90.2%</u>

15. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the community development fund 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.

In addition to the pension plan deferred inflows, deferred inflows of resources in the community development fund consists of deferred revenue relating to loans receivable.

16. 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, 2016.
- **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>
Tax Stabilization	\$ 1,104,927	\$ 58,254
Greenspace Fund	202,680	-
Police Funds	138	-
Traffic Mitigation	-	151,071
	<u>\$ 1,307,745</u>	<u>\$ 209,325</u>

16. FUND BALANCES (CONTINUED)

- **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, 2016.
- **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.
- **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% is restricted to stabilize property tax.

17. 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, 2016, the Town recognized \$427,093 in PILOT revenue under PILOT agreements expiring through 2034. Abated property taxes amounted to \$71,071 under this program.

18. OPERATING TRANSFERS

The Town records the estimated cost of administrative charges to the highway, water and sewer funds. Additionally, in 2016, an operating transfer of \$150,000 was made from the general fund to the highway fund. Interfund transfers arising from these transactions for the year ended December 31, 2016 were as follows:

	Operating Transfer <u>In</u>	Operating Transfer <u>Out</u>	
General	\$ 98,095	\$ 150,000	
Highway	150,000	24,000	
Water	-	42,964	
Sewer	-	31,131	
	<u>\$ 248,095</u>	<u>\$ 248,095</u>	

19. 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 \$189,438 for the year ended December 31, 2016.

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, 2016 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, 2016, the Town recognized \$114,537 and \$48,693 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, 2016 were as follows:

City of Troy	\$ 825,679
City of Rensselaer	231,004
Town of East Greenbush	231,004
	<u>\$ 1,287,687</u>

Lease Obligations: The Town leases property and has an operating lease expiring November 30, 2023 for its Police Station. Future minimum lease payments are:

2017	\$	158,563
2018		158,563
2019		144,550
2020		145,042
2021		150,540
Thereafter		294,261
		<u>\$ 1,051,519</u>

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2021

Capital Improvements: The Town has been notified it will receive \$3.1 million in state and federal funding to improve Route 4 safety, and a \$3.1 million grant from NYS Environmental Facilities Corporation for a Town wide drinking water improvement project along Route 43.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through March 7, 2017, the date the financial statements were available to be issued. No such events or transactions were identified.