



Town of Colonie, New York

Financial Report

December 31, 2019

Town of Colonie, New York

Financial Report

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CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-29
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements	
Balance Sheet - Governmental Funds	32
Reconciliation of Total Fund Balance Shown in the Governmental Funds to the Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) of Governmental Funds to the Change in Net Position Shown in the Statement of Activities	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Net Position - Fiduciary Funds	39
Notes to Financial Statements	40-84
Required Supplementary Information	
Statement of Revenues and Expenditures - Budget to Actual - General Fund	85
Statement of Revenues and Expenditures - Budget to Actual - Highway Fund	86
Schedule of Other Postemployment Benefits Liability	87
Schedule of Proportionate Share of the Net Pension Liability	88
Schedule of Pension Contributions	89
Schedule of Changes in LOSAP Pension Liability	90
Supplementary Information	
Non-major Governmental Funds-	91
Combining Balance Sheet - Non-major Governmental Funds	92
Combining Revenues, Expenditures, and Changes in Fund Balance Non-major Governmental Funds	93



Independent Auditor's Report

Supervisor and Town Board
Town of Colonie, New York
Latham, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colonie, New York (Town) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York
September 9, 2020



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Description

The Town of Colonie, New York (Town), with a land area of over 57 square miles, is located in northeastern Albany County, immediately north of the City of Albany and about halfway between the Cities of Schenectady and Troy. Its northern and eastern boundaries are the Mohawk and Hudson Rivers, respectively. The Town, which includes two incorporated villages, Colonie and Menands, and such unincorporated communities as Latham, Loudonville, Maplewood, Newtonville, and West Albany, is primarily residential with some industrial and commercial valuations.

Commercial facilities include several shopping centers. The Colonie Center is a covered mall shopping center featuring major outlets of R.H. Macy, Inc., Whole Foods, Nordstrom Rack, Barnes & Noble Booksellers, Inc., and LL Bean, as well as specialty shops, restaurants, and parking. The Latham Farms Shopping Center, which includes Dicks Sporting Goods, Field & Stream, Sam's Club, and Home Depot stores, is situated between Routes 9 and 7, adjacent to the Northway. The Northway Mall complex is also located within the Town and includes Target, Lowe's, and BJ's Wholesale Club. The long dormant Latham Circle Mall has been redeveloped and includes Lowe's, a Walmart supercenter, Burlington Coat Factory, Bob's Furniture Store, and several restaurants. A sizeable portion of recent development in the Town has been devoted to single family residences, townhomes, and to the construction of hotels and multi-story office buildings. The Town is the site of the Albany International Airport, which provides passenger service on most major routes throughout the United States; passenger stations of Amtrak are located nearby in Rensselaer and Schenectady.

In addition to the retail redevelopment there has been movement in the redevelopment of two dormant and blighted spots with the Town. The former Tobin's First Prize property in the West Albany area of the Town has a proposed project working through the Town's planning process. In addition, the former Starlight Theatre property in the Latham area of Town has substantially completed a 150,000 square foot office building that will become the regional headquarters for The Ayco Company. The development of the balance of this site is working its way through the Town's planning process.

The Town provides sanitary sewer and water distribution facilities to its residents. Police protection and emergency medical service are provided by the Town. Fire protection is provided by Fire Districts and Fire Protection Districts located in the Town. The Town is the site of a base station of one of the mutual aid systems in New York State coordinating the operations of volunteers in thirteen fire departments. The Highway Department is charged with maintenance of the paved roads in the Town and is responsible for maintaining more than 310 center-line miles of highway within the Town.

In addition to the "essential services," the Town also owns and operates a variety of recreation facilities. These facilities include a 36-hole golf course, two 125+ acre parks, thirteen pocket parks, three sports complexes, swimming pools, a boat launch, 5.5 miles of bicycle paths, two dog parks, and the William K. Sanford Town Library. During 2018, the Town completed construction of a splash pad at its pool complex and began an equipment replacement project in the thirteen pocket parks, which was completed this year.

The Town is situated in the center of the tri-city area (Albany-Troy-Schenectady) with access to such employment opportunities as the State of New York offices in Albany, the General Electric Company in Schenectady, industrial operations in Troy, and the United States Arsenal in Watervliet.

Highway facilities include the New York State Thruway, with two interchanges leading directly into the Town; Interstate Route 87 (the Northway), Interstate Route 90, New York Routes 5 and 7, and U.S. Route 9. Transportation for freight by rail and water is provided by the Delaware & Hudson, ConRail, and Amtrak railroads, the Hudson and Mohawk Rivers, and the Barge Canal. Air passenger and freight service is available at the Albany International Airport, located in the Town.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Governmental Organization

The Town was established in 1895 pursuant to enactment of the New York State Legislature. The Town is located in the County of Albany, New York. The County is divided for local government purposes into ten towns and the Cities of Albany, Cohoes, and Watervliet. In turn, some of the towns contain incorporated villages established for purposes of providing certain municipal services and facilities to their residents. The Town is a political subdivision of the State having its own elected legislative body, the Town Board, pursuant to Constitutional provision and, except for certain contractual arrangements for cooperative provisions of some services or facilities, the Town does not rely in any manner upon the County for purposes of providing local government needs.

The legislative body of the Town is its Town Board of seven members elected at large. The presiding officer, the Town Supervisor, is elected for a two-year term, and the six Council members are elected for staggered four-year terms.

The Supervisor is the Chief Executive and Fiscal Officer of the Town. Other elected Town officials are the Town Clerk and the Receiver of Taxes, who are elected at large to two-year and four-year terms, respectively. The three Town Justices are elected to staggered four-year terms. The Town Board appoints the Town Comptroller, Commissioner of Public Works, and Town Attorney for coterminous terms with the Town Supervisor. The Town Assessor and Personnel Officer are appointed by the Town Board for six-year terms.

The Town provides the bulk of municipal services to its residents including water and sewer facilities and builds and maintains the Town highways. Police protection is provided by the Town and the County, and fire protection is provided through separate entities: the various fire districts and voluntary fire organizations in the Town. Planning and zoning and the financing of Town courts are provided by the Town. Regulation of building construction and licensing of trades and occupations along with the usual municipal services of recreational facilities and street lighting are all Town functions. Social services and health services, to the extent provided on a public basis, are essentially County responsibilities, however, the Town does maintain a Senior Resources Department to coordinate services to the senior community. The Town also owns a municipal solid waste facility on the borders of the Mohawk River and City of Cohoes. The Town contracted a private company to operate and maintain this facility for a minimum of twenty-five years.

This Management Discussion and Analysis (MD&A) of the Town provides an introduction to the major activities affecting governmental operations and an introduction and overview of the financial performance and statements of the Town for the fiscal year ended December 31, 2019.

Following this MD&A are the basic financial statements of the Town, together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

Financial Highlights

Over the last 12 years, the Town has overcome a 2007 combined deficit fund balance of \$19.7 million and Moody's Investor Services bond rating that had declined to Baa1 with a negative outlook. This deficit was modestly reduced through cost cutting, revenue management, and stringent adherence to the annual budget. Management also began looking at underutilized assets that could be sold, and underperforming assets that could be optimized. In 2011, the Town entered into a service concession arrangement (arrangement) for the operation and maintenance of its solid waste facility. This arrangement provided approximately \$35 million in cash receipts and resources to fully cover the solid waste facilities closure and post-closure care costs, which are described in Note 11. These steps substantially reduced the net deficit within the environmental services and the general town-wide funds.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Highlights - Continued

These actions in 2011 allowed the Town to begin building fund level surpluses. 2019 marks the ninth year of fund balance growth for the operating governmental funds (excluding capital projects and special revenue funds), and the eighth year where all governmental funds, other than capital projects, have a positive fund balance. It is the Town's goal to eventually reach the New York State Comptroller's recommended fund balance levels of 5% of annual operating expenditures. As of December 31, 2019, the Town has attained this goal in most of the governmental funds. The General Fund continues to work toward this goal attaining the 1.9% level as of December 31, 2019.

The entity-wide financial statement pages present a significantly different picture of the Town's financial health due to the required recognition of several long-term liabilities by generally accepted accounting standards. The Town is required to recognize its obligation for other postemployment benefits (OPEB), which totals approximately \$100.8 million as of December 31, 2019. While these standards require the recognition of this liability on the entity-wide and enterprise funds financial statements as of the statement of net position date it will be paid out over the lifetime of the Town's approximately 850 active and retired employees. Similarly, the Town is required to recognize the compensated absences liability for all active employees as a liability as of the balance sheet date. Again, this \$5 million liability will not be paid out in the near term but as the Town's active employees retire or leave Town service.

The Town is also required to recognize its estimated portion of the New York State and Local Employees' Retirement System's (ERS), the New York State and Local Police Fire Retirement System's (PFRS) and Town of Colonie Volunteer Firefighter Length of Service Award Program unfunded pension liabilities, which total approximately \$6,565,000, \$6,503,000, and \$4,744,000 respectively, as of December 31, 2019. These pension liabilities will not be paid out in the near term, but over the term of the employees' and volunteers' service to the Town.

Additionally, these OPEB and pension standards required the deferral of certain resources as deferred inflows, net of deferred outflows, of resources of about \$6,111,000 as of December 31, 2019.

If the impact of these reporting requirements were excluded from the government-wide financial statements, the Town would have an unrestricted government-wide surplus of approximately \$29,461,000 as of December 31, 2019, rather than a deficit of approximately \$100,257,000.

Other financial highlights for 2019 are as follows:

- At the end of the fiscal year, the General Fund reported a fund balance of \$1,921,554. This represents an increase in the fund balance of approximately \$139,000 over 2018. Approximately 37% (\$520,000) of this fund balance is restricted by third parties for public safety purposes, 22% committed or assigned for various purposes and 51% is unrestricted.
- For the eighth consecutive year, all of the governmental operating funds (those other than capital projects) are reporting positive fund balances. Several are approaching, or have exceeded, the New York State Comptroller's recommended fund balance levels.
- The Environmental Services Department Fund is showing a fund deficit as of December 31, 2019 of \$12,766,186, which will be eliminated in future periods through the landfill operator's assumption of certain liabilities. The Pure Waters Department is also reporting a deficit net position, of \$3,074,910 as of December 31, 2019. Similar to the entity-wide statements, this is directly related to the recognition of \$6.5 million in OPEB liability, compensated absences, and net pension liabilities, net of deferred inflows and outflows of resources.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Highlights - Continued

Other financial highlights for 2019 are as follows:

- For governmental funds, the principal sources of the Town's operating revenue are real property taxes of \$28.4 million (35.0%), sales and use taxes of \$26.5 million (32.6%), state and federal aid of \$8.8 million (10.8%), and charges for services of \$9.9 million (12.2%), all of which are fairly consistent with 2018.
- The business-type activities (Pure Waters, Latham Water, and the Environmental Services Department) derived 50.4% (\$12.1 million) of their operating revenue from charges for services, and 49.3% (\$11.8 million) through ad valorem tax assessments, which like the governmental funds, is relatively consistent with 2018. The Environmental Services Department also recognized nonoperating revenue of approximately \$8,938,000 in 2019, as compared to \$3.8 million in 2018, as a result of fully recognizing the deferred inflows of resources under service concession arrangement in 2018 but recognizing contributed capital assets of \$6,742,000 during 2019. Additionally, in 2019, the discount rate on the long-term management contract receivable declined by 1%, to 2%, resulting in an increase in revenue by \$1.3 million.
- The largest expense in the Town continues to be salaries and benefits. In 2019, salaries were \$40,026,916, an increase of \$1,440,581 (3.7%) from 2018 and benefits, before other postemployment benefit (OPEB) and net pension/LOSAP liability related items, \$24,232,827, an increase of \$1,403,016 (5.4%) from 2018, as a result of reduced workers' compensation expense offset by increased health insurance and retirement expenses in the current year. Salaries and benefits combined account for 57.4% of expenses, exclusive of the change in OPEB and the net pension liability related items, at both December 31, 2019 and 2018.
- Debt service costs make up approximately \$12,351,000 of the 2019 Town-wide budget, or about 12.7% of total expenditures. This is up about \$1.35 million from \$11 million, and 11.8% of total expenditures, at December 31, 2018. The Town works very hard to balance the debt service budget with the needs of its aging infrastructure and operating facilities. Of this debt service approximately \$7.2 million is supported by the proprietary funds and \$5.1 is supported by the governmental funds.

Approximately 87% of the Town's outstanding debt is related to addressing the needs of its aging road, water, and sewer infrastructure. The remaining 13% is related to necessary improvements to the Town's public safety, emergency medical, recreation, library, and other cultural services.

Subsequent events

The Town's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. On March 7, 2020, the Governor of the State of New York declared a disaster emergency for the entire State of New York in response to the COVID-19 pandemic and on March 16, 2020, the Supervisor declared a local state of emergency for the Town. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Town's financial position, operations, and cash flow.

Possible effects in 2020 may include, but are not limited to, reductions in sales tax, various fees, licenses and fines revenues, interest earnings and state aid. There will also be increased expenses resulting directly from implementing safety protocols, however, the Town has initiated applications to the Federal Emergency Management Agency (FEMA) for reimbursement of eligible costs.

The Town has also initiated cost reduction plans, including but not limited to, temporary layoffs, expenditure reductions, closure of recreation facilities and suspension of recreation programs in an effort to address potential reductions in revenue.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. This annual report consists of five components: Management's Discussion and Analysis; Basic Financial Statements (Government-wide Statements, Fund Financial Statements, Proprietary Funds, and Fiduciary Funds); Notes to the Basic Financial Statements, Required Supplementary Information, and Supplementary information.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the Town's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as transportation, culture and recreation, and capital projects	Enterprise Funds of the Town operate similar to private businesses, such as the landfill, water, and sewer systems; the Town's Internal Service Fund administers self insurance obligations on behalf of the other funds	Instances in which the Town is the trustee or agent for someone else's resources
Required financial statements	1. Statement of net position 2. Statement of activities	1. Balance sheet 2. Reconciliation of total fund balance shown in the statement of net position 3. Statement of revenues, expenditures, and changes in fund balances 4. Reconciliation of the statement of revenues, expenditures, and changes in fund balances of Governmental Funds to the statement of activities	1. Statement of net position 2. Statement of revenues, expenses, changes in net position 3. Statement of cash flows	1. Statement of net position 2. Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Town's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Government-wide Financial Statements

Government-wide Financial Statements are designed to provide a broad overview of the Town's finances, in a manner similar to a private-sector business. These statements include the Statement of Net Position and the Statement of Activities.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like many other state and local governments, uses fund accounting to ensure and demonstrate finance related legal compliance. These funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Proprietary funds in the Town are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses these enterprise funds to account for the Environmental Services Department, Latham Water Department, Pure Waters Department, and Workers' Compensation Internal Service Fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Financial Analysis of the Town's Financial Statements

The following pages compare the Town's governmental fund type financial statements using the modified accrual basis of accounting and current financial resources measurement focus and the Town's proprietary fund type financial statements using the full accrual basis of accounting and economic resources measurement focus for years ended December 31, 2019 and 2018.

The amount by which the Town's entity-wide assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources is called net position. At year-end 2018, the Town's net position approximated \$(81,010,000). During 2019, the Town generated an entity wide positive change in net position of about \$194,000. This brought the net position as of December 31, 2019 to approximately \$(80,857,000). Of that amount, approximately \$18,143,000 was invested in capital assets, net of related debt, and approximately \$1,257,000 was restricted for other purposes. Therefore, as discussed above the Town has an entity-wide unrestricted deficit of approximately \$(100,257,000).

Overall, entity-wide expenses increased during 2019 by approximately \$9,316,000. This was principally the result of health insurance cost increases of about \$1.6 million, negotiated salary increases of about \$1.4 million, and about \$165,000 in interest expense. Supplies and materials increased \$5.2 million, which was primarily driven by \$2.050 million of reimbursed construction cost within the special miscellaneous revenue fund and \$3.460 million in additional landfill closure and post-closure care costs. This increase was the result of Area 7 Cell 1's activation in 2019 and an update of estimated annual post-closure maintenance costs. Depreciation expense increased \$913,000 from 2018 to 2019.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Overall, entity-wide revenues increased by approximately \$10.94 million (10.48%), with significant fluctuations in the various types of revenues. Tax revenues (property and ad valorem) and sales tax revenue, increased \$2,053,000 and \$1,109,000, respectively, primarily due to tax rate increases and slight improvement of economic conditions. These increases were supplemented by increases in charges for services of \$658,000 principally from an increase in assessments to developers in the special miscellaneous revenue fund offset by decreased ambulance fee reimbursement rates. As a result of decreased water consumption water fees decreased \$433,000. Use of money and property declined \$2.6 million as a result of fully recognizing the deferred inflows of resources under service concession arrangement in 2018. However, this was offset by the recognition of \$6.7 million of contributed capital assets from the management company's construction of Area 7 Cell 1, and \$1.3 million from changes in the discount for the long-term management contract receivable.

The Town also saw a \$1.8 million increase in Federal and State aid. The Community Development Fund received \$334,000 more for its Section 8 rental assistance program, \$200,000 more was received from New York State for Consolidated Highway Improvement Program grants, \$608,000 in grant funds for the Library improvements were received in the Capital Projects fund, and Latham Water obtained \$496,000 related to a water infrastructure project.

An analysis of the overall financial position and results of operations of the Town's major governmental funds and the total of all Non-major governmental funds (on the modified accrual basis) is presented below.

Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
General Town-Wide Fund				
Cash and cash equivalents	\$ 1,758,119	\$ 1,285,311	\$ 472,808	36.79%
Receivables/other	8,725,885	9,193,220	(467,335)	-5.08%
Due from other funds	<u>9,974,670</u>	<u>8,000,062</u>	<u>1,974,608</u>	24.68%
Total assets	<u>\$ 20,458,674</u>	<u>\$ 18,478,593</u>	<u>\$ 1,980,081</u>	10.72%
Accounts payable and accrued expenses	\$ 12,683,110	\$ 10,353,722	\$ 2,329,388	22.50%
Revenue anticipation note	2,800,000	3,000,000	(200,000)	-6.67%
Due to other funds	<u>3,054,010</u>	<u>3,342,507</u>	<u>(288,497)</u>	-8.63%
Total liabilities	18,537,120	16,696,229	1,840,891	11.03%
Fund balance	<u>1,921,554</u>	<u>1,782,364</u>	<u>139,190</u>	7.81%
Total liabilities and fund balance	<u>\$ 20,458,674</u>	<u>\$ 18,478,593</u>	<u>\$ 1,980,081</u>	10.72%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Highway Fund				
Cash and cash equivalents	\$ 1,732,400	\$ 1,587,780	\$ 144,620	9.11%
Receivables	1,573,602	1,181,908	391,694	33.14%
Due from other funds	-	195	(195)	-100.00%
	<u> </u>	<u> </u>	<u> </u>	
Total assets	<u>\$ 3,306,002</u>	<u>\$ 2,769,883</u>	<u>\$ 536,119</u>	19.36%
Accounts payable and accrued expenses	\$ 761,217	\$ 564,552	\$ 196,665	34.84%
Due to other funds	675,674	342,250	333,424	97.42%
Total liabilities	<u>1,436,891</u>	<u>906,802</u>	<u>530,089</u>	58.46%
Fund balance	<u>1,869,111</u>	<u>1,863,081</u>	<u>6,030</u>	0.32%
Total liabilities and fund balance	<u>\$ 3,306,002</u>	<u>\$ 2,769,883</u>	<u>\$ 536,119</u>	19.36%
Special Miscellaneous Revenue				
Cash and cash equivalents	<u>\$ 9,984,316</u>	<u>\$ 10,694,452</u>	<u>\$ (710,136)</u>	-6.64%
Accounts payable and accrued expenses	\$ 426,924	\$ 401,826	\$ 25,098	6.25%
Total liabilities	<u>426,924</u>	<u>401,826</u>	<u>25,098</u>	6.25%
Fund balance	<u>9,557,392</u>	<u>10,292,626</u>	<u>(735,234)</u>	-7.14%
Total liabilities and fund balance	<u>\$ 9,984,316</u>	<u>\$ 10,694,452</u>	<u>\$ (710,136)</u>	-6.64%
Capital Projects Fund				
Cash and cash equivalents	\$ 7,274,569	\$ 6,660,796	\$ 613,773	9.21%
Receivables	269,622	427,684	(158,062)	0.00%
Total assets	<u>\$ 7,544,191</u>	<u>\$ 7,088,480</u>	<u>\$ 455,711</u>	6.43%
Accounts payable and accrued expenses	\$ 152,559	\$ 36,360	\$ 116,199	319.58%
Bond anticipation notes	1,221,000	827,000	394,000	47.64%
Due to other funds	756,414	1,009,946	(253,532)	-25.10%
Total liabilities	<u>2,129,973</u>	<u>1,873,306</u>	<u>256,667</u>	13.70%
Fund balance	<u>5,414,218</u>	<u>5,215,174</u>	<u>199,044</u>	3.82%
Total liabilities and fund balance	<u>\$ 7,544,191</u>	<u>\$ 7,088,480</u>	<u>\$ 455,711</u>	6.43%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Other Governmental Funds-Continued				
Other Governmental Funds				
Cash and cash equivalents	\$ 1,884,862	\$ 2,973,134	\$ (1,088,272)	-36.60%
Investments	3,655,801	3,215,908	439,893	100.00%
Receivables	1,119,499	369,338	750,161	203.11%
Due from other funds	461,631	70,589	391,042	553.97%
Other assets	9,155	8,875	280	3.15%
	<u>\$ 7,130,948</u>	<u>\$ 6,637,844</u>	<u>\$ 493,104</u>	7.43%
Total assets				
Accounts payable and accrued expenses	\$ 952,349	\$ 945,033	\$ 7,316	0.77%
Due to other funds	326,388	215,845	110,543	51.21%
Total liabilities	1,278,737	1,160,878	117,859	10.15%
Deferred inflows of resources	12,192	22,251	(10,059)	-45.21%
Fund balance	5,840,019	5,454,715	385,304	7.06%
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,130,948</u>	<u>\$ 6,637,844</u>	<u>\$ 493,104</u>	7.43%

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
General Town-Wide Fund				
Revenues	\$ 50,311,453	\$ 48,253,586	\$ 2,057,867	4.26%
Expenditures	52,264,772	50,317,644	1,947,128	3.87%
Other financing sources	92,509	74,205	18,304	24.67%
Interfund transfers in	2,000,000	2,191,004	(191,004)	-8.72%
Net change in fund balance	139,190	201,151	(61,961)	-30.80%
Fund balance, <i>beginning of year</i>	1,782,364	1,581,213	201,151	12.72%
Fund balance, <i>end of year</i>	<u>\$ 1,921,554</u>	<u>\$ 1,782,364</u>	<u>\$ 139,190</u>	7.81%
Highway Fund				
Revenues	\$ 11,352,422	\$ 10,995,848	\$ 356,574	3.24%
Expenditures	11,379,436	10,959,195	420,241	3.83%
Other financing sources	33,044	37,298	(4,254)	-11.41%
Net change in fund balance	6,030	73,951	(67,921)	-91.85%
Fund balance, <i>beginning of year</i>	1,863,081	1,789,130	73,951	4.13%
Fund balance, <i>end of year</i>	<u>\$ 1,869,111</u>	<u>\$ 1,863,081</u>	<u>\$ 6,030</u>	0.32%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Results of Operations - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Special Miscellaneous Revenue				
Revenues	\$ 2,696,116	\$ 1,279,963	\$ 1,416,153	110.64%
Expenditures	<u>3,431,350</u>	<u>500,705</u>	<u>2,930,645</u>	585.30%
Excess of revenues over				
Net change in fund balance	(735,234)	779,258	(1,514,492)	-194.35%
Fund balance, <i>beginning of year</i>	<u>10,292,626</u>	<u>9,513,368</u>	<u>779,258</u>	8.19%
Fund balance, <i>end of year</i>	<u><u>\$ 9,557,392</u></u>	<u><u>\$ 10,292,626</u></u>	<u><u>\$ (735,234)</u></u>	-7.14%
Capital Project Funds				
Revenues	\$ 1,143,038	\$ 489,458	\$ 653,580	133.53%
Expenditures	8,054,471	6,765,240	1,289,231	19.06%
Other financing sources	<u>7,110,477</u>	<u>6,058,027</u>	<u>1,052,450</u>	17.37%
Net change in fund balance	199,044	(217,755)	416,799	-191.41%
Fund deficit, <i>beginning of year</i>	<u>5,215,174</u>	<u>5,432,899</u>	<u>(217,725)</u>	-4.01%
Fund deficit, <i>end of year</i>	<u><u>\$ 5,414,218</u></u>	<u><u>\$ 5,215,144</u></u>	<u><u>\$ 199,074</u></u>	3.82%
Other Governmental Funds				
Revenues	\$ 15,797,852	\$ 15,189,814	\$ 608,038	4.00%
Expenditures	15,432,427	14,972,388	460,039	3.07%
Other financing sources, net	<u>19,879</u>	<u>20,232</u>	<u>(353)</u>	-1.74%
Net change in fund balance	385,304	237,658	147,646	62.13%
Fund balance, <i>beginning of year</i>	<u>5,454,715</u>	<u>5,217,057</u>	<u>237,658</u>	4.56%
Fund balance, <i>end of year</i>	<u><u>\$ 5,840,019</u></u>	<u><u>\$ 5,454,715</u></u>	<u><u>\$ 385,304</u></u>	7.06%

General Fund

Total assets increased by approximately \$1,980,000 due to a combination of increased interfund receivables offset by higher cash balances and lower third-party receivables. The decreased third-party receivables were a result of a lower allocation of sales tax receivables than at year-end 2018. The increase in due from other funds was from additional amounts due from the Environmental Services Department Fund as it waits the payment from the permitting of Cell 7.

Liabilities overall increased by approximately \$1,841,000 from 2018 to 2019, primarily due to the increase accounts payable at the end of 2019 by about \$1.86 million. Additionally, during 2019 the Town was able to slightly reduce the short-term cash flow revenue anticipation note borrowing by \$200,000. The interfund payables were down \$288,000 at December 31, 2019 primarily related to the mix of amounts due to the General Fund for accounts payable and timing of cashflow borrowings/repayments around year end.

Fund balance increased \$139,000 and was a function of favorable operating results. At December 31, 2019, the unreserved unassigned fund balance equals about \$981,000, or 1.9% of the operating expenditures, making progress toward to the 5% recommended by the New York State Comptroller's Office.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

General Fund - Continued

Total revenue increased by approximately \$2,058,000, or 5.3%. The significant fluctuations in the individual sources primarily because of budgeted increases in property tax revenue, approximately \$1,289,000, and higher allocation of sales tax from the County, approximately \$836,000. The balance of the increase came primarily from increased mortgage tax state aid offset by declines in the emergency medical services revenues as a result of reimbursement rate decreases during 2019.

The General Fund was also able to sustain the amount transferred from the Environmental services fund at the 2018 \$2 million level.

Expenditures also increased in 2019 from 2018 levels by about \$1,947,000, or 3.8%. This increase was primarily driven by increases in benefit costs of about \$1,194,000 as a result of rising health insurance and retirement contribution costs. There were also negotiated salary increases of \$883,000 for all the Town's bargaining and non-bargaining units in 2019. Overall insurance, materials, supplies, and utility costs decreased about \$268,000, but there was no one specific item driving those decreases. Debt service costs increased \$138,000 from 2018 to 2019 as anticipated with the additional debt issuances to address the Town's facility and equipment needs.

Highway Fund

Total assets increased about \$536,000 from 2018 to 2019, from a combination of approximately \$392,000 more in sales tax receivables and approximately \$144,000 more cash balances at year-end 2019. Both were functions of operations during 2019.

Overall, liabilities increased about \$530,000 at year-end 2019 related to higher levels of interfund payables related to accounts payable levels at December 31, 2019. There was also an increase of approximately \$192,000 in refundable highway permits from 2018 to 2019, due to both volume and size of several permits outstanding at year end. Fund balance increased \$6,000 as a result of favorable operating results during 2019. As of December 31, 2019, the fund now has an unreserved uncommitted fund balance (\$468,937) equal to 4.1% of the operating expenditures, well on the way to the 5% recommended by the New York State Comptroller's Office.

The Highway Fund revenues and expenditures increased approximately \$357,000, or 3.2%, and \$420,000, or 3.8%, respectively, for the year ended 2019 as compared to 2018. This was primarily the result of higher workers' compensation claims of \$165,000 and retirement benefits leave time payments of \$45,000 in 2019, offset by lower health insurance costs of \$93,000. Debt services costs increased \$290,000 as anticipated due to the continuation of the Town's infrastructure improvement projects.

The sales tax revenue allocation increased \$363,000 to compensate for these increases as did other operating revenues and increases in interest earning, sale of scrap materials and equipment rentals. The additional revenue from New York State Consolidated Highway Improvement Projects aid was used to offset the cost of additional paving costs dollar for dollar. This \$200,000 increase was offset by a decrease in projects funded by developers which resulted in lower paving costs by about \$223,000, which resulted in an overall decrease in supplies and materials spending in 2019.

Special Miscellaneous Revenue Fund

Total assets decreased during 2019 by approximately \$710,000 as a result of sizeable expenditures offset by the timing of developer assessments during 2019. A portion of the revenues within the Bought area can be used by schools and fire companies within the area for reimbursement of eligible costs, which is accounted for as a liability to the fund. This liability increased by \$25,000 in 2019.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Special Miscellaneous Revenue Fund - Continued

The annual revenues and expenditures depend on the development within the various mitigation areas and the resulting engineering and improvement projects that result from that development. During 2019, the Boght area began the financing Coliseum Drive, including land acquisition, in the amount of \$3.4 million and the various areas incurred engineering costs totaling \$21,000.

Capital Projects Fund

Cash and cash equivalents increased during 2019 by approximately \$614,000. This was the result of continuation of the Town's capital plan. Grant receivables decreased from 2018 to 2019 based on the timing of grant submissions around the end of the year.

Total liabilities increased by \$257,000, of which \$394,000 is from issuance of bond anticipation notes, net of scheduled repayment, during 2019. Accounts payable and accrued expenses increased by \$117,000 and due to other funds decreased \$254,000 due to the timing of the payment of invoices around year end 2019.

2019 revenues were significantly higher than in 2018 due to several large construction grants received for the renovations to the Town Library and one for emergency medical services equipment. Project expenditures were up in 2019 by approximately \$1.3 million primarily in the area of street maintenance (\$520,000), transportation equipment (\$783,000), emergency medical equipment (\$280,000), renovations to historical property (\$605,000) all offset by a reduction in the recreation facility projects by \$864,000, as the splash pad project was completed in 2018.

Non-major Funds

Overall, the Town's non-major funds experienced an increase in financial position by \$385,000. While total assets increased by about \$493,000, total liabilities and deferred inflows of resources also increased by approximately \$108,000.

The increase in assets was primarily related to decreased cash, net of investment, balances of approximately \$648,000 being offset by increased interfund receivables of about \$391,000 and third-party receivables of about \$750,000. The cash balance decreases resulted from increased interfund receivables at year end and allocations of sales tax throughout 2019.

The liability increase as identified above resulted primarily from increased interfund payables around year end 2019 related to the general town-outside villages fund. This liability was the result of the need for more allocations of sales tax during the year and the resulting increased receivable at year-end 2019.

Revenues and expenses both increased significantly from 2018 to 2019 by \$608,000 (4%) and increase of \$460,000 (3%), respectively. The increased revenue was the result of fluctuations in several revenue categories with no one source accounting for the overall change. Real property taxes were budgeted to increase the \$183,000, or 2.6%, LOSAP investment earnings in the fire protection district fund drove the \$327,000 increase in interest and use of property, licenses and permits increased \$237,000 resulting from continued strong construction in Town during 2019, and Federal aid increased \$334,000 as Community Development programs saw increased funding levels in its Section 8 Rental Assistance Program. These increases were offset by reduction in departmental income by \$368,000 and the need for a lower sales tax allocation by \$90,000.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Non-major Funds - Continued

The departmental income reduction was driven by a decline in income from other agencies within the Community Development Section 8 program of about \$137,000, and reductions within the building and fire services department fees of the Town-Outside Villages (TOV) fund. These fee reductions resulted from volume reductions in abandoned property fees of \$36,000, opens space fees of \$151,000 and fire inspection fees of \$25,000. The balance of the reduction was \$12,000 in civil service testing fees in the TOV fund.

The operating expenses for the non-major funds saw an increase of approximately \$460,000 in 2019 from 2018 levels. \$183,000 of the increase was the purchase of approximately 3 acres of open space during 2019 within the TOV fund, Library debt service increased \$65,000 from the renovation project, and employee benefits within the TOV and Library funds increased \$75,000. Public safety expenditures declined \$137,000 primarily because in 2018 the LOSAP program within the Fire Protection District fund experienced investment losses of \$269,000 which were treated as an expenditure. This did not reoccur in 2019 and expenditures for public safety, exclusive of this issue, increased about \$132,000. \$89,000 of which was budgeted increases for the payments to the four fire companies contracted to provide fire protection within the related fund. The balance resulted from increase in payroll and other operating costs within TOV's building and fire services division. The \$86,000 in culture and recreation is directly related to the Library fund for increases in payroll of \$26,000 (1.8%) and \$60,000 in various operating costs. The Community Development fund saw an increase of \$116,000 primarily in the Section 8 rental assistance program and the DPW Engineering division of the TOV fund saw a \$43,000 increase in payroll costs due to staff vacancies in 2018. The Special Refuse and Water districts also experience cost increases from its contracted vendors in 2019 of \$10,000 and \$5,000, respectively.

An analysis of the overall financial position and results of operations of the Town's proprietary funds (on the accrual basis) is presented below:

Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department				
Cash and cash equivalents	\$ 27,356	\$ 52,372	\$ (25,016)	-47.77%
Receivables	444,430	428,149	16,281	3.80%
Management agreement	15,402,371	14,861,838	540,533	3.64%
Capital assets, net	<u>8,703,979</u>	<u>3,673,362</u>	<u>5,030,617</u>	136.95%
Total assets	24,578,136	19,015,721	5,562,415	29.25%
Deferred outflows of resources	<u>248,972</u>	<u>262,651</u>	<u>(13,679)</u>	-5.21%
Total assets and deferred outflows of resources	<u>\$ 24,827,108</u>	<u>\$ 19,278,372</u>	<u>\$ 5,548,736</u>	28.78%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department - Continued				
Accounts payable and accrued expenses	\$ 79,526	\$ 87,349	\$ (7,823)	-8.96%
Bonds payable	9,940,095	11,050,536	(1,110,441)	-10.05%
Landfill closure/post-closure	19,810,271	15,432,085	4,378,186	28.37%
Due to other funds	7,763,402	5,970,806	1,792,596	30.02%
Total liabilities	<u>37,593,294</u>	<u>32,540,776</u>	<u>5,052,518</u>	<u>15.53%</u>
Net position	<u>(12,766,186)</u>	<u>(13,262,404)</u>	<u>496,218</u>	<u>-3.74%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 24,827,108</u>	<u>\$ 19,278,372</u>	<u>\$ 5,548,736</u>	<u>28.78%</u>
Pure Waters				
Cash and cash equivalents	\$ 8,390,462	\$ 7,842,892	\$ 547,570	6.98%
Receivables	17,192	19,324	(2,132)	-11.03%
Due from other funds	2,497,320	2,176,999	320,321	14.71%
Capital assets, net	21,676,204	22,747,948	(1,071,744)	-4.71%
Total assets	<u>32,581,178</u>	<u>32,787,163</u>	<u>(205,985)</u>	<u>-0.63%</u>
Deferred outflows of resources	<u>1,069,472</u>	<u>1,402,493</u>	<u>(333,021)</u>	<u>-23.74%</u>
Total assets and deferred outflows of resources	<u>\$ 33,650,650</u>	<u>\$ 34,189,656</u>	<u>\$ (539,006)</u>	<u>-1.58%</u>
Accounts payable and accrued expenses	\$ 1,104,645	\$ 1,116,362	\$ (11,717)	-1.05%
Bond anticipation note	4,245,000	2,735,000	1,510,000	55.21%
Bonds payable	23,974,925	25,713,366	(1,738,441)	-6.76%
Other noncurrent	6,032,563	7,048,516	(1,015,953)	-14.41%
Due to other funds	-	195	(195)	100.00%
Total liabilities	<u>35,357,133</u>	<u>36,613,439</u>	<u>(1,256,306)</u>	<u>-3.43%</u>
Deferred inflows of resources	1,368,427	587,942	780,485	132.75%
Net position	<u>(3,074,910)</u>	<u>(3,011,725)</u>	<u>(63,185)</u>	<u>2.10%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,650,650</u>	<u>\$ 34,189,656</u>	<u>\$ (539,006)</u>	<u>-1.58%</u>
Latham Water				
Cash and cash equivalents	\$ 7,564,945	\$ 7,580,326	\$ (15,381)	-0.20%
Receivables	7,971,641	6,525,418	1,446,223	22.16%
Due from other funds	95,059	1,094,919	(999,860)	100.00%
Capital assets, net	42,782,369	41,560,943	1,221,426	2.94%
Total assets	<u>58,414,014</u>	<u>56,761,606</u>	<u>1,652,408</u>	<u>2.91%</u>
Deferred outflows of resources	<u>1,813,595</u>	<u>2,428,947</u>	<u>(615,352)</u>	<u>-25.33%</u>
Total assets and deferred outflows of resources	<u>\$ 60,227,609</u>	<u>\$ 59,190,553</u>	<u>\$ 1,037,056</u>	<u>1.75%</u>

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Current Year</u>	<u>\$ Change</u>	<u>% Change</u>
Latham Water - Continued				
Accounts payable and accrued expenses	\$ 1,135,688	\$ 1,100,990	\$ 34,698	3.15%
Bond anticipation & E.F.C. notes	6,869,896	3,196,000	3,673,896	114.95%
Bonds payable	24,393,426	26,594,535	(2,201,109)	-8.28%
Other noncurrent	12,141,196	13,892,503	(1,751,307)	-12.61%
Total liabilities	<u>44,540,206</u>	<u>44,784,028</u>	<u>(243,822)</u>	<u>-0.54%</u>
Deferred inflows of resources	2,476,608	1,273,872	1,202,736	94.42%
Net position	<u>13,210,795</u>	<u>13,132,653</u>	<u>78,142</u>	<u>0.60%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 60,227,609</u>	<u>\$ 59,190,553</u>	<u>\$ 1,037,056</u>	<u>1.75%</u>

Workers' Compensation Internal Service Fund

Accounts payable and accrued expenses	\$ 1,273,188	\$ 1,284,554	\$ (11,366)	-0.88%
Net position	<u>(1,273,188)</u>	<u>(1,284,554)</u>	<u>11,366</u>	<u>-0.88%</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department				
Operating revenue	\$ 285,015	\$ 335,982	\$ (50,967)	-15.17%
Operating expenses	6,275,793	2,572,945	3,702,848	143.91%
Operating loss	<u>(5,990,778)</u>	<u>(2,236,963)</u>	<u>(3,753,815)</u>	<u>167.81%</u>
Non-operating revenues, net	8,486,996	3,081,043	5,405,953	175.46%
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>0.00%</u>
Change in net position	496,218	(1,155,920)	1,652,138	-142.93%
Net position, <i>beginning of year</i>	<u>(13,262,404)</u>	<u>(12,106,484)</u>	<u>(1,155,920)</u>	<u>9.55%</u>
Net position, <i>end of year</i>	<u>\$ (12,766,186)</u>	<u>\$ (13,262,404)</u>	<u>\$ 496,218</u>	<u>-3.74%</u>
Pure Waters				
Operating revenue	\$ 10,464,555	\$ 10,080,828	\$ 383,727	3.81%
Operating expenses	9,789,162	8,700,923	1,088,239	12.51%
Operating income	675,393	1,379,905	(704,512)	-51.06%
Non-operating expenses, net	<u>(738,578)</u>	<u>(696,365)</u>	<u>(42,213)</u>	<u>6.06%</u>
Change in net position	(63,185)	683,540	(746,725)	-109.24%
Net position, <i>end of year, as originally reported</i>	(3,011,725)	(932,565)	(2,079,160)	222.95%
Effect of adoption of GASB 75	<u>-</u>	<u>(2,762,700)</u>	<u>2,762,700</u>	<u>100.00%</u>
Net position, <i>end of year, as restated</i>	<u>(3,011,725)</u>	<u>(3,695,265)</u>	<u>683,540</u>	<u>-18.50%</u>
Net Position, end of year	<u>\$ (3,074,910)</u>	<u>\$ (3,011,725)</u>	<u>\$ (63,185)</u>	<u>2.10%</u>

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Results of Operations - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Latham Water				
Operating revenue	\$ 13,221,445	\$ 13,504,083	\$ (282,638)	-2.09%
Operating expenses	<u>13,281,700</u>	<u>12,766,419</u>	<u>515,281</u>	4.04%
Operating income (loss)	(60,255)	737,664	(797,919)	-108.17%
Non-operating expenses, net	<u>138,397</u>	<u>(319,214)</u>	<u>457,611</u>	-143.36%
Change in net position	78,142	418,450	(340,308)	-81.33%
Net position, <i>end of year, as originally reported</i>	13,132,653	18,385,037	(5,252,384)	-28.57%
Effect of adoption of GASB 75	<u>-</u>	<u>(5,670,834)</u>	<u>5,670,834</u>	100.00%
Net position, <i>end of year, as originally reported</i>	<u>13,132,653</u>	<u>12,714,203</u>	<u>418,450</u>	3.29%
Net position, <i>end of year</i>	<u>\$ 13,210,795</u>	<u>\$ 13,132,653</u>	<u>\$ 78,142</u>	0.60%
Workers' Compensation Internal Service Fund				
Operating revenue	\$ 966,511	\$ 1,133,370	\$ (166,859)	-14.72%
Operating expenses	<u>955,145</u>	<u>1,190,747</u>	<u>(235,602)</u>	-19.79%
Change in net position	11,366	(57,377)	68,743	-119.81%
Net position, <i>beginning of year</i>	<u>(1,284,554)</u>	<u>(1,227,177)</u>	<u>(57,377)</u>	4.68%
Net position, <i>end of year</i>	<u>\$ (1,273,188)</u>	<u>\$ (1,284,554)</u>	<u>\$ 11,366</u>	-0.88%

Environmental Services Department

The Town has a contract with a private company to manage, maintain, and operate the Town's solid waste facility for a period of 25 years (through 2036) with the option to extend the contract for up to five additional five-year renewal periods. The terms of the agreement provided for an upfront payment of \$23 million, which was received in 2011, and quarterly payments of \$575,000 for the first five years and minimum quarterly payments of \$275,000 thereafter for twenty years. Additionally, the company assumed the liability for all future closure and post-closure costs and has established financial assurances as required and verified by the New York State Department of Environmental Conservation.

The financial assurances that have been established protect the Town in the event the company were to default on this contract. As a result of this transaction, the Environmental Services Fund deficit has been significantly reduced and will be further reduced in the future. Essentially this is a funded deficit because although the closure and post-closure care liability remains in the Town's records; it is a funded liability.

In April 2018, the Town received final expansion permit for Area 7, with a total permitted airspace capacity of 10,090,000 cubic yards and a projected operational life of 18.9 years. The landfill operator began construction of Area 7 Cell #1 in late July 2018 and its construction certification was received in April 2019. Area 7 Cell #1 has an airspace capacity of 866,773 cubic yards, representing 8.6% of the landfill Area 7 capacity and a projected operational lifespan of 1.6 years at the maximum permitted disposal rate. The cost of construction of Cell 7 was borne entirely by the operator and has been recorded as the non-operating revenue, contributed capital asset of \$6,742,000, as of December 31, 2019.

Upon receipt of the final expansion permit for Area 7 the contract calls for the operator to pay the Town a lump sum payment. This payment is expected upon the successful conclusion of lawsuits brought about by two neighboring towns related to the permitting process. This payment is expected to be used, in part, to pay the interfund payable to the General Fund.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Environmental Services Department - Continued

Total assets increased approximately \$5.56 million in 2019 due to the anticipated repayments under the management agreement of \$1.1 million and investment of capital assets in the amount of \$5.03 million. The investment in capital assets resulted from the operator's construction of Area 7 Cell 1 in the amount of \$6,742,000. Additionally, the discount rate on the long-term management contract receivable decreases from 3% to 2%, which resulted in an increase in the receivable by \$541,000, net of 2019 scheduled repayments and additional non-operating revenue of \$1.3 million.

Total liabilities increased by approximately \$5,053,000 due to increased interfund liabilities of approximately \$1.7 million and increased of about \$4.4 million in closure and post-closure care liability as a result of Area 7 Cell 1 use during 2019 and updated cost projections for annual post-closure care costs. These increases were offset by scheduled debt payments of \$1.1 million.

The net deficit decreased to approximately \$12.8 million. The deficit will decrease as the closure and post-closure processes are assumed by the operations company.

Similar to the last four years due to changes in the utility market, the methane gas to energy operation generated poor results and resulted in an approximately \$50,000 decline in revenue. Area 6 of the landfill reached full capacity during 2018 which resulted in higher depreciation expense, revision to the landfill closure and post-closure liability, and amount of revenue recognized under the service concession arrangement.

Pure Waters

Assets and deferred outflows of resources decreased by approximately \$539,000 driven by a decreased investment in capital assets of about \$1,072,000 and a decline in the deferred outflows of resources related to pensions and OPEB of \$321,000. These decreases were offset by increases in cash balances and amounts advanced to other funds.

Overall, liabilities and deferred inflows of resources decreased by about \$476,000 primarily from the change in liability and deferred inflow of resources in the recognition of net pension liability (OPEB), which decreased \$237,000. This was enhanced by the anticipated net decrease in bonds and bond anticipation notes of \$228,000.

Overall, revenue increased approximately 3.8% over the prior year, the result of an increase in the ad valorem tax. Operating expenses increased significantly during 2019 by about \$1.1 million, or 12.5%. This was driven by a \$204,000 increase in salaries from a 2.5% negotiated wage increase, one additional full-time employee and all vacant positions from 2018 filled in 2019. Benefits expense inclusive of the impacts of OPEB and pension liability declined \$44,000. Depreciation expense increased \$213,000, insurance expense declined slightly by \$13,000, and interest expense declined \$63,715.

The significant driver of the increased expenses was in the area of supplies and materials of \$728,000. This was the result of a very difficult year in 2019 for sanitary sewer line failures which resulted in an increase in emergency repairs of \$406,000. Within the administrative expenses there was an increase of \$35,000 in the administrative chargebacks and \$30,000 increase in vehicle repairs. Within the treatment area, there were about \$170,000 of increases in payments to the Albany County Sewer district related to increased flows in 2019 and \$50,000 more in utility costs for the plant. The balance of the \$256,000 increase treatment and disposal is a combination of multiple smaller fluctuations.

Other non-operating revenue increased by about \$20,000 due to improved interest rates during 2019.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements - Continued

Latham Water

Latham Water saw an increase in total assets and deferred outflows of resources of approximately \$1,037,000. This was the result of approximately \$1,221,000 net investment in capital assets, a stable cash positions, an increase in water usage receivables of approximately \$1.4 million, from amounts due from the City of Albany for reimbursed construction costs and from the Village of Colonie for water usage for most of 2019. Those increases were offset by a \$1 million decline in interfund receivables which were virtually all repaid as of December 31, 2019. There was also a negative change in deferred outflow of resources related to pensions of \$600,000, along with a negative change in a deferred outflow related to OPEB of \$41,000. Deferred outflows of resources related to defeased bonds did have a positive change, of \$26,000 net of current year amortization, as a result of the issuance of the 2019 refunding bonds.

The liabilities and deferred inflows of resources increased approximately \$959,000. This was primarily related to other post-employment benefits (OPEB), which increased \$43,000, and net pension, which decreased \$515,000. The net increase related to the net issuance of bonds, bond anticipation notes, and E.F.C short-term notes was \$1.5 million. The balance of the change was primarily a decrease in long-term amounts due to the New York State Retirement System.

The Town implemented a minor 5 cent, or 1.4%, rate increase during 2019 that was offset by 6.14% decrease in consumption, which drove the charges for services to decline by \$449,000. This was offset by a budgeted ad valorem tax decrease of \$150,000.

Operating expenses increased 4.0%, or approximately \$515,000. Salaries costs declined \$61,000 despite a 2.5% negotiated rate increase due to staff vacancies the administration, purification, and distribution areas. Benefits costs increased \$283,000 but were offset by declines in OPEB expenses of \$224,000, for a net increase of only \$58,000. Insurance and interest expenses declined about \$16,000 and \$88,000, respectively, while depreciation increased by \$78,000. Similar to the Pure Waters District the significant driver of the expense increase was in the supplies and materials cost which increased \$456,000. Of this increase there was a \$35,000 increase in the administrative back-charge from the General fund. The balance of the increase was in the purification and distribution systems of \$283,000 and \$136,000, respectively. Within the purification system there were non-routine repairs to the plant and related water infrastructure of about \$220,000 along with increased chemical costs of \$57,000. The balance of the increase in the purification system were utility costs. Within the distribution system there were about \$94,000 more in costs related to repairs of water main failures, about \$13,000 more in utility costs and \$17,000 more in vehicle repair costs. The balance of the difference is among several smaller fluctuations.

Non-operating revenues increased about \$546,000. Approximately \$47,000 was from more favorable interest rates received on cash balances during 2019, but the majority of the increase was from an Environmental Facilities Corporation Drinking Water grant received in 2018. The total grant of \$960,000 is being used to finance a portion of a water interconnection project with the City of Albany for emergency back-up water supply. The interconnection will provide a better and more efficient method than the current emergency back-up of Stoney Creek reservoir located in the Town of Clifton Park. During 2019 approximately \$496,000 of the grant proceeds were received. The project is anticipated to be completed in 2020 and the balance of the grant should be received upon completion.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Town's Financial Statements – Continued

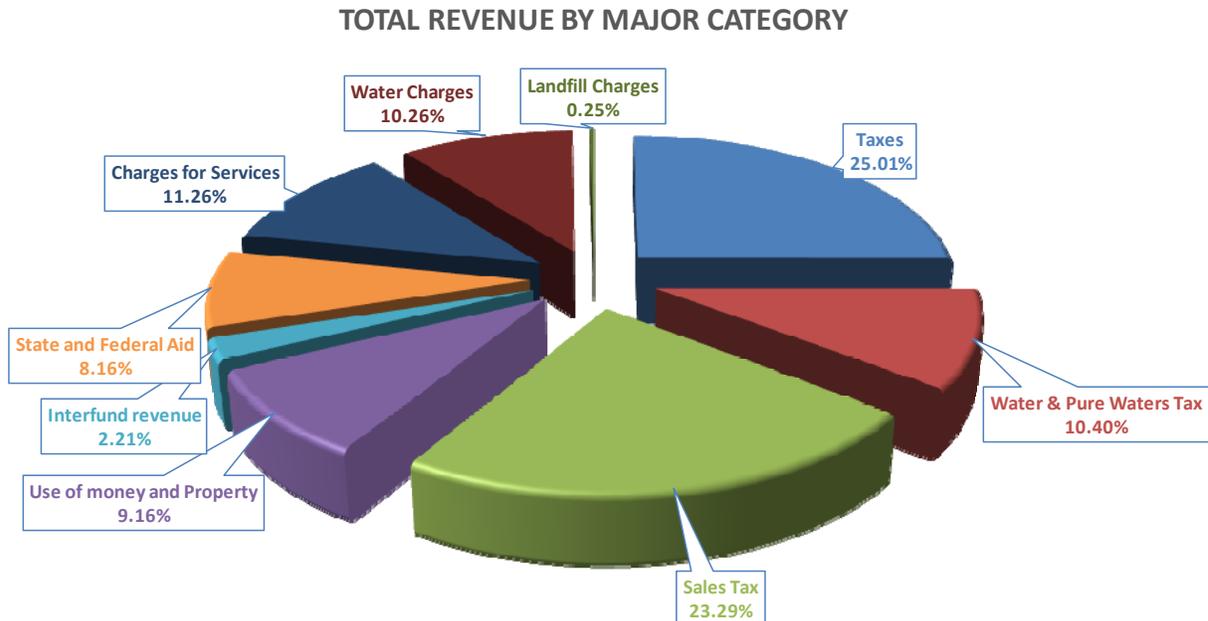
Workers' Compensation Internal Service Fund

The Town accounts for its self-insured workers' compensation costs within this fund. A significant component of the workers' compensation liability is long-term and, therefore, would not be reported under modified accrual accounting. The internal service fund allows users of the statements a more transparent and centralized reporting of the risk financing activities for workers' compensation costs. The liability presented includes the liability for workers' compensation claims as determined by the Town's third-party administrator as of the end of the year, less the amount covered by an excess insurance policy for specific claims, plus an estimate for claims incurred but not reported. The incurred but not reported estimate is a minor component because the Town has strong experience with claims being reported timely.

The revenue charged to the operating funds in 2019 was approximately \$167,000 lower than in 2018, which is the result of lower claims payouts and has a direct correlation to the related liability as of the end of the year, which was slightly lower by \$11,000. This resulted in approximately \$236,000 less in expense than in 2018.

Statistical Information on Town-Wide, Governmental and Business-Type Entities

2019 Summary of Town-Wide Revenues (accrual basis)

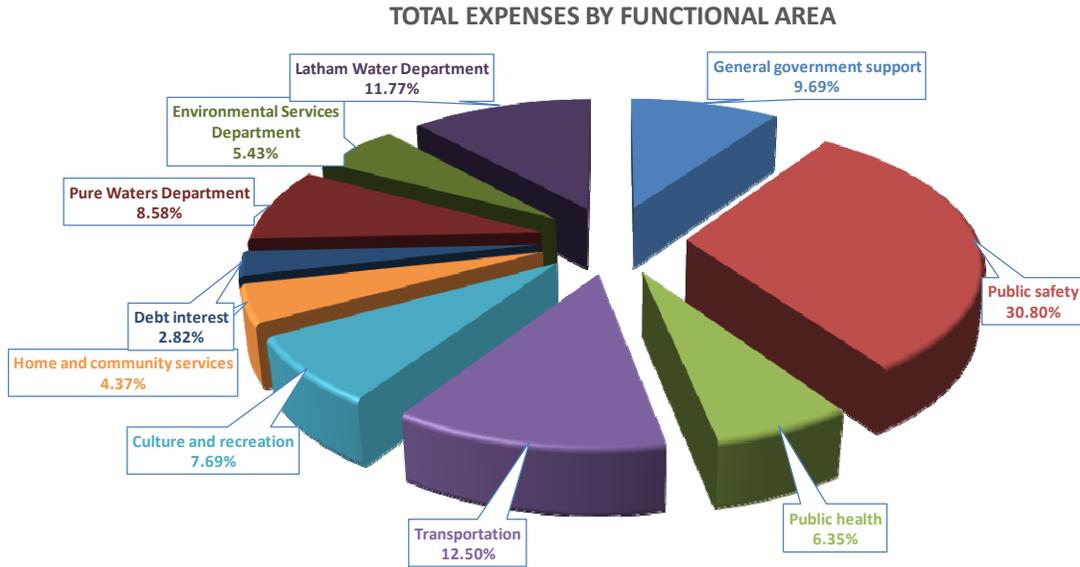


Town of Colonie, New York

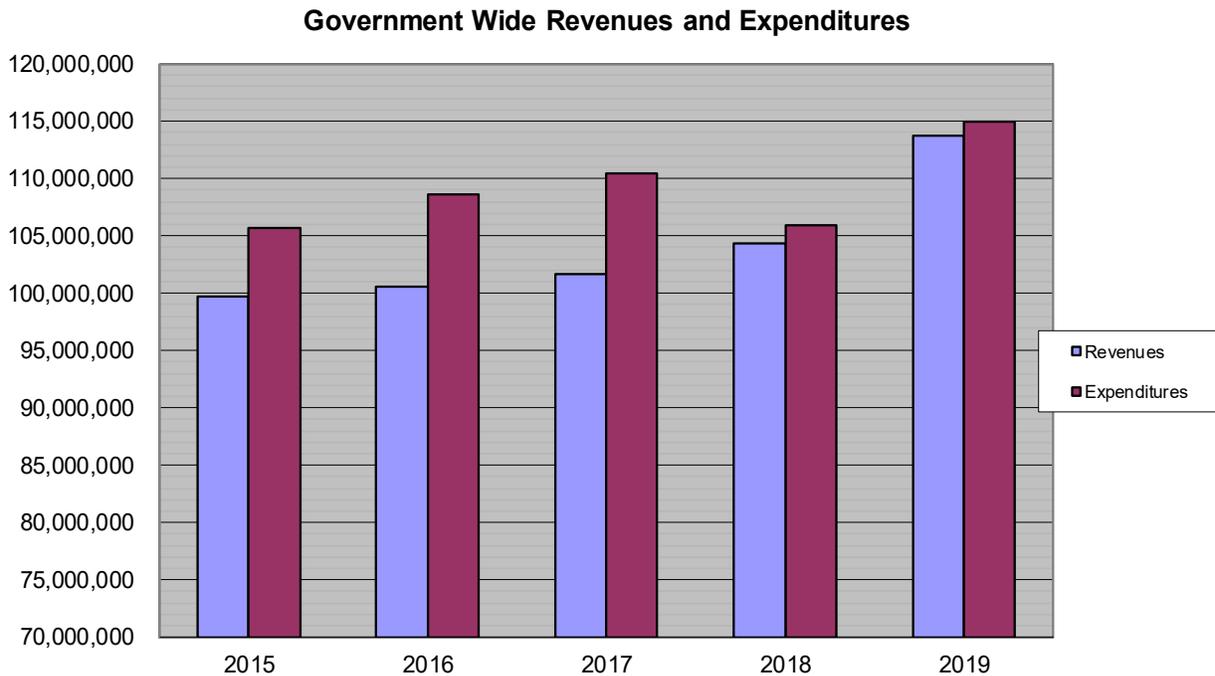
Management's Discussion and Analysis
December 31, 2019

Statistical Information on Town-Wide, Governmental and Business-Type Entities - Continued

2019 Summary of Town-Wide Expenses (accrual basis)



Town-Wide Revenues and Expenditures for the Past Five Years (accrual basis)



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Statistical Information on Town-Wide, Governmental and Business-Type Entities - Continued

Town-Wide Revenues and Expenditures for the Past Five Years (accrual basis) - Continued

The above graph shows the government-wide revenues and expenses over the last five years (accrual basis), which does not reflect expenditures for investment in capital assets or debt principal repayment. The Town closely monitors the budget and attempts to identify new sources of revenue and identify areas of savings through restructuring and attrition. This practice continues to allow the Town the ability to work towards establishing the fund balance levels that are recommended by both the New York State Comptroller's Office and debt rating services.

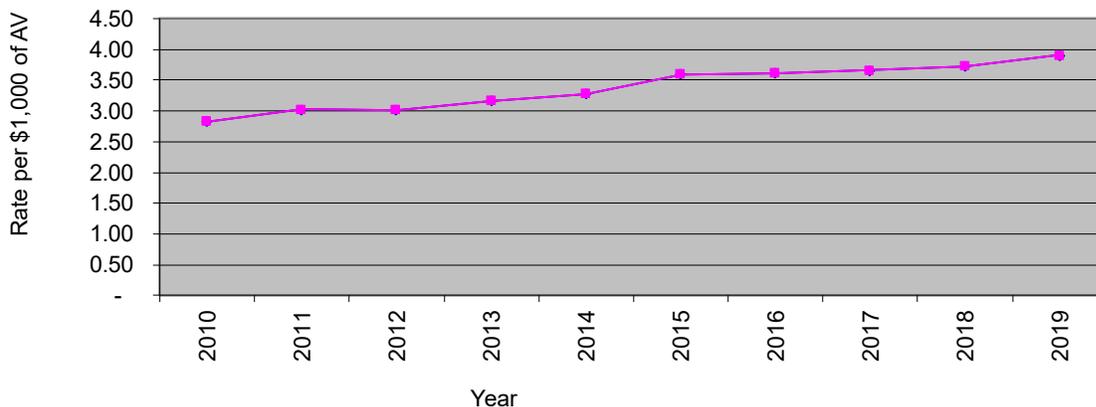
As discussed in the financial highlights section, the Town annually recognizes the impact of its proportionate share of the net pension liability of the New York Employee and Police and Fire Retirement Systems and obligations from other postemployment benefits within its financial statements. These \$4.2 and \$115.6 million liabilities have been systematically recognized since 2008, and significantly skew the comparison of revenue and expenditures.

Over the same time period identified above, the Town has managed to implement an infrastructure improvement and replacement plan while managing to keep its outstanding debt (total Bonds, BANs, and RANs) to \$114.9 million, or 11.5% of its constitution debt limit. This has been accomplished by implementing a capital review committee which reviews and prioritizes the projects to be financed. This committee attempts to limit new borrowings to a level at or below the principal being paid off in a given year. The committee feels this is a conservative approach and will assist the Town in limiting its overall debt exposure.

The graph below shows the real property taxes levied from 2010 to 2019.

Tax Rates

Property Tax Rate History



It should be noted that the Town elected to rescind the homestead tax option in 2010, which makes the homestead and non-homestead rates equal. It should also be noted that the Town complied with the New York State Tax Levy Cap Legislation from 2012 through 2018. In 2019 the Town found it necessary to exceed the tax levy cap limits by approximately \$567,000, or 1.96%, for a total increase of 5.48%. In 2020 the Town was able to adopt a budget that complied with the tax cap limits.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Budgetary Highlights

Both the General Town-wide and Highway Fund budget to actual comparisons can be found in the supplementary section of this report on pages 85 and 86. The following are a few significant budgetary items during 2019.

Within the General Town-wide Fund, sales taxes were higher than originally budget by \$2.4 million due to continued improved economic conditions during 2019, which compensated for revenues that came in lower than anticipate. It also allowed the Town the ability to reduce the estimated transfer from the Environmental Services Fund by about \$950,000.

As a result of an increase in ambulance rates and call volume, but a decline in reimbursement rates from most sources the emergency medical services fees did not meet budget in 2019 and combined with recreations departments that did not attain budgeted levels due to weather conditions during 2019 account for the below budget departmental income.

While some areas of the expenditures exceeded the originally budgeted amounts, the Town was able to make budget modifications to amend the budget without a negative impact.

The Highway Fund received about \$336,000 more in New York State Consolidated Highway Improvement Project Aid in 2019 which allowed the Town to undertake more street paving projects than original budgeted for in 2019. This accounts for the majority of the revenue and expenditures in excess of budget. The balance of the excess resulted from vehicle repairs in excess of anticipated budgets, which was able to be covered by reductions in employee benefits.

In all funds, any areas of over expenditure were able to be offset by areas that were under budget in 2019.

Capital Assets and Debt

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounted to approximately \$122,250,000 (net of accumulated depreciation and disposals), a \$2,750,000 net increase over 2018. This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress.

A breakdown of this year's significant investments is as follows:

General Fund(s)

\$ 153,000	Emergency Medical Services station improvements
12,000	Town Hall facility improvements
143,000	Public Operations Center facility improvements
15,000	Public Safety Building facility replacement
48,000	Mohawk View Town Park concession/pavilion improvements
148,000	Recreation parks equipment replacement (3 parks)
14,000	Municipal Training Center facility improvements
632,000	Pruyn House Cultural Center facility improvements
171,000	Hardware/software for computer aided dispatch system (8 items)
12,000	Computer hardware (1 items)
47,000	DPW Facilities Management vehicle and equipment (2 items)
462,000	Emergency Medical Services ambulances (3 items)
67,000	Emergency Medical Services vehicles and equipment (3 items)
290,000	Police vehicles (11 items)
64,000	Recreation equipment (4 items)
184,000	Land, open space (5.38 acres)

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Capital Assets and Debt - Continued

Library Fund		
\$ 933,000		Library facility improvements
287,000		Library equipment
Highway		
\$ 1,043,000		Highway vehicles and equipment (9 items)
97,000		Salt shed improvements
Special Miscellaneous Revenue		
\$ 1,375,000		Land acquisition
5,705,000		Road construction
Environmental Services		
\$ 6,742,000		Landfill cell construction
Pure Waters District		
\$ 84,000		Sewer treatment plant improvements
157,000		Sewer pump station improvements
373,000		Vehicles and equipment (5 units)
Latham Water District		
\$1,522,000		Water pump station improvements
955,000		Water distribution system improvements
152,000		Water storage system rehabilitations
770,000		Water source, reservoir rehabilitation/interconnect
85,000		Vehicles and equipment (5 units)

Typically, the Town finances most of the annual capital investment through the issuance of bond anticipation notes, which are then rolled into serial bonds and installment purchase debt. The Town's outstanding indebtedness for bonds, bonds anticipation notes, and installment purchase debt within governmental and business-type activities at December 31, 2019, is approximately \$112,093,000, an increase of \$3,581,000 over the previous year, or 3.3%. This total includes approximately \$1.9 million of unamortized premium on the issuance of bonds that will be amortized against interest expense over the next 14 years.

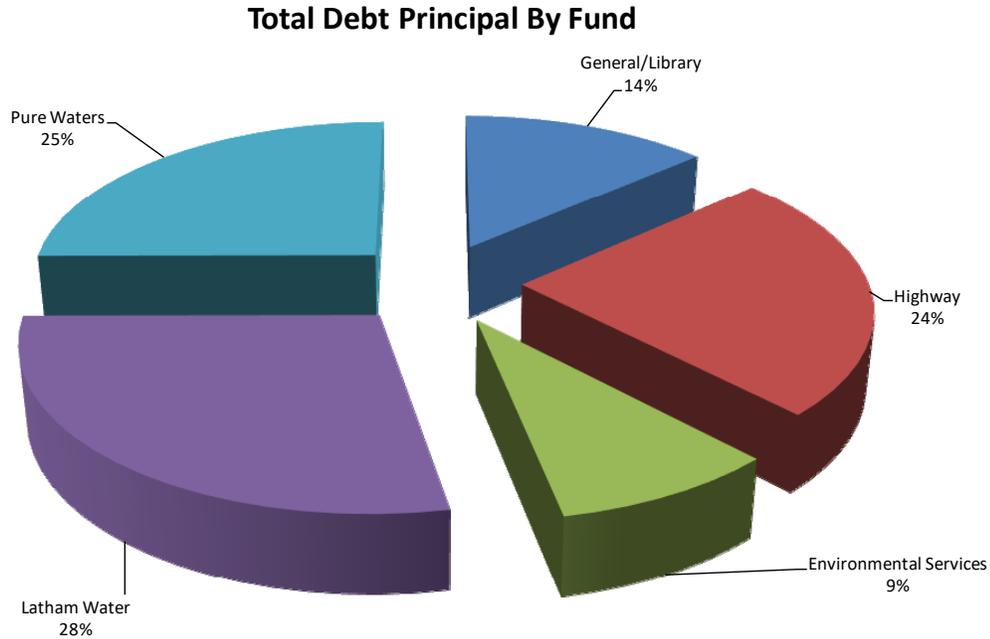
As of December 31, 2019, a summary of the Town's unused debt limit is as follows:

Town's legal debt limit	<u>\$ 634,931,598</u>
Town's indebtedness	108,597,000
Less legal exclusion	<u>35,689,610</u>
Net indebtedness	<u>72,907,390</u>
Deduct net indebtedness	<u>72,907,390</u>
Town's unused debt limit	<u>\$ 562,024,208</u>
Percent of legal indebtedness used	11.48%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

2019 Summary of Total Outstanding Debt by Fund



As of December 31, 2019, the Town's debt was rated A+, with a positive outlook, by Standard and Poor's Rating Services and A3 by Moody's Investor Service. As of February 2020, the Standard and Poor's Rating Services affirmed this rating, but in April 2020, due to the Covid-19 pandemic Standard and Poor's Rating Services announced that all positive outlooks nationwide were removed. Both rating services place the Town's debt within the upper medium quality investment grade.

Liquidity and Capital Resources

After a long period of fiscal instability, the Town continues to take steps to maintain and strengthen its financial stability. This includes strict monitoring of the annual budget, elimination of unnecessary expenditures within the budget, maximization of revenue opportunities, potential sale of unused/underused Town property, reducing staffing levels through attrition, and identifying opportunities for shared services with other municipalities all in an attempt to maintain the services provided to our community.

The Town has contracted with Capital Region Landfills, Inc. (Company), a wholly-owned subsidiary of Waste Connections, Inc. to manage the Environmental Services Department. Under the contract, the Company will manage, maintain, and operate the Town's solid waste facility for a period of 25 years. The revenue from this agreement allowed the Town to eliminate a portion of the deficit in the General Fund and the proceeds provided for the necessary future debt services payments. Additionally, any improvements done to the solid waste facility and closure/post-closure care costs will come at no cost to the Town, thereby saving taxpayers in excess of \$20,000,000. With the permitting of Area 7 of the Landfill the Town is expected to receive an additional upfront payment sometime in late 2020.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Economic Factors for Future Budgets

Retirement Costs - The Town of Colonie, New York, like many other towns in New York State, is challenged on a fiscal level by increasing retirement costs. The Town participates in the New York State Retirement System, a cost sharing and multiple public employers' system. Retirement costs were as follows:

2012	\$ 8,513,767
2013	9,590,643
2014	9,765,109
2015	9,203,239
2016	8,419,035
2017	8,383,658
2018	8,270,473
2019	8,254,833

In an effort to mitigate the sizeable costs, the Town had opted into the New York State Retirement System's annual amortization program in previous years. This program allows municipalities to amortize annual increases in excess of 1% over a ten-year period. When the costs decrease by more than 1%, the excess contributions made by the municipality will be used by the Retirement System to repay outstanding amortizations and eventually build a cash reserve to offset future amortizations. As of December 31, 2019, the Town has outstanding debt related to these amortizations totaling approximately \$5,610,000. The Town has fully ended the practice of amortizing the retirement system payments as of December 31, 2019. It will also look to prepay the existing amortizations as opportunities arise.

In addition to retirement costs, health insurance, inclusive of dental and vision insurance, premiums continue to increase each year due to market pressures and the increasing cost of health care. The Town shares health insurance premiums with its employees. The Town has seven bargaining units plus non-bargaining employees. The contribution toward the premium is different depending on the bargaining unit the employee is associated with. The contribution is either based on percentage of premium or salary. In addition, the Town has worked to negotiate equal co-pays across all employees at about 10% of premium. The Town was successful in negotiating into several of the bargaining unit contracts a 15% co-pay for new employees to the Town effective in 2013. It has also changed to an experience rated plan in order to keep premiums low. It is also participating in a study to see if entering a county wide health care consortium would provide any future savings to the Town.

The Town has expended the following health insurance premiums for active and retired employees:

2012	\$ 8,203,005
2013	7,998,256
2014	8,542,833
2015	8,578,735
2016	9,136,690
2017	10,087,141
2018	10,846,866
2019	11,793,505

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2019

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Town of Colonie Comptroller, Memorial Town Hall, Latham, New York 12110.

Town of Colonie, New York
Government-Wide Financial Statements
Statement of Net Position

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 19,666,593	\$ 15,217,539	\$ 34,884,132
Cash and cash equivalents, restricted	2,967,673	765,224	3,732,897
Investments, restricted	3,655,801	-	3,655,801
Accounts receivable, net	2,275,293	6,789,631	9,064,924
Management agreement proceeds, current portion	-	794,868	794,868
Internal balances	5,171,023	(5,171,023)	-
Due from fiduciary funds	452,792	-	452,792
State and Federal aid receivables	313,095	-	313,095
Due from other governments	9,090,380	1,643,632	10,734,012
Other assets	18,995	-	18,995
NONCURRENT ASSETS			
Management agreement proceeds, less current portion	-	14,607,503	14,607,503
Capital assets, net of depreciation	59,715,274	73,162,552	132,877,826
Total assets	<u>103,326,919</u>	<u>107,809,926</u>	<u>211,136,845</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions and LOSAP	12,679,548	1,294,436	13,973,984
Deferred resources related to OPEB	6,869,714	1,198,284	8,067,998
Deferred resources related to defeased bonds	339,930	639,319	979,249
	<u>19,889,192</u>	<u>3,132,039</u>	<u>23,021,231</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	6,428,460	-	6,428,460
Accrued liabilities	1,726,385	212,066	1,938,451
Retainage payable	69,505	155,928	225,433
Other liabilities	1,181,939	536,572	1,718,511
Unearned revenue	411,103	27,252	438,355
Revenue anticipation note payable	2,800,000	-	2,800,000
Due to other governments	6,043,466	1,177,785	7,221,251
Accrued interest	452,758	602,618	1,055,376
Current portion of bonds anticipation notes	1,221,000	331,000	1,552,000
Environmental Facilities Corporation short-term note	-	143,896	143,896
Current portion of bonds payable	3,309,268	5,227,711	8,536,979
Current portion of installment purchase debts	114,591	-	114,591
Current portion of pension related debt	1,193,040	144,210	1,337,250
NONCURRENT LIABILITIES			
Bond anticipation notes, less current portion	11,995,000	10,640,000	22,635,000
Bonds payable, less current portion, net	25,975,429	53,080,735	79,056,164
Installment purchase debts, less current portion	54,077	-	54,077
Judgments and claims	160,211	75,427	235,638
Other liabilities	3,679,858	-	3,679,858
Landfill closure and post-closure costs	-	19,810,271	19,810,271
Pension related debt, less current portion	3,834,369	438,867	4,273,236
Compensated absences	4,329,439	675,481	5,004,920
Net pension liabilities	11,820,598	1,247,351	13,067,949
LOSAP pension liability	4,744,322	-	4,744,322
Other postemployment benefits liability (OPEB)	85,052,866	15,736,633	100,789,499
Total liabilities	<u>176,597,684</u>	<u>110,263,803</u>	<u>286,861,487</u>
DEFERRED INFLOWS			
Deferred resources related to pensions and LOSAP	4,862,674	440,196	5,302,870
Deferred resources related to OPEB	19,445,456	3,404,839	22,850,295
	<u>24,308,130</u>	<u>3,845,035</u>	<u>28,153,165</u>
NET POSITION			
Net investment in capital assets	13,406,051	4,736,793	18,142,844
Restricted	567,350	689,797	1,257,147
Unrestricted (deficit)	<u>(91,663,104)</u>	<u>(8,593,463)</u>	<u>(100,256,567)</u>
TOTAL NET POSITION	<u>\$ (77,689,703)</u>	<u>\$ (3,166,873)</u>	<u>\$ (80,856,576)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York
Government-Wide Financial Statements
Statement of Activities

Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government support	\$ 11,135,845	\$ 1,108,193	\$ -	\$ -	\$ (10,027,652)	\$ -	\$ (10,027,652)
Public safety	35,570,628	2,241,081	139,896	152,866	(33,036,785)	-	(33,036,785)
Public health	7,295,892	5,038,131	-	-	(2,257,761)	-	(2,257,761)
Transportation	14,366,077	1,600,315	900,200	-	(11,865,562)	-	(11,865,562)
Economic assistance and opportunity	2,317	-	-	-	(2,317)	-	(2,317)
Culture and recreation	8,843,038	1,432,508	58,425	1,037,174	(6,314,931)	-	(6,314,931)
Home and community services	5,029,123	1,190,558	3,128,023	-	(710,542)	-	(710,542)
Debt interest	1,161,151	-	-	-	(1,161,151)	-	(1,161,151)
Total governmental activities	<u>83,404,071</u>	<u>12,610,786</u>	<u>4,226,544</u>	<u>1,190,040</u>	<u>(65,376,701)</u>	<u>-</u>	<u>(65,376,701)</u>
Business-type activities							
Pure Waters Department	10,697,091	192,208	-	-	-	(10,504,883)	(10,504,883)
Environmental Services Department	6,688,270	285,015	-	6,742,000	-	338,745	338,745
Latham Water Department	14,327,897	11,667,647	-	496,333	-	(2,163,917)	(2,163,917)
Total business-type activities	<u>31,713,258</u>	<u>12,144,870</u>	<u>-</u>	<u>7,238,333</u>	<u>-</u>	<u>(12,330,055)</u>	<u>(12,330,055)</u>
Total	<u>\$ 115,117,329</u>	<u>\$ 24,755,656</u>	<u>\$ 4,226,544</u>	<u>\$ 8,428,373</u>	<u>(65,376,701)</u>	<u>(12,330,055)</u>	<u>(77,706,756)</u>
		GENERAL REVENUES					
					28,428,743	11,826,145	40,254,888
					26,474,312	-	26,474,312
					624,061	190,236	814,297
					1,627,462	2,533,370	4,160,832
					(8,728)	-	(8,728)
					148,944	-	148,944
					2,516,916	-	2,516,916
					172,509	-	172,509
					3,366,541	-	3,366,541
					<u>63,350,760</u>	<u>14,549,751</u>	<u>77,900,511</u>
					2,000,000	(2,000,000)	-
					<u>65,350,760</u>	<u>12,549,751</u>	<u>77,900,511</u>
					(25,941)	219,696	193,755
					<u>(77,663,762)</u>	<u>(3,386,569)</u>	<u>(81,050,331)</u>
					<u>\$ (77,689,703)</u>	<u>\$ (3,166,873)</u>	<u>\$ (80,856,576)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York
Fund Financial Statements
Balance Sheet - Governmental Funds

December 31, 2019

	Major Funds					Total Governmental Funds
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 791,279	\$ 9,984,316	\$ 325,979	\$ 7,274,569	\$ 1,290,450	\$ 19,666,593
Cash and cash equivalents, restricted	966,840	-	1,406,421	-	594,412	2,967,673
Investments	-	-	-	-	3,655,801	3,655,801
State and Federal aid receivables	-	-	-	269,622	43,473	313,095
Due from other governments	6,505,380	-	1,568,002	-	1,016,998	9,090,380
Accounts receivable, net	2,210,665	-	5,600	-	59,028	2,275,293
Due from other funds	9,974,670	-	-	-	461,631	10,436,301
Other assets	9,840	-	-	-	9,155	18,995
Total assets	<u>\$ 20,458,674</u>	<u>\$ 9,984,316</u>	<u>\$ 3,306,002</u>	<u>\$ 7,544,191</u>	<u>\$ 7,130,948</u>	<u>\$ 48,424,131</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 6,423,292	\$ -	\$ -	\$ -	\$ 5,168	\$ 6,428,460
Accrued liabilities	1,356,092	-	84,992	152,559	132,742	1,726,385
Other liabilities	9,034	-	298,080	-	138,209	445,323
Revenue anticipation note payable	2,800,000	-	-	-	-	2,800,000
Bond anticipation notes payable	-	-	-	1,221,000	-	1,221,000
Due to other governments	4,712,920	426,924	378,145	-	446,899	5,964,888
Due to other funds	3,054,010	-	675,674	756,414	326,388	4,812,486
Unearned revenue	181,772	-	-	-	229,331	411,103
Total liabilities	<u>18,537,120</u>	<u>426,924</u>	<u>1,436,891</u>	<u>2,129,973</u>	<u>1,278,737</u>	<u>23,809,645</u>
DEFERRED INFLOWS OF RESOURCES						
Revenue earned but unavailable	-	-	-	-	12,192	12,192
FUND BALANCE						
Restricted	520,341	-	-	-	3,779,802	4,300,143
Committed, assigned, and unassigned	1,401,213	9,557,392	1,869,111	5,414,218	2,060,217	20,302,151
Total fund balance	<u>1,921,554</u>	<u>9,557,392</u>	<u>1,869,111</u>	<u>5,414,218</u>	<u>5,840,019</u>	<u>24,602,294</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 20,458,674</u>	<u>\$ 9,984,316</u>	<u>\$ 3,306,002</u>	<u>\$ 7,544,191</u>	<u>\$ 7,130,948</u>	<u>\$ 48,424,131</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Reconciliation of Total Fund Balance Shown in the Governmental Funds to the Statement of Net Position

	<u>December 31, 2019</u>
Total fund balance in the fund financial statements for the governmental funds	\$ 24,602,294
This amount differs from the amount of net position shown in the statement of net position due to the following:	
<i>Assets</i>	
Capital assets, net of accumulated depreciation, are included as assets in the government-wide financial statements.	59,715,274
<i>Liabilities</i>	
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements.	(452,758)
Liabilities for retainage payable on construction commitments are included in the government-wide financial statements.	(69,505)
Liabilities for the retirement system for deferred payments, long-term due to other governments, compensated absences, net pension liabilities, and other postemployment benefit obligations are included in the government-wide financial statements:	
Due to the retirement system for amortization programs	(5,027,409)
Due to other governments	(78,578)
Due to employees for compensated absences	(4,329,439)
Net pension liabilities and LOSAP pension liability	(16,564,920)
Due to employees for other postemployment benefits	<u>(85,052,866)</u>
	(111,053,212)
Bonded, long-term bond anticipation notes, installment purchase and other debt liabilities are included in the government-wide financial statements.	(45,128,223)
Liabilities for judgments and claims are included in the government-wide financial statements.	(160,211)
The internal service fund is used by management to charge the costs of workers' compensation insurance to individual funds. The liabilities of the internal service fund not related to business-type activities are included in governmental activities in the government-wide financial statements.	(736,616)
<i>Deferred Outflows and Inflows of Resources</i>	
The valuation of pension obligations can result in changes in actuarial assumptions, differences between expected and actual experiences, differences between projected and actual investment earnings and changes in proportion, and differences between employer contributions and proportionate share of contributions. These items are reported as deferred outflows and inflows of resources:	
Deferred outflows	19,889,192
Deferred inflows	<u>(24,308,130)</u>
	(4,418,938)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	12,192
<i>Interfund Activity</i>	
Amounts due between the various governmental activities are eliminated in the government-wide financial statements:	
Due from other funds	2,220,107
Due to other funds	<u>(2,220,107)</u>
	-
Total net position per statement of net position	<u>\$ (77,689,703)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

	Year Ended December 31, 2019					Total Governmental Funds
	Major Funds			Capital Projects Fund	Non-Major Governmental Funds	
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund			
REVENUES						
Real property taxes and tax items	\$ 21,167,700	\$ -	\$ -	\$ -	\$ 7,261,043	\$ 28,428,743
Sales and use tax	13,806,980	-	10,394,560	-	2,272,772	26,474,312
Departmental income	6,741,815	2,661,665	13,269	-	515,874	9,932,623
Intergovernmental charges	128,738	-	7,587	-	-	136,325
Interest and use of property	1,640,390	34,451	31,006	98,736	469,746	2,274,329
Licenses and permits	73,886	-	5,800	-	1,581,989	1,661,675
Fines and forfeitures	890,222	-	-	-	-	890,222
Miscellaneous	27,883	-	-	7,128	58,009	93,020
Interfund revenues	2,626,507	-	-	-	-	2,626,507
State aid	3,054,466	-	900,200	1,037,174	510,396	5,502,236
Federal aid	152,866	-	-	-	3,128,023	3,280,889
Total revenues	<u>50,311,453</u>	<u>2,696,116</u>	<u>11,352,422</u>	<u>1,143,038</u>	<u>15,797,852</u>	<u>81,300,881</u>
EXPENDITURES						
General government support	7,641,483	-	-	114,605	213,189	7,969,277
Public safety	16,178,140	-	-	354,501	5,467,432	22,000,073
Health	4,503,380	-	-	7,374	4,399	4,515,153
Transportation	495,304	23,545	6,409,367	2,719,004	807,424	10,454,644
Economic assistance and opportunity	2,317	-	-	-	-	2,317
Culture and recreation	3,998,633	7,859	-	196,096	2,063,931	6,266,519
Home and community services	144,021	-	-	-	4,212,084	4,356,105
Employee benefits	16,817,437	-	2,315,282	-	2,342,407	21,475,126
Debt service, principal	2,088,133	-	1,893,138	-	106,967	4,088,238
Debt service, interest	374,938	-	754,486	-	31,058	1,160,482
Capital outlay	20,986	3,399,946	7,163	4,662,891	183,536	8,274,522
Total expenditures	<u>52,264,772</u>	<u>3,431,350</u>	<u>11,379,436</u>	<u>8,054,471</u>	<u>15,432,427</u>	<u>90,562,456</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of refunding serial bonds	-	-	-	-	4,190,005	4,190,005
Proceeds from issuance of bond anticipation notes	-	-	-	6,195,000	-	6,195,000
Bond anticipation notes redeemed from appropriations	-	-	-	827,000	-	827,000
Premium on issuance of debt	-	-	-	79,489	312,971	392,460
Sale of property and compensation for loss	92,509	-	33,044	8,988	19,879	154,420
Payment to escrow agent	-	-	-	-	(4,502,976)	(4,502,976)
Transfers in (out) from other funds	2,000,000	-	-	-	-	2,000,000
Total other financing sources (uses)	<u>2,092,509</u>	<u>-</u>	<u>33,044</u>	<u>7,110,477</u>	<u>19,879</u>	<u>9,255,909</u>
NET CHANGE IN FUND BALANCE	139,190	(735,234)	6,030	199,044	385,304	(5,666)
FUND BALANCE, beginning of year	<u>1,782,364</u>	<u>10,292,626</u>	<u>1,863,081</u>	<u>5,215,174</u>	<u>5,454,715</u>	<u>24,607,960</u>
FUND BALANCE, end of year	<u>\$ 1,921,554</u>	<u>\$ 9,557,392</u>	<u>\$ 1,869,111</u>	<u>\$ 5,414,218</u>	<u>\$ 5,840,019</u>	<u>\$ 24,602,294</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) of Governmental Funds to the Change in Net Position Shown in the Statement of Activities

	<u>Year Ended December 31, 2019</u>
Net change in fund balance, total governmental funds	\$ (5,666)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities those expenditures are reported as capital asset additions.	8,326,735
Governmental funds do not report depreciation expense. This is the total depreciation expense reported in the statement of activities.	(3,649,313)
Governmental funds do not recognize the effects of disposing of capital assets which are not fully depreciated. This is the remaining net book value of capital assets disposed of reported in the statement of activities.	(104,345)
Governmental funds do not recognize the effect of revenues that do not provide current financial resources in the fund financial statements.	(10,059)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds.	(45,527)
Bond, long-term bond anticipation notes, and installment purchase debt proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and installment purchased debt principal is an expenditure in the governmental funds, but the repayments reduce the long-term liabilities in the statement of net position. This difference is the net of debt proceeds and principal repayments reported in the governmental funds.	(2,975,534)
Certain expenses reported in the governmental funds were reclassified as prepaid expenses in the statement of activities, and payables were reported in the statement of activities for expenses that will be recognized in the governmental funds in following years.	1,018,338
Governmental funds do not recognize the effect of the changes in the net pension liability and other postemployment benefit obligations in the fund financial statements.	
Net pension liabilities and LOSAP pension liability	(1,815,651)
Other postemployment benefit obligations	(1,067,763)
	(2,883,414)
The internal service fund is used by management to charge the costs of workers' compensation insurance to individual funds. The net expenditures of the internal service fund not applicable to business-type activities is reported within governmental activities in the government-wide financial statements.	302,844
Governmental activities changes in net position per statement of activities	<u>\$ (25,941)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York
Fund Financial Statements
Statement of Net Position - Proprietary Funds

	December 31, 2019				
ASSETS AND DEFERRED OUTFLOW OF RESOURCES	Environmental Services Department	Pure Waters Department	Latham Water Department	Total Business-Type Activities	Workers' Compensation Internal Service Fund
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,892	\$ 8,104,522	\$ 7,109,125	\$ 15,217,539	\$ -
Cash and cash equivalents, restricted	23,464	285,940	455,820	765,224	-
Accounts receivables, net	409,815	17,192	6,362,624	6,789,631	-
Management agreement proceeds, current portion	794,868	-	-	794,868	-
Due from other governments	34,615	-	1,609,017	1,643,632	-
Due from governmental activities	-	2,497,320	95,059	2,592,379	-
NONCURRENT ASSETS					
Management agreement proceeds, less current portion	14,607,503	-	-	14,607,503	-
Capital assets, net	8,703,979	21,676,204	42,782,369	73,162,552	-
Total assets	<u>24,578,136</u>	<u>32,581,178</u>	<u>58,414,014</u>	<u>115,573,328</u>	<u>-</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred resources related to pensions	-	408,770	885,666	1,294,436	-
Deferred resources related to OPEB	-	386,084	812,200	1,198,284	-
Deferred resources related to defeased bonds	248,972	274,618	115,729	639,319	-
	<u>248,972</u>	<u>1,069,472</u>	<u>1,813,595</u>	<u>3,132,039</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Accrued expenses	-	66,272	145,794	212,066	-
Retainage payable	-	-	155,928	155,928	-
Other liabilities	-	-	-	-	1,273,188
Unearned revenue	-	-	27,252	27,252	-
Due to governmental activities	7,763,402	-	-	7,763,402	-
Due to other governments	-	730,886	446,899	1,177,785	-
Accrued interest	79,526	261,958	261,134	602,618	-
Bond anticipation notes payable, current portion	-	185,000	146,000	331,000	-
Environmental Facilities Corporation short-term note	-	-	143,896	143,896	-
Current portion of bonds payable	1,106,639	1,786,554	2,334,518	5,227,711	-
Current portion of pension related debt	-	45,529	98,681	144,210	-
NONCURRENT LIABILITIES					
Bond anticipation notes payable, less current portion	-	4,060,000	6,580,000	10,640,000	-
Bonds payable, less current portion, net	8,833,456	22,188,371	22,058,908	53,080,735	-
Judgments and claims	-	29,743	45,684	75,427	-
Landfill closure and post-closure costs	19,810,271	-	-	19,810,271	-
Pension related debt, less current portion	-	137,186	301,681	438,867	-
Compensated absences	-	291,835	383,646	675,481	-
Net pension liability	-	393,901	853,450	1,247,351	-
Other postemployment benefits obligation	-	5,179,898	10,556,735	15,736,633	-
Total liabilities	<u>37,593,294</u>	<u>35,357,133</u>	<u>44,540,206</u>	<u>117,490,633</u>	<u>1,273,188</u>
DEFERRED INFLOW OF RESOURCES					
Deferred resources related to pensions	-	139,010	301,186	440,196	-
Deferred resources related to OPEB	-	1,229,417	2,175,422	3,404,839	-
Total deferred inflow of resources	<u>-</u>	<u>1,368,427</u>	<u>2,476,608</u>	<u>3,845,035</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	(1,236,116)	(5,934,761)	11,907,670	4,736,793	-
Restricted for other purposes	23,464	256,197	410,136	689,797	-
Unrestricted (deficit)	<u>(11,553,534)</u>	<u>2,603,654</u>	<u>892,989</u>	<u>(8,056,891)</u>	<u>(1,273,188)</u>
Total net position	<u>\$ (12,766,186)</u>	<u>\$ (3,074,910)</u>	<u>\$ 13,210,795</u>	<u>\$ (2,630,301)</u>	<u>\$ (1,273,188)</u>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				<u>(536,572)</u>	
Net assets of business-type activities				<u>\$ (3,166,873)</u>	

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

Year Ended December 31, 2019

	<u>Environmental Services Department</u>	<u>Pure Waters Department</u>	<u>Latham Water Department</u>	<u>Total Business-Type Activities</u>	<u>Workers' Compensation Internal Service Fund</u>
OPERATING REVENUES					
Charges for services	\$ 265,582	\$ 187,146	\$ 11,637,202	\$ 12,089,930	\$ 966,511
Ad valorem tax	-	10,272,347	1,553,798	11,826,145	-
Miscellaneous services	19,433	5,062	30,445	54,940	-
Total operating revenues	<u>285,015</u>	<u>10,464,555</u>	<u>13,221,445</u>	<u>23,971,015</u>	<u>966,511</u>
OPERATING EXPENSES					
Personal services	-	2,036,441	3,518,842	5,555,283	-
Employee benefits	39,564	1,163,910	2,743,200	3,946,674	955,145
Other postemployment benefits	-	65,153	84,273	149,426	-
Supplies, materials, and services	49,879	4,754,224	4,550,032	9,354,135	-
Insurance	96,781	83,636	118,286	298,703	-
Depreciation	1,711,383	1,685,798	2,261,860	5,659,041	-
Closure and post-closure costs	4,378,186	-	-	4,378,186	-
Provision for uncollectible receivables	-	-	5,207	5,207	-
Total operating expenses	<u>6,275,793</u>	<u>9,789,162</u>	<u>13,281,700</u>	<u>29,346,655</u>	<u>955,145</u>
Operating income (loss)	<u>(5,990,778)</u>	<u>675,393</u>	<u>(60,255)</u>	<u>(5,375,640)</u>	<u>11,366</u>
NONOPERATING REVENUES (EXPENSES)					
Use of property	2,196,365	-	337,005	2,533,370	-
State aid, capital grants	-	-	496,333	496,333	-
Contributed asset	6,742,000	-	-	6,742,000	-
Interest expense	(451,714)	(830,856)	(792,554)	(2,075,124)	-
Interest income	345	92,278	97,613	190,236	-
Total nonoperating revenues (expenses)	<u>8,486,996</u>	<u>(738,578)</u>	<u>138,397</u>	<u>7,886,815</u>	<u>-</u>
Income (loss) before transfers	<u>2,496,218</u>	<u>(63,185)</u>	<u>78,142</u>	<u>2,511,175</u>	<u>11,366</u>
TRANSFERS					
Operating transfers out	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>496,218</u>	<u>(63,185)</u>	<u>78,142</u>	<u>511,175</u>	<u>11,366</u>
NET POSITION, beginning of year	<u>(13,262,404)</u>	<u>(3,011,725)</u>	<u>13,132,653</u>		<u>(1,284,554)</u>
NET POSITION, end of year	<u>\$ (12,766,186)</u>	<u>\$ (3,074,910)</u>	<u>\$ 13,210,795</u>		<u>\$ (1,273,188)</u>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				<u>(291,479)</u>	
Change in net assets of business-type activities				<u>\$ 219,696</u>	

See accompanying Notes to Financial Statements.

Town of Colonie, New York
Fund Financial Statements
Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2019				
	Environmental Services Department	Pure Waters Department	Latham Water Department	Total Business-Type Activities	Workers' Compensation Internal Service Fund
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received from providing services	\$ 273,537	\$ 10,466,687	\$ 11,788,350	\$ 22,528,574	\$ 966,511
Cash paid for contractual expenses	(151,463)	(4,832,034)	(4,592,463)	(9,575,960)	-
Cash paid for personal services and employee benefits	(39,564)	(3,169,911)	(6,297,812)	(9,507,287)	(966,511)
	<u>82,510</u>	<u>2,464,742</u>	<u>898,075</u>	<u>3,445,327</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES					
Interfund transfers out	(2,000,000)	-	-	(2,000,000)	-
Change in due from/to other funds	1,792,596	(320,516)	999,860	2,471,940	-
	<u>(207,404)</u>	<u>(320,516)</u>	<u>999,860</u>	<u>471,940</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	(614,054)	(3,474,119)	(4,088,173)	-
Capital grant proceeds	-	-	496,333	496,333	-
Proceeds from the issuance of bond anticipation notes	-	1,520,000	3,530,000	5,050,000	-
Proceeds from the issuance of EFC short-term notes	-	-	143,896	143,896	-
Proceeds from the issuance of serial bonds	19,097	34,578	136,204	189,879	-
Payments of debt principal (BANs, Bonds, and installment purchase debts)	(1,132,381)	(1,746,325)	(2,341,671)	(5,220,377)	-
Interest paid	(443,015)	(883,133)	(838,577)	(2,164,725)	-
Use of property	1,655,832	-	337,005	1,992,837	-
	<u>99,533</u>	<u>(1,688,934)</u>	<u>(2,010,929)</u>	<u>(3,600,330)</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES					
Interest income	345	92,278	97,613	190,236	-
	<u>345</u>	<u>92,278</u>	<u>97,613</u>	<u>190,236</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(25,016)	547,570	(15,381)	507,173	-
CASH AND CASH EQUIVALENTS, beginning of year	52,372	7,842,892	7,580,326	15,475,590	-
	<u>52,372</u>	<u>7,842,892</u>	<u>7,580,326</u>	<u>15,475,590</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	\$ 27,356	\$ 8,390,462	\$ 7,564,945	\$ 15,982,763	\$ -
	<u>\$ 27,356</u>	<u>\$ 8,390,462</u>	<u>\$ 7,564,945</u>	<u>\$ 15,982,763</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (5,990,778)	\$ 675,393	\$ (60,255)	\$ (5,375,640)	\$ 11,366
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	1,711,383	1,685,798	2,261,860	5,659,041	-
(Increase) decrease in					
Accounts receivable, net	(11,478)	2,132	33,569	24,223	-
Due from other governments	(4,803)	-	(1,484,999)	(1,489,802)	-
Deferred outflow of resources	-	321,368	641,011	962,379	-
Increase (decrease) in					
Accounts payable	-	(190)	29,033	28,843	-
Accrued expenses	-	13,866	14,497	28,363	-
Other liabilities	-	-	-	-	(11,366)
Due to other governments	-	316	(9,720)	(9,404)	-
Unearned revenue	-	-	13,128	13,128	-
Landfill closure and post-closure costs	4,378,186	-	-	4,378,186	-
Judgments and claims	-	1,214	3,817	5,031	-
Pension related debt	-	(44,009)	(95,387)	(139,396)	-
Compensated absences	-	25,809	17,988	43,797	-
Net pension liability	-	211,418	458,071	669,489	-
Other postemployment benefits obligation	-	(1,208,858)	(2,132,481)	(3,341,339)	-
Deferred inflow of resources	-	780,485	1,202,736	1,983,221	-
	<u>\$ 82,510</u>	<u>\$ 2,464,742</u>	<u>\$ 898,075</u>	<u>\$ 3,445,327</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Statement of Net Position - Fiduciary Funds

	December 31, 2019
	Agency
ASSETS	
Cash and cash equivalents	\$ 3,754,552
Letters of credit	468,876
Due from other governments	6,763
	<u>4,230,191</u>
LIABILITIES	
Due to other governments	2,360
Due to other activities	452,792
Developer escrow funds	3,514,661
Bail deposits	77,183
Other liabilities	183,195
	<u>\$ 4,230,191</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

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

a. Reporting Entity

The Town is a municipal corporation which performs local governmental functions within its jurisdiction, including public safety, public works, highway, sewer, water, landfill, recreation, health and planning, and economic assistance and opportunity. The Town charter was adopted in 1895. The Town is governed by an elected Town Supervisor and a six-member Town Board.

The financial reporting entity consists of: (a) the primary government, which is the Town of Colonie, (b) organizations for which the primary government is financially accountable, and (c) 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.

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Town and/or its citizens, or whether the activity is conducted within geographic boundaries of the Town and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

Based on the application of these criteria, the Town has no component units that should be included in the reporting entity.

The following organizations are not part of the Town and are thus excluded from the Town's financial reporting entity:

i. Town of Colonie Industrial Development Agency

The Town of Colonie Industrial Development Agency (IDA) was created in 1977 by the Town under the provisions of Chapter 232 of the 1977 Laws of New York State for the purpose of encouraging economic growth in the Town. The IDA is a legally separate organization for which the Town, by statute, appoints the members of the IDA Board. IDA Board members have complete responsibility for management of the IDA and accountability for fiscal matters. Neither the Town nor the IDA is liable for IDA bonds or notes.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

a. Reporting Entity - Continued

i. Town of Colonie Industrial Development Agency - Continued

Town Departments provide staff support and office space to the IDA. Under the terms of an annual agreement, the IDA paid the Town \$50,000 in support services provided during the year ended December 31, 2019.

ii. Town of Colonie Local Development Corporation

The Town of Colonie Local Development Corporation (LDC) was created in 2010 by the Town under Sections 402 and 1411 of the Not-For-Profit Corporation Laws of New York State for the purpose of encouraging growth in the Town. The LDC is a legally separate organization for which the Town, by statute, appoints the members of the LDC Board. LDC Board members have complete responsibility for management of the LDC and accountability for fiscal matters. Neither the Town nor the LDC is liable for LDC bonds or notes.

Town Departments provide staff support and office space to the LDC. Under the terms of an annual agreement, the LDC paid the Town \$2,000 in support services provided during the year ended December 31, 2019.

iii. School Boards and Districts

The five School Boards and Districts within the geographical limits of the Town are not considered part of the Town's reporting entity. The School Boards' members are elected by the general public, and the Town does not provide funding to the Districts. The Districts report their activities independently.

iv. Fire Districts

The six Fire Districts within the geographical limits of the Town are not considered part of the Town's reporting entity. The Fire Commission members are elected by the general public, and the Town does not provide funding to the Districts. The Districts report their activities independently.

b. Government-wide and Fund Financial Statements

The government-wide statements include the statement of net position and the statement of activities and report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Government-wide and Fund Financial Statements - Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

c. Basis of Accounting - Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Sales tax is recognized in the period in which it is earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. Operating statements present increases and decreases in net position.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax, sales tax, and other tax revenue reported in the governmental funds to be available if collected within 60 days, and other revenues to be available if collected within 180 days, after the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments and claims, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Latham Water, Environmental Services, and Pure Waters Funds are ad valorem tax and charges to customers for sales and services. The revenues within the Workers' Compensation Internal Service Fund are interfund charges for self-insured workers' compensation costs paid. Operating expenses for these proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Basis of Accounting - Measurement Focus - Continued

The Town reports the following major governmental funds:

General Fund - is the general operating fund of the Town. All financial transactions related to revenues and expenditures for delivery of those services traditionally provided by municipal governments, which are not accounted for in other funds, are accounted for in the General Fund.

Highway Fund - is for maintenance of the Town's roadways and their infrastructure costs, such as paving, storm sewer management, snow removal, and leaf and brush.

Special Miscellaneous Revenue Fund - is used to account for the receipt and disbursement of resources related to the Town's four mitigation areas.

Capital Projects Fund - is used to account for the receipt and disbursement of resources for the construction of capital assets.

The Town reports the following proprietary funds:

Major Enterprise Funds

Pure Waters Department - is used to account for the activities of the Town's sewer system.

Environmental Services Department - is used to account for the activities of the Town's landfill.

Latham Water Department - is used to account for the activities of the Town's water department.

Internal Service Fund

Workers' Compensation - is used to account for the activities related to the Town's self-insured workers' compensation costs.

Additionally, the Town reports the following fiduciary fund type:

Agency Fund - is a fiduciary fund used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments.

d. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues, expenses/expenditures, and other financing sources (uses) during the reporting year. Actual results could differ from those estimates.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fair Value Measurements

Certain assets are reported at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of inputs to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The equities and mutual funds held within the Town's Length of Service Award Program (LOSAP) at December 31, 2019 are categorized as Level 1 in the fair value hierarchy with fair value determined by the active markets. The Corporate bonds held within the LOSAP are categorized as Level 2 and are valued at yields currently available on comparable securities of issuers with similar credit ratings. The bonds are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Cash deposits are reported at carrying amounts which reasonably estimate fair value. The composition of benefit trust investments, investment information, and fair values is presented in Note 10.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

f. Cash and Cash Equivalents

The Town's cash and cash equivalents are defined as restricted and unrestricted short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity (with maturity being no greater than 90 days when purchased).

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Cash and Cash Equivalents - Continued

Restricted cash and cash equivalents consist of funds restricted by the Town Board to reserve for future capital purposes and insurance claims; in addition to funds received as contributions for specific purposes which will benefit the Town.

New York State statutes require that collateral be maintained for cash and cash equivalents at 100% of all deposits not covered by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2019, the Town has adequate coverage for all the available bank balances either through the FDIC or securities held by an agent of the Town in the Town's name.

g. Investments

Investments of the Benefit Trust Fund are for the Town's Length of Service Award Programs (LOSAP) and are reported at fair value.

Investment policies provide for an investment manager who has full discretion of assets allocated subject to the overall investment policy guidelines. Overall investment guidelines provide for diversification and allow investment in money markets, obligations of the United States government and its agencies, fixed income, and equity mutual funds.

Asset allocation guidelines for the benefit trusts are as follows:

	<u>Limit</u>
Money markets	As needed
Obligations of the United States of America and/or its agencies	0% - 100%
Mutual funds investing in any type of fixed investments	20% - 50%
Mutual funds or trusts investing in blue chip stocks of the United States of America	10% - 30%

The Fire Protection District Fund address credit risk and concentration of credit risk with the asset allocation guidelines stated above.

h. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities, business-type activities, and fiduciary funds are reported in the government-wide financial statements as internal balances.

All accounts receivable are shown net of allowances for uncollectible revenues.

The Town provides for uncollectible accounts for the governmental and proprietary fund types based on a review of accounts by management. In both the fund and government-wide financial statements, allowances of \$3,856,838 and \$17,659 were reported for ambulance and water receivables, respectively, at December 31, 2019.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Capital Assets, Net

Within the government-wide financial statements, capital assets (land, buildings and improvements, machinery and equipment, infrastructure, and landfill improvements) are reported in the applicable governmental or business-type columns. For the fund financial statements, capital assets are reported only in the proprietary funds. In the governmental funds, capital asset acquisition and construction costs are reflected as expenditures. Capital assets are valued at historical cost or at an estimated historical cost where no historical records exist. Donated capital assets are valued at the estimated fair value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight-line	5-40 years
Machinery and equipment	5,000	Straight-line	4-25 years
Infrastructure	100,000	Straight-line	25-40 years
Landfill improvements	100,000	Modified units of production/consumption	Based upon remaining capacity

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. There were no impairments of long-lived assets as of December 31, 2019.

j. Compensated Absences

Employees earn vacation time as they provide service. Pursuant to collective bargaining agreements, employees may accumulate (subject to certain limitations) unused time earned and upon retirement, termination, or death may be compensated for such accumulated time. Additionally, employees may accumulate compensation pay for overtime to be utilized as paid time off or cash payments at a future date.

For governmental activities, the current portion of leave time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the governmental fund that will pay it. The long-term portion of leave time is accrued in the government-wide statement of net position as a non-current liability. For business-type funds, the full liability is recognized at both the fund and government-wide level.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Long-Term Liabilities

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. The current year's debt principal and interest payments are recognized as expenditures.

l. Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and post-closure costs in the Environmental Services Department Fund as a liability in each period based on landfill capacity used as of each balance sheet date, as determined by the Town's independent engineering firm. The \$19,810,271 accrued as landfill closure and post-closure costs at December 31, 2019, represents the cumulative amount reported to date based on the use of the full capacity of Areas 1 through 7. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. Actual cost may differ due to inflation, changes in technology, or changes in regulations.

During August 2011, the Town entered into a contract with a private company (Company) to manage, maintain, and operate the Town's solid waste facility for a period of 25 years with the option to extend the contract for up to five additional five-year renewal periods. As outlined in the contract, the Company will assume the liability for all future closure and post-closure care costs, and has established financial assurances (e.g., reserve account, performance bond) as required and verified by the New York State Department of Environmental Conservation. The financial assurances that have been established protect the Town in the event the Company were to default on this contract. See Notes 2b in conjunction with this footnote.

When the contract was signed, the Town received from the Company a lump-sum payment of \$23 million, received quarterly payments of \$575,000 for the first five years, September 2011 through September 2016, of the agreement and is receiving minimum quarterly payments of \$275,000 thereafter for twenty years. The Town has reported a receivable for the present value of future quarterly payments. At December 31, 2019, \$794,868 is reported as a current receivable and \$14,607,503 as a noncurrent receivable. The receivable will decline as payments are received. Revenue is recognized based on consumption of the remaining landfill capacity.

In April 2018, the Town received the final expansion permit for Area 7, with a total permitted airspace capacity of 10,090,000 cubic yards and a projected operational life of 18.9 years. The landfill operator began construction of Area 7 Cell #1 in late July 2018 and its construction certification was received in April 2019. Area 7 Cell #1 has an airspace capacity of 866,773 cubic yards, representing 8.6% of the landfill Area 7 capacity and a projected operational lifespan of 1.6 years at the maximum permitted disposal rate. The cost of construction of Cell 7 was borne entirely by the operator, and \$6,742,000 has been recorded as contributed capital revenue for the year ended December 31, 2019.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

m. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net assets that applies to future periods, and as such, will not be recognized as an outflow of resources (expense/expenditures) until that time. A deferred inflow of resources is an acquisition of net assets that applied to future periods, and as such, will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows of resources related to bond refunding are discussed in Note 5.

Pension and LOSAP related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type activities, and the respective enterprise funds. Further detail of pension and LOSAP related and deferred outflows of resources and deferred inflows of resources are disclosed in Note 8 and 10.

Postemployment benefits other than pensions related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type activities, and the respective enterprise funds. Further detail of postemployment benefits other than pensions deferred outflows of resources and deferred inflows of resources are disclosed in Note 11.

n. Fund Balance and Net Position

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - 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 - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's *intent* to be used for a specified purpose but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

Currently, the Town Board is the highest level of decision-making authority and restricts fund balance through formal resolutions in accordance with General Municipal Law. Assignment of fund balance is done by the Town Supervisor's and Comptroller's authorization. The Town considers funds to be expended in the order of restricted, committed, assigned, and unassigned.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

n. Fund Balance and Net Position - Continued

The following categories are used for net position of the government-wide and proprietary funds financial statements:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the Town or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the Town not restricted for any project or other purpose.

Note 6 provides details regarding the Town's fund balance classifications.

o. Adoption of New Accounting Standards

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). This statement requires a government that has legal obligations to perform future asset retirement activities to its tangible capital assets to recognize a liability and a corresponding deferred outflow of resources. The Town implemented the provisions of this accounting standard, with no effect on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB 88). This statement improves the information that is disclosed in notes to financial statements related to debt. Additionally, it clarifies which liabilities should be included when disclosing information related to debt and defines debt for disclosure purposes. The Town implemented the provisions of this accounting standard, with no effect on the financial statements.

GASB Statement No. 90, *Majority Equity Interests* (GASB 90). This statement clarifies the accounting and financial reporting requirements for a majority equity interest in an organization that remains legally separate after acquisition. Under GASB 90, a government entity should report its majority equity interest in a legally separate organization as an investment if that equity interest meets the GASB's definition of an investment. In many instances, a majority equity interest that meets the definition of an investment should be measured using the equity method. GASB 90 also established guidance for remeasuring assets and liabilities of wholly acquired governmental organization that remain legally separate. That guidance brings the reporting of those acquisitions in line now with existing standards that apply to acquisitions that do not remain legally separate. The Town implemented the provisions of this accounting standard, with no effect on the financial statements.

p. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through September 9, 2020, the date the financial statements were available to be issued (See Note 16).

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 2 - Stewardship, Compliance, and Accountability

a. Budgetary Information

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds except for the Special Miscellaneous Revenue Fund and the Capital Projects Fund. The Capital Projects funds adopt project-length budgets. The Special Miscellaneous Revenue Fund is not budgeted due to annual fluctuations of activity. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The Town Comptroller may make transfers of appropriations within a department. Town Council approval is required for the transfer of appropriations between departments. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level.

Encumbrance accounting is employed in governmental funds. Encumbrances, if any, outstanding at year-end are reported as assigned fund balance within the governmental fund financial statements and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. There were no significant encumbrances outstanding at December 31, 2019.

b. Fund Deficit

The Town has a deficit net position of \$12,766,186 in the Environmental Services Department Fund as of December 31, 2019. The Town is under contract with the Company to manage, maintain, and operate the Town's solid waste facility for a period of 25 years with the option to extend the contract for up to five additional five-year renewal periods.

As part of the agreement, the Company assumed the liability for all future closure and post-closure costs and has established financial assurances as required and verified by the New York State Department of Environmental Conservation. The financial assurances that have been established protect the Town in the event the Company were to default on this contract. Essentially, this is a funded deficit because as the closure and post-closure liability is paid, the deficit will be eliminated.

The Town has a deficit net position of \$3,074,910 in the Pure Waters Department Fund as of December 31, 2019. This is the result of the required recognition of the net other postemployment benefits and net pension liabilities, and the related deferred outflows and inflows, of \$6,147,372. While the Fund is required to report this liability within its financial statements, it pays these liabilities on a pay-as-you-go basis. The Town does not increase user fees in order to fund pay-as-you-go liabilities.

The Town has a deficit net position of \$1,273,188 in the Workers' Compensation Internal Service Fund as of December 31, 2019. This will be eliminated through future payment of workers' compensation claims as they are incurred.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 3 - Capital Assets, Net of Accumulated Depreciation

A summary of changes in the capital assets of the governmental activities is as follows:

	Balance January 1, 2019	Additions	Disposals/ Retirements	Balance December 31, 2019
Capital assets not being depreciated				
Land	\$ 18,556,148	\$ 1,558,536	\$ -	\$ 20,114,684
Construction in progress	1,940,169	7,830,054	(2,744,274)	7,025,949
	<u>20,496,317</u>	<u>9,388,590</u>	<u>(2,744,274)</u>	<u>27,140,633</u>
Capital assets, being depreciated				
Buildings and improvements	33,752,518	2,702,337	(29,993)	36,424,862
Machinery and equipment	35,951,981	2,564,386	(195,417)	38,320,950
Infrastructure	17,889,270	-	-	17,889,270
	<u>87,593,769</u>	<u>5,266,723</u>	<u>(225,410)</u>	<u>92,635,082</u>
Less accumulated depreciation for				
Buildings and improvements	(20,434,417)	(1,046,075)	-	(21,480,492)
Machinery and equipment	(29,248,019)	(1,866,502)	165,513	(30,949,008)
Infrastructure	(6,894,205)	(736,736)	-	(7,630,941)
	<u>(56,576,641)</u>	<u>(3,649,313)</u>	<u>165,513</u>	<u>(60,060,441)</u>
Capital assets being depreciated, net	<u>31,017,128</u>	<u>1,617,410</u>	<u>(59,897)</u>	<u>32,574,641</u>
	<u>\$ 51,513,445</u>	<u>\$ 11,006,000</u>	<u>\$ (2,804,171)</u>	<u>\$ 59,715,274</u>

A summary of changes in the capital assets of the business-type activities is as follows:

	Balance January 1, 2019	Additions	Disposals/ Retirements	Balance December 31, 2019
Capital assets not being depreciated				
Land	\$ 3,708,251	\$ -	\$ -	\$ 3,708,251
Construction in progress	1,088,527	3,639,407	(2,464,568)	2,263,366
	<u>4,796,778</u>	<u>3,639,407</u>	<u>(2,464,568)</u>	<u>5,971,617</u>
Capital assets being depreciated				
Landfill improvements	30,540,654	6,742,000	-	37,282,654
Buildings and improvements	62,739,250	2,464,568	-	65,203,818
Machinery and equipment	8,734,964	457,933	-	9,192,897
Infrastructure	48,742,723	-	-	48,742,723
	<u>150,757,591</u>	<u>9,664,501</u>	<u>-</u>	<u>160,422,092</u>
Less accumulated depreciation for				
Landfill improvements	(30,540,654)	(1,570,886)	-	(32,111,540)
Buildings and improvements	(30,041,876)	(1,470,321)	-	(31,512,197)
Machinery and equipment	(4,679,834)	(648,516)	-	(5,328,350)
Infrastructure	(22,309,752)	(1,969,318)	-	(24,279,070)
	<u>(87,572,116)</u>	<u>(5,659,041)</u>	<u>-</u>	<u>(93,231,157)</u>
Capital assets being depreciated, net	<u>63,185,475</u>	<u>4,005,460</u>	<u>-</u>	<u>67,190,935</u>
	<u>\$ 67,982,253</u>	<u>\$ 7,644,867</u>	<u>\$ (2,464,568)</u>	<u>\$ 73,162,552</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 3 - Capital Assets, Net of Accumulated Depreciation - Continued

Depreciation expense was charged to programs as follows:

	Year Ended December 31, 2019
<i>Primary Government</i>	
Governmental activities	
General government	\$ 488,898
Public safety	553,699
Health	644,444
Transportation	1,278,696
Culture and recreation	588,319
Home and community services	95,257
Total depreciation expense, governmental activities	\$ 3,649,313
	Year Ended December 31, 2019
Business-type activities	
Environmental Services Department	\$ 1,711,383
Pure Waters Department	1,685,798
Latham Water Department	2,261,860
Total depreciation expense, business-type activities	\$ 5,659,041

Note 4 - Interfund Balances and Activity

A summary of interfund receivables and payables is as follows:

	December 31, 2019				
	General	Non- Major	Pure Waters	Latham Water	Total Payable to
General	\$ -	\$ 461,631	\$ 2,497,320	\$ 95,059	\$ 3,054,010
Highway	675,674	-	-	-	675,674
Capital projects	756,414	-	-	-	756,414
Non-major funds	326,388	-	-	-	326,388
Environmental services	7,763,402	-	-	-	7,763,402
Agency	452,792	-	-	-	452,792
Total payable from	\$ 9,974,670	\$ 461,631	\$ 2,497,320	\$ 95,059	\$ 13,028,680

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 4 - Interfund Balances and Activity - Continued

A summary of the interfund transfers in and out are as follows:

	Year Ended December 31, 2019
General Fund, transfer in	\$ 2,000,000
Environmental Services Department, transfer out	<u>(2,000,000)</u>
	<u>\$ -</u>

Interfund receivables and payables result from cash advances made between funds to cover capital expenses and cash flow shortages. The amount transferred out of the Environmental Services Department Funds were from operating surpluses.

The Environmental Services Fund is expected to receive a payment from the third-party administrator (See Note 11) related to the operation of the new cell in the landfill. This payment is expected to be used, in part, to pay the interfund payable to the General Fund.

Note 5 - Indebtedness

General long-term debt of the Town is issued principally as serial bonds, which are due at various times through 2036. The bonds are issued primarily to finance acquisition or construction of capital facilities. These bonds are guaranteed by the full faith and credit of the Town and are being repaid from applicable taxes and user charges. Principal and interest payments are included in the expenditures of the related governmental funds. The Town has utilized 11.48% of its constitutional debt limit as of December 31, 2019.

In January 2019, the Town issued refunding bonds of \$6,995,000 to refund, and defeased \$7,350,000 of the outstanding portion of the Town's 2012 public improvement serial bonds. This refunding produced an estimated future cash flow gain of \$618,000, with an estimated present value gain of \$548,000. At December 31, 2019, none of these defeased bonds were outstanding.

The 2017 and 2019 refunding bonds were issued at a premium of \$1,694,157 and \$550,953, respectively, which are being amortized as an adjustment to interest expense over the life of the new bonds and are reported within bonds payable. \$148,137 of these premiums were recognized as a reduction to interest expense during 2019. The difference between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting losses, resulting in deferred outflows of resources of \$1,038,726 and \$111,364, respectively, which are being amortized as an adjustment to interest expense over the life of the new bonds. \$73,461 was recognized as an increase to interest expense during 2019.

Environmental Facilities Corporation short-term note was issued to finance construction of capital facilities for the Latham Water District Fund on a drawdown basis. Interest payments are included in the expenditures of this fund.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 5 - Indebtedness - Continued

Installment purchase debts (IPDs) represent the remaining principal installments due on the purchase of equipment within the General and the Highway Funds. The IPDs are issued to finance the acquisition of capital equipment. Principal and interest payments are included in the expenditures of the related governmental funds.

Due to other governments represents an amount due to the North Colonie Central School District under a long-term repayment agreement for a payment in lieu of taxes. It is a seven-year agreement with fixed principal payments and bears interest at the prime rate in effect at December 31st of each year of the agreement.

Compensated absences, judgments, and claims for governmental activities typically have been liquidated from the General Fund and the Special Miscellaneous Revenue Funds.

The pension related debt is the amount of the required annual contribution to the New York State Retirement System that has been deferred under Chapter 260. The contributions will be paid over a ten-year period at interest rates ranging from 3% to 5%. (see Note 8).

The Town has recognized a long-term liability related to one of the General Environmental Impact Study (GEIS) Areas. A developer within the area agreed to construct a road identified in the GEIS study as part of its project construction. As resources become available within the GEIS Area payments are made to the developer. Therefore, a long-term other liability of \$3,679,858 has been recognized as of December 31, 2019. The liability will be repaid from developer mitigation fees within the special miscellaneous revenue fund.

A summary of the changes in governmental activities' long-term liabilities for the year ended December 31, 2019, is as follows:

	Balance January 1, 2019	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2019	Due Within One Year
General obligation bonds (Bonds)	\$ 31,590,699	\$ 4,190,005	\$ (7,414,629)	\$ 28,366,075	\$ 3,236,553
Unamortized premium on bonds	676,192	312,971	(70,541)	918,622	72,715
Subtotal Bonds	<u>32,266,891</u>	<u>4,502,976</u>	<u>(7,485,170)</u>	<u>29,284,697</u>	<u>3,309,268</u>
Revenue anticipation note (RAN)	3,000,000	\$ 2,800,000	\$ (3,000,000)	\$ 2,800,000	2,800,000
Bond anticipation notes (BANs)	6,627,000	7,416,000	(827,000)	13,216,000	1,221,000
Installment purchase debts (IPDs)	<u>328,363</u>	<u>-</u>	<u>(159,695)</u>	<u>168,668</u>	<u>114,591</u>
Total RAN, BANs, IPDs, and Bonds	42,222,254	14,718,976	(11,471,865)	45,469,365	7,444,859
Judgments and claims	84,962	91,302	(16,053)	160,211	-
Due to other governments	157,156	-	(78,578)	78,578	78,578
Other liabilities	-	5,704,804	(2,024,946)	3,679,858	-
Pension related debt (see Note 9)	6,181,322	-	(1,153,913)	5,027,409	1,193,040
Net pension liability (see Note 9)	6,294,049	5,526,549	-	11,820,598	-
Compensated absences	4,190,535	504,875	(365,971)	4,329,439	-
Net Other postemployment benefits liability (see Note 11)	<u>104,176,383</u>	<u>-</u>	<u>(19,123,517)</u>	<u>85,052,866</u>	<u>-</u>
LOSAP pension liability, defined benefit plan (see Note 10)	2,809,550	175,518	(358,239)	2,626,829	-
LOSAP pension liability, defined contribution plans (see Note 10)	<u>1,902,756</u>	<u>307,971</u>	<u>(93,234)</u>	<u>2,117,493</u>	<u>-</u>
	<u>\$ 168,018,967</u>	<u>\$ 27,029,995</u>	<u>\$ (34,686,316)</u>	<u>\$ 160,362,646</u>	<u>\$ 8,716,477</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 5 - Indebtedness - Continued

A summary of the governmental activities' indebtedness under bonds, installment purchase debts, bond anticipation notes, and revenue anticipation notes payable is as follows:

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2019	Annual Principal Installments
<u>Revenue Anticipation Notes</u>					
1.65%	Oct. 2019	Jan. 2020	\$ 2,800,000	<u>\$ 2,800,000</u>	\$ 2,800,000
<u>Bond Anticipation Notes</u>					
1.969%	Mar. 2019	Mar. 2020	13,216,000	<u>13,216,000</u>	1,221,000
<u>Installment Purchase Debts</u>					
2.95%	2013	2020	176,990	27,540	23,135 - 27,540
3.29%	2017	2020	104,700	26,585	24,918 - 27,459
3.36%	2017	2020	27,206	6,910	6,468 - 7,142
3.36%	2017	2020	138,939	28,232	33,032 - 36,475
4.35%	2017	2022	155,718	79,401	23,217 - 28,852
				<u>168,668</u>	
<u>General Obligation Bonds</u>					
3.0-4.5%	2012	2031	8,190,385	-	804,200 - 75,000
2.0-3.5%	2014	2021	3,235,000	500,000	105,000 - 460,000
2.0-4.0%	2014	2033	6,599,200	4,314,000	85,700 - 457,200
2.25-3.0%	2016	2035	10,880,000	8,770,000	145,000 - 830,000
2.0-5.0%	2017	2033	6,424,000	5,556,840	35,000 - 830,000
3.0-3.5%	2018	2036	6,000,000	5,670,000	85,000 - 600,000
4.00%	2019	2031	4,190,005	3,555,235	12,159 - 634,770
				<u>28,366,075</u>	
				<u>\$ 44,550,743</u>	

A summary of the changes in business-type activities' long-term indebtedness for the year ended December 31, 2019, is as follows:

	Balance January 1, 2019	Issuance/ Additions	Payments	Balance December 31, 2019	Due Within One Year
General obligation bonds (Bonds)	\$ 62,499,300	\$ 2,804,995	\$ (8,015,372)	\$ 57,288,923	\$ 5,148,447
Unamortized premium on bonds	859,137	237,982	(77,596)	1,019,523	79,264
Subtotal Bonds	<u>63,358,437</u>	<u>3,042,977</u>	<u>(8,092,968)</u>	<u>58,308,446</u>	<u>5,227,711</u>
Bond anticipation notes (BANs)	5,931,000	5,050,000	(10,000)	10,971,000	331,000
Environmental Facilities Corporation short-term note	-	143,896	-	143,896	-
Total Bonds, BANs, and EFC note payable	69,289,437	8,236,873	(8,102,968)	69,423,342	5,558,711
Judgments and claims	70,396	10,000	(4,969)	75,427	-
Landfill closure and post-closure costs (see Note 11)	15,432,085	4,416,267	(38,081)	19,810,271	-
Pension related debt (see Note 8)	722,473	-	(139,396)	583,077	144,210
Net pension liability (see Note 8)	577,862	669,489	-	1,247,351	-
Compensated absences	631,684	128,022	(84,225)	675,481	-
Net Other postemployment benefits liability (see Note 11)	19,077,972	-	(3,341,339)	15,736,633	-
	<u>\$ 105,801,909</u>	<u>\$ 13,460,651</u>	<u>\$ (11,710,978)</u>	<u>\$ 107,551,582</u>	<u>\$ 5,702,921</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 5 - Indebtedness - Continued

A summary of the business-type activities' indebtedness under bonds and bond anticipation notes is as follows:

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2019	Annual Principal Installments
Bond Anticipation Notes					
1.969%	Mar. 2019	Mar. 2020	\$ 10,971,000	\$ 10,971,000	\$ 331,000
E.F.C. Short-term Note					
1.73%	July 2018	July 2021	\$ 640,000	143,896	\$ 143,896
Bonds Payable					
3.41%	1999/2002	2027	6,900,000	2,790,000	210,000 - 395,000
4.125%	2003	2025	3,875,300	910,000	226,000 - 307,000
1.20%	2004	2025	19,767,387	7,010,000	1,275,000
1.20%	2004	2025	3,307,082	1,125,000	200,000
3.0-5.5%	2012	2030	10,117,200	6,125,000	542,000 - 250,000
2.0-4.0%	2014	2033	6,162,080	4,746,000	269,080 - 367,600
2.25-3.0%	2016	2035	11,652,000	10,030,000	497,000 - 680,000
2.0-4.0%	2017	2033	2,260,000	3,550,000	60,000 - 475,000
2.0-5.0%	2017	2033	9,555,000	7,028,158	35,000 - 830,000
3.0-3.5%	2018	2036	12,150,000	11,445,000	455,000 - 755,000
4.00%	2019	2031	2,804,995	2,529,765	17,841 - 275,230
				<u>57,288,923</u>	
				<u>\$ 68,403,819</u>	

In March of 2020, the bond anticipation notes were partially repaid in the amount of \$1,552,000, partially redeemed through the issuance of a bond anticipation note for \$4,067,000, which matures in March 2021, and the balance of 18,568,000 was redeemed through the issuance of a public improvement serial bond, which matures annually on March 1, 2021 through 2038. Accordingly, except for the amounts partially repaid, these bond anticipation notes were excluded from the governmental fund financial statements.

Annual debt service requirements to amortize general long-term debt, exclusive of bond and revenue anticipation notes which are expected to be refinanced during 2020, are as follows:

	Governmental Activities Bonds and IPDs		Business-type Activities Bonds	
	Principal	Interest	Principal	Interest
Year ending December 31,				
2020	\$ 3,351,144	\$ 889,517	\$ 5,148,447	\$ 1,750,952
2021	3,027,315	783,103	5,274,136	1,581,084
2022	2,728,784	687,635	5,303,842	1,400,927
2023	2,677,997	597,622	5,447,003	1,226,436
2024	2,697,403	508,661	5,562,597	1,085,028
2025 through 2029	10,225,576	1,386,770	18,489,422	3,417,208
2030 through 2034	3,681,524	242,958	10,373,476	1,030,795
2035 through 2036	145,000	2,175	1,690,000	43,453
	<u>\$ 28,534,743</u>	<u>\$ 5,098,441</u>	<u>\$ 57,288,923</u>	<u>\$ 11,535,883</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 6 - Fund Balance

The specific purposes that comprise the classifications of fund balance at December 31, 2019, are as follows:

	General Fund	Special Misc. Rev. Fund	Highway Fund	Capital Projects Fund	Non-Major Funds	Total
Restricted for						
Police asset forfeiture	\$ 481,514	\$ -	\$ -	\$ -	\$ -	\$ 481,514
DARE program donations	38,827	-	-	-	-	38,827
Length of service award program	-	-	-	-	3,732,793	3,732,793
Library program/supply donations	-	-	-	-	43,286	43,286
Community development programs	-	-	-	-	3,723	3,723
Total restricted fund balance	<u>520,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,779,802</u>	<u>4,300,143</u>
Committed to						
Green space acquisition	-	-	-	-	263,528	263,528
Highway infrastructure	-	-	1,372,337	-	-	1,372,337
Judgment and claims	72,875	-	27,837	-	59,499	160,211
Assigned to						
Youth court program	101,853	-	-	-	-	101,853
Capital improvements	245,437	-	-	-	66,191	311,628
Operations of the fund	-	9,557,392	468,937	5,414,218	1,670,999	17,111,546
Unassigned	981,048	-	-	-	-	981,048
Total unrestricted fund balance	<u>1,401,213</u>	<u>9,557,392</u>	<u>1,869,111</u>	<u>5,414,218</u>	<u>2,060,217</u>	<u>20,302,151</u>
Total fund balance	<u>\$ 1,921,554</u>	<u>\$ 9,557,392</u>	<u>\$ 1,869,111</u>	<u>\$ 5,414,218</u>	<u>\$ 5,840,019</u>	<u>\$ 24,602,294</u>

Note 7 - Property Taxes

Property taxes to be used for general purposes are levied on all properties within the Town. In addition, certain water and refuse services are levied against those properties benefited by this service.

Property taxes are levied by December 31 and are payable in January. The Town's property taxes are levied together with Albany County and certain special districts. The Town and the special districts receive their full levy out of the first amounts collected. Albany County assumes enforcement responsibility for all uncollected taxes levied in the Town. Accordingly, the total levy is considered measurable and available, and there is no allowance for uncollectible property taxes at December 31.

The taxable assessed value of real property included in the general Town-wide tax levy of 2019 is \$6,018,594,980. The effective tax rate on this value is \$3.906937 per thousand. The Town utilizes a full value method of assessing property values which is intended to approximate market.

Note 8 - Retirement Systems

Plan Description

The Town of Colonie 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) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multi-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

Plan Description - Continued

The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

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

Tiers 1 and 2

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

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

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

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

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

Benefits Provided - Continued

Tiers 3, 4, and 5

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

Tier 6

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

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

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

Special Plans

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tiers 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

Benefits Provided - Continued

Post-Retirement Benefit Increases

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

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tiers 5 and 6 members are required to contribute for all years of service.

Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed in computing the employer's contributions based on salaries paid during the System's fiscal year ending March 31. Each year, the Comptroller renders a billing to participating employers requesting payment of amounts due in advance for the plan year April 1 to March 31. The NYSRSSL allows participating employers to pay their annual contributions on either December 15 of the current year, or February 1 of the following year. The Town elected to pay its contribution billed in 2019 on February 1, 2020.

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

	<u>ERS</u>	<u>PFRS</u>
2019	\$ 4,583,580	\$ 3,671,253
2018	4,683,265	3,587,208
2017	4,786,602	3,597,056

Contributions made to the Systems were equal to 100% of the contributions required for each year, less the applicable amortizations for the PFRS in 2017.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

Funding Policy - Continued

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year (SFY) 2010-11, the amount in excess of the graded rate of 9.5% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent SFYs, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the Systems' average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to taxable fixed income investments of a similar duration.
- For SFYs in which the Systems' average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortization, incentive costs, and prior year adjustments) and the graded contribution.
- For subsequent SFYs, the graded rate will increase or decrease by up to one-half of 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to a 12-year United States Treasury Bond plus 1%.
- For SFYs in which the Systems' average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts related to the Systems' fiscal years when the local employer opts to participate in the programs. The total unpaid liability at the end of the fiscal year was \$5,610,486, of which \$583,077 is reported in the various proprietary funds and \$5,027,409 on the statement of net position for the governmental activities.

For the years ended December 31, 2010 through 2016, the Town opted to amortize the allowable portions of both the annual ERS and PFRS retirement payment over a ten-year period. For the year ended December 31, 2017 the Town opted to amortize only the allowable portion of the annual PFRS retirement payment over a ten-year period. The Town opted to not amortize the allowable portion of the ERS and PFRS retirement payments since 2017. The principal amount amortized was \$7,149,426 for the ERS plan and \$5,571,816 for the PFRS plan. The principal and interest payments began in December 2011 and will end in February 2028, with interest ranging from 3% to 5% per annum.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

Funding Policy - Continued

The maturity schedule for this debt is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1,			
2021	\$ 1,337,250	\$ 183,246	\$ 1,520,496
2022	1,323,920	137,780	1,461,700
2023	1,113,065	93,674	1,206,739
2024	885,269	57,639	942,908
2025	546,321	28,338	574,659
2026	266,807	11,584	278,391
2027	95,652	3,637	99,289
2028	42,202	1,199	43,401
	<u>\$ 5,610,486</u>	<u>\$ 517,097</u>	<u>\$ 6,127,583</u>

Of the total unpaid principal balance of \$5,610,486 for the above amortizations, \$4,273,236 is included in the statement of net position as a non-current liability, and \$1,337,250 is shown as a current liability as December 31, 2019.

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

At December 31, 2019, the Town reported liabilities of \$6,564,996 and \$6,502,953 for its proportionate share of the net pension liabilities for ERS and PFRS, respectively. The net pension liabilities were measured as of March 31, 2019, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2019, the Town's proportion of the ERS and PFRS was 0.0926565% and 0.3877584%, respectively.

For the year ended December 31, 2019, the Town recognized total pension expense of \$4,530,099 and \$4,196,657 for ERS and PFRS, respectively.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

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

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,626,903	\$ 1,051,262
Change in assumptions	3,699,335	-
Net difference between projected and actual investment earnings on pension plan investments	-	2,667,185
Employer contributions made subsequent to the measurement date	5,537,964	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	432,571	872,130
Subtotal	12,296,773	4,590,577
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	245,629	83,732
Change in assumptions	313,533	-
Net difference between projected and actual investment earnings on pension plan investments	-	320,139
Employer contributions made subsequent to the measurement date	653,160	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,114	36,325
Subtotal	1,294,436	440,196
Total	\$ 13,591,209	\$ 5,030,773

The amount of deferred outflows and inflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2019.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

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

The remaining cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business Type Activities	Total
For the year ending December 31,			
2020	\$ 2,329,664	\$ 280,449	\$ 2,610,113
2021	(1,413,353)	(235,752)	(1,649,105)
2022	(202,208)	(15,947)	(218,155)
2023	1,359,895	172,330	1,532,225
2024	94,234	-	94,234
	\$ 2,168,232	\$ 201,080	\$ 2,369,312

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019.

Significant actuarial assumptions used in the April 1, 2018 valuation, which are the same for ERS and PFRS unless noted otherwise, were as follows:

Actuarial Cost Method	Aggregate Cost Method
Inflation Rate	2.5%
Salary Scale	4.2% in ERS, 5.0% in PFRS, indexed by service
Investment rate of return, including inflation	7.0% compounded annually, net of investment expenses
Cost-of-living adjustments	1.3%
Decrements	Developed from the Plan's August 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

Actuarial Assumptions - Continued

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.25%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liabilities was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made as the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Systems - Continued

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

The following presents the Town's proportionate share of the net pension liabilities calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental Activities	\$ 46,750,301	\$ 11,820,598	\$ (17,438,605)
Business-Type Activities	5,453,610	1,247,351	(2,286,208)
Total net pension liability (asset)	<u>\$ 52,203,911</u>	<u>\$ 13,067,949</u>	<u>\$ (19,724,813)</u>

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the ERS and PFRS as of March 31, 2019 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 189,803,429	\$ 34,128,100	\$ 223,931,529
Plan net position	182,718,124	32,451,037	215,169,161
Employers' net pension liability	<u>\$ 7,085,305</u>	<u>\$ 1,677,063</u>	<u>\$ 8,762,368</u>
Ratio of plan net position to the employers' total pension liability	96.27%	95.09%	96.09%

Note 9 - Deferred Compensation Plan

The Town offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan permits the participants to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

The market value of Plan assets held by the related trust at December 31, 2019 totaling \$50,521,188 is not recorded in these financial statements, as they are not an asset of the Town. The Plan issues a publicly available financial report that includes financial statements and any required supplementary information. That report may be obtained by writing to the Town of Colonie Comptroller, 534 Loudon Road, Latham, New York 12110.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs

The Town sponsors and is the program administrator for volunteer firefighter service award programs for four fire protection districts within the Town: Fuller Road, Latham, Maplewood, and Shaker Road-Loudonville Fire Districts.

Length of Service Awards Programs (LOSAP)

The Town established three separate defined contribution service award programs effective January 1, 1991, for the active volunteer firefighter members of the Fuller Road Fire Department, Inc. (Fuller Road), Shaker Road-Loudonville Fire Department (Shaker Road), and Maplewood Volunteer Fire Department, Inc. (Maplewood). A defined benefit service award program for the active members of the Latham-S.W. Pitts Hose Company, Inc. (Latham) was also established effective January 1, 1991. The programs were established pursuant to Article 11-A of New York State General Municipal Law. The programs provide municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters.

Under Section 457(e)(11) of the Internal Revenue Code, Service Award Programs for volunteer firefighters and EMS volunteers are referred to as "LOSAP" - Length of Service Award Programs.

Defined Contribution Program Description

(a) Participation, Vesting, and Service Credit

In a defined contribution LOSAP, each participant has an individual program account. The program account balance of a participation volunteer is credited with a "service award" contribution as of the end of each year during which the volunteer was active enough to earn a year of service award program service credit. The participant is paid his or her account balance upon attainment of the "entitlement age." The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Town) earned by the program assets and allocated to the participant's program account.

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to be paid their program account balance after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The Fuller Road and Shaker Road programs' entitlement age is 62, and the Maplewood program's entitlement age is 55. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points.

Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of Fuller Road, Shaker Road, or Maplewood.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

Defined Contribution Program Description - Continued

(b) Defined Contribution Benefits

A participant's benefit under the program is his or her program account balance paid upon attainment of the entitlement age in a lump sum to the participant. The annual contribution paid by the Town and credited to the account of a participant who earned fifty points during a calendar year for Fuller Road, Shaker Road, and Maplewood is currently \$700. The maximum number of years of service credit a participant may earn for the Fuller Road and Shaker Road programs is 40 years, and for the Maplewood program, the maximum is 30 years.

Currently, there are two other optional forms of payment of a volunteer's earned service award under the programs (five or ten-year installment payments). Except in the case of death or total and permanent disablement, service awards commence to be paid as of the January next following the date a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age continue to have the opportunity to earn program credit and to thereby be paid additional service awards. The program provides death and disability benefits equal to the participant's program account balance at the time of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self-insured" and are paid from the program trust fund.

For a complete explanation of the defined contribution program, see the Program Document, a copy of which is available from the Town Attorney.

For the year ended December 31, 2019, the Town had defined contribution LOSAP pension expense of \$307,971 on the accrual basis of accounting.

Defined Benefit Program Description

(a) Participation, Vesting, and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is age 60. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of Latham.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs – Continued

Defined Benefit Program Description - Continued

(b) Defined Benefit Benefits

A participant's service award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$10 multiplied by the total number of years of service credit earned under the point system for years prior to 2006 plus \$15 multiplied by the total number of years of service credit earned by the volunteer under the point system for years after 2006. The maximum number of years of service credit a participant may earn is 40 years under the program. Currently, there is one other form of payment of a volunteer's earned service award under the program (an actuarially equivalent lump sum). Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments.

The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement (the minimum death benefit payable is \$10,000 if the participant was an active volunteer at death). The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self-insured" and are paid from the program trust fund.

For a complete explanation of the defined benefit program, see the Program Document, a copy of which is available from the Town Attorney.

At the December 31, 2018 measurement date, the following participants were covered by the benefit terms.

Inactive participants:	
Currently receiving benefit payments	42
Entitled to but not yet receiving benefit payments	21
Active Participants	<u>53</u>
	<u>116</u>

(c) Funding Methodology and Actuarial Assumptions

The assets available for benefits totaled \$1,789,361 and the actuarial present value of accrued benefits was \$2,077,036 at December 31, 2019, for a funding percentage of 86%, or unfunded benefits of \$287,675. However, the Plan has an unfunded liability for separately amortized costs for the 2010 program amendments in the amount of \$467,759, which will be amortized over the next eleven years.

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Cost method.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

Defined Benefit Program Description - Continued

(c) Funding Methodology and Actuarial Assumptions - Continued

The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments 5.0%

Tables used for:

Post-Entitlement Age mortality RP-2014 Male Mortality Table
without projection

Pre-Entitlement Age mortality* RP-2014 Mortality Table without
Projection for calculation of Pre-EA
Self-insured death benefit only

Pre-Entitlement Age disability* None

Pre-Entitlement Age withdrawal* None

Pre-Entitlement Age service credit accruals 100%

* For program cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to: serve to the entitlement age; remain active and earn 50 points each year; and begin to be paid service awards upon attainment of the entitlement age.

Fiduciary Investment and Control

After the end of each calendar year, each fire department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year indicating which volunteers earned 50 points. The certified lists are delivered to the Town for the Town Board's review and approval. The fire departments must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Town Board.

The Town Board has retained Penflex, Inc. to assist in the administration of the program. The services provided by Penflex, Inc. are described in an agreement between Penflex, Inc. and the Town, which is available at the Town Attorney's office.

Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing to the Town the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Town Board then authorizes, in writing, the custodian of the Town's LOSAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and the written directive from the authorized representative of the Town Board.

Penflex, Inc. bills the Town for the services it provides. Invoices are authorized for payment by the Town in the same manner as any other invoice presented to the Town for payment. The Town pays Penflex, Inc.'s invoices from the LOSAP trust fund, in which case the Town reimburses the trust fund for the amounts paid to Penflex, Inc. to provide services for the defined benefit program (there is no reimbursement for Penflex, Inc.'s administrative costs paid under the defined contribution program).

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

Fiduciary Investment and Control - Continued

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Town Board created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Town Attorney. The Town Board is the program trustee.

Authority to invest program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Town Board.

The Town Board is required to retain an actuary to determine the amount of the Town's contributions to the plan. The actuary retained by the Town for this purpose is Kati Young of Penflex, Inc. Ms. Young is an Associate of the American Society of Actuaries. Portions of the following information are derived from a report prepared by the actuary dated August 7, 2020.

The Town Board has retained RBC Wealth Management to provide investment management and custodial services. The assets for all four programs are pooled into one investment account. RBC Wealth Management is a member of the Securities Investor Protection Corporation (SIPC). Cash and securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash. Assets held in the RBC Bank Deposit program, \$69,137 as of December 31, 2019, are not covered by SIPC, but are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2019.

Contributions

New York State General Municipal Law section 219(d) required the Town to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town.

The Town lags the contributions due to each program by fourteen months. For example, the contribution due for the program year ended December 31, 2018, was paid in February 2020, with interest. A summary of the sponsor's required contribution for program year ended December 31, 2019, and scheduled to be paid in February 2020 and 2021, is as follows:

	2021	2020
Fuller Road	\$ 17,670	\$ 25,019
Shaker Road	43,299	48,987
Maplewood	22,629	20,093
Latham	-	153,135
	<u>\$ 83,598</u>	<u>\$ 247,234</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

Assets Held in Trust

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 73.

The Town's benefit trust is reported within the Town's Fire Protection Fund and includes the following cash, cash equivalents, and investments:

	December 31, 2019		
	Fair Value	Cost	% Total Cost
Cash and cash equivalents	\$ 69,137	\$ 69,137	2.0%
Equities			
United States	847,425	646,065	18.4%
International	313,553	307,828	8.8%
Fixed income securities			
Corporate obligations	363,743	355,495	10.1%
Mutual funds	1,117,656	1,127,464	32.2%
Mixed asset securities			
Mutual funds	1,013,424	997,572	28.5%
	\$ 3,724,938	\$ 3,503,561	100.0%

As summary of the financial activity of the LOSAP plan for the year ended December 31, 2019, is as follows:

	Fuller Road	Maplewood	Shaker Road	Latham	Total
Additions					
Town contributions	\$ 18,065	\$ 22,496	\$ 43,596	\$ 178,552	\$ 262,709
Interest and earnings	23,039	7,120	40,162	65,469	135,790
Net decrease in the fair value of investments	54,764	16,848	92,995	151,795	316,402
Investment fees	(3,670)	(1,136)	(6,308)	(10,390)	(21,504)
	92,198	45,328	170,445	385,426	693,397
Deductions					
Benefits	47,100	20,025	13,116	166,346	246,587
Administrative fees	4,330	3,510	5,153	7,742	20,735
	51,430	23,535	18,269	174,088	267,322
Change in net assets held in trust	40,768	21,793	152,176	211,338	426,075
Net assets held in trust, beginning of year	634,103	213,562	1,055,091	1,731,158	3,633,914
Net assets held in trust, end of year	\$ 674,871	\$ 235,355	\$ 1,207,267	\$ 1,942,496	\$ 4,059,989

The net assets above include the receivable for the contribution to the benefit trust noted above for \$327,196, prepaid expenses of \$9,155 and a payable for benefits of \$1,300.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

Assets Held in Trust - Continued

The LOSAP pension liability for the defined contribution plans equal the net assets held in trust at December 31, 2019 of \$2,117,493.

LOSAP Pension Liability, LOSAP Pension Expense, Deferred Outflows of Resources, and Deferred inflows Of Resources Related to Pensions – Defined Benefit Plan

At December 31, 2019, the Town's LOSAP pension liability was \$2,626,829. The LOSAP pension liability was measured and was determined by an actuarial valuation as of as of December 31, 2018.

The following table shows the components of the changes in the Town's LOSAP pension liability:

LOSAP service costs	\$	56,464
Interst on the LOSAP pension liability		87,860
Changes of benefit terms		-
Differences between expected and actual experince in the measurement of the LOSAP pension liability		31,194
Changes of assumptions or other inputs		(186,978)
Benefit payments		(171,261)
Net change in LOSAP pension liability		(182,721)
LOSAP pension liability, <i>beginning of year</i>		<u>2,809,550</u>
LOSAP pension liability, <i>end of year</i>		<u><u>\$ 2,626,829</u></u>

For the year ended December 31, 2019, the Town had defined benefit LOSAP pension expense of \$138,003 on the accrual basis of accounting.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 57,418	\$ -
Change in assumptions	151,269	272,097
Benefit payments and administrative expenses made subsequent to the measurement date	<u>174,088</u>	<u>-</u>
Total	<u><u>382,775</u></u>	<u><u>272,097</u></u>

The amount of deferred outflows of resources resulting from benefit payments and administrative expenses made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2019.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

LOSAP Pension Liability, LOSAP Pension Expense, Deferred Outflows of Resources, and Deferred inflows Of Resources Related to Pensions – Defined Benefit Plan - Continued

The remaining cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP pensions will be recognized in LOSAP pension expense as follows:

For the year ending December 31,	
2020	\$ (13,911)
2021	(13,911)
2022	(13,911)
2023	(13,911)
2024	(348)
Thereafter	<u>(7,418)</u>
	<u>\$ (63,410)</u>

Actuarial Assumptions

The LOSAP pension liability at December 31, 2019 was determined by using an actuarial valuation as of December 31, 2018. Significant actuarial assumptions used in the December 31, 2018 valuation, were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.25%
Salary Scale	None assumed
Mortality	RP-2014 Male Mortality Table, without projection for mortality improvement

Discount Rate

The discount rate used to calculate the LOSAP pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 10 - Volunteer Firefighter Service Award Programs - Continued

Sensitivity of the LOSAP Pension Liability to the Discount Rate Assumption

The following presents the Town's LOSAP pension liability, as of the December 31, 2018 measurement date, calculated using the discount rate of 3.64%, as well as what the Town's LOSAP pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate:

	<u>1% Decrease</u> 2.64%	<u>Current</u> Assumption 3.64%	<u>1% Increase</u> (4.64%)
LOSAP pension liability	<u>\$ 3,039,905</u>	<u>\$ 2,626,829</u>	<u>\$ 2,293,451</u>

Note 11 - Postemployment Benefits Other Than Pensions

Plan Description and Benefits Provided - The Town provides a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare insurance and prescription drug coverage for eligible retirees and their spouses through the Town's Plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the unions representing employees and are renegotiated at the end of each of the bargaining periods.

Employees Covered by Benefit Terms - A summary of active employees and retired employees covered under this benefit plan as of December 31, 2019 is as follows:

Retired participants:	
Currently receiving benefit payments	349
Entitled to but not yet receiving benefit payments	-
Active Participants	<u>505</u>
	<u>854</u>

Funding Policy - Contribution requirements also are negotiated between the Town and union representatives. The Town contributes a percent of the cost of current-year premiums for eligible retired Plan members and their spouses. The Town is not required to fund the benefit plan other than on a pay-as-you-go amount necessary to provide current benefits to retirees. For the year ended December 31, 2019, the Town contributed \$10,993,177 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$1,793,182, for the year ended December 31, 2019. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 11 - Postemployment Benefits Other Than Pensions - Continued

OPEB Liability, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the Town reported a liability of \$100,789,499 for its OPEB liability, of which \$15,736,633 is reported in the various proprietary funds and \$85,052,866 on the statement of net position for the governmental activities. The OPEB liability was measured as of January 1, 2019 with an actuarial valuation date of January 1, 2019. For the year ended December 31, 2019 the Town recognized OPEB expense of \$4,935,565.

At December 31, 2019, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,435,215
Change in assumptions	3,676,364	15,010,241
Employer contributions made subsequent to the measurement date	3,193,350	-
Subtotal	6,869,714	19,445,456
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	820,611
Change in assumptions	673,258	2,584,228
Employer contributions made subsequent to the measurement date	525,026	-
Subtotal	1,198,284	3,404,839
Total	\$ 8,067,998	\$ 22,850,295

The amount of deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the year ending December 31, 2020. The remaining cumulative net amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business Type Activities	Total
For the year ending December 31,			
2020	\$ (2,891,932)	\$ (504,440)	\$ (3,396,372)
2021	(2,891,932)	(504,440)	(3,396,372)
2022	(2,891,932)	(504,440)	(3,396,372)
2023	(2,891,932)	(504,440)	(3,396,372)
2024	(3,618,475)	(631,170)	(4,249,645)
Thereafter	(582,889)	(82,651)	(665,540)
	\$ (15,769,092)	\$ (2,731,581)	\$ (18,500,673)

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 11 - Postemployment Benefits Other Than Pensions - Continued

OPEB Liability, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - Continued

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	January 1, 2019
Measurement Date	January 1, 2019
Reporting Date	December 31, 2019
Actuarial Cost Method	Entry age normal – level percent of pay
Discount Rate	4.1%, as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index
Health Care Cost Trend Rates	Society of Actuaries Long-Run Medical Cost Trend Model
Inflation Rate	2.4%
Salary Scale	2.0%
Mortality improvement, actives	RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2019.
Mortality improvement, retired	RPH-2014 Mortality Table for health annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2019.

Schedule of Changes in OPEB Liability

The following table shows the components of the changes in the OPEB liability:

Service cost	\$ 4,014,260
Interest	4,317,677
Differences between expected and actual experience in the measurement of the OPEB liability	(6,276,375)
Changes of assumptions or other inputs	(21,010,871)
Benefit payments	(3,509,547)
Net change in OPEB liability	(22,464,856)
OPEB liability, <i>beginning of year</i>	<u>123,254,355</u>
OPEB liability, <i>end of year</i>	<u><u>\$ 100,789,499</u></u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 11 - Postemployment Benefits Other Than Pensions - Continued

Sensitivity of the OPEB Liability to Changes in the Discount Rate and Health Care Trend Rate Assumptions

The following presents the OPEB liability calculated using the discount rate of 3.44%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate:

	<u>1% Decrease (2.78%)</u>	<u>Current Discount Rate (3.78%)</u>	<u>1% Increase (4.78%)</u>
Governmental Activities	\$ 98,601,917	\$ 85,052,866	\$ 74,113,973
Business-Type Activities	<u>18,243,502</u>	<u>15,736,633</u>	<u>13,712,700</u>
OPEB liability	<u>\$ 116,845,419</u>	<u>\$ 100,789,499</u>	<u>\$ 87,826,673</u>

The following presents the OPEB liability calculated using the current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Governmental Activities	\$ 72,963,076	\$ 85,052,866	\$ 100,455,551
Business-Type Activities	<u>13,499,758</u>	<u>15,736,633</u>	<u>18,586,465</u>
OPEB liability	<u>\$ 86,462,834</u>	<u>\$ 100,789,499</u>	<u>\$ 119,042,016</u>

Note 12 - Workers' Compensation

The Town is exposed to various risks of losses related to injuries of employees. The Town assumes the risk of loss relating to workers' compensation. The Town has established a liability account in the Internal Service Fund to account for losses, claims, and judgments, relating to this exposure. The Town purchases insurance for claims in excess of \$350,000. Settled claims have not exceeded the annual self-insurance funding in any of the past three fiscal years.

Claims and judgments are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Claim liabilities were \$1,273,188 at December 31, 2019 and are included in other liabilities within the Workers' Compensation Internal Service Fund.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 12 - Workers' Compensation - Continued

Workers' compensation liabilities per fund for 2019 were:

	Balance January 1, 2019	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2019
General Fund	\$ 713,625	\$ 112,817	\$ (493,232)	\$ 333,210
Highway Fund	325,502	326,131	(248,228)	403,405
Non-major Funds	333	16,196	(16,529)	-
Environmental Services Department	65,821	326	(39,564)	26,583
Pure Waters Department	2,467	95,583	(18,509)	79,541
Latham Water Department	176,806	404,092	(150,449)	430,449
Total	\$ 1,284,554	\$ 955,145	\$ (966,511)	\$ 1,273,188

Note 13 - Tax Abatements

The Town negotiates property tax abatement agreements on an individual basis. The Town has one tax abatement agreements in effect as of December 31, 2019 and is related to retention of low-income senior housing. There was substantially no abatement of Town taxes for 2019.

The Town is also subject to tax abatements granted by the Town of Colonie Industrial Development Agency (IDA), an entity created by the Town of Colonie, to encourage economic development within the Town. Through the IDA, companies can apply for a sales tax, mortgage recording tax, or property tax exemption. As of December 31, 2019, there are two active tax abatement agreements through the IDA, which are property tax abatements for two senior citizen housing communities. The Town taxes abated during 2019 amounted to \$95,188.

Note 14 - Commitments and Contingencies

a. 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 audits of these programs may be conducted, in accordance with grantor requirements, on a periodic basis. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 14 - Commitments and Contingencies - Continued

b. Construction Commitments

The Town has active construction and infrastructure improvement projects as of December 31, 2019. These projects include various sewer pump station and water plant, pump station, and storage improvement projects. At year-end, the Town's commitments with contractors are as follows:

Project	Total Commitment	Remaining Commitment
Capital Projects		
Town pool filtration system improvements	\$ 340,193	\$ 13,998
Mohawk River Park concession improvements	109,287	3,550
William K. Sanford Library improvements (5)	1,544,660	294,637
Latham Water Department		
Osborne Road Tank and Standpipe improvements	1,972,600	14,000
Newtonville Tank improvements	753,090	78,900
Mohawk View Lowlift Pump Station improvements	1,308,320	1,208,320
Mohawk View Treatment Plant wetland remediation	451,413	100,803
	\$ 6,479,563	\$ 1,714,208

c. Litigation

Various suits and claims against the Town are presently pending involving claims for personal injury, tax appeals, and miscellaneous other cases. The Town is self-insured for up to \$1,000,000 for general liability claims. The Town purchases commercial insurance for claims in excess of the self-insured amount. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Of the pending or threatened litigation as of December 31, 2019, certain cases are covered by insurance: the remainder is self-insured for which the Town has designated a portion of the fund balance of the General, Highway, other non-major governmental, and a judgment and claims liability has been recognized. In the opinion of the Town attorney, after considering all relevant facts, including discussions with outside counsel in certain instances, such litigation will not in the aggregate have a material adverse effect on the financial position, results of operations, or cash flows of the Town. The Town estimates the cost of these matters and records a liability for claims if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. At December 31, 2019, the Town recorded an insurance reserve of \$160,211 in the Government Wide Activity and \$75,427 in the caption "Judgments and Claims" in the Proprietary Funds.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 14 - Commitments and Contingencies - Continued

c. Litigation - Continued

Changes in the Town's claim liability amount during 2019 were:

Fund	Balance January 1, 2019	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2019
General Fund	\$ 20,657	\$ 60,524	\$ (8,306)	\$ 72,875
Highway	25,288	10,296	(7,747)	27,837
Other non-major	39,017	20,482	-	59,499
Pure Water	28,529	5,000	(3,786)	29,743
Latham Water	41,867	5,000	(1,183)	45,684
Total	<u>\$ 155,358</u>	<u>\$ 101,302</u>	<u>\$ (21,022)</u>	<u>\$ 235,638</u>

d. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Town expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Town. The Town believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

Note 15 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, as postponed by GASB 95.

GASB Statement No. 87, *Leases* (GASB 87). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, as postponed by GASB 95.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89). This statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, as postponed by GASB 95.

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91). This statement improves financial reporting by providing a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This is achieved by clarifying the existing definition of a conduit debt obligation; establishing that conduit debt obligations are not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, as postponed by GASB 95.

GASB Statement No. 92, *Omnibus 2020* (GASB 92). This statement enhances comparability of accounting and financial reporting between governmental entities. Additionally, it improves the consistency of authoritative literature by addressing implementation and application inconsistencies of certain GASB statements. Specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements and derivative instruments are all addressed by this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, other than the requirements related to GASB 87 which are effective for reporting periods beginning after June 15, 2021, as postponed by GASB 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of this statement are effective for reporting periods beginning after June 15, 2021, as postponed by GASB 95, other than the removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate which is effective for reporting periods ending after December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this statement is to improve financial reporting by addressing issues related to, and providing specific guidance for, public-private and public-public partnership arrangements and availability payment arrangements. The guidance provided by the statement applies to arrangements that do not meet the definitions of a lease and service concession arrangement. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). This statement has three objectives (1) to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans (OPEB), and employee benefit plans other than pensions plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this statement are effective immediately and certain requirements are effective for reporting periods beginning after June 15, 2021.

Management has not estimated the extent of the potential impact of these statements on the Town's financial statements.

Note 16 - Subsequent Events

- a. The Town fully repaid the revenue anticipation notes outstanding at December 31, 2019, including \$13,200 of accrued interest, when they matured in January 2020.
- b. Bond Anticipation Note 2020 was issued on March 12, 2020 in the amount of \$18,487,000, matures in March 2021 and bears interest at an effective rate of 0.879%. It was issued to refinance \$4,067,000 of existing bond anticipation notes series 2019 and provide financing for the purchase of capital equipment and construction/improvement of capital facilities in the amount of \$14,420,000.
- c. Public Improvement Serial Bond 2020 was issued on March 12, 2020 in the amount of \$18,568,000, which will mature annually on March 1, 2021 through 2038 and bears interest at an effective rate of 1.703%. It was issued to refinance existing bond anticipation note series 2019
- d. The Town's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. On March 7, 2020, the Governor of the State of New York declared a disaster emergency for the entire State of New York in response to the COVID-19 pandemic and on March 16, 2020, the Supervisor declared a local state of emergency for the Town. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Town's financial position, operations, and cash flow.

Town of Colonie, New York

Notes to Financial Statements December 31, 2019

Note 16- Subsequent Events - Continued

Possible effects in 2020 may include, but are not limited to, reductions in sales tax, the various fees, licenses and fines revenues, interest earnings and state aid. There will also be increased expenses resulting directly from implementing safety protocols, however, the Town has initiated applications to the Federal Emergency Management Agency (FEMA) for reimbursement of eligible costs.

The Town has also initiated cost reduction plans, including but not limited to, temporary layoffs, expenditure reductions, closure of recreation facilities and suspension of recreation programs in an effort to address potential reductions in revenue.

Town of Colonie, New York

Required Supplementary Information - Statement of Revenues and Expenditures - Budget to Actual - General Fund

	Year Ended December 31, 2019					
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	2020 Adopted Budget
REVENUES						
Real property taxes and tax items	\$ 21,036,259	\$ 21,148,759	\$ 112,500	\$ 21,167,700	\$ 18,941	\$ 21,749,759
Sales and use tax	11,333,951	13,805,951	2,472,000	13,806,980	1,029	12,033,538
Departmental income	7,945,100	6,740,100	(1,205,000)	6,741,815	1,715	8,239,600
Intergovernmental charges	222,000	128,000	(94,000)	128,738	738	222,000
Interest and use of property	1,580,200	1,580,200	-	1,640,390	60,190	1,756,100
Licenses and permits	76,300	73,800	(2,500)	73,886	86	74,500
Fines and forfeitures	1,040,000	890,000	(150,000)	890,222	222	1,040,000
Sale of property and compensation for loss	50,750	50,750	-	92,509	41,759	50,750
Miscellaneous	35,000	27,000	(8,000)	27,883	883	35,000
Interfund revenues	3,183,000	2,626,000	(557,000)	2,626,507	507	3,186,000
State aid	2,820,700	3,050,700	230,000	3,054,466	3,766	2,855,900
Federal aid	-	152,000	152,000	152,866	866	-
Interfund transfers	2,950,000	2,000,000	(950,000)	2,000,000	-	2,950,000
Total revenues	<u>52,273,260</u>	<u>52,273,260</u>	<u>-</u>	<u>52,403,962</u>	<u>130,702</u>	<u>54,193,147</u>
EXPENDITURES						
General government support	8,358,604	7,641,604	(717,000)	7,641,483	121	8,441,983
Public safety	16,164,778	16,192,778	28,000	16,192,412	366	16,860,478
Health	4,311,610	4,503,610	192,000	4,503,380	230	4,509,094
Transportation	574,219	495,219	(79,000)	495,304	(85)	595,039
Economic assistance and opportunity	5,000	5,000	-	2,317	2,683	5,000
Culture and recreation	4,255,044	4,008,044	(247,000)	4,005,347	2,697	4,234,431
Home and community services	143,410	143,410	-	144,021	(611)	147,067
Employee benefits	16,139,860	16,819,860	680,000	16,817,437	2,423	16,847,810
Debt service	2,320,735	2,463,735	143,000	2,463,071	664	2,552,245
Total expenditures	<u>52,273,260</u>	<u>52,273,260</u>	<u>-</u>	<u>52,264,772</u>	<u>8,488</u>	<u>54,193,147</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,190</u>	<u>\$ 139,190</u>	<u>\$ -</u>

See Independent Auditor's Report.

Town of Colonie, New York

Required Supplementary Information - Statement of Revenues and Expenditures - Budget to Actual - Highway Fund

	Year Ended December 31, 2019					
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	
REVENUES						
Sales and use tax	\$ 10,491,692	\$ 10,491,692	\$ -	\$ 10,394,560	\$ (97,132)	\$ 11,040,561
Departmental income	10,000	10,000	-	13,269	3,269	10,000
Intergovernmental charges	10,000	10,000	-	7,587	(2,413)	10,000
Interest and use of property	11,000	11,000	-	31,006	20,006	11,000
Licenses and permits	4,000	4,000	-	5,800	1,800	4,000
Sale of property and compensation for loss	47,500	47,500	-	33,044	(14,456)	47,500
Miscellaneous	5,000	5,000	-	-	(5,000)	5,000
State aid	563,414	900,200	336,786	900,200	-	563,414
Federal aid	-	-	-	-	-	-
Total revenues	<u>11,142,606</u>	<u>11,479,392</u>	<u>336,786</u>	<u>11,385,466</u>	<u>(93,926)</u>	<u>11,691,475</u>
EXPENDITURES						
Transportation	5,997,148	6,416,934	419,786	6,416,530	404	6,300,981
Employee benefits	2,495,400	2,412,400	(83,000)	2,315,282	97,118	2,515,800
Debt service	2,650,058	2,650,058	-	2,647,624	2,434	2,874,694
Total expenditures	<u>11,142,606</u>	<u>11,479,392</u>	<u>336,786</u>	<u>11,379,436</u>	<u>99,956</u>	<u>11,691,475</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,030</u></u>	<u><u>\$ 6,030</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

Town of Colonie, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	2019	2018
Other Postemployment Benefit (OPEB) Liability		
Service Cost	\$ 4,014,260	\$ 3,764,237
Interest	4,317,677	4,313,622
Changes in benefit terms	-	-
Differences between expected and actual experience in the measurement of the OPEB liability	(6,276,375)	-
Changes of assumptions or other inputs	(21,010,871)	6,430,780
Benefit payments	(3,509,547)	(3,214,081)
Net change in OPEB liability	(22,464,856)	11,294,558
OPEB liability, <i>beginning of year</i>	123,254,355	111,959,797
OPEB liability, <i>end of year</i>	\$ 100,789,499	\$ 123,254,355
Town's covered-employee payroll	\$ 37,436,163	\$ 35,122,719
OPEB liability as a percentage of its covered-employee payroll	269.2%	350.9%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Colonie, New York

Required Supplementary Information - Schedule of Proportionate Share of the Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
New York State and Local Employees' Retirement System					
Town's proportion of the net pension liability	0.0926565%	0.0942349%	0.0966159%	0.0990777%	0.0997614%
Town's proportionate share of the net pension liability	\$ 6,564,996	\$ 3,041,380	\$ 9,078,249	\$ 15,902,253	\$ 3,370,185
Town's covered-employee payroll	\$ 26,361,856	\$ 25,627,097	\$ 25,536,062	\$ 25,446,349	\$ 26,548,015
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.90%	11.87%	35.55%	62.49%	12.69%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%
New York State and Local Police and Fire Retirement System					
Town's proportion of the net pension liability	0.3877584%	0.3789765%	0.3790816%	0.3725068%	0.3797182%
Town's proportionate share of the net pension liability	\$ 6,502,953	\$ 3,830,531	\$ 7,857,042	\$ 11,029,134	\$ 1,045,211
Town's covered-employee payroll	\$ 11,467,920	\$ 11,135,229	\$ 10,795,982	\$ 10,460,438	\$ 10,901,149
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.71%	34.40%	72.78%	105.44%	9.59%
Plan fiduciary net position as a percentage of the total pension liability	96.93%	96.93%	93.46%	90.24%	99.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Colonie, New York

Required Supplementary Information - Schedule of Pension Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
New York State and Local Employees' Retirement System										
Contractually required contribution	\$ 4,583,580	\$ 4,683,265	\$ 4,786,602	\$ 4,833,902	\$ 5,692,677	\$ 5,851,485	\$ 5,754,801	\$ 5,128,227	\$ 4,934,048	\$ 3,026,457
Contributions in relation to the contractually required contribution	4,583,580	4,683,265	4,786,602	4,833,902	5,692,677	5,851,485	5,754,801	5,128,227	4,934,048	3,026,457
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	26,361,856	25,627,097	25,536,062	25,446,349	26,548,015	24,847,159	24,829,042	25,408,353	26,990,499	27,527,758
Contribution as a percentage of covered-employee payroll	17.4%	18.3%	18.7%	19.0%	21.4%	23.5%	23.2%	20.2%	18.3%	11.0%
New York State and Local Police and Fire Retirement System										
Contractually required contribution	\$ 3,671,253	\$ 3,587,208	\$ 3,597,056	\$ 3,585,133	\$ 3,510,652	\$ 3,913,624	\$ 3,835,842	\$ 3,385,540	\$ 3,027,083	\$ 2,471,081
Contributions in relation to the contractually required contribution	3,671,253	3,587,208	3,597,056	3,585,133	3,510,652	3,913,624	3,835,842	3,385,540	3,027,083	2,471,081
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	11,467,920	11,135,229	10,795,982	10,460,438	10,901,149	10,161,966	10,034,899	9,433,133	9,639,197	9,510,819
Contribution as a percentage of covered-employee payroll	32.0%	32.2%	33.3%	34.3%	32.2%	38.5%	38.2%	35.9%	31.4%	26.0%

Town of Colonie, New York

Supplementary Information - Schedule of Changes in LOSAP Pension Liability

	2019	2018	2017
Length of Service Award Program (LOSAP) Pension Liability			
Service Cost	\$ 56,464	\$ 54,056	\$ 73,478
Interest	87,860	94,301	88,318
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the LOSAP pension liability	31,194	37,483	8,087
Changes of assumptions or other inputs	(186,978)	214,298	(196,797)
Benefit payments	(171,261)	(156,695)	(186,879)
Net change in LOSAP pension liability	(182,721)	243,443	(213,793)
LOSAP pension liability, <i>beginning of year</i>	2,809,550	2,566,107	2,779,900
LOSAP pension liability, <i>end of year</i>	\$ 2,626,829	\$ 2,809,550	\$ 2,566,107
 Town's covered-employee payroll	 Not Applicable	 Not Applicable	 Not Applicable
 LOSAP pension liability as a percentage of its covered-employee payroll	 Not Applicable	 Not Applicable	 Not Applicable

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Trust Assets - There are no assets accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 73 to pay related benefits

Changes in assumptions and other inputs - The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate index.

See Independent Auditor's Report.

Town of Colonie, New York

Supplementary Information - Non-major Governmental Funds

The Town maintains eight special revenue funds that are not considered major governmental funds. These non-major special revenue funds include the following:

- The General-Town Outside Villages Fund was created to account for the assets, liabilities, fund balance, and activities of certain services provided to residents who are not located within one of the two villages contained in the Town and is funded primarily by sales taxes.
- The Community Development Special Grant Fund was created to account for the assets, liabilities, deferred inflows of resources, fund balance, and activities of the Town's Section 8 Housing Choice Voucher, HOME, Community Development Block Grant, and Housing Development Programs and is funded by various state and federal grants.
- The Library Fund was created to account for the assets, liabilities, fund balance, and activities of the William K. Sanford Town Library and is funded principally through property taxes.
- The Drainage District Fund was created to account for the assets, liabilities, fund balance, and activities of the Albany Street Drainage District for a drainage project and is funded through a special assessment on the property owners in the District.
- The Fire Protection District Funds were created to account for the activities of fire protection service contracts between the Town and four nonprofit fire companies and is funded through property taxes. It also accounts for the accumulation of the assets and activities of the Town sponsored volunteer length of service program for these four fire protection districts.
- The Refuse and Garbage District Fund was created to account for the assets, liabilities, fund balance, and activities of the Maplewood portion of the Town for separate refuse and garbage collection services and is funded through a special assessment on the property owners in the District.
- The Water District Fund was created to account for the assets, liabilities, fund balance, and activities of the Maplewood portion of the Town for separate water transmission services and is funded through a special assessment on the property owners in the District.
- The Debt Service Fund was used to account for the governmental activities portion of the current year debt refinancing.

The following are financial statements for these non-major governmental funds:

Town of Colonie, New York

Supplementary Information – Combining Balance Sheet Non-major Governmental Funds

December 31, 2019

	Nonmajor Funds						Total Non-Major Governmental Funds	
	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District		Water District
ASSETS								
Cash and cash equivalents	\$ 124,065	\$ 1,005,058	\$ 116,812	\$ 35,503	\$ -	\$ 4,018	\$ 4,994	\$ 1,290,450
Cash and cash equivalents, restricted	321,992	136,057	67,226	-	69,137	-	-	594,412
Investments	-	-	-	-	3,655,801	-	-	3,655,801
State and Federal aid receivables	-	43,473	-	-	-	-	-	43,473
Due from other governments	1,016,998	-	-	-	-	-	-	1,016,998
Other accounts receivable, net	42,652	12,192	4,184	-	-	-	-	59,028
Due from other funds	-	-	461,631	-	-	-	-	461,631
Other assets	-	-	-	-	9,155	-	-	9,155
Total assets	<u>\$ 1,505,707</u>	<u>\$ 1,196,780</u>	<u>\$ 649,853</u>	<u>\$ 35,503</u>	<u>\$ 3,734,093</u>	<u>\$ 4,018</u>	<u>\$ 4,994</u>	<u>\$ 7,130,948</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ 5,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,168
Accrued liabilities	92,663	-	38,779	-	1,300	-	-	132,742
Other liabilities	12,833	125,376	-	-	-	-	-	138,209
Due to other governments	275,015	-	171,884	-	-	-	-	446,899
Due to other funds	306,125	20,263	-	-	-	-	-	326,388
Unearned revenue	171,084	-	58,247	-	-	-	-	229,331
Total liabilities	<u>857,720</u>	<u>150,807</u>	<u>268,910</u>	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>1,278,737</u>
DEFERRED INFLOWS OF RESOURCES								
Revenue earned but unavailable	-	12,192	-	-	-	-	-	12,192
FUND BALANCE								
Restricted	-	3,723	43,286	-	3,732,793	-	-	3,779,802
Committed, assigned, and unassigned	647,987	1,030,058	337,657	35,503	-	4,018	4,994	2,060,217
Total fund balance	<u>647,987</u>	<u>1,033,781</u>	<u>380,943</u>	<u>35,503</u>	<u>3,732,793</u>	<u>4,018</u>	<u>4,994</u>	<u>5,840,019</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,505,707</u>	<u>\$ 1,196,780</u>	<u>\$ 649,853</u>	<u>\$ 35,503</u>	<u>\$ 3,734,093</u>	<u>\$ 4,018</u>	<u>\$ 4,994</u>	<u>\$ 7,130,948</u>

See Independent Auditor's Report.

Town of Colonie, New York

Supplementary Information - Combining Revenues, Expenditures, and Changes in Fund Balance Non-major Governments Funds

Year Ended December 31, 2019

Nonmajor Funds

	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District	Water District	Debt Service	Total Non-Major Governmental Funds
REVENUES									
Real property taxes and tax items	\$ -	\$ -	\$ 2,808,015	\$ -	\$ 4,403,903	\$ 34,125	\$ 15,000	\$ -	\$ 7,261,043
Sales and use tax	2,272,772	-	-	-	-	-	-	-	2,272,772
Departmental income	404,545	79,190	32,139	-	-	-	-	-	515,874
Interest and use of property	5,549	11,123	883	-	452,191	-	-	-	469,746
Licenses and permits	1,581,989	-	-	-	-	-	-	-	1,581,989
Miscellaneous	602	-	57,407	-	-	-	-	-	58,009
State aid	486,471	-	23,925	-	-	-	-	-	510,396
Federal aid	-	3,128,023	-	-	-	-	-	-	3,128,023
Total revenues	<u>4,751,928</u>	<u>3,218,336</u>	<u>2,922,369</u>	<u>-</u>	<u>4,856,094</u>	<u>34,125</u>	<u>15,000</u>	<u>-</u>	<u>15,797,852</u>
EXPENDITURES									
General government support	213,189	-	-	-	-	-	-	-	213,189
Public safety	1,310,118	-	-	-	4,157,314	-	-	-	5,467,432
Health	4,399	-	-	-	-	-	-	-	4,399
Transportation	807,424	-	-	-	-	-	-	-	807,424
Culture and recreation	-	-	2,063,931	-	-	-	-	-	2,063,931
Home and community services	984,115	3,165,926	-	-	-	42,000	20,043	-	4,212,084
Employee benefits	1,343,738	38,276	713,808	-	246,585	-	-	-	2,342,407
Debt service, principal	-	-	103,636	3,331	-	-	-	-	106,967
Debt service, interest	-	-	31,058	-	-	-	-	-	31,058
Capital outlay	183,536	-	-	-	-	-	-	-	183,536
Total expenditures	<u>4,846,519</u>	<u>3,204,202</u>	<u>2,912,433</u>	<u>3,331</u>	<u>4,403,899</u>	<u>42,000</u>	<u>20,043</u>	<u>-</u>	<u>15,432,427</u>
OTHER FINANCING SOURCES (USES)									
Proceeds from issuance of refunding serial bonds	-	-	-	-	-	-	-	4,190,005	4,190,005
Premium on issuance of debt	-	-	-	-	-	-	-	312,971	312,971
Payment to escrow agent	-	-	-	-	-	-	-	(4,502,976)	(4,502,976)
Sale of property and compensation for loss	-	-	19,879	-	-	-	-	-	19,879
Total other financing sources	<u>-</u>	<u>-</u>	<u>19,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,879</u>
NET CHANGE IN FUND BALANCE	(94,591)	14,134	29,815	(3,331)	452,195	(7,875)	(5,043)	-	385,304
FUND BALANCE, beginning of year	<u>742,578</u>	<u>1,019,647</u>	<u>351,128</u>	<u>38,834</u>	<u>3,280,598</u>	<u>11,893</u>	<u>10,037</u>	<u>-</u>	<u>5,454,715</u>
FUND BALANCE, end of year	<u>\$ 647,987</u>	<u>\$ 1,033,781</u>	<u>\$ 380,943</u>	<u>\$ 35,503</u>	<u>\$ 3,732,793</u>	<u>\$ 4,018</u>	<u>\$ 4,994</u>	<u>\$ -</u>	<u>\$ 5,840,019</u>

See Independent Auditor's Report.



Town of Colonie, New York

Single Audit Report

Year Ended December 31, 2019

Town of Colonie, New York

Single Audit Report

Year Ended December 31, 2019

CONTENTS

	Page
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-6
Schedule of Findings and Questioned Costs	7

Town of Colonie, New York

Schedule of Expenditures of Federal Awards

Federal Grantor/ Pass-Through Grantor/ Program Title	Year Ended December 31, 2019			
	Federal CFDA Number	Pass-Through Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services/ County of Albany, New York/ National Family Caregiver Support, Title III, Part 3	93.052	N/A	\$ -	\$ 8,000
U.S. Department of Homeland Security/ New York State Department Homeland Security and Emergency Services/Tactical Team Targeted Grant Program	97.067	TT16-1011-E00/01 TT17-1005-E00/01	-	2,757 29,695 <u>32,452</u>
U.S. Department of Housing and Urban Development/ Community Development Block Grants, Entitlement Grants	14.218	B-17-MC-36-0114	-	126,697
	14.218	B-18-MC-36-0114	9,207	146,728
	14.218	B-19-MC-36-0114	20,172	43,617 <u>317,042</u>
Supportive Housing for Persons with Disabilities	14.181	N/A	-	69,801
Section 8 Housing Choice Vouchers Program	14.871	N/A	-	2,621,315
Family Self-Sufficiency Program	14.896	N/A	-	55,056 <u>3,063,214</u>
Schenectady County, New York/ Home Investment Partnership Program (HOME)	14.239	B-16-MC-36-0510	-	29,414
	14.239	B-17-MC-36-0510	-	32,569
	14.239	B-18-MC-36-0510	-	3,331 <u>65,314</u> <u>3,128,528</u>
U.S. Department of Justice/ Bureau of Justice Assistance/ Bulletproof Vest Partnership Program	16.607	N/A	-	6,762
U.S. Marshals Service/ Equitable Sharing Program	16.922	N/A	-	167,100 <u>173,862</u>
U.S. Department of Transportation, Federal Transit Administration/ County of Albany, New York/Highway Safety Cluster State and Community Highway Safety - Selective Traffic Enforcement	20.600	TSB-00229(001)/C-001909	-	23,915 <u>\$ 3,366,757</u>

N/A - Pass-through number is not applicable to this award.

See accompanying Notes to Schedule of Expenditures of Federal Awards, 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*, and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

Town of Colonie, New York

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Colonie, New York (Town) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Town has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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***

Supervisor and Town Board
Town of Colonie, New York
Latham, New York

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colonie, New York (Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 9, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

BST + Co. CPAs, LLP

Albany, New York
September 9, 2020





**Report on Compliance for Each Major Federal
Program; Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Supervisor and Town Board
Town of Colonie, New York
Latham, New York

Report on Compliance for Each Major Federal Program

We have audited the Town of Colonie, New York's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2019. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated September 9, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BST+Co.CPAs, LLP

Albany, New York
September 9, 2020

Town of Colonie, New York

Schedule of Findings and Questioned Costs Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported	

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> No	
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between type A and type B programs	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No	
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Section II - Financial Statements Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.