

**TOWN OF EAST GREENBUSH, NEW YORK**

FINANCIAL STATEMENTS  
OF THE  
GENERAL FUND, SPECIAL REVENUE FUNDS, AND  
CAPITAL PROJECTS FUND

Year ended December 31, 2015

# **TOWN OF EAST GREENBUSH, NEW YORK**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE  
GENERAL FUND, SPECIAL REVENUE FUNDS, AND CAPITAL PROJECTS FUND**

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

We have audited the accompanying balance sheet of the general fund, special revenue funds, and capital projects fund of the Town of East Greenbush, New York (the Town) as of December 31, 2015, and were engaged to audit the related statement of revenues, expenditures, and changes in fund balances (deficit) for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Because of the matters described in the Basis for Disclaimer of Opinion on the Results of Operations paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations.

We conducted our audit of the balance sheet 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Disclaimer of Opinion on the Results of Operations**

We were not engaged as auditors of the Town of East Greenbush, New York for the year ended December 31, 2014. We were unable to satisfy ourselves by performing other auditing procedures concerning the opening balances for the year ended December 31, 2015. Since opening balances enter into the determination of net change in fund balances, we were unable to determine whether any adjustments might have been necessary in respect of the net change in fund balances for the year reported in the statement of revenues, expenditures, and changes in fund balances (deficit).

### **Disclaimer of Opinion on the Results of Operations**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Results of Operations paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations for the year ended December 31, 2015. Accordingly, we do not express an opinion on the results of operations for the year ended December 31, 2015.

### **Unmodified Opinion on the Financial Position**

In our opinion, the balance sheet presents fairly, in all material respects, the respective financial position of the general fund, special revenue funds and capital projects fund of the Town of East Greenbush, New York, as of December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the general fund, special revenue funds, and capital projects fund and do not purport to, and do not present fairly the financial position of the Town of East Greenbush, New York, as of December 31, 2015, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles general accepted in the United States of America require that the budgetary comparison information on pages 17 and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, which 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2017, on our consideration of the Town of East 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 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 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 East Greenbush, New York's internal control over financial reporting and compliance.

**UHY** LLP

Albany, New York  
February 7, 2017

**TOWN OF EAST GREENBUSH, NEW YORK**  
**COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUND TYPES**  
**December 31, 2015**

|   | Governmental Fund Types |            |              |              |            |              | Capital Projects |
|---|-------------------------|------------|--------------|--------------|------------|--------------|------------------|
|   | Special Revenue Funds   |            |              |              |            | Subtotal     |                  |
| General   | Highway                 | Sewer      | Water        | Others       |            |              |                  |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    |                         |            |              |              |            |              |                  |
| <b>ASSETS</b>   |                         |            |              |              |            |              |                  |
| Cash and cash equivalents   | \$ 2,347,948            | \$ 801,532 | \$ 3,535,622 | \$ 488,290   | \$ 69,114  | \$ 4,894,558 | \$ 4,348         |
| Cash reserved for special purposes                                  | 182,667                 | 5,005      | -            | -            | -          | 5,005        | -                |
| Other receivables   | -                       | -          | 503,524      | 126,730      | -          | 630,254      | -                |
| Due from other funds  | 584,621                 | -          | 227,256      | 717,216      | 124,226    | 1,068,698    | -                |
| Prepaid expenses  | 218,252                 | -          | -            | -            | -          | -            | -                |
| Total assets  | 3,333,488               | 806,537    | 4,266,402    | 1,332,236    | 193,340    | 6,598,515    | 4,348            |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                              |                         |            |              |              |            |              |                  |
| Total assets plus deferred outflows of resources                    | \$ 3,333,488            | \$ 806,537 | \$ 4,266,402 | \$ 1,332,236 | \$ 193,340 | \$ 6,598,515 | \$ 4,348         |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                         |            |              |              |            |              |                  |
| <b>LIABILITIES:</b>   |                         |            |              |              |            |              |                  |
| Accounts payable and accrued liabilities                            | \$ 376,263              | \$ 111,597 | \$ 530,453   | \$ 328,826   | \$ -       | \$ 970,876   | \$ 620,216       |
| Due to other funds  | -                       | 344,243    | -            | -            | 262,978    | 607,221      | 683,794          |
| Bond anticipation notes payable                                     | -                       | -          | -            | -            | -          | -            | 12,365,639       |
| Total liabilities   | 376,263                 | 455,840    | 530,453      | 328,826      | 262,978    | 1,578,097    | 13,669,649       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                               |                         |            |              |              |            |              |                  |
| -   | -                       | -          | -            | -            | -          | -            | -                |
| <b>FUND BALANCES (DEFICIT):</b>                                     |                         |            |              |              |            |              |                  |
| Nonspendable  | 218,252                 | -          | -            | -            | -          | -            | -                |
| Restricted  | 182,667                 | 5,005      | -            | -            | -          | 5,005        | -                |
| Assigned  | -                       | 345,692    | 3,735,949    | 1,003,410    | -          | 5,085,051    | -                |
| Unassigned (deficit)  | 2,556,306               | -          | -            | -            | (69,638)   | (69,638)     | (13,665,301)     |
| Total fund balances (deficit)                                       | 2,957,225               | 350,697    | 3,735,949    | 1,003,410    | (69,638)   | 5,020,418    | (13,665,301)     |
| Total liabilities, deferred inflows of resources and fund balances  | \$ 3,333,488            | \$ 806,537 | \$ 4,266,402 | \$ 1,332,236 | \$ 193,340 | \$ 6,598,515 | \$ 4,348         |

See notes to financial statements.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES (DEFICIT) – ALL GOVERNMENTAL FUND TYPES**  
**Year Ended December 31, 2015**

|   | Governmental Fund Types |              |              |              |             |              |                  |
|---|-------------------------|--------------|--------------|--------------|-------------|--------------|------------------|
|   | Special Revenue Funds   |              |              |              |             |              |                  |
|   | General                 | Highway      | Sewer        | Water        | Others      | Subtotal     | Capital Projects |
| REVENUES  |                         |              |              |              |             |              |                  |
| Real property taxes                               | \$ 4,690,211            | \$ 2,449,766 | \$ 1,221,912 | \$ 441,823   | \$ 746,786  | \$ 4,860,287 | \$ -             |
| Sales tax   | 2,289,820               | -            | -            | -            | -           | -            | -                |
| Departmental income                               | 566,558                 | -            | 1,029,399    | 2,456,164    | 419,325     | 3,904,888    | -                |
| Use of money and property                         | 21,247                  | 14,490       | 2,847        | 3,909        | -           | 21,246       | -                |
| License and permits                               | 13,079                  | -            | 2,650        | 15,090       | -           | 17,740       | -                |
| Fines and forfeitures                             | 361,221                 | -            | -            | -            | -           | -            | -                |
| Compensation for loss                             | 59,961                  | 172,900      | 1,162,793    | -            | -           | 1,335,693    | -                |
| Miscellaneous local sources                       | 92,351                  | 40,139       | 212,605      | 5,314        | -           | 258,058      | -                |
| Interfund   | -                       | 32,646       | -            | -            | -           | 32,646       | -                |
| Other revenue sources                             | 639,151                 | -            | 338,580      | -            | -           | 338,580      | 587,242          |
| State aid   | 467,740                 | 293,928      | -            | -            | -           | 293,928      | 44,723           |
| Total revenues                                    | 9,201,339               | 3,003,869    | 3,970,786    | 2,922,300    | 1,166,111   | 11,063,066   | 631,965          |
| EXPENDITURES                                      |                         |              |              |              |             |              |                  |
| General governmental support                      | 1,272,746               | -            | -            | -            | -           | -            | -                |
| Public safety                                     | 2,998,309               | -            | -            | -            | 106,623     | 106,623      | -                |
| Health  | 6,910                   | -            | -            | -            | 992,265     | 992,265      | -                |
| Transportation                                    | 186,821                 | 1,711,380    | -            | -            | -           | 1,711,380    | 205,030          |
| Culture and recreation                            | 312,760                 | -            | -            | -            | -           | -            | -                |
| Economic assistance and opportunities             | 5,342                   | -            | -            | -            | -           | -            | -                |
| Home and community services                       | 355,065                 | -            | 2,885,911    | 2,515,414    | -           | 5,401,325    | 6,741,573        |
| Employee benefits                                 | 2,205,830               | 555,128      | 251,776      | 219,901      | 7,700       | 1,034,505    | -                |
| Debt service:                                     |                         |              |              |              |             |              |                  |
| Principal   | 270,596                 | 258,064      | 467,250      | 28,191       | -           | 753,505      | -                |
| Interest  | 68,896                  | 9,277        | 37,590       | 5,038        | -           | 51,905       | -                |
| Total expenditures                                | 7,683,275               | 2,533,849    | 3,642,527    | 2,768,544    | 1,106,588   | 10,051,508   | 6,946,603        |
| Excess (deficiency) of revenues over expenditures | 1,518,064               | 470,020      | 328,259      | 153,756      | 59,523      | 1,011,558    | (6,314,638)      |
| FUND BALANCES (DEFICIT)                           |                         |              |              |              |             |              |                  |
| Fund balances (deficit), beginning of year        | 1,439,161               | (119,323)    | 3,407,690    | 849,654      | (129,161)   | 4,008,860    | (7,350,663)      |
| Fund balances (deficit), end of year              | \$ 2,957,225            | \$ 350,697   | \$ 3,735,949 | \$ 1,003,410 | \$ (69,638) | \$ 5,020,418 | \$ (13,665,301)  |

See notes to financial statements.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of East Greenbush, Rensselaer County, New York (the "Town") was founded in 1855. The Town is governed by County Law, other general laws of the State of New York, and various local laws and ordinances. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as chief executive officer and chief fiscal officer.

The Town provides the following basic services: police and law enforcement, fire protection, water and sewer, trash collection, recreation, street maintenance and snow removal, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standard Board (GASB) as they relate to fund accounting for fiscal accountability. Fiscal accountability is one of the primary objectives of financial reporting and is designed to demonstrate that the actions of the government during the current period have complied with public decisions concerning the raising and spending of public monies during the reporting cycle.

In June 1999, the GASB approved Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments which became effective for the Town for the period ended December 31, 2004. This statement requires the financial statements to include government-wide financial statements on a full accrual basis, in addition to the fund financial information presented by the Town of East Greenbush in these financial statements. It further requires information relating to fixed assets, including infrastructure and depreciation, component units and reconciliation between government-wide and fund statements, as well as management discussion and analysis.

The Town has elected not to implement GASB 34 due to the costs associated with the development and maintenance of the information required to present government-wide financial statements. The accompanying financial statements present the financial position of the general fund, special revenue funds and capital projects fund of the Town of East Greenbush, New York as of December 31, 2015, and the changes in financial position thereof and the respective budgetary comparison for the general fund and special revenue funds for the year then ended.

**(a) Financial Reporting Entity**

The financial reporting entity consists of the general fund, the special revenue funds and the capital projects fund of the Town of East Greenbush and does not include any other funds, account groups or component units of the Town.

**(b) Basis of Presentation – Fund Accounting**

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses). The following fund types are used by the Town:

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 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 – The general fund is the principal operating fund of the Town and accounts for the general tax revenue, miscellaneous receipts not allocated by law or contractual agreement to another fund, risk retention operations, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the Town Board.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Town maintains the following special revenue funds:

- Highway Fund - used to account for the operations of the Town's highway and maintenance program.
- Fire Protection Fund - used to fund volunteer fire district operations within the Town.
- Ambulance Fund - used to account for ambulance and emergency medical operations.
- Water Fund - used to report operations of the Town's water treatment and supply facilities that provide drinking water to all Town residents, as well as to certain other local communities outside the Town's boundaries.
- Sewer Fund - used to report operations of the Town's wastewater treatment facilities and sanitary sewer system that is provided to all Town residents.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, Federal and State grants, and transfers from other governmental funds.

**(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, other than interest on long-term debt and compensated absences, are recorded when the liability is incurred, if measurable.



**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Basis of Accounting (Continued)**

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the 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 when it is susceptible to accrual. Fines, permits and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Inter-governmental revenues and interest income are accrued when their receipt occurs within sixty days of the end of the accounting period and such amounts relate to the current period.

**(d) Fund Balance Classification**

Fund balances are classified as follows:

**Nonspendable** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town did not have any committed resources as of December 31, 2015.

**Assigned** - This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Board or through the Town Board delegating this responsibility to the Town Supervisor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**Unassigned** - This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Property Taxes**

Real property taxes are levied annually on January 1. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for town and special district purposes as a single bill. The town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Unpaid town taxes are turned over to the county for enforcement.

**(f) Budgets**

The Town's procedures for establishing the budgetary data reflected in the accompanying financial statements are as follows:

- Not later than September 30, the Town Supervisor submits to the Town Clerk a proposed operating budget for the fiscal year commencing the following January 1.
- The Town Clerk submits the proposed budget to the Town Board on or before October 5.
- Public hearings are conducted to obtain taxpayer comments after revisions are made by the Town Board.
- Not later than November 20, the budget is legally enacted through the passage of a legislative resolution.
- Total expenditures for each object may not legally exceed the total appropriations for that object.

The Town Supervisor is authorized to approve all budget transfer requests not exceeding \$500 between the major fund codes within individual departments. Additionally, the Town Supervisor may authorize all budget transfers within major fund codes within individual departments. All other modifications to the budget must be approved by the Town Board.

The budget is developed on the basis generally consistent with the statutory basis required by the New York State Office of the State Comptroller.

**(g) Account Groups**

Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. An account group is not a "fund." It is concerned only with the measurement of financial position and is not involved with measurement of results of operations and is not included in the financial statements.

General Long-term Debt Account Group - This account group is used to record all long-term debt of the Town, such as compensated absences, installment purchases, and bonds. Information about general long-term debt is disclosed in Note 5.

Fixed Asset Account Group - The Town does not maintain information related to cost of fixed assets and the amounts that should be recorded in this account group have not been determined.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Compensated Absences**

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

Estimated vacation and sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the general long-term debt account group and are not reflected in these financial statements.

Payment of vacation and sick leave recorded in the general long-term debt account group is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due.

**(i) Adoption of New GASB Accounting Standards**

Effective January 1, 2015, the Town adopted GASB 68, Accounting and Financial Reporting for Pensions (GASB 68). This statement addresses accounting and financial reporting for pensions provided to Town employees that are administered by the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This statement also requires various note disclosures and required supplementary information. However, as the financial statements present only the general fund, special revenue funds, and capital project fund and do not purport to, and do not present fairly the financial position of the Town as of the year ended December 31, 2015, and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, certain note disclosures and supplementary information have not been included. The effect of this change in accounting principle at the beginning of the year on the General Long-term Debt Account Group was an increase of net pension liability of approximately \$905,000.

**(j) Post-Retirement Health Insurance Benefits**

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees, their spouses, and certain survivors. All of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. The Town recognizes the cost of providing healthcare benefits by expensing the annual insurance costs, which were approximately \$1,418,462 for 2015 for both retired and active employees.

**(k) Cash and Cash Equivalents**

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Town Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, repurchase agreements, and obligations of New York State or its localities.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Cash and Cash Equivalents (Continued)**

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, obligations of federal agencies, the principal and interest of which is guaranteed by the United States, or obligations of New York State local governments.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government. Underlying securities shall be valued to market at periodic intervals by the Town Comptroller or designee.

Cash and equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

**(l) Interfund Transactions**

During the course of operations, the Town processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenue in the provider funds and expenditures in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at year-end were entirely covered by federal depository insurance or by collateral held by a third party. Coverage was as follows:

|   | <b><u>Demand<br/>Deposits</u></b> |
|---|-----------------------------------|
| Bank balances                               | \$ 8,634,049                      |
| Covered by FDIC insurance                   | \$ 577,095                        |
| Covered by Collateral held by a third party | \$ 8,056,954                      |

The bank balance includes approximately \$933,000 of Trust and Agency funds that are not included in these fund financial statements.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**NOTE 3 — INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of interfund receivables and payables at December 31, 2015:

| <u>Fund</u>      | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|------------------|---------------------------------|-------------------------------|
| General          | \$ 584,621                      | \$ -                          |
| Special Revenue  | 1,068,698                       | 607,221                       |
| Capital projects | -                               | 683,794                       |
| Total            | <u>\$ 1,653,319</u>             | <u>\$ 1,291,015</u>           |

The interfund receivable balance includes approximately \$362,300 from the Trust and Agency fund.

**NOTE 4 — BOND ANTICIPATION NOTES PAYABLE**

Bond anticipation notes (BANs) payable are accounted for in the capital projects fund. Debt service expenditures are recorded in the fund that benefited from the capital project financed by the note, e.g. the General Fund and Special Revenue Funds. State law requires that BANs for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that stipulated annual reductions of principal are made. BANs outstanding are comprised of the following at December 31, 2015:

| <u>Project</u>                 | <u>Original<br/>Date<br/>Issued</u> | <u>Balance<br/>January 1,<br/>2015</u> | <u>Borrowings</u>   | <u>Reductions</u> | <u>Balance<br/>December 31,<br/>2015</u> |
|--------------------------------|-------------------------------------|--|---------------------|-------------------|--|
| Sewer                          | 12/1/1991                           | \$ 122,555                             | \$ -                | \$ 25,250         | \$ 97,305                                |
| Park lands                     | 12/29/2003                          | 110,000                                | -                   | 20,000            | 90,000                                   |
| 3rd Ave sewer                  | 10/28/2005                          | 335,000                                | -                   | 150,000           | 185,000                                  |
| Highway - Equipment            | 10/6/2006                           | 75,638                                 | -                   | 37,819            | 37,819                                   |
| Town Hall roof and fuel system | 10/31/2006                          | 47,525                                 | -                   | 47,525            | -  |
| Resurfacing 2006               | 11/17/2006                          | 78,500                                 | 2,000               | 40,250            | 40,250                                   |
| Snow Plow                      | 12/16/2011                          | 70,000                                 | -                   | 35,000            | 35,000                                   |
| Waste Water Treatment EFC      | 9/26/2013                           | 282,280                                | -                   | 50,000            | 232,280                                  |
| Waste Water Treatment EFC      | 1/2/2014                            | 5,472,890                              | -                   | -                 | 5,472,890                                |
| Waste Water Treatment EFC      | 1/2/2015                            | -                                      | 6,175,095           | -                 | 6,175,095                                |
| Total BANs outstanding         |                                     | <u>\$ 6,594,388</u>                    | <u>\$ 6,177,095</u> | <u>\$ 405,844</u> | <u>\$ 12,365,639</u>                     |

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**NOTE 5 — LONG-TERM DEBT**

As discussed in Note 1, long-term debt of the Town is recorded in the long-term debt account group and is not included in the financial statements. The following describes long-term debt of the Town:

**(a) Changes in Long-term Debt**

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

|                              | <u>Bonds</u>        | <u>Capital<br/>Leases<br/>Payable</u> | <u>Compensated<br/>Absences *</u> |
|------------------------------|---------------------|---------------------------------------|-----------------------------------|
| Payable at January 1, 2015   | \$ 3,322,998        | \$ 41,394                             | \$ -                              |
| Additions                    | -                   | 199,881                               | -                                 |
| Reductions                   | <u>(523,949)</u>    | <u>(94,304)</u>                       | <u>-</u>                          |
| Payable at December 31, 2015 | <u>\$ 2,799,049</u> | <u>\$ 146,971</u>                     | <u>\$ -</u>                       |

\* Information related to compensated absences for the year ending December 31, 2015 is not available as of the date of financial statement issuance.

**(b) Bonds Payable**

A summary of the Town's bonds payable at December 31, 2015 is as follows:

| <u>Fund</u> | <u>Purpose</u> | <u>Original<br/>Date<br/>Issued</u> | <u>Original<br/>Amount</u> | <u>Interest<br/>Rate (%)</u> | <u>Date<br/>Final<br/>Maturity</u> | <u>Outstanding</u>  |
|-------------|----------------|-------------------------------------|----------------------------|------------------------------|------------------------------------|---------------------|
| General     | Library Const. | 04/11/02                            | \$ 3,511,114               | 4.50%                        | 04/01/20                           | \$ 1,255,000        |
| Highway     | Equipment      | 08/11/06                            | 76,289                     | 4.98%                        | 08/10/16                           | 7,629               |
| Water       | Improvements   | 08/11/06                            | 207,300                    | 4.75%                        | 08/10/21                           | 82,920              |
| Highway     | Drainage       | 10/06/06                            | 405,000                    | 3.91%                        | 08/16/16                           | 40,500              |
| Sewer       | EFC Sewer      | 06/21/12                            | <u>3,878,000</u>           | 4.98%                        | 03/16/20                           | <u>1,413,000</u>    |
|             |                |                                     | <u>\$ 8,077,703</u>        |                              |                                    | <u>\$ 2,799,049</u> |

**(c) Capital Leases Payable**

A summary of the Town's capital leases payable at December 31, 2015 is as follows:

| <u>Fund</u> | <u>Purpose</u> | <u>Original<br/>Date<br/>Issued</u> | <u>Original<br/>Amount</u> | <u>Interest<br/>Rate (%)</u> | <u>Date<br/>Final<br/>Maturity</u> | <u>Outstanding</u> |
|-------------|----------------|-------------------------------------|----------------------------|------------------------------|------------------------------------|--------------------|
| General     | Police Equip   | 03/31/15                            | \$ 18,483                  | 8.96%                        | 03/31/19                           | \$ 14,126          |
| General     | Police Vehicle | 06/01/15                            | 75,205                     | 4.75%                        | 06/01/17                           | 48,965             |
| General     | Plow Truck     | 10/13/15                            | <u>106,193</u>             | 2.53%                        | 10/13/19                           | <u>83,880</u>      |
|             |                |                                     | <u>\$ 199,881</u>          |                              |                                    | <u>\$ 146,971</u>  |

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 5 — LONG-TERM DEBT (Continued)**

**(d) Maturities Information**

The following table summarizes the Town's future debt service requirements on bonds and capital notes payable as of December 31, 2015:

| <u>Year Ending Date</u> | <u>Bonds Payable</u> | <u>Capital Leases Payable</u> |
|-------------------------|----------------------|-------------------------------|
| 2016                    | \$ 545,949           | \$ 47,196                     |
| 2017                    | 521,820              | 49,120                        |
| 2018                    | 545,820              | 24,894                        |
| 2019                    | 575,820              | 25,761                        |
| 2020                    | 595,820              | -                             |
| 2021                    | 13,820               | -                             |
| Total                   | <u>\$ 2,799,049</u>  | <u>\$ 146,971</u>             |

**(e) Other Long-term Debt**

In addition to the above long-term debt, the Town has long-term debt related to deferred inflows of resources and net pension liability for the pension plans and liability for other post-retirement benefits (Note 6 and 7).

**NOTE 6 — PENSION PLANS**

**(a) Plan Description**

The Town participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. Obligations of employers and employees to contribute and benefits provided to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**NOTE 6 — PENSION PLANS** (Continued)

**(b) Funding Policy**

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Town to the pension accumulation fund. For 2015, the rate was 10.5% - 25.2% for the Town's active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

The Town is required to contribute at an actuarially determined rate. The required contributions for the Systems' fiscal years ending March 31 were:

|      | <u>ERS</u> | <u>PFRS</u> |
|------|------------|-------------|
| 2014 | \$ 832,794 | \$ 577,020  |
| 2015 | 675,383    | 508,486     |
| 2016 | 541,759    | 331,247     |

Contributions made to the Systems were equal to 100% of the contributions required for each year.

**(c) Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension Liability**

At December 31, 2015, the Town's proportionate share of the deferred outflows of resources was approximately \$182,000, and its proportionate share of the deferred inflows of resources and net pension liability was approximately \$45,000 and \$657,000, respectively. The net pension liability was measured as of March 31, 2015, and the total pension liability was determined by an actuarial valuation as of April 1, 2014, with updated procedures used to roll forward the total pension liability to March 31, 2015. The Town's proportion was based on the ratio of its actuarially determined employer contribution to ERS's and PFRS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2015 measurement date, the Town's proportions were 0.0149563% and 0.0550291% for ERS and PFRS, respectively.

The Town has an additional deferred outflow of resource of approximately \$873,000 as of December 31, 2015 for employer contributions made subsequent to the measurement date of March 31, 2015.

Deferred outflows of resources is reported in the Long-term Asset Account. Deferred inflows of resources and net pension liability are reported in the General Long-term Debt Account Group.



**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 7 — POST RETIREMENT BENEFITS**

In addition to providing pension benefits, the Town provides health insurance coverage and survivors benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivors' benefits are provided through a self-insurance program or insurance company contracts with premiums based on the benefits paid during the year. The Town also reimburses retirees for their Medicare Part B premiums. The Town recognizes the cost of providing benefits by recording total costs as expenditures in the General Fund during the year, which are net with the retirees' premium contributions. During the year ended December 31, 2015, approximately \$419,000 was paid on behalf of 51 retirees and survivors.

GASB Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension, establishes standards for the recognition, measurement, and display of Other Postemployment Benefits such as retiree health insurance expenses and related liabilities and note disclosures. The Unfunded Actuarial Accrued Liability (UAAL) at December 31, 2015 is \$18,112,027. The Net Other Post Employment Benefit (OPEB) liability recorded in the long-term debt group is \$1,614,763. The key assumptions in the actuarial determination were a discount rate of 4%, ultimate inflation rate of 5%, and an amortization period of 30 years for active employees and 17 years for retired employees.

**NOTE 8 — COMMITMENTS AND CONTINGENCIES**

**(a) Lawsuits**

On or about October 2015, the Town was named as a necessary party defendant in an action and proceeding which is a contractual claim case relating to services provided for an emergency clean up. The claim is for approximately \$114,000 plus interest. The Town accrues the most likely amount or at least the minimum of the range of probable loss when a range of probable loss can be estimated. The Town's accrual for this matter was approximately \$55,000 at December 31, 2015.

The Town is also subject to various other lawsuits arising in the ordinary course of the Town's operations. The Town does not believe, however, that such lawsuits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town, and that the Town's general liability insurance would cover any potential loss after deductible.

**(b) Tax Certiorari Litigation**

The Town is a party to various tax assessment challenges which are being vigorously defended by the Town. In the event that any refund of property taxes is awarded, the portions assigned to the Town would be paid by the County and would subsequently be charged against the Town's property tax share from the County in the following fiscal year. Management believes that any tax assessment challenges would have no material impact on the Town's financial statements for the year ended December 31, 2015.

**(c) Grant Programs**

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Town believes, based upon its review of current activity and prior experience, that the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

**TOWN OF EAST GREENBUSH, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 9 — SUBSEQUENT EVENTS**

In June 2016, the Town issued a \$70,000 BAN for the purpose of refunding the Park lands project BAN.

In September 2016, the Town issued \$15,053,098 EFC Serial Bonds to refund the Waste Water Treatment EFC BANs and finance additional waste water treatment projects.

In November 2016, the Town issued a \$72,055 BAN for the purpose of refunding the Sewer project BAN.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST GREENBUSH, NEW YORK**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) –**  
**BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUND TYPES**  
**Year Ended December 31, 2015**

|                                      | General Fund       |              | Special Revenue Funds - Highway        |  |
|--------------------------------------|--------------------|--------------|--|--|
|                                      | Modified<br>Budget | Actual       | Modified<br>Budget                     | Actual                                 |
|                                      |                    |              | Variance<br>Favorable<br>(Unfavorable) | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>                      |                    |              |  |  |
| Real property taxes                  | \$ 4,596,569       | \$ 4,690,211 | \$ 93,642                              | \$ (1)                                 |
| Sales tax                            | 1,900,000          | 2,289,820    | 389,820                                | -                                      |
| Departmental income                  | 701,613            | 566,558      | (135,055)                              | -                                      |
| Intergovernmental charges            | -                  | 639,151      | 639,151                                | (5,000)                                |
| Use of money and property            | 25,000             | 21,247       | (3,753)                                | (4,652)                                |
| Licenses and permits                 | 15,100             | 13,079       | (2,021)                                | -                                      |
| Fines and forfeitures                | 310,000            | 361,221      | 51,221                                 | -                                      |
| Compensation for loss                | 32,700             | 59,961       | 27,261                                 | -                                      |
| Miscellaneous local sources          | 93,146             | 92,351       | (795)                                  | -                                      |
| Interfund                            | -                  | -            | -                                      | -                                      |
| State aid                            | 400,383            | 467,740      | 67,357                                 | 172,900                                |
| Total revenues                       | 8,074,511          | 9,201,339    | 1,126,828                              | 10,135                                 |
|                                      |                    |              |  | (97,625)                               |
|                                      |                    |              |  | 162,716                                |
|                                      |                    |              |  | 238,473                                |
| <b>EXPENDITURES</b>                  |                    |              |  |  |
| General government support           | 1,265,971          | 1,272,746    | (6,775)                                | -                                      |
| Public safety                        | 3,203,296          | 2,998,309    | 204,987                                | -                                      |
| Health                               | 6,908              | 6,910        | (2)                                    | -                                      |
| Transportation                       | 190,000            | 186,821      | 3,179                                  | (87,872)                               |
| Culture and recreation               | 333,061            | 312,760      | 20,301                                 | -                                      |
| Economic assistance and opportunity  | 7,500              | 5,342        | 2,158                                  | -                                      |
| Home and community services          | 348,370            | 355,065      | (6,695)                                | -                                      |
| Employee benefits                    | 2,520,482          | 2,205,830    | 314,652                                | -                                      |
| Debt service:                        |                    |              |  | 174,267                                |
| Principal                            | 20,001             | 270,596      | (250,595)                              | 2,693                                  |
| Interest                             | 1,606              | 68,896       | (67,290)                               | 3,671                                  |
| Total expenditures                   | 7,997,195          | 7,683,275    | 213,920                                | 92,759                                 |
|                                      |                    |              |  |  |
|                                      |                    |              |  | 331,232                                |
| Excess of revenues over expenditures | 177,316            | 1,518,064    | 1,340,748                              | 331,232                                |
| Net change in fund balances          | 177,316            | 1,518,064    | 1,340,748                              | -                                      |
| Fund equity, beginning of year       | 1,439,161          | 1,439,161    | -                                      | -                                      |
| Fund equity, end of year             | \$ 1,616,477       | \$ 2,957,225 | \$ 1,340,748                           | \$ 331,232                             |

**TOWN OF EAST GREENBUSH, NEW YORK**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) –**  
**BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUND TYPES (CONTINUED)**  
Year Ended December 31, 2015

|                                      | Special Revenue Funds - Sewer |                     |  | Special Revenue Funds - Water |                     |  |
|--------------------------------------|-------------------------------|---------------------|--|-------------------------------|---------------------|--|
|                                      | Modified<br>Budget            | Actual              | Variance<br>Favorable<br>(Unfavorable) | Modified<br>Budget            | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>                      |                               |                     |  |                               |                     |  |
| Real property taxes                  | \$ 1,221,912                  | \$ 1,221,912        | \$ -                                   | \$ 441,822                    | \$ 441,823          | \$ 1                                   |
| Sales tax                            | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Departmental income                  | 1,291,983                     | 1,029,399           | (262,584)                              | 2,063,905                     | 2,456,164           | 392,259                                |
| Intergovernmental charges            | -                             | 338,580             | 338,580                                | -                             | 3,909               | 3,909                                  |
| Use of money and property            | -                             | 2,847               | 2,847                                  | 7,462                         | 15,090              | 7,628                                  |
| Licenses and permits                 | -                             | 2,650               | 2,650                                  | -                             | -                   | -                                      |
| Fines and forfeitures                | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Compensation for loss                | -                             | 1,162,793           | 1,162,793                              | -                             | 5,314               | 5,314                                  |
| Miscellaneous local sources          | -                             | 212,605             | 212,605                                | -                             | -                   | -                                      |
| Interfund                            | -                             | -                   | -                                      | 271,896                       | -                   | (271,896)                              |
| State aid                            | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Total revenues                       | <u>2,513,895</u>              | <u>3,970,786</u>    | <u>1,456,891</u>                       | <u>2,785,085</u>              | <u>2,922,300</u>    | <u>137,215</u>                         |
| <b>EXPENDITURES</b>                  |                               |                     |  |                               |                     |  |
| General government support           | -                             | -                   | -                                      | 2,561,788                     | -                   | 2,561,788                              |
| Public safety                        | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Health                               | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Transportation                       | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Culture and recreation               | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Economic assistance and opportunity  | -                             | -                   | -                                      | -                             | -                   | -                                      |
| Home and community services          | 1,730,234                     | 2,885,911           | (1,155,677)                            | -                             | 2,515,414           | (2,515,414)                            |
| Employee benefits                    | 266,747                       | 251,776             | 14,971                                 | 237,767                       | 219,901             | 17,866                                 |
| Debt service:                        |                               |                     |  |                               |                     |  |
| Principal                            | 479,211                       | 467,250             | 11,961                                 | 28,191                        | 28,191              | -                                      |
| Interest                             | 37,703                        | 37,590              | 113                                    | 5,170                         | 5,038               | 132                                    |
| Total expenditures                   | <u>2,513,895</u>              | <u>3,642,527</u>    | <u>(1,128,632)</u>                     | <u>2,832,916</u>              | <u>2,768,544</u>    | <u>64,372</u>                          |
| Excess of revenues over expenditures | -                             | 328,259             | 328,259                                | (47,831)                      | 153,756             | 201,587                                |
| Net change in fund balances          | -                             | 328,259             | 328,259                                | (47,831)                      | 153,756             | 201,587                                |
| Fund equity, beginning of year       | 3,407,690                     | 3,407,690           | -                                      | 849,654                       | 849,654             | -                                      |
| Fund equity, end of year             | <u>\$ 3,407,690</u>           | <u>\$ 3,735,949</u> | <u>\$ 328,259</u>                      | <u>\$ 801,823</u>             | <u>\$ 1,003,410</u> | <u>\$ 201,587</u>                      |

**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 East Greenbush, New York

We have audited, in accordance with 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 general fund, special revenue fund, and capital projects fund of the Town of East Greenbush, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated February 7, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of East Greenbush's internal control over financial reporting (internal control) to determine the 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 of East Greenbush's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of East Greenbush's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

**Preparation of Reconciliations**

Reconciliations are not consistently performed. As a result, material misstatements may occur and not be prevented or detected and corrected on a timely basis. As such, we recommend that properly performed reconciliations be provided for all balance sheet accounts on a monthly basis.

## **Internal Control Over Financial Reporting** (Continued)

### **Transaction Cutoff**

All liabilities and revenue were not reported in the appropriate period. Significant dollar amounts of both Accounts Receivable and Accounts Payable were recorded in the wrong fiscal year. Proper cutoff is critical for the maintenance of accurate accounting records, and may affect management's ability to make informed financial decisions. We recommend that the Town implement additional review procedures to verify that all transactions are recorded in the appropriate period.

### **Timely Monthly and Year-end Closing**

There is no systematic method of ensuring that the timely and complete monthly and annual reconciliation and closing procedures takes place. Numerous documents are updated annually versus monthly, which may lead to a growing number of transactions and journal entries being backlogged and not posted in a timely manner. This may limit the usefulness of the accounting records, which would further affect management's ability to make informed financial decisions. We recommend that a system of consistent and timely monthly and year-end closing procedures be established.

### **Compensated Absences Accounting**

There is no computation of compensated absences for the current fiscal year, and the amount reported represents the prior year's balance. Accrued expenses may therefore be misstated. The calculation of compensated absences will allow the Town to factor these amounts into future budgets, and will provide a reference for negotiations with labor unions. We recommend that a schedule of compensated absences be prepared for the year annually.

### **Generic Environmental Impact Statement (GEIS) Accounting**

Generic Environment Impact Statement (GEIS) expenditures are not being properly documented and reconciled. Use of GEIS funds is regulated by Town of East Greenbush law, Local Law 1, which intends to provide an equitable means of distributing the cost of applicable environmental improvements. As GEIS funds are designated for an environmentally-related project as defined by the State Environmental Quality Review Act (SEQRA), the specific use of such funds should be properly recorded. The Town's financial statements could be materially impacted if unable to provide specific support related to the revenue and expenses related to GEIS funds. We recommend that GEIS amounts received by the Town, and the associated expenditures be tracked in a separate schedule, in order to ensure proper allocation of these designated funds.

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. We consider the following deficiencies to be significant deficiencies:

### **Formal Policy Compliance**

Certain policy guidelines are not being consistently followed. Issues were noted specifically with the Purchasing Policy, in which required quotes and Town Board approval were not documented for certain purchases. As such, we recommend that formal policies be followed, and that all documentation regarding the compliance to policies be retained in Town files.

**Internal Control Over Financial Reporting** (Continued)

**Fixed Assets**

The Town does not have a complete listing of fixed assets in the accounting records. While fixed assets are not presented on the governmental funds statements, GASB 34 requires that major categories of fixed assets be presented on the government-wide statements. Therefore, a governmental fund should still maintain adequate records of the major fixed assets. We recommend that the Town implement steps to determine a complete records of the fixed assets on hand. We additionally recommend that a year-end reconciliation process in the form of a fixed asset rollforward be put into place.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of East Greenbush's financial statements are free of 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**UHY** LLP

Albany, New York  
February 7, 2017