



Town of Colonie, New York

Financial Report

December 31, 2020

Town of Colonie, New York

Financial Report

December 31, 2020

CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-30
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	31-32
Statement of Activities	33
Fund Financial Statements	
Balance Sheet - Governmental Funds	34
Reconciliation of Total Fund Balance Shown in the Governmental Funds to the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Change in Net Position Shown in the Statement of Activities	37
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds	39
Statement of Cash Flows - Proprietary Funds	40
Statement of Net Position - Fiduciary Funds	41
Statement of Revenues, Expenditures, and Changes in Net Position - Fiduciary Funds	42
Notes to Financial Statements	43-88
Required Supplementary Information	
Statement of Revenues and Expenditures - Budget to Actual - General Fund	89
Statement of Revenues and Expenditures - Budget to Actual - Highway Fund	90
Schedule of Other Postemployment Benefits Liability	91
Schedule of Proportionate Share of the Net Pension Liability	92
Schedule of Pension Contributions	93
Schedule of Changes in LOSAP Pension Liability	94
Supplementary Information	
Non-major Governmental Funds	95
Combining Balance Sheet - Non-major Governmental Funds	96
Combining Revenues, Expenditures, and Changes in Fund Balance Non-major Governmental Funds	97



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, 2020, and the related notes to the financial statements, which collectively comprise the Town'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, 2020, 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.

Emphasis of Matters

Correction of a Misstatement

As discussed in Note 1o to the financial statements, the net position of the governmental activities and the fund balance of the non-major governmental funds at December 31, 2019 have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Note 1p to the financial statements, in 2020 the Town adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 30 and 89 to 94, respectively, 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.



Supplementary 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 on pages 95 through 97 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 August 4, 2021, on our consideration of the Town's internal control over financial reporting and on our test 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
August 4, 2021



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

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. While the former Starlight Theatre property in the Latham area of Town has completed a 150,000 square foot office building housing 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, with splash pad, a boat launch, 5.5 miles of bicycle paths, two dog parks, and the William K. Sanford Town Library.

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, 2020

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, 2020.

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 fifteen 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 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 1(l). 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, 2020

Financial Highlights - Continued

These actions in 2011 allowed the Town to begin building fund level surpluses. 2020's progress toward financial recovery was halted by the economic downturn caused by the COVID-19 Pandemic (Pandemic), which caused a mass shut down of the nation. As a result, the Town cut budgeted expenditures by approximately \$3 million, but unfortunately still experienced revenue shortfall in the amount of about \$1.8 million, which resulted in operating losses in the General and Highway Funds. However, the Federal government signed the American Rescue Plan Act (ARPA) in March of 2021. ARPA established the State and Local Fiscal Recovery Funds (SLFR) which has provided the Town with grant funds of \$9.4 million. A key allowable use of the SLFRS is for revenue loss replacement. In 2021 the Town will be able to replace this lost revenue from 2020 and replenish the fund balance to pre-pandemic levels.

It continues to be 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, 2020 the Town has attained this goal in most of the governmental funds. The General Fund continues to work toward this goal in 2021 when it is able to replenish its fund balance from the effects of the ARPA SLFR grant.

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 \$128.3 million as of December 31, 2020. 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 \$5.6 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 pension liabilities, which total approximately \$24,421,000, \$20,258,000, and \$5,019,000 respectively, as of December 31, 2020. 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 outflows, net of deferred inflows, of resources of about \$40,653,000 as of December 31, 2020.

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 \$46,456,000 as of December 31, 2020, rather than a deficit of approximately \$96,484,000.

Other Financial Highlights for 2020

- At the end of the fiscal year, because of the Pandemic the General Fund reported a fund balance of approximately \$147,000. This represents a decline in the fund balance of about \$1,783,000 from 2019. Approximately \$528,000 of this fund balance is restricted by third parties for public safety purposes, \$422,000 committed or assigned for various purposes and there is a deficit unrestricted fund balance of (\$803,000). As stated earlier this decline in fund balance has been reversed and replenished in 2021 from the positive effects of the ARPA SLFR grant.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Highlights - Continued

Other Financial Highlights for 2020 - Continued

- All of the governmental operating funds (those other than capital projects) continue to report 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, 2020 of \$6,377,526, 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 \$2,439,333 as of December 31, 2020. Similar to the entity-wide statements, this is directly related to the recognition of \$7 million in OPEB liability, compensated absences, and net pension liabilities, net of deferred inflows and outflows of resources.
- For governmental funds, the principal sources of the Town's operating revenue are real property taxes of \$29.3 million (36.5%), sales and use taxes of \$24.6 million (30.4%), state and federal aid of \$8.2 million (10.5%), and charges for services of \$9.4 million (12.0%). Sales tax and charges for services experienced declines of \$2.1 million and \$531,000 during 2020 as a result of the Pandemic related economic down turns. State aid declined about \$1,274,000 because of declines in mortgage tax and consolidated local street and highway improvement program aid, along with a change in classification to miscellaneous revenue for the State's aid and incentives for municipalities program of \$456,000. Additionally, the mix of one time grants within the capital projects funds resulted in a \$431,000 decline in state aid but a \$272,000 increase in federal aid. This increase coupled with increases in the police grants about \$70,000, Emergency Medical Services COVID 19 grants of \$109,000 and community development grants of \$215,000 account for the \$665,000 increase in federal aid.
- The business-type activities (Pure Waters, Latham Water, and the Environmental Services Department) derived 51.3% (\$12.96 million) of their operating revenue from charges for services, and 48.6% (\$12.24 million) through ad valorem tax assessments, which represent a 7.2% and 3.5% increase over 2019. These increases are the result of adopted rate increases for 2020. The Environmental Services Department also recognized nonoperating revenue of approximately \$13.9 million in 2020, as compared to \$8.9 million in 2019, as a result of prescribed contractual payments received in 2020, versus recognizing contributed capital assets of \$6,742,000 during 2019. Additionally, in 2020 the discount rate on the long-term management contract receivable declined by 0.8%, to 1.2%, resulting in an increase in revenue of \$1.0 million.
- The largest expense in the Town continues to be salaries and benefits. In 2020, salaries were \$38.6 million, a decrease of \$1,402,624 (3.5%) from 2019 and benefits, before other postemployment benefit (OPEB) and net pension/LOSAP liability related items, \$26 million, an increase of \$1,757,487 (7.25%) from 2019. The salaries reduction resulted from necessary cuts in staffing levels, overtime and seasonal staffing to address the revenue losses resulting from the COVID-19 Pandemic. Benefits increased as a result of health insurance and retirement system rate increases during 2020. Salaries and benefits combined account for 59.1% and 57.4% of expenses, exclusive of the change in OPEB and the net pension liability related items, at December 31, 2020 and 2019, respectively.
- Debt service costs make up approximately \$13,116,416 of the 2020 Town-wide budget, or about 13% of total expenditures. This is up about \$765,000 from \$12.3 million, and 12.7% of total expenditures, at December 31, 2019. The Town works diligently to balance the debt service budget with the needs of its aging infrastructure and operating facilities. Of this debt service costs approximately \$7.5 million is supported by the proprietary funds and \$5.6 is supported by the governmental funds.

Town of Colonie, New York

Management’s Discussion and Analysis December 31, 2020

Financial Highlights - Continued

Other Financial Highlights for 2020 - Continued

- 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

On March 10, 2021 the American Rescue Plan Act (ARPA) was signed into law by President Biden. Under ARPA the Town of Colonie received a grant award from the U.S. Treasury Department, of approximately \$9.4 million, to be paid in two 50% installments in May 2021 and May 2022, as a “metropolitan community”, one with a population over 50,000. The use of these funds must be committed by December 31, 2024 and spent by December 31, 2026. Permitted uses include, but are not limited to, replacement of lost revenue from 2020 through 2024, replacement of jobs eliminated as a result cost cutting measures related to addressing COVID-19 Pandemic economic losses, and eligible storm water, drinking water, and clean water infrastructure projects. In 2021 the Town has recognized grant revenue from estimated revenue loss as of December 31, 2020 of \$1.9 million to replenish the fund balance declines in 2020.

On June 23, 2021 the Governor of the State of New York lifted the disaster emergency for the entire State of New York in response to the COVID-19 pandemic that had been declared on March 7, 2020. Likewise, on June 24, 2021 the Town Supervisor also lifted the local state of emergency for the Town that had been declared on March 16, 2020,

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

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Overview of the Financial Statements - Continued

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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

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.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Fund Financial Statements - Continued

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, 2020 and 2019

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 2019, as restated for a prior period adjustment (\$83,900) and the effects of implementing GASB Statement Number 87 (\$7,771), the Town's net position approximated \$(80,765,000). During 2020 the Town generated an entity-wide negative change in net position of about 3,748,000. This brought the net position as of December 31, 2020 to approximately \$(84,513,000). Of that amount, approximately \$10,435,000 was invested in capital assets, net of related debt, and approximately \$1,535,000 was restricted for other purposes. Therefore, as discussed above the Town has an entity-wide unrestricted deficit of approximately \$(96,484,000).

Overall, entity-wide expenses increased during 2020 by approximately \$6,764,000. This was principally the result of increases related to current year changes in the other postemployment benefits and net pension liabilities, and related deferred outflows and inflows, of \$2,895,000 and \$6,677,000, respectively. Additionally, health insurance costs increased roughly \$1,154,000 due to continued rate increases, retirement costs, primarily for Police, increased \$198,000, and compensated absence costs increased \$609,000. These increases were offset by reductions in salaries, as noted earlier of \$1.4 million, corresponding decrease in social security tax of \$85,000, and workers' compensation expenses declined about \$99,000. Interest expense declined \$383,000 due to improvements in related market conditions and from recent bond refunding.

Supplies and materials decreased \$4.9 million, which was primarily driven by \$2.4 million of lower annual change landfill closure and post-closure care costs. Winter snow removal costs were down about \$750,000 in 2020 due to mild winter conditions as compared to 2019. In 2019 there were about \$600,000 more in non-capitalized capital projects as compared to 2020. Within the Pure Waters District supplies and material are down about \$900,000, of which \$565,000 is a decline in repairs to the collections system in 2020 when compared to 2019. Latham Water District materials and supplies are down around \$168,000 primarily from a decline in system repair costs. Depreciation expense increased \$2.1 million from 2019 to 2020, primarily in the Landfill, \$1.6 million, from the use of Cell 7.1.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Overall, entity-wide revenues increased by approximately \$2.8 million (2.45%); with significant fluctuations in the various types of revenues. Tax revenues (property and ad valorem) and sales tax revenue increased \$1,253,000 and decreased \$2,068,000, respectively, primarily due to tax rate increases and significantly declines economic conditions as a result of Pandemic. The Pandemic also impacted charges for services negatively causing a decline of \$1,501,000, however, water charged increased \$812,000 from a rate increase, and only minor increased consumption.

Use of money and property increased \$4.7 as a result of the prescribed payment from the Landfill contract offset by a decline in contributed capital assets from the Landfill operator. State and Federal aid declined by \$567,000 for reasons discussed earlier in the Other Financial Highlights for 2020 Section.

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	\$ 8,205,785	\$ 1,758,119	\$ 6,447,666	366.74%
Receivables/other	9,771,179	8,725,885	1,045,294	11.98%
Due from other funds	<u>2,037,773</u>	<u>9,974,670</u>	<u>(7,936,897)</u>	-79.57%
 Total assets	 <u>\$ 20,014,737</u>	 <u>\$ 20,458,674</u>	 <u>\$ (443,937)</u>	 -2.17%
Accounts payable and accrued expenses	\$ 12,314,887	\$ 12,683,110	\$ (368,223)	-2.90%
Revenue anticipation note	3,500,000	2,800,000	700,000	25.00%
Due to other funds	<u>4,053,084</u>	<u>3,054,010</u>	<u>999,074</u>	32.71%
Total liabilities	19,867,971	18,537,120	1,330,851	7.18%
 Fund balance	 <u>146,766</u>	 <u>1,921,554</u>	 <u>(1,774,788)</u>	 -92.36%
 Total liabilities and fund balance	 <u>\$ 20,014,737</u>	 <u>\$ 20,458,674</u>	 <u>\$ (443,937)</u>	 -2.17%
Highway Fund				
Cash and cash equivalents	\$ 1,752,689	\$ 1,732,400	\$ 20,289	1.17%
Receivables	1,368,002	1,573,602	(205,600)	-13.07%
Due from other funds	<u>6,672</u>	<u>-</u>	<u>6,672</u>	100.00%
 Total assets	 <u>\$ 3,127,363</u>	 <u>\$ 3,306,002</u>	 <u>\$ (178,639)</u>	 -5.40%
Accounts payable and accrued expenses	\$ 910,727	\$ 761,217	\$ 149,510	19.64%
Due to other funds	<u>403,730</u>	<u>675,674</u>	<u>(271,944)</u>	-40.25%
Total liabilities	1,314,457	1,436,891	(122,434)	-8.52%
 Fund balance	 <u>1,812,906</u>	 <u>1,869,111</u>	 <u>(56,205)</u>	 -3.01%
 Total liabilities and fund balance	 <u>\$ 3,127,363</u>	 <u>\$ 3,306,002</u>	 <u>\$ (178,639)</u>	 -5.40%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

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>
Special Miscellaneous Revenue				
Cash and cash equivalents	<u>\$ 11,787,337</u>	<u>\$ 9,984,316</u>	<u>\$ 1,803,021</u>	18.06%
Accounts payable and accrued expenses	\$ 446,342	\$ 426,924	\$ 19,418	4.55%
Fund balance	<u>11,340,995</u>	<u>9,557,392</u>	<u>1,783,603</u>	18.66%
Total liabilities and fund balance	<u>\$ 11,787,337</u>	<u>\$ 9,984,316</u>	<u>\$ 1,803,021</u>	18.06%
Capital Projects Fund				
Cash and cash equivalents	\$ 7,444,166	\$ 7,274,569	\$ 169,597	2.33%
Receivables	<u>483,080</u>	<u>269,622</u>	<u>213,458</u>	79.17%
Total assets	<u>\$ 7,930,535</u>	<u>\$ 7,544,191</u>	<u>\$ 386,344</u>	5.12%
Accounts payable and accrued expenses	\$ 134,150	\$ 152,559	\$ (18,409)	-12.07%
Bond anticipation notes	960,000	1,221,000	(261,000)	-21.38%
Due to other funds	<u>1,421,410</u>	<u>756,414</u>	<u>664,996</u>	87.91%
Total liabilities	<u>2,515,560</u>	<u>2,129,973</u>	<u>385,587</u>	18.10%
Fund balance	<u>5,414,975</u>	<u>5,414,218</u>	<u>757</u>	0.01%
Total liabilities and fund balance	<u>\$ 7,930,535</u>	<u>\$ 7,544,191</u>	<u>\$ 386,344</u>	5.12%
Non-Major Governmental Funds				
Cash and cash equivalents	\$ 3,204,769	\$ 1,884,862	\$ 1,319,907	70.03%
Investments	3,559,100	3,655,801	(96,701)	-2.65%
Receivables	266,378	1,119,499	(853,121)	-76.21%
Due from other funds	473,797	461,631	12,166	2.64%
Other assets	<u>8,545</u>	<u>9,155</u>	<u>(610)</u>	-6.66%
Total assets	<u>\$ 7,512,589</u>	<u>\$ 7,130,948</u>	<u>\$ 381,641</u>	5.35%
Accounts payable and accrued expenses	\$ 963,710	\$ 952,349	\$ 11,361	1.19%
Due to other funds	<u>202,535</u>	<u>326,388</u>	<u>(123,853)</u>	-37.95%
Total liabilities	<u>1,166,245</u>	<u>1,278,737</u>	<u>(112,492)</u>	-8.80%
Deferred inflows of resources	4,298	12,192	(7,894)	-64.75%
Fund balance	<u>6,342,046</u>	<u>5,840,019</u>	<u>502,027</u>	8.60%
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,512,589</u>	<u>\$ 7,130,948</u>	<u>\$ 381,641</u>	5.35%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
General Town-Wide Fund				
Revenues	\$ 48,528,320	\$ 50,311,453	\$ (1,783,133)	-3.54%
Expenditures	52,386,304	52,264,772	121,532	0.23%
Other financing sources	75,425	92,509	(17,084)	-18.47%
Interfund transfers in	2,000,000	2,000,000	-	0.00%
Net change in fund balance	<u>(1,782,559)</u>	<u>139,190</u>	<u>(1,921,749)</u>	-1380.67%
Fund balance, <i>beginning of year</i> <i>as restated</i>	<u>1,929,325</u>	<u>1,782,364</u>	<u>146,961</u>	8.25%
Fund balance, <i>end of year</i>	<u>\$ 146,766</u>	<u>\$ 1,921,554</u>	<u>\$ (1,774,788)</u>	-92.36%
Highway Fund				
Revenues	\$ 10,518,680	\$ 11,352,422	\$ (833,742)	-7.34%
Expenditures	10,612,602	11,379,436	(766,834)	-6.74%
Other financing sources	<u>37,717</u>	<u>33,044</u>	<u>4,673</u>	14.14%
Net change in fund balance	<u>(56,205)</u>	<u>6,030</u>	<u>(62,235)</u>	-1032.09%
Fund balance, <i>beginning of year</i>	<u>1,869,111</u>	<u>1,863,081</u>	<u>6,030</u>	0.32%
Fund balance, <i>end of year</i>	<u>\$ 1,812,906</u>	<u>\$ 1,869,111</u>	<u>\$ (56,205)</u>	-3.01%
Special Miscellaneous Revenue				
Revenues	\$ 2,270,697	\$ 2,696,116	\$ (425,419)	-15.78%
Expenditures	<u>487,094</u>	<u>3,431,350</u>	<u>(2,944,256)</u>	-85.80%
Net change in fund balance	<u>1,783,603</u>	<u>(735,234)</u>	<u>2,518,837</u>	-342.59%
Fund balance, <i>beginning of year</i>	<u>9,557,392</u>	<u>10,292,626</u>	<u>(735,234)</u>	-7.14%
Fund balance, <i>end of year</i>	<u>\$ 11,340,995</u>	<u>\$ 9,557,392</u>	<u>\$ 1,783,603</u>	18.66%
Capital Project Funds				
Revenues	\$ 894,495	\$ 1,143,038	\$ (248,543)	-21.74%
Expenditures	9,137,207	8,054,471	1,082,736	13.44%
Other financing sources	<u>8,243,469</u>	<u>7,110,477</u>	<u>1,132,992</u>	15.93%
Net change in fund balance	<u>757</u>	<u>199,044</u>	<u>(198,287)</u>	-99.62%
Fund deficit, <i>beginning of year</i>	<u>5,414,218</u>	<u>5,215,174</u>	<u>199,044</u>	3.82%
Fund deficit, <i>end of year</i>	<u>\$ 5,414,975</u>	<u>\$ 5,414,218</u>	<u>\$ 757</u>	0.01%
Non-Major Governmental Funds				
Revenues	\$ 16,012,117	\$ 15,797,852	\$ 214,265	1.36%
Expenditures	15,593,958	15,432,427	161,531	1.05%
Other financing sources, net	<u>6,978</u>	<u>19,879</u>	<u>(12,901)</u>	-64.90%
Net change in fund balance	<u>418,127</u>	<u>385,304</u>	<u>39,833</u>	10.34%
Fund balance, <i>beginning of year</i> <i>as restated</i>	<u>5,923,919</u>	<u>5,454,715</u>	<u>469,204</u>	8.60%
Fund balance, <i>end of year</i>	<u>\$ 6,342,046</u>	<u>\$ 5,840,019</u>	<u>\$ 509,037</u>	8.72%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

General Fund

Total assets decreased by approximately \$444,000 due to a combination of collection of interfund receivables to cash balances and higher third-party receivables. The increased third-party receivable is a larger allocation of the year-end sales tax receivable as compared to 2019. The repayment of the interfund receivable from the Landfill Fund did not take place until December 2020.

Liabilities overall increased by approximately \$1,331,000 from 2019 to 2020, primarily due to higher levels of interfund payables (\$999,000) and revenue anticipation notes (\$700,000) due to cashflow shortfalls from revenue losses due to the COVID-19 pandemic's impact on the economy. There was a reduction of accounts payable and accrued expenses due to the timing at the end 2020 by about \$368,000.

Fund balance decreased \$1,775,000 and was a function of the Pandemic's impact on operating results. As discussed in earlier sections the Federal ARPA SLFRF grant provides for a revenue loss recapture based on lost revenue in 2020. The Town has broad latitude for use of these funds. Therefore, in 2021, with the positive impact of this grant the Town has already replenished the fund balance to pre-pandemic levels.

Total revenue declined substantially during 2020, by \$1.8 million, or 3.54%. The significant fluctuations in the individual sources was due primarily because of the impacts of the Pandemic and related economic downturn. The only revenues to see an increase in 2020 other than federal grants, was a budgeted increase in property tax revenue of \$935,000 and increased interfund revenue of \$281,000 related to administrative chargebacks. All other revenue sources combined declined by \$3,177,000. Federal grant revenue increased by \$178,000 due to \$109,000 grant to the EMS Department related to COVID 19, and a \$70,000 increase in grants for police equipment. The General Fund was also able to sustain the amount transferred from the Environmental Services fund at the 2019 \$2 million level.

Expenditures also remained consistent at 2019 levels with an increase of \$122,000, or 0.23%. This increase was primarily driven by increases in benefit costs of about \$898,000 as a result of rising health insurance and retirement contribution costs. Debt service costs increased \$246,000 from 2019 to 2020 as anticipated with the additional debt issuances to address the Town's facility and equipment needs. There were also negotiated salary increases for 2020, but this increase was offset by reductions in overtime, seasonal staff, and temporary reductions of full-time staff in response to the impact of the COVID-19 pandemic which resulted in a net reduction of \$835,000. Overall insurance, materials, supplies, and utility costs decreased about \$203,000, but there was no one specific item driving those decreases, other than cost cutting measures in response to the pandemic.

Highway Fund

Total assets decreased about \$179,000 from 2019 to 2020, from a combination of approximately \$206,000 less in year-end allocation of sales tax receivable and approximately \$20,000 more cash balances at year-end 2020. Both are just functions of operations during 2020.

Overall, liabilities decreased about \$122,000 at year-end 2020 related to lower levels of interfund payables related to accounts payable levels at December 31, 2020. There was also an increase of about \$108,000 in refundable highway permits from 2019 to 2020, due to both volume and size of several permits outstanding at year end. Additionally, accrued expenses were up about \$32,000 related to the year-end payroll accrual and the payout of a retiring employees compensated absence payout.

Fund balance decreased \$56,000 as a result of operating results during 2020. As of December 31, 2020, the fund now has an unreserved uncommitted fund balance (\$507,730) equal to 4.8% of the operating expenditures, virtually at the 5% recommended by the New York State Comptroller's Office.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Highway Fund - Continued

The Highway Fund revenues and expenditures decreased approximately \$834,000, or 7.3%, and \$767,000, or 6.7%, respectively, for the year ended 2020 as compared to 2019. This was primarily the result of a mild winter season with reduced related costs of \$758,000. Additionally, in response to the pandemic Highway positions were temporarily left vacant during parts of 2020 and certain staff members were tasked with filling seasonal vacancies in the Parks and Recreation Department thereby reducing salary costs for the Highway Fund. Overall salaries and wages were reduced by \$264,000 in 2020. Benefits expense was also lower in 2020 because of reduced workers' compensation and social security expenses totaling about \$71,000. Debt service costs increased \$255,000 as anticipated with the continuation of the Town's infrastructure improvement projects.

The sales tax revenue allocation decreased \$1,088,000 to compensate for the decreases as did other operating revenues as a result of the pandemic. The revenue from New York State Consolidated Highway Improvement Projects aid was used to offset the cost of additional paving costs dollar for dollar but was decreased in 2020 as a result of the pandemic by about \$144,000. There was also a \$422,000 increase in projects funded by developers which is used in current and future periods to guarantee completion of roads within the development projects.

Special Miscellaneous Revenue Fund

Total assets increased during 2020 by approximately \$1,803,000 as a result of the timing of developer assessments during 2020. A portion of the revenues within the Boght 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 \$19,000 in 2020.

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 2020, the Boght area repaid about \$236,000 of the Colliseum Drive construction costs, and a net of 115,000 was incurred for the construction of a new pavilion at the Mohawk View Town Park. This project was partially financed with a New York State Aid to Municipalities grant in the amount of \$125,000. The various areas incurred engineering costs totaling \$24,000.

Capital Projects Fund

Total assets increased during 2020 by approximately \$386,000. This was the result of continuation of the Town's capital plan. Grant receivables increased from 2019 to 2020 based on the timing of grant submissions around the end of the year.

Total liabilities increased by \$386,000, of which accounts payable and accrued expenses decreased by \$18,000 and due to other funds increased \$665,000 due to the timing of the payment of invoices around year end 2020. The current portion of bond anticipation notes (BANs) declined by \$261,000 at year-end 2020 as a function of the borrowing process. Since the BANs outstanding at year-end 2020 were either repaid, or refinanced in March 2021, only the current portion of the BANs are presented in the fund level financial statements.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Capital Projects Fund - Continued

2020 revenues were significantly lower than in 2019 due to the mix of grant sources and purposes between 2019 and 2020. In 2019 the grant revenue was primarily related to the renovation of the William K. Sanford Town Library versus only \$152,000 in 2020. The other 2020 the grant revenues are related to emergency medical services equipment (\$80,000), parks and recreation facility and equipment improvements (\$374,000), and a public safety training facility (\$272,175).

Project expenditures were up in 2020 by approximately \$1.1 million primarily in the area of street maintenance (\$298,000), transportation equipment (\$428,000), and Highway salt shed reconstruction (\$1,825,000). These projects were offset by reduction in the Library and Pruyn House renovation projects which declined by a total of \$1,399,000.

Non-Major Governmental Funds

Overall, the Town's non-major funds experienced an increase in financial position by \$418,000. While total assets increased by about \$382,000, total liabilities and deferred inflows of resources decreased by approximately \$120,000. Opening fund balance was adjusted upwards by \$84,000 to correct a prior period reporting error.

The increase in assets was primarily related to increased cash, net of investment, balances of approximately \$1,223,000 being offset by decreased third party receivables of about \$853,000. The cash balance increases resulted from allocations of sales tax throughout 2020.

The liability decrease as identified above resulted primarily from decreased interfund payables around year end 2020 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 2019 to 2020 by \$214,000 (1.4%) and \$162,000 (1.1%), 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 decrease slightly by \$29,000, or 0.4%. LOSAP investment earnings in the fire protection district fund drove the \$94,000 decrease in interest and use of property, while licenses and permits decreased \$519,000 both due to impacts from the COVID-19 pandemic. These more significant declines along with the minor declines in departmental income, state aid and miscellaneous revenue, all resulted in the necessary increase in sales tax allocation throughout 2020 thereby resulting in an increase of \$730,000. Federal aid increased \$214,000, which is effectively the increase in total revenue, as Community Development programs saw increased funding levels in its Section 8 Rental Assistance Program.

The departmental income reduction was driven by a decline in most of the fees within the departments of the Town-Outside Villages and Library funds as a result temporary closures in response to the pandemic. This \$123,000 decline was offset by a \$102,000 increase in the in income from other agencies within the Community Development Section 8 program.

The operating expenses for the non-major funds increase of approximately \$162,000, as noted above, was the result of varying factors. \$183,000 was recognized for the purchase of approximately 3 acres of open space during 2019 within the TOV fund which was not repeated in 2020. Library debt service increased \$63,000 from the renovation project. Employee benefits within the TOV and Library funds increased \$207,000, while the LOSAP fund incurred additional benefit payments of \$75,000. Salaries and wages declined \$129,000, primarily all in the Library due to pandemic related facility closures.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Non-Major Governmental Funds - Continued

Contractual expenditures increased \$122,000, driven by increased fire protection contracts in the amount of \$101,000 within the Fire Protection Fund and additional grant expenditures in the Community Development Fund's Section 8 and Community Development Block Grant programs totaling \$200,000. This was offset by cost measures in the TOV Fund's building and street lighting departments and the Library Fund totaling \$179,000.

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	\$ 2,819,096	\$ 27,356	\$ 2,791,740	10205.22%
Receivables	452,620	444,430	8,190	1.84%
Management agreement	15,525,238	15,402,371	122,867	0.80%
Capital assets, net	5,303,382	8,703,979	(3,400,597)	-39.07%
Total assets	<u>24,100,336</u>	<u>24,578,136</u>	<u>(477,800)</u>	-1.94%
Deferred outflows of resources	<u>230,858</u>	<u>248,972</u>	<u>(18,114)</u>	-7.28%
Total assets and deferred outflows of resources	<u>\$ 24,331,194</u>	<u>\$ 24,827,108</u>	<u>\$ (495,914)</u>	-2.00%
Accounts payable and accrued expenses	\$ 71,766	\$ 79,526	\$ (7,760)	-9.76%
Bonds payable	8,833,456	9,940,095	(1,106,639)	-11.13%
Landfill closure/post-closure	21,783,439	19,810,271	1,973,168	9.96%
Due to other funds	20,059	7,763,402	(7,743,343)	-99.74%
Total liabilities	<u>30,708,720</u>	<u>37,593,294</u>	<u>(6,884,574)</u>	-18.31%
Net position	<u>(6,377,526)</u>	<u>(12,766,186)</u>	<u>6,388,660</u>	-50.04%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 24,331,194</u>	<u>\$ 24,827,108</u>	<u>\$ (495,914)</u>	-2.00%
Pure Waters				
Cash and cash equivalents	\$ 10,373,473	\$ 8,390,462	\$ 1,983,011	23.63%
Receivables	53,597	17,192	36,405	211.76%
Due from other funds	2,899,767	2,497,320	402,447	16.12%
Capital assets, net	21,563,029	21,676,204	(113,175)	-0.52%
Total assets	<u>34,889,866</u>	<u>32,581,178</u>	<u>2,308,688</u>	7.09%
Deferred outflow of resources	<u>2,756,716</u>	<u>1,069,472</u>	<u>1,687,244</u>	157.76%
Total assets and deferred outflows of resources	<u>\$ 37,646,582</u>	<u>\$ 33,650,650</u>	<u>\$ 3,995,932</u>	11.87%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

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>
Pure Waters - continued				
Accounts payable and accrued expenses	\$ 1,135,743	\$ 1,104,645	\$ 31,098	2.82%
Bond anticipation note	3,485,000	4,245,000	(760,000)	-17.90%
Bonds payable	25,843,371	23,974,925	1,868,446	7.79%
Other noncurrent	8,596,897	6,032,563	2,564,334	42.51%
Total liabilities	<u>39,061,011</u>	<u>35,357,133</u>	<u>3,703,878</u>	10.48%
Deferred inflows of resources	1,024,904	1,368,427	(343,523)	-25.10%
Net position	<u>(2,439,333)</u>	<u>(3,074,910)</u>	<u>635,577</u>	-20.67%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 37,646,582</u>	<u>\$ 33,650,650</u>	<u>\$ 3,995,932</u>	11.87%
Latham Water				
Cash and cash equivalents	\$ 10,316,788	\$ 7,564,945	\$ 2,751,843	36.38%
Receivables	8,248,062	7,971,641	276,421	3.47%
Due from other funds	679,520	95,059	584,461	614.84%
Capital assets, net	41,444,221	42,782,369	(1,338,148)	-3.13%
Total assets	<u>60,688,591</u>	<u>58,414,014</u>	<u>2,274,577</u>	3.89%
Deferred outflow of resources	<u>5,180,722</u>	<u>1,813,595</u>	<u>3,367,127</u>	185.66%
Total assets and deferred outflows of resources	<u>\$ 65,869,313</u>	<u>\$ 60,227,609</u>	<u>\$ 5,641,704</u>	9.37%
Accounts payable and accrued expenses	\$ 1,067,272	\$ 1,135,688	\$ (68,416)	-6.02%
Bond anticipation & E.F.C. notes	4,941,500	6,869,896	(1,928,396)	-28.07%
Bonds payable	27,991,908	24,393,426	3,598,482	14.75%
Other noncurrent	17,144,163	12,141,196	5,002,967	41.21%
Total liabilities	<u>51,144,843</u>	<u>44,540,206</u>	<u>6,604,637</u>	14.83%
Deferred inflows of resources	1,827,130	2,476,608	(649,478)	-26.22%
Net position	<u>12,897,340</u>	<u>13,210,795</u>	<u>(313,455)</u>	-2.37%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 65,869,313</u>	<u>\$ 60,227,609</u>	<u>\$ 5,641,704</u>	9.37%
Workers' Compensation Internal Service Fund				
Accounts payable and accrued expenses	\$ 1,420,921	\$ 1,273,188	\$ 147,733	11.60%
Net position	<u>(1,420,921)</u>	<u>(1,273,188)</u>	<u>(147,733)</u>	11.60%
Total liabilities and net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.00%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department				
Operating revenue	\$ 283,962	\$ 285,015	\$ (1,053)	-0.37%
Operating expenses	<u>5,381,585</u>	<u>6,275,793</u>	<u>(894,208)</u>	-14.25%
Operating loss	(5,097,623)	(5,990,778)	893,155	-14.91%
Non-operating revenues, net	13,486,283	8,486,996	4,999,287	58.91%
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	-	0.00%
Change in net position	6,388,660	496,218	5,892,442	1187.47%
Net position, <i>beginning of year</i>	<u>(12,766,186)</u>	<u>(13,262,404)</u>	496,218	-3.74%
Net position, <i>end of year</i>	<u>\$ (6,377,526)</u>	<u>\$ (12,766,186)</u>	<u>\$ 6,388,660</u>	-50.04%
Pure Waters				
Operating revenue	\$ 10,948,185	\$ 10,464,555	\$ 483,630	4.62%
Operating expenses	<u>9,585,253</u>	<u>9,789,162</u>	<u>(203,909)</u>	-2.08%
Operating income	1,362,932	675,393	687,539	101.80%
Non-operating expenses, net	<u>(727,355)</u>	<u>(738,578)</u>	11,223	-1.52%
Change in net position	635,577	(63,185)	698,762	-1105.90%
Net position, <i>beginning of year</i>	<u>(3,074,910)</u>	<u>(3,011,725)</u>	(63,185)	2.10%
Net Position, end of year	<u>\$ (2,439,333)</u>	<u>\$ (3,074,910)</u>	<u>\$ 635,577</u>	-20.67%
Latham Water				
Operating revenue	\$ 14,033,476	\$ 13,221,445	\$ 812,031	6.14%
Operating expenses	<u>14,177,913</u>	<u>13,281,700</u>	<u>896,213</u>	6.75%
Operating income (loss)	(144,437)	(60,255)	(84,182)	139.71%
Non-operating expenses, net	<u>(169,018)</u>	<u>138,397</u>	<u>(307,415)</u>	-222.13%
Change in net position	(313,455)	78,142	(391,597)	-501.14%
Net position, <i>beginning of year</i>	<u>13,210,795</u>	<u>13,132,653</u>	78,142	0.60%
Net position, <i>end of year</i>	<u>\$ 12,897,340</u>	<u>\$ 13,210,795</u>	<u>\$ (313,455)</u>	-2.37%
Workers' Compensation Internal Service Fund				
Operating revenue	\$ 907,621	\$ 966,511	\$ (58,890)	-6.09%
Operating expenses	<u>1,055,354</u>	<u>955,145</u>	<u>100,209</u>	10.49%
Change in net position	(147,733)	11,366	(159,099)	-1399.78%
Net position, <i>beginning of year</i>	<u>(1,273,188)</u>	<u>(1,284,554)</u>	11,366	-0.88%
Net position, <i>end of year</i>	<u>\$ (1,420,921)</u>	<u>\$ (1,273,188)</u>	<u>\$ (147,733)</u>	11.60%

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 (5) 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.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Environmental Services Department - Continued

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. During 2020, the operator moved the entrance to the landfill necessitating the construction of three new structures, the cost of which was borne by the operator and has been recorded as the non-operating revenue, contributed capital assets of approximately \$302,000.

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 \$12.1 million payment was received in December 2020 upon the successful conclusion of lawsuits brought about by two neighboring towns related to the permitting process.

Total assets decreased approximately \$496,000 due to net depreciation of capital assets in the amount of \$3,401,000. This was offset by increased cash position related to the December 2020 landfill operator contract. Additionally, the discount rate on the long-term management contract receivable changed from 2% to 1.2% which resulted in an increase in the receivable of \$123,000, net of 2020 scheduled repayments, and additional non-operating revenue of \$1 million.

Total liabilities decreased by approximately \$6,885,000 due to scheduled debt repayments of \$1.1 million and repayment of interfund liabilities by approximately \$7.7 million. This was offset by increases in the closure and post-closure care liability of about \$2 million as a result of Area 7 Cell 1 use during 2020. The net deficit decreased to approximately \$6.4 million. The deficit will decrease as the closure and post-closure processes are assumed by the operations company.

Similar to the last five years due to changes in the utility market, the methane gas to energy operation generated poor results but remained at 2019 levels and generated about \$283,000 of revenue. The continued use of Area 7.1 resulted in higher depreciation expense by \$1.6 million, but the increase landfill closure and post-closure liability from use of Area 7.1 declined by \$2.4 million.

Net non-operating revenue increased about \$5 million from 2019 to 2020. This was the result of the operator's contractual payment discussed earlier relative to the final approval of landfill area 7 and amounted to about \$12.1 million. This payment caused the \$11.8 million change in use of property. The two other significant fluctuations relate to capital assets contributed by the landfill operator, with the completion of construction on area 7 cell 1 in 2019, which resulted in \$6.7 million in related revenue in that year, the operator moved the entrance to the landfill in 2020 and constructed three new structures. This resulted in about \$302,000 in related contributed capital revenue in 2020. However, this also resulted in the demolition of several existing capital assets which resulted in a loss on disposal of about \$427,000 in the current year.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Pure Waters District

Assets and deferred outflows of resources increased by approximately \$4 million driven by net positive cashflow of \$2 million and increases in the deferred outflows of resources related to pensions and OPEB of \$1.7 million. This was enhanced by an increase in advances to other funds of \$402,000 due to cashflow shortfalls resulting from the impact of the COVID-19 pandemic.

The liabilities and deferred inflows of resources increased approximately \$3.3 million. This was primarily from the changes in liabilities for the recognition of OPEB and net pension, which increased \$2.2 million. This was enhanced by the anticipated net increase in bonds and bond anticipation notes of \$1.1 million from the continuation of the infrastructure improvement plans.

Overall, revenue increased approximately 4.62%, or \$484,000, over the prior year, primarily the result of an increase in the ad valorem tax. There were also a \$70,000 increase in other operating revenue related to timing of permits issued (\$33,000) and the reimbursement of costs incurred on behalf of a large usage customer in the amount of \$37,000. Interest earnings also declined by \$75,000 due to the economic impact of the pandemic.

Operating expenses decreased slightly from 2019 to 2020, by about \$204,000, or 2.1%. This was driven by a \$105,000 decrease in salaries after 2.5% negotiated wage increase, as a result of temporary vacancies to address the impact of the COVID-19 pandemic. Benefits expense increased significantly because of the impacts of the change in OPEB and pension liabilities, which increased a total of \$522,000. The balance of the increase was the result of lessor increases in each of the other benefits areas. Materials, supplies and insurances decreased \$894,000 in 2020 when compared to 2019. This was primarily the result of sizeable number of sanitary sewer failures during 2019 that resulted in increased emergency repairs. This number declined by \$565,000 in 2020. The balance of the decrease comes from lessor cuts in various expenses to address the COVID-19 pandemic's economic impact on the Town.

Latham Water District

Latham Water saw an increase in total assets and deferred outflows of resources of approximately \$5,642,000. This was the result of net positive cashflow of \$2.75 million and increases in the deferred outflows of resources related to pensions and OPEB of \$3.37 million. This was enhanced by an increase in advances to other funds of \$584,000 due to cashflow shortfalls resulting from the impact of the COVID-19 pandemic. Additionally, there was an increase in water usage receivables of \$346,000 from a budgeted rate increase, a \$40,000 receivable for reimbursement of worker's compensation claims in 2020, but a reduction of intergovernmental receivables of \$121,000. There was also a net depreciation of the investment in capital assets of \$1.34 million due to the timing of projects within the District's capital plan.

The liabilities and deferred inflows of resources increased approximately \$5,955,000. This was primarily from the changes in liabilities for the recognition of other post-employment benefits (OPEB) and net pension, which increased \$4,394,000. The net increase related to the net issuance of bonds, bond anticipation notes, and E.F.C short-term notes was \$1,670,000. The balance of the change was primarily a decrease in long-term amounts due to the New York State Retirement System (\$99,000) and reduced accrued interest (\$59,000) and increase in compensated absences of \$52,000.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Financial Analysis of the Town's Financial Statements - Continued

Latham Water District - Continued

The Town implemented a minor rate increase of 5 cents, or 1.4%, during 2020 that was enhanced by 2.54% increase in consumption, which drove the charges for services to improve by \$709,000, when compared to 2019. There was also a \$108,000 increase in sales to other municipalities, which is primarily the Village of Colonie's increase of \$75,000, and then sales to the City of Albany via the new Albany-Colonie interconnection of about \$33,000.

Operating expenses increased 6.75%, or approximately \$896,000. Salaries costs declined \$77,000 despite a 2.5% negotiated rate increase due to temporary vacancies the administration, purification and distribution areas to address economic impacts of the pandemic. Benefits costs increased \$898,000, driven by a total increase of \$849,000 in OPEB and pension expenses, and \$34,000 increase in accruals for compensated absences. Benefits other than these items increased approximately \$99,000, of which the increase (6.3%) was all health insurance due to rate increases during 2020. Materials, supplies and insurances declined about \$158,000 which was driven by declines in system repair costs during 2020 versus 2019. Depreciation also increased by \$232,000, as expected, from the investment in the water system over the last few years.

Non-operating revenues decreased about \$422,000, resulting in a net non-operating expense of \$169,000 in 2020. Approximately \$82,000 was from depressed interest rates received on cash balances during 2020 due to the economic impact of the pandemic, but the majority of the decrease 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 provides 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, versus the \$81,000 received in 2020. The project was completed in 2021 and the balance of the grant should be received upon completion.

The decreases were offset by increases in the proceeds from the sale of equipment in 2020 that did not occur in 2019, and telecommunication lease revenues of \$49,645 from catch-up payments under amended lease terms. Interest expense also declined \$115,000 as anticipated.

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.

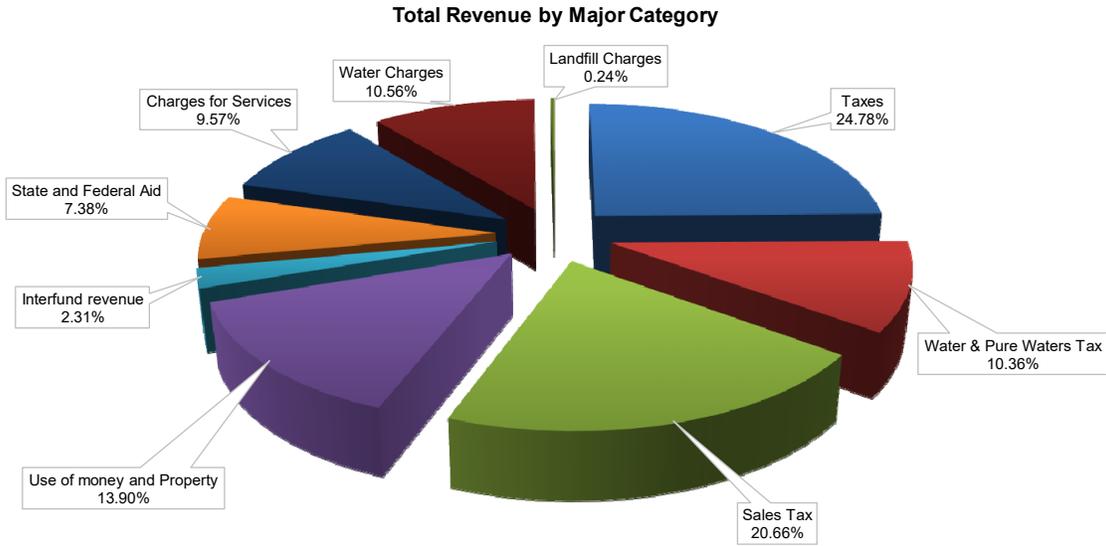
The revenue charged to the operating funds in 2020 was approximately \$59,000 lower than in 2019, which is the result of lower claims payouts during 2020. However, due to number of new open claims, incurred in 2020, at year end this decline was offset by a \$148,000 increase in the liability. This resulted in approximately \$100,000 increase in expense when compared to 2019.

Town of Colonie, New York

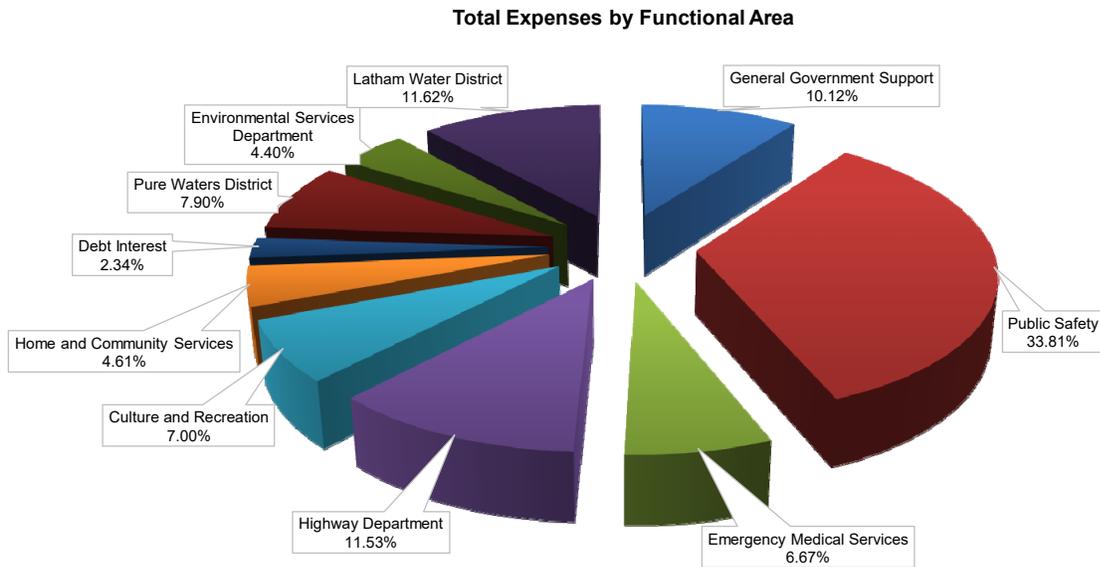
Management's Discussion and Analysis December 31, 2020

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

2020 Summary of Town-Wide Revenues (accrual basis)



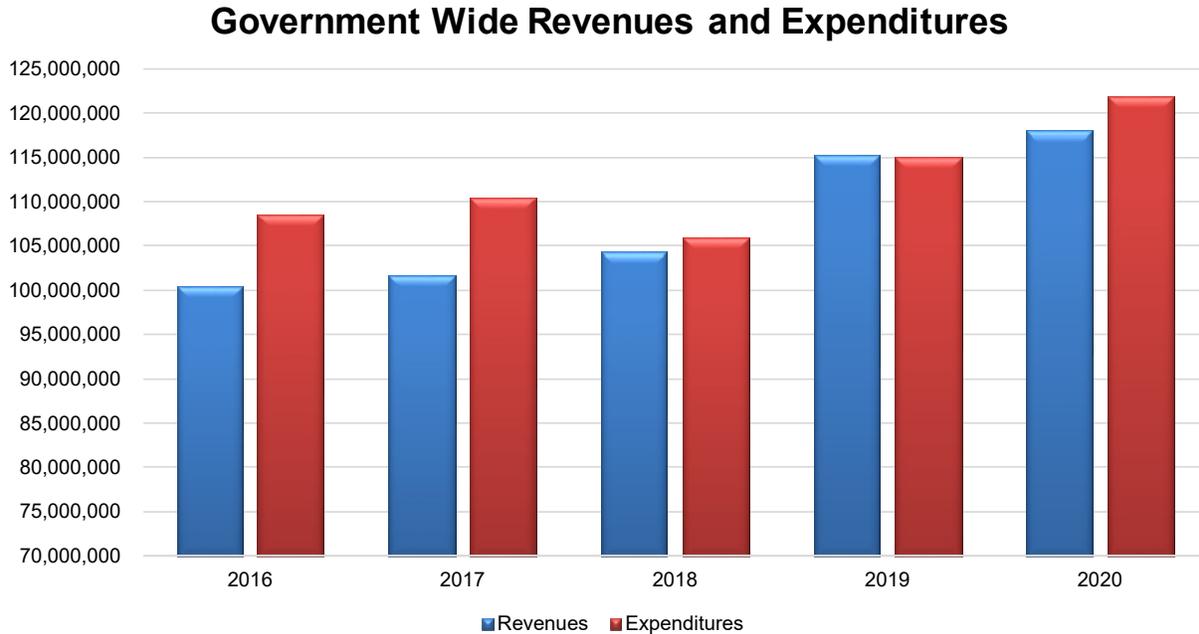
2020 Summary of Town-Wide Expenses (accrual basis)



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

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



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 \$17.6 and \$119.7 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 \$120.3 million, or 10.4% 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.

Town of Colonie, New York

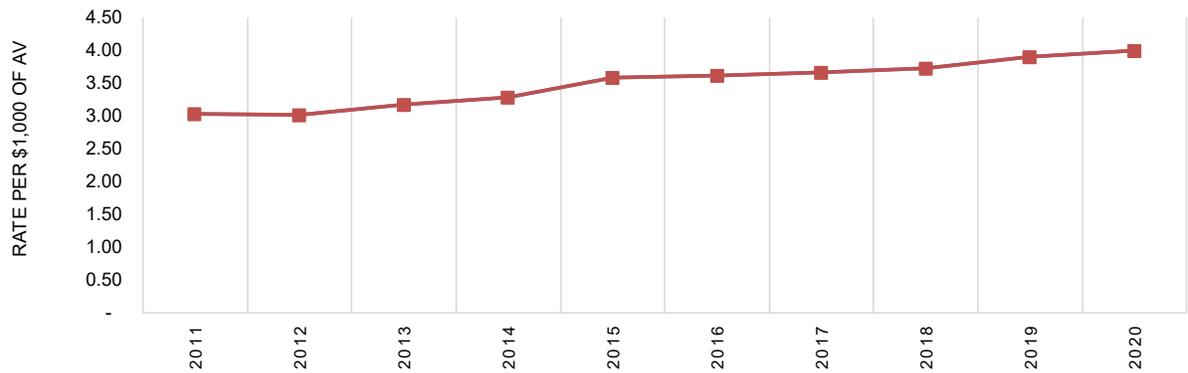
Management's Discussion and Analysis December 31, 2020

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

The graph below shows the real property taxes levied from 2011 to 2020.

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 and 2021, the Town was able to adopt a budget that complied with the tax cap limits.

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 80 and 81. The following are a few significant budgetary items during 2020.

Within the General Town-wide Fund, approximately \$1.9 million of budget modifications were necessary to reflect the economic impacts of the COVID-19 pandemic. The Town lost approximately \$1.9 million of departmental income and \$640,000 of fines due to pandemic related shut-downs. These revenues have been replaced by the ARPA SLFRF grant program in 2021 and will result in a significant operating surplus in 2021. This will replenish the 2020 negative impact on fund balance.

Expenditure budgets were reduced to comply with these revenue losses and stayed within these revised limits.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Budgetary Highlights - Continued

Similar to the General Fund, the Highway Fund made significant budgetary modifications to reflect the results of the pandemic losses. The Highway Fund was able to absorb the loss of almost \$1.7 million in sales tax revenue thanks to a mild winter season which resulted in significant savings and other cost cutting measures.

The Highway Fund received about \$192,000 more in New York State Consolidated Highway Improvement Project Aid in 2020 which allowed the Town to undertake more street paving projects than original budgeted for in 2020. There was also about \$410,000 in funds placed in reserve by developers to fund future road projects, that is not budgeted for on an annual basis, which also provides funds for projects.

In all funds, any areas of over expenditure were able to be offset by areas that were under budget in 2020.

Capital Assets and Debt

The Town's investment in capital assets, exclusive of related outstanding debt, for its governmental and business-type activities as of December 31, 2020, amounted to approximately \$130,684,000 (net of accumulated depreciation and disposals), a \$8,434,000 net increase over 2020. 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):

\$ 74,000	Public Safety Building facility replacement
306,000	Public safety training facility construction/improvements
23,000	Mohawk View Town Park infrastructure improvements
249,000	Mohawk View Bike Path improvements
191,000	Crossings Park playground equipment & parking lot
46,000	Pruyn House Cultural Center facility improvements
7,000	Senior Resources office fit-up
52,000	Computer hardware (8 items)
146,000	Computer software (2 items)
25,000	General Services vehicle (1 item)
481,000	Emergency Medical Services vehicles and equipment (19 items)
14,000	Municipal Training Center equipment (1 item)
243,000	Police vehicles and equipment (11 items)
190,000	Recreation vehicles and equipment (4 items)
57,000	Building and Fire Services vehicles and equipment (3 items)

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Capital Assets and Debt - Continued

Library Fund:

\$ 67,000	Library facility improvements
379,000	Library roof replacement
11,000	Library equipment

Highway:

\$ 1,444,000	Highway vehicles and equipment (11 items)
369,000	Road construction
2,053,000	Salt shed improvements

Miscellaneous Special Revenue:

\$ 227,000	Mohawk View Town Park pavilion
------------	--------------------------------

Environmental Services:

\$ 302,000	Administrative structures (3)
------------	-------------------------------

Pure Waters District:

\$ 326,000	Sewer treatment plant improvements
1,003,000	Sewer pump station improvements
254,000	Vehicles and equipment (5 units)

Latham Water District:

\$ 16,000	Water distribution system improvements
5,000	Water storage system rehabilitations
43,000	Water Source improvements
481,000	Water source, reservoir rehabilitation/interconnect
611,000	Vehicles and equipment (11 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, 2020, is approximately \$116,805,000, an increase of \$4,713,000 over the previous year, or 4.2%. This total includes approximately \$1.8 million of unamortized premium on the issuance of bonds that will be amortized against interest expense over the next 13 years.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Capital Assets and Debt - Continued

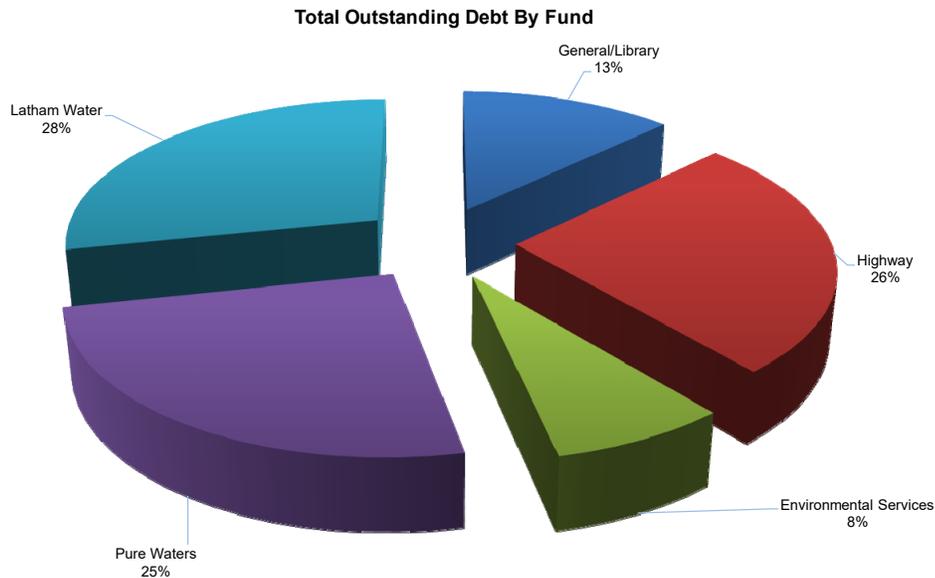
As of December 31, 2020, a summary of the Town's unused debt limit is as follows:

Town's legal debt limit	<u>\$ 655,976,454</u>
Town's indebtedness	114,325,000
Less legal exclusion	<u>45,835,325</u>
Net indebtedness	<u>68,489,675</u>
Deduct net indebtedness	<u>68,489,675</u>
Town's unused debt limit	<u><u>\$ 587,486,779</u></u>
Percent of legal indebtedness used	10.44%

2020 Summary of Total Outstanding Debt by Fund

As of December 31, 2020, the Town's debt was rated A+ by Standard and Poor's Rating Services and A3 by Moody's Investor Service. As of February 2021, the Standard and Poor's Rating Services affirmed this rating but added the positive outlook that was universally removed in April 2020, due to the COVID-19 pandemic. Both rating services place the Town's debt within the upper medium quality investment grade.

Below is a summary of the outstanding debt as of December 31, 2020 by fund.



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Liquidity and Capital Resources

After a long period of fiscal uncertainty, 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 received an additional \$12.1 million payment in December 2020.

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.

Due to enhanced benefits offered by the State, coupled with the prolonged market turndown, spending has fluctuated as follows:

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
2020	8,583,181

In an effort to mitigate the sizeable increases in costs, the Town had opted into the New York State Retirement System's annual amortization program. 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, 2020, the Town has outstanding debt related to these amortizations totaling approximately \$4,273,000. The Town 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.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2020

Economic Factors for Future Budgets - Continued

Retirement Costs - Continued

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:

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
2020	12,045,958

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

	December 31, 2020		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 28,903,865	\$ 22,638,201	\$ 51,542,066
Cash and cash equivalents, restricted	3,490,881	871,156	4,362,037
Investments, restricted	3,559,100	-	3,559,100
Accounts receivables, net	2,556,347	7,231,624	9,787,971
Management agreement proceeds, current portion	-	916,292	916,292
Internal balances	(3,559,228)	3,559,228	-
State and Federal aid receivables	493,116	-	493,116
Due from other governments	8,829,336	1,522,655	10,351,991
Other assets	18,385	-	18,385
NONCURRENT ASSETS			
Management agreement proceeds, less current portion	-	14,608,946	14,608,946
Capital assets, net of depreciation	62,373,490	68,310,632	130,684,122
Total assets	106,665,292	119,658,734	226,324,026
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions and LOSAP	30,524,584	3,476,419	34,001,003
Deferred resources related to OPEB	22,914,599	4,100,233	27,014,832
Deferred resources related to defeased bonds	313,806	591,644	905,450
	53,752,989	8,168,296	61,921,285
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	6,007,930	-	6,007,930
Accrued liabilities	1,476,121	231,844	1,707,965
Retainage payable	114,198	205,246	319,444
Other liabilities	1,613,479	549,522	2,163,001
Unearned revenue	318,310	23,525	341,835
Revenue anticipation note payable	3,500,000	-	3,500,000
Due to fiduciary activities	-	-	-
Due to other governments	6,225,375	1,166,463	7,391,838
Accrued interest	351,652	504,447	856,099
Current portion of bonds anticipation notes	960,000	102,000	1,062,000
Environmental Facilities Corporation short-term note	-	640,000	640,000
Current portion of bonds payable	3,958,579	5,896,400	9,854,979
Current portion of installment purchase debts	26,450	-	26,450
Current portion of pension related debt	1,180,664	143,256	1,323,920

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Government-Wide Financial Statements Statement of Net Position - Continued

	December 31, 2020		
	Governmental Activities	Business-Type Activities	Total
NONCURRENT LIABILITIES			
Bond anticipation notes, less current portion	9,740,500	7,684,500	17,425,000
Bonds payable, less current portion	30,996,850	56,772,335	87,769,185
Installment purchase debts, less current portion	27,627	-	27,627
Judgments and claims	123,437	85,845	209,282
Other liabilities	3,443,858	-	3,443,858
Landfill closure and post-closure costs	-	21,783,439	21,783,439
Pension related debt, less current portion	2,653,750	295,567	2,949,317
Compensated absences	4,850,498	758,587	5,609,085
Net pension liabilities	40,039,025	4,640,057	44,679,082
LOSAP pension liability	5,019,042	-	5,019,042
Other postemployment benefits liability (OPEB)	108,323,968	19,961,004	128,284,972
Total liabilities	230,951,313	121,444,037	352,395,350
DEFERRED INFLOWS			
Deferred resources related to pensions and LOSAP	1,841,426	108,329	1,949,755
Deferred resources related to OPEB	15,669,639	2,743,705	18,413,344
	17,511,065	2,852,034	20,363,099
NET POSITION			
Net investment in capital assets	13,219,626	(2,784,603)	10,435,023
Restricted	750,053	785,311	1,535,364
Unrestricted (deficit)	(102,013,776)	5,530,251	(96,483,525)
TOTAL NET POSITION	\$ (88,044,097)	\$ 3,530,959	\$ (84,513,138)

Town of Colonie, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2020

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	\$ 12,334,733	\$ 602,063	\$ -	\$ -	\$ (11,732,670)	\$ -	\$ (11,732,670)
Public safety	41,208,058	1,554,431	111,456	363,485	(39,178,686)	-	(39,178,686)
Public health	8,126,289	4,936,953	108,269	80,378	(3,000,689)	-	(3,000,689)
Transportation	14,048,660	1,469,251	756,370	-	(11,823,039)	-	(11,823,039)
Economic assistance and opportunity	1,944	-	-	-	(1,944)	-	(1,944)
Culture and recreation	8,531,948	1,197,460	73,484	638,228	(6,622,776)	-	(6,622,776)
Home and community services	5,618,549	1,279,395	3,342,685	-	(996,469)	-	(996,469)
Debt interest	1,015,144	-	-	-	(1,015,144)	-	(1,015,144)
Total governmental activities	<u>90,885,325</u>	<u>11,039,553</u>	<u>4,392,264</u>	<u>1,082,091</u>	<u>(74,371,417)</u>	<u>-</u>	<u>(74,371,417)</u>
Business-type activities							
Pure Waters Department	10,380,786	262,638	-	-	-	(10,118,148)	(10,118,148)
Environmental Services Department	5,773,482	283,962	-	301,992	-	(5,187,528)	(5,187,528)
Latham Water Department	14,841,363	12,479,722	-	81,232	-	(2,280,409)	(2,280,409)
Total business-type activities	<u>30,995,631</u>	<u>13,026,322</u>	<u>-</u>	<u>383,224</u>	<u>-</u>	<u>(17,586,085)</u>	<u>(17,586,085)</u>
Total	<u>\$ 121,880,956</u>	<u>\$ 24,065,875</u>	<u>\$ 4,392,264</u>	<u>\$ 1,465,315</u>	<u>(74,371,417)</u>	<u>(17,586,085)</u>	<u>(91,957,502)</u>
GENERAL REVENUES							
Real property tax and tax items					29,268,625	12,239,301	41,507,926
Sales and use tax					24,406,222	-	24,406,222
Interest earnings					390,620	33,376	423,996
Use of property					1,595,918	14,409,854	16,005,772
Gain (loss) on sale of property and equipment					9,824	(398,614)	(388,790)
Compensation for losses					101,111	-	101,111
Interfund revenues					2,722,962	-	2,722,962
Miscellaneous					273,088	-	273,088
State aid, mortgage tax and revenue sharing					3,156,982	-	3,156,982
Total general revenues					<u>61,925,352</u>	<u>26,283,917</u>	<u>88,209,269</u>
Transfers in (out)					2,000,000	(2,000,000)	-
Total general revenues and transfers					<u>63,925,352</u>	<u>24,283,917</u>	<u>88,209,269</u>
CHANGE IN NET POSITION					<u>(10,446,065)</u>	<u>6,697,832</u>	<u>(3,748,233)</u>
NET POSITION, beginning of year, as originally reported					(77,689,703)	(3,166,873)	(80,856,576)
Prior period adjustment					83,900	-	83,900
Effect of adoption of GASB 84					7,771	-	7,771
NET POSITION, beginning of year, as restated					<u>(77,598,032)</u>	<u>(3,166,873)</u>	<u>(80,764,905)</u>
NET POSITION, end of year					<u>\$ (88,044,097)</u>	<u>\$ 3,530,959</u>	<u>\$ (84,513,138)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2020

	Major Funds					
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,139,647	\$ 11,787,337	\$ 438,950	\$ 7,444,166	\$ 2,093,765	\$ 28,903,865
Cash and cash equivalents, restricted	1,066,138	-	1,313,739	-	1,111,004	3,490,881
Investments, restricted	-	-	-	-	3,559,100	3,559,100
State and Federal aid receivables	-	-	-	483,080	10,036	493,116
Due from other governments	7,249,336	-	1,368,002	-	211,998	8,829,336
Accounts receivable, net	2,512,003	-	-	-	44,344	2,556,347
Due from other funds	2,037,773	-	6,672	3,289	473,797	2,521,531
Other assets	9,840	-	-	-	8,545	18,385
Total assets	<u>\$ 20,014,737</u>	<u>\$ 11,787,337</u>	<u>\$ 3,127,363</u>	<u>\$ 7,930,535</u>	<u>\$ 7,512,589</u>	<u>\$ 50,372,561</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 6,005,406	\$ -	\$ -	\$ -	\$ 2,524	\$ 6,007,930
Accrued liabilities	1,033,374	-	117,745	125,566	199,436	1,476,121
Other liabilities	266,485	-	406,860	-	68,735	742,080
Revenue anticipation note payable	3,500,000	-	-	-	-	3,500,000
Bond anticipation notes payable	-	-	-	960,000	-	960,000
Due to other governments	4,928,001	446,342	386,122	8,584	456,326	6,225,375
Due to other funds	4,053,084	-	403,730	1,421,410	202,535	6,080,759
Unearned revenue	81,621	-	-	-	236,689	318,310
Total liabilities	<u>19,867,971</u>	<u>446,342</u>	<u>1,314,457</u>	<u>2,515,560</u>	<u>1,166,245</u>	<u>25,310,575</u>
DEFERRED INFLOWS OF RESOURCES						
Revenue earned but unavailable	-	-	-	-	4,298	4,298
FUND BALANCE						
Restricted	527,628	-	-	-	4,162,438	4,690,066
Committed, assigned, and unassigned	(380,862)	11,340,995	1,812,906	5,414,975	2,179,608	20,367,622
Total fund balance	<u>146,766</u>	<u>11,340,995</u>	<u>1,812,906</u>	<u>5,414,975</u>	<u>6,342,046</u>	<u>25,057,688</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 20,014,737</u>	<u>\$ 11,787,337</u>	<u>\$ 3,127,363</u>	<u>\$ 7,930,535</u>	<u>\$ 7,512,589</u>	<u>\$ 50,372,561</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

		December 31, 2020
Total fund balance in the fund financial statements for the governmental funds		\$ 25,057,688
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.		62,373,490
<i>Liabilities</i>		
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements.		(351,652)
Liabilities for retainage payable on construction commitments are included in the government-wide financial statements.		(114,198)
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	(3,834,414)	
Due to employees for compensated absences	(4,850,498)	
Net pension liabilities and LOSAP pension liability	(45,058,067)	
Due to employees for other postemployment benefits	(108,323,968)	(162,066,947)
Bonded, long-term bond anticipation notes, installment purchase and other debt liabilities are included in the government-wide financial statements.		(48,193,864)
Liabilities for judgments and claims are included in the government-wide financial statements.		(123,437)
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.		(871,399)
<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	53,752,989	
Deferred inflows	(17,511,065)	36,241,924
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		4,298
<i>Interfund Activity</i>		
Amounts due between the various governmental activities are eliminated in the government-wide financial statements:		
Due from other funds	2,501,472	
Due to other funds	(2,501,472)	-
Total net position per statement of net position		\$ (88,044,097)

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, 2020

	Major Funds					Total Governmental Funds
	General	Special	Highway	Capital	Non-Major	
	Fund	Miscellaneous Revenue Fund	Fund	Projects Fund	Governmental Funds	
REVENUES						
Real property taxes and tax items	\$ 22,036,617	\$ -	\$ -	\$ -	\$ 7,232,008	\$ 29,268,625
Sales and use tax	12,096,555	-	9,307,011	-	3,002,656	24,406,222
Departmental income	6,339,826	2,144,193	422,992	-	494,924	9,401,935
Intergovernmental charges	106,876	-	8,563	-	-	115,439
Interest and use of property	1,584,128	13,904	20,004	16,014	375,328	2,009,378
Licenses and permits	64,888	-	4,000	-	1,063,409	1,132,297
Fines and forfeitures	397,777	-	-	-	-	397,777
Miscellaneous	2,433	-	40	-	477,798	480,271
Interfund revenues	2,837,720	-	-	-	-	2,837,720
State aid	2,730,555	112,600	756,070	606,306	23,309	4,228,840
Federal aid	330,945	-	-	272,175	3,342,685	3,945,805
Total revenues	48,528,320	2,270,697	10,518,680	894,495	16,012,117	78,224,309
EXPENDITURES						
General government support	7,838,715	-	-	99,663	217,090	8,155,468
Public safety	15,573,315	-	-	59,164	5,492,354	21,124,833
Health	4,525,279	-	-	5,956	4,399	4,535,634
Transportation	512,632	24,035	5,482,040	2,611,597	780,079	9,410,383
Economic assistance and opportunity	1,944	-	-	-	-	1,944
Culture and recreation	3,271,421	-	-	80,551	1,782,441	5,134,413
Home and community services	148,162	-	-	-	4,490,229	4,638,391
Employee benefits	17,715,405	-	2,227,517	-	2,625,968	22,568,890
Debt service, principal	2,351,697	-	2,147,213	-	151,813	4,650,723
Debt service, interest	357,424	-	755,832	-	49,585	1,162,841
Capital outlay	90,310	463,059	-	6,280,276	-	6,833,645
Total expenditures	52,386,304	487,094	10,612,602	9,137,207	15,593,958	88,217,165
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bond anticipation notes	-	-	-	7,946,500	-	7,946,500
Premium on issuance of debt	-	-	-	249,509	-	249,509
Sale of property and compensation for loss	75,425	-	30,707	47,460	6,978	160,570
Transfers in (out) from other funds	2,000,000	-	7,010	-	(7,010)	2,000,000
Total other financing sources (uses)	2,075,425	-	37,717	8,243,469	(32)	10,356,579
NET CHANGE IN FUND BALANCE	(1,782,559)	1,783,603	(56,205)	757	418,127	363,723
FUND BALANCE, beginning of year, as originally reported	1,921,554	9,557,392	1,869,111	5,414,218	5,840,019	24,602,294
Prior period adjustment	-	-	-	-	83,900	83,900
Effect of adoption of GASB 84	7,771	-	-	-	-	7,771
FUND BALANCE, beginning of year, as restated	1,929,325	9,557,392	1,869,111	5,414,218	5,923,919	24,693,965
FUND BALANCE, end of year	\$ 146,766	\$ 11,340,995	\$ 1,812,906	\$ 5,414,975	\$ 6,342,046	\$ 25,057,688

Town of Colonie, New York

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

	<u>Year Ended December 31, 2020</u>
Net change in fund balance, total governmental funds	\$ 363,723
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.	6,849,954
Governmental funds do not report depreciation expense. This is the total depreciation expense reported in the statement of activities.	(3,950,796)
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.	(49,635)
Governmental funds do not recognize the effect of revenues that do not provide current financial resources in the fund financial statements.	(7,895)
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.	101,106
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.	(3,327,765)
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.	787,289
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	(7,626,863)
Other postemployment benefit obligations	(3,450,400)
	(11,077,263)
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.	(134,783)
Governmental activities changes in net position per statement of activities	<u>\$ (10,446,065)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2020				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
ASSETS AND DEFERRED OUTFLOW OF RESOURCES					
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,795,620	\$ 9,985,735	\$ 9,856,846	\$ 22,638,201	\$ -
Cash and cash equivalents, restricted	23,476	387,738	459,942	871,156	-
Accounts receivables, net	418,005	53,597	6,760,022	7,231,624	-
Management agreement proceeds, current portion	916,292	-	-	916,292	-
Due from other governments	34,615	-	1,488,040	1,522,655	-
Due from governmental activities	-	2,899,767	679,520	3,579,287	-
NONCURRENT ASSETS					
Management agreement proceeds, less current portion	14,608,946	-	-	14,608,946	-
Capital assets, net	5,303,382	21,563,029	41,444,221	68,310,632	-
Total assets	24,100,336	34,889,866	60,688,591	119,678,793	-
DEFERRED OUTFLOW OF RESOURCES					
Deferred resources related to pensions	-	1,097,818	2,378,601	3,476,419	-
Deferred resources related to OPEB	-	1,404,753	2,695,480	4,100,233	-
Deferred resources related to defeased bonds	230,858	254,145	106,641	591,644	-
	230,858	2,756,716	5,180,722	8,168,296	-
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Accrued expenses	-	83,205	148,639	231,844	-
Retainage payable	-	66,645	138,601	205,246	-
Other liabilities	-	-	-	-	1,420,921
Unearned revenue	-	-	23,525	23,525	-
Due to governmental activities	20,059	-	-	20,059	-
Due to other governments	-	710,137	456,326	1,166,463	-
Accrued interest	71,766	230,517	202,164	504,447	-
Bond anticipation notes payable, current portion	-	45,000	57,000	102,000	-
Environmental Facilities Corporation short-term note	-	-	640,000	640,000	-
Current portion of bonds payable	1,147,849	2,075,235	2,673,316	5,896,400	-
Current portion of pension related debt	-	45,239	98,017	143,256	-
NONCURRENT LIABILITIES					
Bond anticipation notes payable, less current portion	-	3,440,000	4,244,500	7,684,500	-
Bonds payable, less current portion	7,685,607	23,768,136	25,318,592	56,772,335	-
Judgments and claims	-	35,172	50,673	85,845	-
Landfill closure and post-closure costs	21,783,439	-	-	21,783,439	-
Pension related debt, less current portion	-	91,936	203,631	295,567	-
Compensated absences	-	322,566	436,021	758,587	-
Net pension liability	-	1,465,283	3,174,774	4,640,057	-
Other postemployment benefits obligation	-	6,681,940	13,279,064	19,961,004	-
Total liabilities	30,708,720	39,061,011	51,144,843	120,914,574	1,420,921
DEFERRED INFLOW OF RESOURCES					
Deferred resources related to pensions	-	34,209	74,120	108,329	-
Deferred resources related to OPEB	-	990,695	1,753,010	2,743,705	-
Total deferred inflow of resources	-	1,024,904	1,827,130	2,852,034	-
NET POSITION					
Net investment in capital assets	(3,530,074)	(7,765,342)	8,510,813	(2,784,603)	-
Restricted for other purposes	23,476	352,566	409,269	785,311	-
Unrestricted (deficit)	(2,870,928)	4,973,443	3,977,258	6,079,773	(1,420,921)
Total net position	\$ (6,377,526)	\$ (2,439,333)	\$ 12,897,340	\$ 4,080,481	\$ (1,420,921)
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				(549,522)	
Net assets of business-type activities				\$ 3,530,959	

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, 2020				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 283,962	\$ 220,740	\$ 12,454,419	\$ 12,959,121	\$ 907,621
Ad valorem tax	-	10,685,547	1,553,754	12,239,301	-
Miscellaneous services	-	41,898	25,303	67,201	-
Total operating revenues	283,962	10,948,185	14,033,476	25,265,623	907,621
OPERATING EXPENSES					
Personal services	-	2,141,678	3,441,531	5,583,209	-
Employee benefits	21,074	1,804,313	3,725,021	5,550,408	1,055,354
Supplies, materials, and services	19,913	3,848,960	4,382,793	8,251,666	-
Insurance	91,740	94,031	127,566	313,337	-
Depreciation	3,275,690	1,696,271	2,494,614	7,466,575	-
Closure and post-closure costs	1,973,168	-	-	1,973,168	-
Provision for uncollectible receivables	-	-	6,388	6,388	-
Total operating expenses	5,381,585	9,585,253	14,177,913	29,144,751	1,055,354
Operating income (loss)	(5,097,623)	1,362,932	(144,437)	(3,879,128)	(147,733)
NONOPERATING REVENUES (EXPENSES)					
Use of property	14,023,204	-	386,650	14,409,854	-
Gain (loss) on sale of capital assets	(426,899)	3,165	25,120	(398,614)	-
State aid, capital grants	-	-	81,232	81,232	-
Contributed Capital Assets	301,992	-	-	301,992	-
Interest expense	(412,757)	(747,667)	(677,506)	(1,837,930)	-
Interest income	743	17,147	15,486	33,376	-
Total nonoperating revenues (expenses)	13,486,283	(727,355)	(169,018)	12,589,910	-
Income (loss) before transfers	8,388,660	635,577	(313,455)	8,710,782	(147,733)
TRANSFERS					
Operating transfers out	(2,000,000)	-	-	(2,000,000)	-
CHANGE IN NET POSITION	6,388,660	635,577	(313,455)	6,710,782	(147,733)
NET POSITION, <i>beginning of year</i>	(12,766,186)	(3,074,910)	13,210,795	(1,273,188)	(1,273,188)
NET POSITION, <i>end of year</i>	\$ (6,377,526)	\$ (2,439,333)	\$ 12,897,340	\$ (1,420,921)	\$ (1,420,921)
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				(12,950)	
Change in net assets of business-type activities				\$ 6,697,832	

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2020				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received from providing services	\$ 275,772	\$ 10,911,780	\$ 13,753,328	\$ 24,940,880	\$ 907,621
Cash paid for contractual expenses	(111,653)	(3,962,662)	(4,488,409)	(8,562,724)	-
Cash paid for personal services and employee benefits	(21,074)	(3,417,332)	(6,206,008)	(9,644,414)	(907,621)
	<u>143,045</u>	<u>3,531,786</u>	<u>3,058,911</u>	<u>6,733,742</u>	<u>-</u>
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES					
Interfund transfers out	(2,000,000)	-	-	(2,000,000)	-
Change in due from/to other funds	(7,743,343)	(402,447)	(584,461)	(8,730,251)	-
	<u>(9,743,343)</u>	<u>(402,447)</u>	<u>(584,461)</u>	<u>(10,730,251)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	(1,516,451)	(1,173,793)	(2,690,244)	-
Proceeds from sale of capital assets, net	-	3,165	25,120	28,285	-
Capital grant proceeds	-	-	81,232	81,232	-
Proceeds from the issuance of bond anticipation notes	-	3,080,000	3,654,500	6,734,500	-
Proceeds from the issuance of EFC short-term notes	-	-	496,104	496,104	-
Payments of debt principal (BANs, Bonds, and installment purchase debts)	(1,104,463)	(1,925,799)	(2,449,185)	(5,479,447)	-
Interest paid	(404,579)	(804,390)	(758,721)	(1,967,690)	-
Use of property	13,900,337	-	386,650	14,286,987	-
	<u>12,391,295</u>	<u>(1,163,475)</u>	<u>261,907</u>	<u>11,489,727</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES					
Interest income	743	17,147	15,486	33,376	-
	<u>743</u>	<u>17,147</u>	<u>15,486</u>	<u>33,376</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,791,740	1,983,011	2,751,843	7,526,594	-
CASH AND CASH EQUIVALENTS, beginning of year	27,356	8,390,462	7,564,945	15,982,763	-
CASH AND CASH EQUIVALENTS, end of year	\$ 2,819,096	\$ 10,373,473	\$ 10,316,788	\$ 23,509,357	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (5,097,623)	\$ 1,362,932	\$ (144,437)	\$ (3,879,128)	\$ (147,733)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	3,275,690	1,696,271	2,494,614	7,466,575	-
(Increase) decrease in					
Accounts receivable, net	(8,190)	(36,405)	(403,786)	(448,381)	-
Due from other governments	-	-	120,977	120,977	-
Deferred outflow of resources	-	(1,707,717)	(3,376,215)	(5,083,932)	-
Increase (decrease) in					
Accrued expenses	-	16,933	2,845	19,778	-
Other liabilities	-	-	-	-	147,733
Due to other governments	-	(20,749)	9,427	(11,322)	-
Deferred revenue	-	-	(3,727)	(3,727)	-
Landfill closure and post-closure costs	1,973,168	-	-	1,973,168	-
Judgments and claims	-	5,429	4,989	10,418	-
Pension related debt	-	(45,540)	(98,714)	(144,254)	-
Compensated absences	-	30,731	52,375	83,106	-
Net pension liability	-	1,071,382	2,321,324	3,392,706	-
Other postemployment benefits obligation	-	1,502,042	2,722,329	4,224,371	-
Deferred inflow of resources	-	(343,523)	(649,478)	(993,001)	-
	<u>\$ 143,045</u>	<u>\$ 3,531,786</u>	<u>\$ 3,058,911</u>	<u>\$ 6,733,742</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Statement of Net Position - Fiduciary Funds

	December 31, 2020	
	Custodial Fund	Deferred Compensation Plan for the Employees of the Town of Colonie
ASSETS		
Cash and cash equivalents	\$ 2,884,097	\$ -
Investments	-	56,373,923
Letters of credit	468,876	-
Total assets	3,352,973	56,373,923
LIABILITIES		
Accrued expenses	-	11,284
NET POSITION		
Restricted		
Development projects	3,352,973	-
Available for benefits	-	56,362,639
Total net position	\$ 3,352,973	\$ 56,373,923

Town of Colonie, New York

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

	Years Ended December 31, 2020	
	Custodial Fund	Deferred Compensation Plan for the Employees of the Town of Colonie
ADDITIONS		
Developer deposits	\$ 1,404,787	\$ -
Participant contributions	-	1,865,240
Investment earnings		
Net appreciation in fair value of investments	-	6,396,218
Interest income	4,564	303,369
Total investment earnings	4,564	6,699,587
Less: Investment expense	-	(120,334)
Net investment earnings	4,564	6,579,253
Total additions	1,409,351	8,444,493
DEDUCTIONS		
Project disbursements	1,579,948	-
Benefits paid to participants or beneficiaries	-	2,592,933
Total deductions	1,579,948	2,592,933
Net (decrease) increase in fiduciary net position	(170,597)	5,851,560
NET POSITION , <i>beginning of year, as restated</i>	3,523,570	50,511,079
NET POSITION , <i>end of year</i>	\$ 3,352,973	\$ 56,362,639

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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:

1) 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, 2020

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

a. Reporting Entity - Continued

1) 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, 2020.

2) 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, 2020.

3) 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.

4) 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, 2020

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, 2020

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.
- Miscellaneous Special 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 types:

- Custodial 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.
- Other Employee Benefit Trust Fund - is a fiduciary fund used to account for the activities of the Deferred Compensation Plan for the Employees of the Town of Colonie. 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 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 New Loudon Road, Latham, New York 12110.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

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.

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; and
- 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 investments held within the Town's Length of Service Award Program (LOSAP) at December 31, 2020 are categorized as Level 1 in the fair value hierarchy with fair value determined by the active markets. 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 9.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

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).

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, 2020, 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 \$4,168,548 and \$24,047 were reported for ambulance and water receivables, respectively, at December 31, 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

i. Capital Assets, Net

Within the government-wide financial statements, capital assets (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, 2020.

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, 2020

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 \$21,783,439 accrued as landfill closure and post-closure costs at December 31, 2020, 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 2020. 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, 2020, \$916,292 is reported as a current receivable and \$14,608,946 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.

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/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies 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 disclosed in Note 5.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

m. Deferred Outflows and Inflows of Resources - Continued

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 Notes 8 and 9.

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 10.

n. Fund Balance

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.

The following categories are used for net position of the government-wide, proprietary funds, and fiduciary 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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

n. Fund Balance - Continued

- 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. Prior Period Adjustment

Net Position and fund balance at December 31, 2019, have been restated within the Governmental Activities and the General Town-Outside Villages Non-Major Governmental Fund to reflect the recognition of departmental income previously deferred at December 31, 2019. A summary of the adjustment is as follows:

	As Originally Stated	Adjustments	As Restated
Governmental Activities			
Governmental Funds			
Unearned revenue	\$ 411,103	\$ (83,900)	\$ 327,203
Net Position			
Net investment in capital assets	\$ 13,406,051	\$ -	\$ 13,406,051
Restricted	567,350	-	567,350
Unrestricted deficit	(91,663,104)	83,900	(91,579,204)
Total	\$ (77,689,703)	\$ 83,900	\$ (77,605,803)
	As Originally Stated	Adjustments	As Restated
Governmental Funds, Non-Major Funds			
Unearned revenue	\$ 229,331	\$ (83,900)	\$ 145,431
Fund Balance			
Restricted	\$ 3,779,802	\$ -	\$ 3,779,802
Committed	323,027	-	323,027
Assigned	1,737,190	83,900	1,821,090
Unassigned	-	-	-
Total	\$ 5,840,019	\$ 83,900	\$ 5,923,919

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

p. Adoption of New Accounting Standards

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 Town implemented the provisions of this accounting standard, which resulted in the elimination of the Agency Fund, and the creation of the Custodial Fund. The Custodial Fund includes a Statement of Net Position and Statement of Revenues, Expenditures and Changes in Net Position.

The Town now reports activity formerly recognized from the Agency Fund within the General Fund and the newly created Custodial Fund.

	Net Position As Originally Stated	Adoption of GASB 84	Net Position As Restated
Governmental Activities			
Governmental Funds			
Net investment in capital assets	\$ 13,406,051	\$ -	\$ 13,406,051
Restricted	567,350	7,771	575,121
Unrestricted deficit	<u>(91,663,104)</u>	<u>-</u>	<u>(91,663,104)</u>
Total	<u>\$ (77,689,703)</u>	<u>\$ 7,771</u>	<u>\$ (77,681,932)</u>
	Fund Balance As Originally Stated	Adoption of GASB 84	Fund Balance As Restated
Governmental Funds			
General Fund			
Restricted	\$ 520,341	\$ 7,771	\$ 528,112
Committed	72,875	-	72,875
Assigned	347,290	-	347,290
Unassigned	<u>981,048</u>	<u>-</u>	<u>981,048</u>
Total	<u>\$ 1,921,554</u>	<u>\$ 7,771</u>	<u>\$ 1,929,325</u>
	Net Position As Originally Stated	Adoption of GASB 84	Net Position As Restated
Fiduciary Fund			
Custodial Fund			
Restricted	<u>\$ -</u>	<u>\$ 3,523,570</u>	<u>\$ 3,523,570</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

p. Adoption of New Accounting Standards - 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 Town implemented the provisions of this accounting standard, with no effect on the financial statements.

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. The Town implemented the provisions of this accounting standard with the addition of the Deferred Compensation Plan for the Employees of the Town of Colonie as an Other Employee Benefit Trust Fund within the Fiduciary Fund financial statements.

q. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through August 4, 2021, the date the financial statements were available to be issued (See Note 15).

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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, 2020.

b. Fund Deficit

The Town has a deficit net position of \$6,377,526 in the Environmental Services Department Fund as of December 31, 2020. The Town is under 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 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 \$2,439,333 in the Pure Waters Department Fund as of December 31, 2020. This is the result of the required recognition of the other postemployment benefits and net pension liabilities, and the related deferred outflows and inflows, of \$6,669,556. While the Fund is required to report these liabilities 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 \$1,420,921 in the Workers' Compensation Internal Service Fund as of December 31, 2020. 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, 2020

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, 2020	Additions	Disposals/ Retirements	Balance December 31, 2020
Capital assets not being depreciated				
Land	\$ 20,114,684	\$ -	\$ -	\$ 20,114,684
Construction in progress	7,025,949	2,907,637	(9,773,378)	160,208
	<u>27,140,633</u>	<u>2,907,637</u>	<u>(9,773,378)</u>	<u>20,274,892</u>
Capital assets, being depreciated				
Buildings and improvements	36,424,862	4,815,925	(460,011)	40,780,776
Machinery and equipment	38,320,950	2,634,299	(798,577)	40,156,672
Infrastructure	17,889,270	6,074,164	-	23,963,434
	<u>92,635,082</u>	<u>13,524,388</u>	<u>(1,258,588)</u>	<u>104,900,882</u>
Less accumulated depreciation for				
Buildings and improvements	(21,480,492)	(1,208,098)	411,997	(22,276,593)
Machinery and equipment	(30,949,008)	(1,778,181)	796,956	(31,930,233)
Infrastructure	(7,630,941)	(964,517)	-	(8,595,458)
	<u>(60,060,441)</u>	<u>(3,950,796)</u>	<u>1,208,953</u>	<u>(62,802,284)</u>
Capital assets being depreciated, net	<u>32,574,641</u>	<u>9,573,592</u>	<u>(49,635)</u>	<u>42,098,598</u>
	<u>\$ 59,715,274</u>	<u>\$ 12,481,229</u>	<u>\$ (9,823,013)</u>	<u>\$ 62,373,490</u>

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

	Balance January 1, 2020	Additions	Disposals/ Retirements	Balance December 31, 2020
Capital assets not being depreciated				
Land	\$ 3,708,251	\$ -	\$ -	\$ 3,708,251
Construction in progress	2,263,366	1,821,819	(3,110,590)	974,595
	<u>5,971,617</u>	<u>1,821,819</u>	<u>(3,110,590)</u>	<u>4,682,846</u>
Capital assets being depreciated				
Landfill improvements	37,282,654	-	-	37,282,654
Buildings and improvements	65,203,818	353,540	(1,357,279)	64,200,079
Machinery and equipment	9,192,897	866,196	(559,290)	9,499,803
Infrastructure	48,742,723	3,110,589	-	51,853,312
	<u>160,422,092</u>	<u>4,330,325</u>	<u>(1,916,569)</u>	<u>162,835,848</u>
Less accumulated depreciation for				
Landfill improvements	(32,111,540)	(3,148,514)	-	(35,260,054)
Buildings and improvements	(31,512,197)	(1,540,143)	930,380	(32,121,960)
Machinery and equipment	(5,328,350)	(632,798)	559,290	(5,401,858)
Infrastructure	(24,279,070)	(2,145,120)	-	(26,424,190)
	<u>(93,231,157)</u>	<u>(7,466,575)</u>	<u>1,489,670</u>	<u>(99,208,062)</u>
Capital assets being depreciated, net	<u>67,190,935</u>	<u>(3,136,250)</u>	<u>(426,899)</u>	<u>63,627,786</u>
	<u>\$ 73,162,552</u>	<u>\$ (1,314,431)</u>	<u>\$ (3,537,489)</u>	<u>\$ 68,310,632</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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

Depreciation expense was charged to programs as follows:

	Year Ended December 31, 2020
<i>Primary Government</i>	
Governmental activities	
General government	\$ 529,334
Public safety	524,773
Health	549,677
Transportation	1,509,443
Culture and recreation	744,500
Home and community services	<u>93,069</u>
Total depreciation expense, governmental activities	<u><u>\$ 3,950,796</u></u>
	Year Ended December 31, 2020
Business-type activities	
Environmental Services Department	\$ 3,275,690
Pure Waters Department	1,696,271
Latham Water Department	<u>2,494,614</u>
Total depreciation expense, business-type activities	<u><u>\$ 7,466,575</u></u>

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. 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.

During 2020 the landfill operator relocated the entrance to the landfill. As a result, new structures were constructed, and the costs were borne entirely by the operator. \$301,922 has been recorded as contributed capital revenue for the year ended December 31, 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 4 - Interfund Balances and Activity

A summary of interfund receivables and payables is as follows:

	December 31, 2020						Total Payable to
	General	Highway	Capital Projects	Non- Major	Pure Waters	Latham Water	
General	\$ -	\$ -	\$ -	\$ 473,797	\$ 2,899,767	\$ 679,520	\$ 4,053,084
Highway	403,730	-	-	-	-	-	403,730
Capital projects	1,421,410	-	-	-	-	-	1,421,410
Non-major funds	192,574	6,672	3,289	-	-	-	202,535
Environmental services	20,059	-	-	-	-	-	20,059
Total payable from	<u>\$ 2,037,773</u>	<u>\$ 6,672</u>	<u>\$ 3,289</u>	<u>\$ 473,797</u>	<u>\$ 2,899,767</u>	<u>\$ 679,520</u>	<u>\$ 6,100,818</u>

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

	Year Ended December 31, 2020
General Fund, transfer in	\$ 2,000,000
Highway Fund, transfer in	7,010
Non-major funds, transfer out	(7,010)
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 and Non-Major Funds were from operating surpluses.

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 10.4% of its constitutional debt limit as of December 31, 2020.

The Town issued refunding bonds in 2017 and 2019 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. \$151,979 of these premiums were recognized as a reduction to interest expense during 2020. 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. \$73,799 was recognized as an increase to interest expense during 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 5 - Indebtedness - Continued

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.

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. This note was paid off at final maturity in January 2020.

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

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 has been recognized for this non-interest bearing liability.

A summary of the changes in governmental activities' long-term liabilities is as follows:

	Balance January 1, 2020	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2020	Due Within One Year
General obligation bonds (Bonds)	\$ 28,366,075	\$ 8,980,000	\$ (3,236,553)	\$ 34,109,522	\$ 3,885,864
Unamortized premium on bonds	918,622	-	(72,715)	845,907	72,715
Subtotal Bonds	29,284,697	8,980,000	(3,309,268)	34,955,429	3,958,579
Revenue anticipation note (RAN)	2,800,000	3,500,000	(2,800,000)	\$ 3,500,000	3,500,000
Bond anticipation notes (BANs)	13,216,000	7,685,500	(10,201,000)	10,700,500	960,000
Installment purchase debts (IPDs)	168,668	-	(114,591)	54,077	26,450
Total RAN, BANs, IPDs, and Bonds	45,469,365	20,165,500	(16,424,859)	49,210,006	8,445,029
Judgments and claims	160,211	90,305	(127,079)	123,437	-
Due to other governments	78,578	-	(78,578)	-	-
Other liabilities	3,679,858	-	(236,000)	3,443,858	-
Pension related debt (see Note 8)	5,027,409	-	(1,192,995)	3,834,414	1,180,664
Net pension liability (see Note 8)	11,820,598	28,218,427	-	40,039,025	-
Compensated absences	4,329,439	919,622	(398,563)	4,850,498	-
Net Other postemployment benefits liability (see Note 10)	85,052,866	26,464,452	(3,193,350)	108,323,968	-
LOSAP pension liability, defined benefit plan (see Note 9)	2,626,829	303,021	(166,346)	2,763,504	-
LOSAP pension liability, defined contribution plans (see Note 9)	2,117,493	270,181	(132,136)	2,255,538	-
	<u>\$ 160,362,646</u>	<u>\$ 76,431,508</u>	<u>\$ (21,949,906)</u>	<u>\$ 214,844,248</u>	<u>\$ 9,625,693</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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, 2020	Annual Principal Installments
<u>Revenue Anticipation Notes</u>					
0.69%	Sept. 2020	Jan. 2021	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
<u>Bond Anticipation Notes</u>					
1.250%	Mar. 2020	Mar. 2021	10,700,500	10,700,500	960,000
<u>Installment Purchase Debts</u>					
4.35%	2017	2022	155,718	54,077	23,217 - 28,852
<u>General Obligation Bonds</u>					
2.0-3.5%	2014	2021	3,235,000	105,000	105,000 - 460,000
2.0-4.0%	2014	2033	6,599,200	3,826,300	85,700 - 457,200
2.25-3.0%	2016	2035	10,880,000	7,985,000	145,000 - 830,000
2.0-5.0%	2017	2033	6,424,000	5,148,250	35,000 - 830,000
3.0-3.5%	2018	3036	6,000,000	5,110,000	85,000 - 600,000
4.00%	2019	2031	4,190,005	2,954,972	12,159 - 634,770
2.00%	2020	2036	8,980,000	8,980,000	75,000 - 890,000
				<u>34,109,522</u>	
				<u>\$ 48,364,099</u>	

A summary of the changes in business-type activities' long-term indebtedness is as follows:

	Balance January 1, 2020	Issuance/ Additions	Payments	Balance December 31, 2020	Due Within One Year
General obligation bonds (Bonds)	\$ 57,288,923	\$ 9,588,000	\$ (5,148,447)	\$ 61,728,476	\$ 5,817,136
Unamortized premium on bonds	1,019,523	-	(79,264)	940,259	79,264
Subtotal Bonds	58,308,446	9,588,000	(5,227,711)	62,668,735	5,896,400
Bond anticipation notes (BANs)	10,971,000	6,734,500	(9,919,000)	7,786,500	102,000
Environmental Facilities Corporation short-term note	143,896	496,104	-	640,000	640,000
Total Bonds, BANs, and EFC note payable	69,423,342	16,818,604	(15,146,711)	71,095,235	6,638,400
Judgments and claims	75,427	10,963	(545)	85,845	-
Landfill closure and post-closure costs (see Note 1)	19,810,271	2,022,874	(49,706)	21,783,439	-
Pension related debt (see Note 8)	583,077	-	(144,254)	438,823	143,256
Net pension liability (see Note 8)	1,247,351	3,392,706	-	4,640,057	-
Compensated absences	675,481	139,801	(56,695)	758,587	-
Net Other postemployment benefits liability (see Note 10)	15,736,633	4,749,397	(525,026)	19,961,004	-
	<u>\$ 107,551,582</u>	<u>\$ 27,134,345</u>	<u>\$ (15,922,937)</u>	<u>\$ 118,762,990</u>	<u>\$ 6,781,656</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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, 2020	Annual Principal Installments	
Bond Anticipation Notes						
1.25%	Mar. 2020	Mar. 2021	\$ 7,786,500	\$ 7,786,500	\$	102,000
E.F.C. Short-term Note						
1.73%	July 2018	July 2021	\$ 640,000	640,000	\$	640,000
Bonds Payable						
3.41%	1999/2002	2027	6,900,000	2,485,000	210,000	- 395,000
4.125%	2003	2025	3,875,300	775,000	226,000	- 307,000
1.20%	2004	2025	19,767,387	5,940,000		1,275,000
1.20%	2004	2025	3,307,082	950,000		200,000
3.0-5.5%	2012	2030	10,117,200	5,500,000	542,000	- 250,000
2.0-4.0%	2014	2033	6,162,080	4,433,700	269,080	- 367,600
2.25-3.0%	2016	2035	11,652,000	9,440,000	497,000	- 680,000
2.0-4.0%	2017	2033	4,550,000	3,095,000	60,000	- 475,000
2.0-5.0%	2017	2033	7,996,000	6,521,748	35,000	- 830,000
3.0-3.5%	2018	2036	12,150,000	10,720,000	455,000	- 755,000
4.00%	2019	2031	2,804,995	2,280,028	17,841	- 275,230
2.00%	2020	2038	8,980,000	9,588,000	430,000	- 600,000
				<u>61,728,476</u>		
				<u>\$ 70,154,976</u>		

In March of 2021, the bond anticipation notes were partially repaid in the amount of \$1,062,000, partially redeemed through the issuance of a bond anticipation note for \$975,000, which matures in March 2022, and the balance of \$16,450,000 was redeemed through the issuance of a public improvement serial bond, which matures annually on March 1, 2022 through 2041. 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, EFC short-term, and revenue anticipation notes which are expected to be refinanced during 2021, are as follows:

Year ending December 31,	Governmental Activities		Business-type Activities	
	Bonds and IPDs		Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 3,912,316	\$ 1,038,167	\$ 5,817,136	\$ 1,857,435
2022	3,618,783	840,635	5,858,842	1,576,277
2023	3,422,997	734,272	6,002,003	1,390,686
2024	3,447,403	630,361	6,117,597	1,238,178
2025	3,269,621	529,571	6,130,379	1,084,742
2026 through 2030	12,160,089	1,374,885	18,364,909	3,363,242
2031 through 2035	4,257,390	215,195	11,692,610	966,511
2036 through 2038	75,000	750	1,745,000	46,663
	<u>\$ 34,163,599</u>	<u>\$ 5,363,836</u>	<u>\$ 61,728,476</u>	<u>\$ 11,523,734</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 6 - Fund Balance

The specific purposes that comprise the classifications of fund balance at December 31, 2020, are as follows:

	General Fund	Special Misc. Rev. Fund	Highway Fund	Capital Projects Fund	Non-Major Funds	Total
Restricted for						
Police asset forfeiture	\$ 480,085	\$ -	\$ -	\$ -	\$ -	\$ 480,085
DARE program donations	39,772	-	-	-	-	39,772
Youth recreation program	7,771	-	-	-	-	7,771
Length of service award program	-	-	-	-	4,012,260	4,012,260
Library program/supply donations	-	-	-	-	22,422	22,422
Community development programs	-	-	-	-	127,756	127,756
Total restricted fund balance	<u>527,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,162,438</u>	<u>4,690,066</u>
Committed to						
Green space acquisition	-	-	-	-	307,190	307,190
Highway infrastructure	-	-	1,305,175	-	-	1,305,175
Judgment and claims	72,247	-	1	-	51,189	123,437
Assigned to						
Youth court program	101,927	-	-	-	-	101,927
Capital improvements	247,975	-	-	-	-	247,975
Operations of the fund	-	11,340,995	507,730	5,414,975	1,821,229	19,084,929
Unassigned	<u>(803,011)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(803,011)</u>
Total unrestricted fund balance	<u>(380,862)</u>	<u>11,340,995</u>	<u>1,812,906</u>	<u>5,414,975</u>	<u>2,179,608</u>	<u>20,367,622</u>
Total fund balance	<u>\$ 146,766</u>	<u>\$ 11,340,995</u>	<u>\$ 1,812,906</u>	<u>\$ 5,414,975</u>	<u>\$ 6,342,046</u>	<u>\$ 25,057,688</u>

In May 2021, the Town received its first allocation of funding under the American Rescue Plan Acts, State and Local Fiscal Recovery Funds grant program in the amount of \$4.7 million. Eligible use of the funds includes replacement of 2020 revenue losses. The positive impact from the grant during 2021 will return the General Fund unassigned fund balance to pre-pandemic levels of approximately \$1 million.

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 2020 is \$6,092,872,091. The effective tax rate on this value is \$4.059771 per thousand. The Town utilizes a full value method of assessing property values which is intended to approximate market.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

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.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

Benefits Provided - Continued

Tiers 1 and 2 - Continued

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.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

Benefits Provided - Continued

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.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

Funding Policy - Continued

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 2020 on February 1, 2021.

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

	<u>ERS</u>	<u>PFRS</u>
2020	\$ 4,680,262	\$ 3,902,919
2019	4,583,580	3,671,253
2018	4,683,265	3,587,208

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

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

Funding Policy - Continued

- 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 \$4,273,237, of which \$438,823 is reported in the various proprietary funds and \$3,834,414 on the statement of net position for the governmental activities.

For the years ended December 31, 2010 through 2015, 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, 2016 and 2017 the Town opted to amortize only the allowable portion of the annual PFRS retirement payment over a ten-year period. The Town has not opted to 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.

The maturity schedule for this debt is as follows:

	Principal	Interest	Total
Payable February 1,			
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	42,203	1,199	43,402
	\$ 4,273,237	\$ 333,851	\$ 4,607,088

Of the total unpaid principal balance of \$4,273,237 for the above amortizations, \$2,949,317 is included in the statement of net position as a non-current liability, and \$1,323,920 is shown as a current liability as December 31, 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

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

At December 31, 2020, the Town reported liabilities of \$24,421,335 and \$20,257,747 for its proportionate share of the net pension liabilities for ERS and PFRS, respectively. The net pension liabilities were measured as of March 31, 2020, 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, 2020, the Town's proportion of the ERS and PFRS was 0.0922236% and 0.3790081%, respectively.

For the year ended December 31, 2020, the Town recognized total pension expense of \$8,424,621 and \$6,970,846 for ERS and PFRS, respectively.

At December 31, 2020, 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	\$ 2,513,160	\$ 339,315
Change in assumptions	2,129,848	343,927
Net difference between projected and actual investment earnings on pension plan investments	19,263,546	-
Employer contributions made subsequent to the measurement date	5,770,448	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	337,950	943,099
Subtotal	\$ 30,014,952	\$ 1,626,341
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	273,086	-
Change in assumptions	93,429	80,674
Net difference between projected and actual investment earnings on pension plan investments	2,378,718	-
Employer contributions made subsequent to the measurement date	666,938	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,248	27,655
Subtotal	3,476,419	108,329
Total	\$ 33,491,371	\$ 1,734,670

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

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

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, 2021.

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,			
2021	\$ 4,275,280	\$ 460,408	\$ 4,735,688
2022	5,476,180	679,176	6,155,356
2023	7,018,086	866,559	7,884,645
2024	5,768,998	695,009	6,464,007
2025	79,619	-	79,619
	\$ 22,618,163	\$ 2,701,152	\$ 25,319,315

Actuarial Assumptions

The total pension liability at December 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

Significant actuarial assumptions used in the April 1, 2019 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	3.8% in ERS, 4.5% in PFRS, indexed by service
Investment rate of return, including inflation	6.8% 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-2018.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

Actuarial Assumptions - Continued

The actuarial assumptions used in the April 1, 2019 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, 2020 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-indexed bonds	4.00%	0.50%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liabilities was 6.8%. 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.

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 liability calculated using the discount rate of 6.8%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 8 - Retirement Systems - Continued

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

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Governmental Activities	\$ 72,525,494	\$ 40,039,025	\$ 10,525,625
Business-Type Activities	8,515,815	4,640,057	1,070,468
Total net pension liability	\$ 81,041,309	\$ 44,679,082	\$ 11,596,093

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the ERS and PFRS as of March 31, 2020 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 194,596,261	\$ 35,309,017	\$ 229,905,278
Plan net position	168,115,682	29,964,080	198,079,762
Employers' net pension liability	\$ 26,480,579	\$ 5,344,937	\$ 31,825,516
Ratio of plan net position to the employers' total pension liability	86.39%	84.86%	86.16%

Note 9 - 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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

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.

(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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Defined Contribution Program Description - Continued

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, 2020, the Town had defined contribution LOSAP pension expense of \$257,018 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.

(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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Defined Benefit Program Description - Continued

(b) Defined Benefit Benefits - Continued

At the December 31, 2019 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	22
Active Participants	53
	117

(c) Funding Methodology and Actuarial Assumptions

The assets available for benefits totaled \$1,928,399 and the actuarial present value of accrued benefits was \$2,047,590 at December 31, 2020, for a funding percentage of 94.2%, or unfunded benefits of \$119,191. However, the Plan has an unfunded liability for separately amortized costs for the 2010 program amendments in the amount of \$92,686, which will be amortized over the next three years.

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

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

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).

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 June 16, 2021.

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, \$456,354 as of December 31, 2020, are not covered by SIPC, but are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

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, 2019, was paid in February 2021, with interest. A summary of the sponsor's required contribution for program year ended December 31, 2020, and scheduled to be paid in February 2021 and 2022, is as follows:

	2022	2021
Fuller Road	\$ 27,509	\$ 17,670
Shaker Road	33,945	43,299
Maplewood	26,625	22,629
Latham	-	142,749
	\$ 88,079	\$ 226,347

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, 2020		
	Fair Value	Cost	% Total Cost
Cash and cash equivalents	\$ 456,354	\$ 456,354	12.8%
Equities			
United States	1,030,603	755,236	21.2%
International	488,104	408,868	11.5%
Fixed income securities			
Mutual funds	2,040,393	1,950,302	54.6%
	\$ 4,015,454	\$ 3,570,760	100.0%

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Assets Held in Trust - Continued

As summary of the financial activity of the LOSAP plan for the year ended December 31, 2020, is as follows.

	Fuller Road	Maplewood	Shaker Road	Latham	Total
Additions					
Town contributions	\$ 28,196	\$ 27,609	\$ 35,909	\$ 169,614	\$ 261,328
Interest and earnings	14,861	4,550	28,743	46,143	94,297
Net increase in the fair value of investments	42,705	12,605	86,501	134,080	275,891
Investment fees	(3,581)	(1,099)	(6,818)	(11,037)	(22,535)
	<u>82,181</u>	<u>43,665</u>	<u>144,335</u>	<u>338,800</u>	<u>608,981</u>
Deductions					
Benefits	69,743	36,486	12,744	202,582	321,555
Administrative fees	4,409	3,601	5,153	7,566	20,729
	<u>74,152</u>	<u>40,087</u>	<u>17,897</u>	<u>210,148</u>	<u>342,284</u>
Change in net assets held in trust	8,029	3,578	126,438	128,652	266,697
Net assets held in trust, beginning of year	<u>674,871</u>	<u>235,355</u>	<u>1,207,267</u>	<u>1,942,496</u>	<u>4,059,989</u>
Net assets held in trust, end of year	<u>\$ 682,900</u>	<u>\$ 238,933</u>	<u>\$ 1,333,705</u>	<u>\$ 2,071,148</u>	<u>\$ 4,326,686</u>

The net assets above include the \$314,426 of contribution receivable to the benefit trust noted above, an overpayment receivable of \$1,000, prepaid benefits of \$8,545, and benefits payable of \$12,739.

The LOSAP pension liability for the defined contribution plans equal the net assets held in trust at December 31, 2020 of \$2,255,538.

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

At December 31, 2020, the Town's LOSAP pension liability for the defined benefit plan was \$2,763,504. The LOSAP pension liability was measured and was determined by an actuarial valuation as of as of December 31, 2019.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - 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 following table shows the components of the changes in the Town's LOSAP pension liability:

LOSAP service costs	\$	47,479
Interest		94,317
Changes of assumptions or other inputs		144,779
Differences between expected and actual experience in the measurement of the LOSAP pension liability		16,446
Benefit payments		<u>(166,346)</u>
Net change in LOSAP pension liability		136,675
LOSAP pension liability, <i>beginning of year</i>		<u>2,626,829</u>
LOSAP pension liability, <i>end of year</i>	\$	<u><u>2,763,504</u></u>

For the year ended December 31, 2020, the Town had defined benefit LOSAP pension expense of \$162,953 on the accrual basis of accounting.

At December 31, 2020, 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	\$ 59,489	\$ -
Change in assumptions	239,995	215,085
Benefit payments and administrative expenses made subsequent to the measurement date	<u>210,148</u>	<u>-</u>
Total	<u><u>509,632</u></u>	<u><u>215,085</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, 2021.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Pension Liability, 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,		
2021	\$	13,415
2022		13,415
2023		13,415
2024		26,978
2025		17,176
Thereafter		-
	<u>\$</u>	<u>84,399</u>

Actuarial Assumptions

The LOSAP pension liability at December 31, 2020 was determined by using an actuarial valuation as of December 31, 2019. Significant actuarial assumptions used in the December 31, 2019 valuation, were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.25%
Salary Scale	None assumed
Investment rate of return	5.0%, net of investment expenses
Mortality	RP-2014 Male Mortality Table, without projection for mortality improvement

Discount Rate

The discount rate used to calculate the LOSAP pension liability was 3.26%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. 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, 2020

Note 9 - 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, 2019 measurement date, calculated using the discount rate of 3.26%, 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 (2.26%) or 1 percentage point higher (4.26%) than the current rate:

	<u>1% Decrease (2.26%)</u>	<u>Current Assumption (3.26%)</u>	<u>1% Increase (4.26%)</u>
LOSAP pension liability	<u>\$ 3,208,496</u>	<u>\$ 2,763,504</u>	<u>\$ 2,406,459</u>

Note 10 - 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, 2020 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, 2020, the Town contributed \$12,045,958 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$1,881,516, for the year ended December 31, 2020. 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, 2020

Note 10 - Postemployment Benefits Other Than Pensions - Continued

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

At December 31, 2020, the Town reported a liability of \$128,284,972 for its OPEB liability, of which \$19,961,004 is reported in the various proprietary funds and \$108,323,968 on the statement of net position for the governmental activities. The OPEB liability was measured as of January 1, 2020 with an actuarial valuation date of January 1, 2019. For the year ended December 31, 2020 the Town recognized OPEB expense of \$8,061,590.

At December 31, 2020, 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	\$ -	\$ 3,574,008
Change in assumptions	19,494,815	12,095,631
Employer contributions made subsequent to the measurement date	3,419,784	-
Subtotal	22,914,599	15,669,639
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	661,269
Change in assumptions	3,570,115	2,082,436
Employer contributions made subsequent to the measurement date	530,118	-
Subtotal	4,100,233	2,743,705
Total	\$ 27,014,832	\$ 18,413,344

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, 2021. The remaining cumulative net amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 10 - Postemployment Benefits Other Than Pensions - Continued

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

	Governmental Activities	Business Type Activities	Total
For the year ending December 31,			
2021	\$ 371,303	\$ 68,420	\$ 439,723
2022	371,303	68,420	439,723
2023	371,303	68,420	439,723
2024	(349,202)	(64,348)	(413,550)
2025	2,677,220	493,335	3,170,555
Thereafter	383,249	192,163	575,412
	\$ 3,825,176	\$ 826,410	\$ 4,651,586

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, 2020
Reporting Date	December 31, 2020
Actuarial Cost Method	Entry age normal – level percent of pay
Discount Rate	2.74%, 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	2.5%
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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 10 - Postemployment Benefits Other Than Pensions - Continued

Schedule of Changes in OPEB Liability

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

Service cost	\$ 3,425,288
Interest	4,196,579
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the OPEB liability	-
Changes of assumptions or other inputs	23,591,982
Benefit payments	<u>(3,718,376)</u>
Net change in OPEB liability	27,495,473
OPEB liability, <i>beginning of year</i>	<u>100,789,499</u>
OPEB liability, <i>end of year</i>	<u><u>\$ 128,284,972</u></u>

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 2.74%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate:

	<u>1% Decrease (1.74%)</u>	<u>Current Discount Rate (2.74%)</u>	<u>1% Increase (3.74%)</u>
Governmental Activities	\$ 127,454,129	\$ 108,323,968	\$ 93,110,125
Business-Type Activities	<u>23,486,145</u>	<u>19,961,004</u>	<u>17,157,529</u>
OPEB liability	<u><u>\$ 150,940,274</u></u>	<u><u>\$ 128,284,972</u></u>	<u><u>\$ 110,267,654</u></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	\$ 90,421,540	\$ 108,323,968	\$ 131,712,167
Business-Type Activities	<u>16,662,099</u>	<u>19,961,004</u>	<u>24,270,779</u>
OPEB liability	<u><u>\$ 107,083,639</u></u>	<u><u>\$ 128,284,972</u></u>	<u><u>\$ 155,982,946</u></u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 11 - 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 \$1,420,921 at December 31, 2020 and are included in other liabilities within the Workers' Compensation Internal Service Fund.

Workers' compensation liabilities per fund for 2020 were:

	Balance January 1, 2020	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2020
General Fund	\$ 333,210	\$ 627,547	\$ (440,347)	\$ 520,410
Highway Fund	403,405	155,549	(207,966)	350,988
Non-major Funds	-	3,544	(3,544)	-
Environmental Services Department	26,583	215	(21,074)	5,724
Pure Waters Department	79,541	123,552	(75,687)	127,406
Latham Water Department	430,449	144,947	(159,003)	416,393
Total	\$ 1,273,188	\$ 1,055,354	\$ (907,621)	\$ 1,420,921

Note 12 - Tax Abatements

The Town negotiates property tax abatement agreements on an individual basis. The Town has one tax abatement agreement in effect as of December 31, 2020 and is related to retention of low income senior housing. The Town taxes abated during 2020 amounted to \$5,597.

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, 2020, there are four active tax abatement agreement through the IDA, which are property tax abatements for two senior citizen housing communities, a sports complex, and office building. The Town taxes abated during 2020 amounted to \$111,463.

Note 13 - 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, 2020

Note 13 - Commitments and Contingencies – Continued

b. Construction Commitments

The Town has active construction and infrastructure improvement projects as of December 31, 2020. 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		
Pruyn House Cultural Center restoration	697,806	19,590
Highway salt shed reconstruction (3)	2,100,437	148,278
Pure Waters Department		
Albany Shaker Road pump station improvements (2)	737,026	720,818
Latham Water Department		
Newtonville Tank improvements	753,090	78,900
	<u>\$ 4,288,359</u>	<u>\$ 967,586</u>

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, 2020, 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, 2020, the Town recorded an insurance reserve of \$123,437 in the Governmental Funds and \$85,845 in the caption "Judgments and Claims" in the Proprietary Funds.

Changes in the Town's claim liability amount during 2020 were:

Fund	Balance January 1, 2020	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2020
General Fund	\$ 72,875	\$ 25,137	\$ (25,765)	\$ 72,247
Highway	27,837	72,067	(99,903)	1
Other non-major	59,499	(6,900)	(1,410)	51,189
Pure Water	29,743	5,429	-	35,172
Latham Water	45,684	5,534	(545)	50,673
Total	<u>\$ 235,638</u>	<u>\$ 101,267</u>	<u>\$ (127,623)</u>	<u>\$ 209,282</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 13 - Commitments and Contingencies - Continued

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 14 - Accounting Standards Issued But Not Yet Implemented

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.

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, 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 removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued

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.

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.

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

Note 15 - Subsequent Events

- a. The Town fully repaid the revenue anticipation notes outstanding at December 31, 2020, including \$8,184 of accrued interest, when they matured in January 2021.
- b. Bond Anticipation Note 2021 was issued on March 11, 2021 in the amount of \$14,665,000, matures in March 2022 and bears interest at an effective rate of 0.2674%. It was issued to refinance \$975,000 of existing bond anticipation notes series 2020 and provide financing for the purchase of capital equipment and construction/improvement of capital facilities in the amount of \$13,690,000.
- c. Public Improvement Serial Bond 2021A was issued on March 11, 2021 in the amount of \$16,450,000, which will mature annually on March 1, 2022 through 2041 and bears interest at an effective rate of 1.96842%. It was issued to refinance existing bond anticipation note series 2020.
- d. Public Improvement Refunding Serial Bond 2021B was issued on March 11, 2021 in the amount of \$6,830,000, which will mature annually on March 15, 2022 through 2033 and bears interest at an effective rate of 1.477%. It was issued to refund the outstanding portion of the Town's Public Improvement Serial Bond 2014 in the amount of \$7,410,000. This refunding produced an estimated future cash flow gain of \$819,486, with an estimated present value gain of \$755,132.

The Series 2021B bonds were issued at a premium of \$721,699. The difference between the reacquisition price and the net carrying value of the refunded bonds generated deferred accounting losses, resulting in deferred outflows of resources of \$580,000. The premium and deferred outflow of resources will be amortized as an adjustment to interest expense over the life of this bond.

Town of Colonie, New York

Notes to Financial Statements December 31, 2020

Note 15 - Subsequent Events - Continued

- e. On March 10, 2021 the American Rescue Plan Act (ARPA) was signed into law by President Biden. Under ARPA the Town of Colonie received a grant award from the U.S. Treasury Department, of approximately \$9.4 million, to be paid in two 50% installments in May 2021 and May 2022, as a "metropolitan community", one with a population over 50,000. The use of these funds must be committed by December 31, 2024 and spent by December 31, 2026. Permitted uses include, but are not limited to, replacement of lost revenue from 2020 through 2024, replacement of jobs eliminated as a result cost cutting measures related to addressing COVID-19 Pandemic economic losses, and eligible storm water, drinking water, and clean water infrastructure projects. In May 2021 the Town received its first allocation of State and Local Fiscal Recovery Funds in the amount of approximately \$4.7 million. Under the revenue loss provisions of the grant program the positive impact of the grant has allowed the Town's General Fund and Highway Fund to effectively reverse the impact of the operating deficits generated in 2020, thereby restoring the fund balances to pre-pandemic levels.
- f. On June 23, 2021 the Governor of the State of New York lifted the disaster emergency for the entire State of New York in response to the COVID-19 pandemic that had been declared on March 7, 2020. Likewise, on June 24, 2021 the Town Supervisor also lifted the local state of emergency for the Town that had been declared on March 16, 2020,
- g. In July 2021 the Environmental Facilities Corporation short-term note's maturity was extended to December 31, 2021, in anticipation of refinancing it to a long-term bond with the Environmental Facilities Corporation at that time. There was no change in terms as a result of the extension.

Town of Colonie, New York

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

	Year Ended December 31, 2020					
	2020 Adopted Budget	2020 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2020 Actual	Variance with Actual vs. Modified Positive (Negative)	2021 Adopted Budget
REVENUES						
Real property taxes and tax items	\$ 21,749,759	\$ 22,035,759	\$ 286,000	\$ 22,036,617	\$ 858	\$ 22,584,276
Sales and use tax	12,033,538	12,083,538	50,000	12,096,555	13,017	11,173,986
Departmental income	8,239,600	8,239,600	-	6,339,826	(1,899,774)	8,230,100
Intergovernmental charges	222,000	187,000	(35,000)	106,876	(80,124)	222,000
Interest and use of property	1,756,100	1,586,100	(170,000)	1,584,128	(1,972)	1,638,500
Licenses and permits	74,500	74,500	-	64,888	(9,612)	76,500
Fines and forfeitures	1,040,000	399,000	(641,000)	397,777	(1,223)	1,000,000
Sale of property and compensation for loss	50,750	50,750	-	75,425	24,675	56,000
Miscellaneous	35,000	15,000	(20,000)	2,433	(12,567)	35,000
Interfund revenues	3,186,000	2,846,000	(340,000)	2,837,720	(8,280)	3,188,000
State aid	2,855,900	2,730,900	(125,000)	2,730,555	(345)	2,830,400
Federal aid	-	220,000	220,000	330,945	110,945	-
Interfund transfers	2,950,000	2,000,000	(950,000)	2,000,000	-	2,950,000
Total revenues	54,193,147	52,468,147	(1,725,000)	50,603,745	(1,864,402)	53,984,762
EXPENDITURES						
General government support	8,441,983	7,871,983	(570,000)	7,838,715	33,268	8,285,269
Public safety	16,860,478	15,676,696	(1,183,782)	15,656,201	20,495	16,430,665
Health	4,509,094	4,526,094	17,000	4,525,279	815	4,540,709
Transportation	595,039	525,039	(70,000)	512,632	12,407	500,522
Economic assistance and opportunity	5,000	5,000	-	1,944	3,056	5,000
Culture and recreation	4,234,431	3,286,578	(947,853)	3,278,845	7,733	4,050,903
Home and community services	147,067	149,067	2,000	148,162	905	147,167
Employee benefits	16,847,810	17,717,810	870,000	17,715,405	2,405	17,704,760
Debt service	2,552,245	2,709,880	157,635	2,709,121	759	2,319,767
Total expenditures	54,193,147	52,468,147	(1,725,000)	52,386,304	81,843	53,984,762
Deficiency of revenues over expenditures	\$ -	\$ -	\$ -	\$ (1,782,559)	\$ (1,782,559)	\$ -

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, 2020					
	2020 Adopted Budget	2020 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2020 Actual	Variance with Actual vs. Modified Positive (Negative)	2021 Adopted Budget
REVENUES						
Sales and use tax	\$ 11,040,561	\$ 9,385,561	\$ (1,655,000)	\$ 9,307,011	\$ (78,550)	\$ 11,370,145
Departmental income	10,000	420,000	410,000	422,992	2,992	10,000
Intergovernmental charges	10,000	10,000	-	8,563	(1,437)	10,000
Interest and use of property	11,000	11,000	-	20,004	9,004	13,000
Licenses and permits	4,000	4,000	-	4,000	-	4,000
Sale of property and compensation for loss	47,500	47,500	-	30,707	(16,793)	42,500
Miscellaneous	5,000	5,000	-	40	(4,960)	5,000
State aid	563,414	755,841	192,427	756,070	229	563,414
Interfund transfers	-	7,010	7,010	7,010	-	-
Total revenues	11,691,475	10,645,912	(1,045,563)	10,556,397	(89,515)	12,018,059
EXPENDITURES						
Transportation	6,300,981	5,507,067	(793,914)	5,482,040	25,027	6,239,485
Employee benefits	2,515,800	2,235,800	(280,000)	2,227,517	8,283	2,455,700
Debt service	2,874,694	2,903,045	28,351	2,903,045	-	3,322,874
Total expenditures	11,691,475	10,645,912	(1,045,563)	10,612,602	33,310	12,018,059
Deficiency of revenues over expenditures	\$ -	\$ -	\$ -	\$ (56,205)	\$ (56,205)	\$ -

See Independent Auditor's Report.

Town of Colonie, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	2020	2019	2018
Other Postemployment Benefit (OPEB) Liability			
Service Cost	\$ 3,425,288	\$ 4,014,260	\$ 3,764,237
Interest	4,196,579	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	23,591,982	(21,010,871)	6,430,780
Benefit payments	(3,718,376)	(3,509,547)	(3,214,081)
Net change in OPEB liability	27,495,473	(22,464,856)	11,294,558
OPEB liability, <i>beginning of year</i>	100,789,499	123,254,355	111,959,797
OPEB liability, <i>end of year</i>	\$ 128,284,972	\$ 100,789,499	\$ 123,254,355
Town's covered-employee payroll	\$ 36,810,315	\$ 37,436,163	\$ 35,122,719
OPEB liability as a percentage of its covered-employee payroll	348.5%	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>2020</u>	<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	0.0922236%	0.0926565%	0.0942349%	0.0966159%	0.0990777%	0.0997614%
Town's proportionate share of the net pension liability	\$ 24,421,335	\$ 6,564,996	\$ 3,041,380	\$ 9,078,249	\$ 15,902,253	\$ 3,370,185
Town's covered-employee payroll	\$ 25,944,476	\$ 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	94.13%	24.90%	11.87%	35.55%	62.49%	12.69%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	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	0.3790081%	0.3877584%	0.3789765%	0.3790816%	0.3725068%	0.3797182%
Town's proportionate share of the net pension liability	\$ 20,257,747	\$ 6,502,953	\$ 3,830,531	\$ 7,857,042	\$ 11,029,134	\$ 1,045,211
Town's covered-employee payroll	\$ 11,224,133	\$ 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	180.48%	56.71%	34.40%	72.78%	105.44%	9.59%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	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>2020</u>	<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>
New York State and Local Employees' Retirement System										
Contractually required contribution	\$ 4,680,262	\$ 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
Contributions in relation to the contractually required contribution	4,680,262	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	25,944,476	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
Contribution as a percentage of covered-employee payroll	18.0%	17.4%	18.3%	18.7%	19.0%	21.4%	23.5%	23.2%	20.2%	18.3%
New York State and Local Police and Fire Retirement System										
Contractually required contribution	\$ 3,902,919	\$ 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
Contributions in relation to the contractually required contribution	3,902,919	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	11,224,133	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
Contribution as a percentage of covered-employee payroll	34.8%	32.0%	32.2%	33.3%	34.3%	32.2%	38.5%	38.2%	35.9%	31.4%

See Independent Auditor's Report.

Town of Colonie, New York

Supplementary Information - Schedule of Changes in LOSAP Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Length of Service Award Program (LOSAP) Pension Liability				
Service Cost	\$ 47,479	\$ 56,464	\$ 54,056	\$ 73,478
Interest	94,317	87,860	94,301	88,318
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the LOSAP pension liability	16,446	31,194	37,483	8,087
Changes of assumptions or other inputs	144,779	(186,978)	214,298	(196,797)
Benefit payments	<u>(166,346)</u>	<u>(171,261)</u>	<u>(156,695)</u>	<u>(186,879)</u>
Net change in LOSAP pension liability	136,675	(182,721)	243,443	(213,793)
LOSAP pension liability, <i>beginning of year</i>	<u>2,626,829</u>	<u>2,809,550</u>	<u>2,566,107</u>	<u>2,779,900</u>
LOSAP pension liability, <i>end of year</i>	<u><u>\$ 2,763,504</u></u>	<u><u>\$ 2,626,829</u></u>	<u><u>\$ 2,809,550</u></u>	<u><u>\$ 2,566,107</u></u>
Town's covered-employee payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable
LOSAP pension liability as a percentage of its covered-employee payroll	Not Applicable	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 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 seven 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, 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 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, 2020

	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District	Water District	Total Non-Major Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 856,904	\$ 1,028,096	\$ 173,859	\$ 32,359	\$ -	\$ 1,018	\$ 1,529	\$ 2,093,765
Cash and cash equivalents, restricted	364,562	267,666	22,422	-	456,354	-	-	1,111,004
Investments	-	-	-	-	3,559,100	-	-	3,559,100
State and Federal aid receivables	-	10,036	-	-	-	-	-	10,036
Due from other governments	211,998	-	-	-	-	-	-	211,998
Other accounts receivable, net	31,549	4,298	7,497	-	1,000	-	-	44,344
Due from other funds	-	-	473,797	-	-	-	-	473,797
Other assets	-	-	-	-	8,545	-	-	8,545
Total assets	<u>\$ 1,465,013</u>	<u>\$ 1,310,096</u>	<u>\$ 677,575</u>	<u>\$ 32,359</u>	<u>\$ 4,024,999</u>	<u>\$ 1,018</u>	<u>\$ 1,529</u>	<u>\$ 7,512,589</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ 2,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,524
Accrued liabilities	137,212	-	49,485	-	12,739	-	-	199,436
Other liabilities	12,084	56,651	-	-	-	-	-	68,735
Due to other governments	280,816	-	175,510	-	-	-	-	456,326
Due to other funds	196,635	5,900	-	-	-	-	-	202,535
Unearned revenue	80,027	83,223	73,439	-	-	-	-	236,689
Total liabilities	<u>706,774</u>	<u>148,298</u>	<u>298,434</u>	<u>-</u>	<u>12,739</u>	<u>-</u>	<u>-</u>	<u>1,166,245</u>
DEFERRED INFLOWS OF RESOURCES								
Revenue earned but unavailable	-	4,298	-	-	-	-	-	4,298
FUND BALANCE								
Restricted	-	127,756	22,422	-	4,012,260	-	-	4,162,438
Committed, assigned, and unassigned	758,239	1,029,744	356,719	32,359	-	1,018	1,529	2,179,608
Total fund balance	<u>758,239</u>	<u>1,157,500</u>	<u>379,141</u>	<u>32,359</u>	<u>4,012,260</u>	<u>1,018</u>	<u>1,529</u>	<u>6,342,046</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,465,013</u>	<u>\$ 1,310,096</u>	<u>\$ 677,575</u>	<u>\$ 32,359</u>	<u>\$ 4,024,999</u>	<u>\$ 1,018</u>	<u>\$ 1,529</u>	<u>\$ 7,512,589</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, 2020

	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District	Water District	Total Non-Major Governmental Funds
REVENUES								
Real property taxes and tax items	\$ -	\$ -	\$ 2,682,255	\$ -	\$ 4,489,353	\$ 42,000	\$ 18,400	\$ 7,232,008
Sales and use tax	3,002,656	-	-	-	-	-	-	3,002,656
Departmental income	303,938	181,052	9,934	-	-	-	-	494,924
Interest and use of property	881	4,146	113	-	370,188	-	-	375,328
Licenses and permits	1,063,409	-	-	-	-	-	-	1,063,409
Miscellaneous	456,692	-	21,106	-	-	-	-	477,798
State aid	-	-	23,309	-	-	-	-	23,309
Federal aid	-	3,342,685	-	-	-	-	-	3,342,685
Total revenues	<u>4,827,576</u>	<u>3,527,883</u>	<u>2,736,717</u>	<u>-</u>	<u>4,859,541</u>	<u>42,000</u>	<u>18,400</u>	<u>16,012,117</u>
EXPENDITURES								
General government support	217,090	-	-	-	-	-	-	217,090
Public safety	1,233,835	-	-	-	4,258,519	-	-	5,492,354
Health	4,399	-	-	-	-	-	-	4,399
Transportation	780,079	-	-	-	-	-	-	780,079
Culture and recreation	-	-	1,782,441	-	-	-	-	1,782,441
Home and community services	1,059,345	3,364,019	-	-	-	45,000	21,865	4,490,229
Employee benefits	1,501,906	40,145	762,362	-	321,555	-	-	2,625,968
Debt service, principal	-	-	148,669	3,144	-	-	-	151,813
Debt service, interest	-	-	49,585	-	-	-	-	49,585
Total expenditures	<u>4,796,654</u>	<u>3,404,164</u>	<u>2,743,057</u>	<u>3,144</u>	<u>4,580,074</u>	<u>45,000</u>	<u>21,865</u>	<u>15,593,958</u>
OTHER FINANCING SOURCES (USES)								
Transfers out from other funds	(7,010)	-	-	-	-	-	-	(7,010)
Sale of property and compensation for loss	2,440	-	4,538	-	-	-	-	6,978
Total other financing sources	<u>(4,570)</u>	<u>-</u>	<u>4,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32)</u>
NET CHANGE IN FUND BALANCE	26,352	123,719	(1,802)	(3,144)	279,467	(3,000)	(3,465)	418,127
FUND BALANCE, beginning of year, as originally reported	647,987	1,033,781	380,943	35,503	3,732,793	4,018	4,994	5,840,019
Prior Period Adjustment	83,900	-	-	-	-	-	-	83,900
FUND BALANCE, beginning of year, as restated	<u>731,887</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>5,923,919</u>
FUND BALANCE, end of year	<u>\$ 758,239</u>	<u>\$ 1,157,500</u>	<u>\$ 379,141</u>	<u>\$ 32,359</u>	<u>\$ 4,012,260</u>	<u>\$ 1,018</u>	<u>\$ 1,529</u>	<u>\$ 6,342,046</u>

See Independent Auditor's Report.