



Town of Colonie, New York

Financial Report

December 31, 2021

Town of Colonie, New York

Financial Report

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colonie, New York (Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1o to the financial statements, the 2020 financial statements of the governmental activities, business-type activities, pure waters district proprietary fund, and Latham water district proprietary fund have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the accompanying table of contents on pages 4 to 32 and 90 to 95, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 96 to 98 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

September 2, 2022



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

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 Latham Circle Mall has been redeveloped and includes Lowe's, a Walmart supercenter, Burlington Coat Factory, Bob's Furniture Store, and several specialty shops and 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 and freight 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 within 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 twelve 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-Schenectady-Troy) with access to a variety of employment opportunities such as the State of New York's offices in Albany, General Electric in Schenectady, the United States Arsenal in Watervliet, in addition to opportunities within the medical and pharmaceutical, local government, manufacturing and parcel delivery services within the Town.

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.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

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 Council, 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 Council (Council) 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 Council 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 Council 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 court 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 introduces 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, 2021.

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

Several actions over the past decades have allowed the Town to begin building fund level surpluses including the landfill service concession agreement, cost cutting, revenue management and strict budgeting. Progress toward financial recovery was halted by the economic downturn caused by the COVID-19 Pandemic (Pandemic) which caused mass shut down of the nation. However, in 2021 the Capital District's economy rebounded once the Pandemic closures were lifted, eradicating the deficits generated during 2020. 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 SLFR is for revenue loss replacement, which the Town will utilize to supplement general governmental services and improvement projects over the next several years.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Highlights - Continued

It has been the Town's goal to reach the New York State Comptroller's recommended fund balance levels of 5% of annual operating expenditures. As of December 31, 2021, the Town has attained, or exceeded, this goal in all of the governmental funds.

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 \$136.8 million as of December 31, 2021. 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 \$5.8 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 \$91,000, \$6.3 million, and \$5.8 million, respectively, as of December 31, 2021. These pension liabilities will not be paid out in the near term, but over the term of the employees' and volunteers' service to the Town.

Additionally, these OPEB and pension standards required the deferral of certain resources as deferred inflows, net of deferred outflows, of resources of about \$8.2 million as of December 31, 2021.

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 \$50.2 million as of December 31, 2021, rather than a deficit of approximately \$96.3 million.

Other Financial Highlights For 2021

- At the end of the fiscal year, The General Fund reported a fund balance of approximately \$3.5 million, a significant increase from \$147,000 at December 31, 2020. This rebound resulted from the economic recovery post Pandemic restrictions during 2020, mainly an increase in sales tax revenue. Approximately \$420,000 of this fund balance is restricted by third parties for public safety purposes, \$353,000 committed or assigned for various purposes and there is an unrestricted fund balance of \$3.1 million, increased from the deficit (\$453,109) at December 31, 2020. This increase in fund balance was not a result of the ARPA SLFR grant, which largely remains in unearned revenue at December 31, 2021.
- All of the governmental operating funds (those other than capital projects) continue to report positive fund balances. All have attained, or have exceeded, the New York State Comptroller's recommended unrestricted fund balance levels of 5% of annual operating expenditures.
- The Environmental Services Department Fund is showing a fund deficit as of December 31, 2021 of \$12.8 million, 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 \$1.7 million as of December 31, 2021. Similar to the entity-wide statements, this is directly related to the recognition of \$7.3 million in OPEB liability, compensated absences, and net pension liabilities, net of deferred inflows and outflows of resources.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Other Financial Highlights For 2021 - Continued

- For governmental funds, the principal sources of the Town's operating revenue are real property taxes of \$30.1 million (35.4%), sales and use taxes of \$29.7 million (34.9%), state and federal aid of \$9.0 million (10.6%), and charges for services of \$9.2 million (10.8%). Sales tax reversed the declines from 2019 to 2020 during 2021 and increased by \$5.3 million. Charges for services continued to decline during 2021 with a decrease of approximately \$366,000, primarily in the areas of charges to developers, building inspections and library fees, offset by increases in Community Development's Section 8 program and emergency medical services and recreation fees. Interest and use of property declined by \$122,000 due to lower interest rates available due to the economic impacts from the Pandemic but was offset by an increase of \$366,000 in building permits. State aid increased about \$846,000 because of rebounds in mortgage tax and consolidated local street and highway improvement program, which increased by \$1.5 million from 2020. Additionally, the mix of one time grants within the capital projects funds resulted in a \$606,000 decline in state aid. Federal aid increased \$57,000 from 2020 because of a \$400,000 decrease in capital grants but was offset by approximately \$161,000 of an ARPA SLFR grant, and a \$282,000 increase in community development funding.
- The business-type activities (Pure Waters, Latham Water, and the Environmental Services Department) derived 50.1% (\$12.76 million) of their operating revenue from charges for services, and 49.7% (\$12.65 million) through ad valorem tax assessments, which represent a 1.5% decrease and 3.3% increase, respectively, over 2020. These increases are the result of adopted rate increases for 2021, offset by declines in water consumption. The Environmental Services Department also recognized nonoperating revenue of approximately \$5.1 million in 2021, as compared to \$14.3 million in 2020, as a result of prescribed contractual payments received in 2020, versus recognizing a difference in contributed capital assets of \$4,174,000 between 2021 and 2020. 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 2021, salaries were \$40.0 million, an increase of \$1,374,191 (3.6%) from 2020 and benefits of \$26.1 million, before other postemployment benefit (OPEB) and net pension/LOSAP liability related items, an increase of \$106,000, which was effectively level with 2020 at \$26 million. The salaries increase was the result of a 2% negotiated salary increase with all of the Town's 8 collective bargaining units, and the return of overtime and seasonal staffing to pre-Pandemic levels. Benefits overall remained stable because of increases health insurance, required contributions to the New York State Retirement Systems and social security payments were offset by declines in workers' compensation, compensated absences, and LOSAP benefit claims. Salaries and benefits combined account for 55.6% and 59.2% of expenses, exclusive of the change in OPEB and the net pension liability related items, at December 31, 2021 and 2020, respectively.
- Debt service costs make up approximately \$13.7 million of the 2021 Town-wide budget, or about 13.5% of total expenditures. This is up about \$590,000 from \$13.1 million, and 13.0% of total expenditures, at December 31, 2021. The Town works diligently to balance the debt service budget with the needs of its aging infrastructure and operating facilities. Of the debt service costs, approximately \$7.9 million is supported by the proprietary funds and \$5.8M is supported by the governmental funds.
- Approximately 87.7% 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.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Overview of the Financial Statements

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

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

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

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

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the Town's Financial Statements

The following pages compare the Town's governmental fund type financial statements using the modified accrual basis of accounting and current financial resources measurement focus and the Town's proprietary fund type financial statements using the full accrual basis of accounting and economic resources measurement focus for years ended December 31, 2021 and 2020

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 2020, as restated for a prior period adjustment (\$3,789,628), see note 1o, the Town's net position approximated \$(88,303,000). During 2021 the Town generated an entity wide negative change in net position of about \$1,518,000.

This brought the net position as of December 31, 2021 to approximately \$(89,821,000). Of that amount, approximately \$5,076,000 was invested in capital assets, net of related debt, and approximately \$1,324,000 was restricted for other purposes. Therefore, as discussed above the Town has an entity-wide unrestricted deficit of approximately \$(96,221,000).

The opening net position on the government wide and proprietary fund have been restated to reflect a prior period adjustment to correct an error in the calculation of the other post-employment benefits liability (see note 1o). It was determined during the 2021 procedures the consulting actuary had inadvertently excluded 40 retirees from the 2020 calculation. Should these retirees had been included, the other post-employment benefit liability would have been approximately \$3.8 million higher than originally reported.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Overall, entity-wide expenses, as restated, decreased during 2021 by approximately \$6,553,000. This was principally the result of decreases related to current year changes in the other postemployment benefits and net pension liabilities, and related deferred outflows and inflows, of \$5.8 million and \$10.3 million, respectively. Benefits exclusion of these decreases remained unchanged with a \$106,000 increase when compared to 2020. This was the result of various fluctuations within the various benefits costs. Required payments to the New York Retirement System increase \$509,000 (6.1%) due to rate increases, the Town's portion of social security increased \$91,000 (3.1%) and is in line with the negotiated wage packages, and health insurance increased \$201,000 (1.6%) the impact of rate increases. These increases were offset by reductions in workers' compensation claims resulting in a decrease of \$426,000, claims for LOSAP benefits in the amount of \$131,000, and claims for payment of unused compensated time in the amount of \$121,000. All three of these reduced claims levels can be attributed to the Pandemic and uncertain economy during much of 2021.

While benefit costs declined all other areas of the Town's operations experienced increases. All eight of the Town's collective bargaining units have, or are in the process of, finalized multiple year contracts, as the existing contracts expired effective December 31, 2020. For 2020 these contracts called for a 2.0% wage increase, which accounts for the majority of the \$1,374,000 increase in salaries and wages. The balance of the increase, as stated earlier, is the return of full operation post-Pandemic, and the resulting return of seasonal staff in various departments.

Supplies and materials increased \$7.0 million, which was primarily driven by the landfill closure post-closure liability which increased \$3.9 million with the continued use of the landfill and the placement of Landfill Cell 7.2a in service during 2021. This also resulted in the recognition of \$4,475,000 as contributed capital from the landfill operator for the construction of this cell. Similarly, as result of the new cell and continued depreciation of investments in fixed assets, depreciation expense increased \$588,000. Debt service interest, however, remained stable with a minor increase of \$6,000.

Other supplies and material cost increases of about \$3.1 million are not attributable to one specific area, but the return to full Town operations post the COVID-19 Pandemic.

Expenses related to liability insurance and payment of judgements and claims increased \$549,000. A large part of this expense was the payment of approximately \$210,000 for a personal injury award during 2021. The balance of the increase resulted from significant increases in the Town's various liability insurance premiums as a result of market conditions.

Overall, entity-wide revenues decreased by approximately \$1.1 million (0.92%); with significant fluctuations in the various types of revenues. Tax revenues (property and ad valorem) and sales tax revenue, increased \$1,190,000 and \$5,300,000, respectively, primarily due to tax rate increases and recovery of the Capital District's economic conditions post-Pandemic. The Pandemic also impacted charges for services negatively causing declines in 2020, but these recovered slightly in 2021 with an increase of \$268,000. However, water consumption slid in 2021 which resulted in water fees decreasing by \$306,000. Environmental Services charges of landfill gas generation began increasing in late 2021 due to higher rates in the energy market and resulted in an increase of \$197,500 from 2020.

Use of money and property decreased \$8.3M as a result of the prescribed payment from the Landfill contract offset by an increase in contributed capital assets from the Landfill operator. State and Federal aid increased by \$1,052,000 for reasons discussed earlier in the Other Financial Highlights for 2021 Section.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

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	\$ 11,266,821	\$ 8,205,785	\$ 3,061,036	37.30%
Receivables/other	12,194,025	9,771,179	2,422,846	24.80%
Due from other funds	<u>454,853</u>	<u>2,037,773</u>	<u>(1,582,920)</u>	-77.68%
 Total assets	 <u>\$ 23,915,699</u>	 <u>\$ 20,014,737</u>	 <u>\$ 3,900,962</u>	 19.49%
Accounts payable and accrued expenses	\$ 15,138,481	\$ 12,314,887	\$ 2,823,594	22.93%
Revenue/Bond anticipation notes	200,000	3,500,000	(3,300,000)	-94.29%
Due to other funds	<u>5,026,227</u>	<u>4,053,084</u>	<u>973,143</u>	24.01%
Total liabilities	<u>20,364,708</u>	<u>19,867,971</u>	<u>496,737</u>	2.50%
 Fund balance	 <u>3,550,991</u>	 <u>146,766</u>	 <u>3,404,225</u>	 2319.49%
 Total liabilities and fund balance	 <u>\$ 23,915,699</u>	 <u>\$ 20,014,737</u>	 <u>\$ 3,900,962</u>	 19.49%
Special Miscellaneous Revenue				
Cash and cash equivalents	<u>\$ 12,371,709</u>	<u>\$ 11,787,337</u>	<u>\$ 584,372</u>	4.96%
 Total assets	 <u>\$ 12,371,709</u>	 <u>\$ 11,787,337</u>	 <u>\$ 584,372</u>	 4.96%
Accounts payable and accrued expenses	\$ 468,804	\$ 446,342	\$ 22,462	5.03%
Due to other funds	<u>7,800</u>	<u>-</u>	<u>7,800</u>	N/A
Total liabilities	<u>476,604</u>	<u>446,342</u>	<u>30,262</u>	6.78%
 Fund balance	 <u>11,895,105</u>	 <u>11,340,995</u>	 <u>554,110</u>	 4.89%
 Total liabilities and fund balance	 <u>\$ 12,371,709</u>	 <u>\$ 11,787,337</u>	 <u>\$ 584,372</u>	 4.96%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Highway Fund				
Cash and cash equivalents	\$ 1,620,754	\$ 1,752,689	\$ (131,935)	-7.53%
Receivables	1,406,749	1,368,002	38,747	2.83%
Due from other funds	-	6,672	(6,672)	100.00%
	<u> </u>	<u> </u>	<u> </u>	
Total assets	<u>\$ 3,027,503</u>	<u>\$ 3,127,363</u>	<u>\$ (99,860)</u>	-3.19%
Accounts payable and accrued expenses	\$ 990,614	\$ 910,727	\$ 79,887	8.77%
Due to other funds	194,034	403,730	(209,696)	-51.94%
Total liabilities	<u>1,184,648</u>	<u>1,314,457</u>	<u>(129,809)</u>	-9.88%
Fund balance	<u>1,842,855</u>	<u>1,812,906</u>	<u>29,949</u>	1.65%
Total liabilities and fund balance	<u>\$ 3,027,503</u>	<u>\$ 3,127,363</u>	<u>\$ (99,860)</u>	-3.19%
Capital Projects Fund				
Cash and cash equivalents	\$ 6,746,893	\$ 7,444,166	\$ (697,273)	-9.37%
Receivables	-	483,080	(483,080)	-100.00%
Due from other funds	537,496	3,289	534,207	0.00%
	<u> </u>	<u> </u>	<u> </u>	
Total assets	<u>\$ 7,284,389</u>	<u>\$ 7,930,535</u>	<u>\$ (646,146)</u>	-8.15%
Accounts payable and accrued expenses	\$ 6,487	\$ 134,150	\$ (127,663)	-95.16%
Bond anticipation notes	390,000	960,000	(570,000)	-59.38%
Due to other funds	-	1,421,410	(1,421,410)	-100.00%
Total liabilities	<u>396,487</u>	<u>2,515,560</u>	<u>(2,119,073)</u>	-84.24%
Fund balance	<u>6,887,902</u>	<u>5,414,975</u>	<u>1,472,927</u>	27.20%
Total liabilities and fund balance	<u>\$ 7,284,389</u>	<u>\$ 7,930,535</u>	<u>\$ (646,146)</u>	-8.15%
Non-Major Governmental Funds				
Cash and cash equivalents	\$ 2,648,900	\$ 3,204,769	\$ (555,869)	-17.35%
Investments	4,174,263	3,559,100	615,163	17.28%
Receivables	374,718	266,378	108,340	40.67%
Due from other funds	589,310	473,797	115,513	24.38%
Other assets	8,745	8,545	200	2.34%
	<u> </u>	<u> </u>	<u> </u>	
Total assets	<u>\$ 7,795,936</u>	<u>\$ 7,512,589</u>	<u>\$ 283,347</u>	3.77%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

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>
Non-Major Governmental Funds				
Accounts payable and accrued expenses	\$ 1,088,904	\$ 963,710	\$ 125,194	12.99%
Due to other funds	137,634	202,535	(64,901)	-32.04%
Total liabilities	<u>1,226,538</u>	<u>1,166,245</u>	<u>60,293</u>	5.17%
Deferred inflows of resources	12,790	4,298	8,492	197.58%
Fund balance	<u>6,556,608</u>	<u>6,342,046</u>	<u>214,562</u>	3.38%
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 7,795,936</u></u>	<u><u>\$ 7,512,589</u></u>	<u><u>\$ 283,347</u></u>	3.77%

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
General Town-Wide Fund				
Revenues	\$ 56,344,305	\$ 48,528,320	\$ 7,815,985	16.11%
Expenditures	55,001,818	52,386,304	2,615,514	4.99%
Other financing sources	61,738	75,425	(13,687)	-18.15%
Interfund transfers in	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	0.00%
Net change in fund balance	3,404,225	(1,782,559)	5,186,784	-290.97%
Fund balance, <i>beginning of year</i>	<u>146,766</u>	<u>1,929,325</u>	<u>(1,782,559)</u>	-92.39%
Fund balance, <i>end of year</i>	<u><u>\$ 3,550,991</u></u>	<u><u>\$ 146,766</u></u>	<u><u>\$ 3,404,225</u></u>	2319.49%
Special Miscellaneous Revenue				
Revenues	\$ 591,323	\$ 2,270,697	\$ (1,679,374)	-73.96%
Expenditures	<u>37,213</u>	<u>487,094</u>	<u>(449,881)</u>	-92.36%
Net change in fund balance	554,110	1,783,603	(1,229,493)	-68.93%
Fund balance, <i>beginning of year</i>	<u>11,340,995</u>	<u>9,557,392</u>	<u>1,783,603</u>	18.66%
Fund balance, <i>end of year</i>	<u><u>\$ 11,895,105</u></u>	<u><u>\$ 11,340,995</u></u>	<u><u>\$ 554,110</u></u>	4.89%
Highway Fund				
Revenues	\$ 11,805,934	\$ 10,518,680	\$ 1,287,254	12.24%
Expenditures	11,882,330	10,612,602	1,269,728	11.96%
Other financing sources	<u>106,345</u>	<u>37,717</u>	<u>68,628</u>	181.96%
Net change in fund balance	29,949	(56,205)	86,154	-153.29%
Fund balance, <i>beginning of year</i>	<u>1,812,906</u>	<u>1,869,111</u>	<u>(56,205)</u>	-3.01%
Fund balance, <i>end of year</i>	<u><u>\$ 1,842,855</u></u>	<u><u>\$ 1,812,906</u></u>	<u><u>\$ 29,949</u></u>	1.65%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Results of Operations - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Capital Project Funds				
Revenues	\$ 7,446	\$ 894,495	\$ (887,049)	-99.17%
Expenditures	5,012,524	9,137,207	(4,124,683)	-45.14%
Other financing sources	6,478,005	8,243,469	(1,765,464)	-21.42%
Net change in fund balance	<u>1,472,927</u>	<u>757</u>	<u>1,472,170</u>	194474.24%
Fund balance, <i>beginning of year</i>	<u>5,414,975</u>	<u>5,414,218</u>	<u>757</u>	0.01%
Fund balance, <i>end of year</i>	<u><u>\$ 6,887,902</u></u>	<u><u>\$ 5,414,975</u></u>	<u><u>\$ 1,472,927</u></u>	27.20%
Non-Major Governmental Funds				
Revenues	\$ 16,258,875	\$ 16,012,117	\$ 246,758	1.54%
Expenditures	16,235,844	15,593,958	641,886	4.12%
Other financing sources, net	<u>191,531</u>	<u>(32)</u>	<u>191,563</u>	-598634.38%
Net change in fund balance	<u>214,562</u>	<u>418,127</u>	<u>(203,565)</u>	-48.68%
Fund balance, <i>beginning of year</i> ,	<u>6,342,046</u>	<u>5,923,919</u>	<u>418,127</u>	7.06%
Fund balance, <i>end of year</i>	<u><u>\$ 6,556,608</u></u>	<u><u>\$ 6,342,046</u></u>	<u><u>\$ 214,562</u></u>	3.38%

General Fund

Total assets increased by approximately \$3.9 million due to a combination of conversion 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 2021. The Town also received \$4.7 million in cash from the American Rescue Plan State and Local Fiscal Recovery Funds (ARP SLFR) in May 2021. These funds represent the first half of the overall award of \$9.4 million. As of December 31, 2021, the Town anticipated using these funds to support general governmental services through ongoing improvement and rehabilitation projects.

Liabilities overall increased by approximately \$497,000 in 2021 as compared to 2020, primarily due to increased levels of unearned revenue offset by the elimination of the need for revenue anticipation notes in 2021. The higher levels of payables and accrued expenses (\$2,824,000) is driven by the unearned ARP SLFR funds of approximately \$4.5 million. Accounts payable declined by \$2.7 million at year-end 2021 when compared to 2020. Accrued expenses increased \$953,000 when compared to 2020 levels due to increased payroll accruals related to retroactive pay resulting from the settled collective bargaining contracts of \$626,000 and a \$327,000 increase in amounts due to the New York State Retirement System related to required contributions for 2021. The fluctuation within interfund payables (\$973,000) is a function of timing of the payment of invoices and cashflows around year-end.

As noted above, the Town ceased its reliance on revenue anticipation notes in 2021 because of the substantial amount sales tax revenue was over budget in 2021. The Town did, however, issue a bond anticipation note in October 2021 in the amount of \$200,000 to temporarily finance the cost of a personal injury lawsuit award. The bond anticipation noted was repaid in March 2022.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

General Fund - Continued

Fund balance increased \$3,404,000 and was a function of the favorable operating results, primarily from the improvement within the economic activity of the Capital Region, which resulted in a \$4.7 million increase in sales tax revenue in 2021 when compared to 2020. It should be noted that for the first time in over two decades the Town has attained the New York State Comptroller's Office recommended fund balance levels of an unrestricted fund balance equal to 5% of total expenditures.

Total revenue increased substantially during 2021, by \$7.8 million, or 16.1%. The significant fluctuations in major categories related to recovered economic conditions within the Capital Region and the return to normal operation post-Pandemic closures. As noted above, the sales tax allocation from Albany County was the largest driver of the increase, with state aid for mortgage tax being the next largest increase \$1.1 million. Property tax increased \$531,000 as anticipated with adopted rate increases. Departmental income, or charges for services, increased \$1,425,000 primarily from increased ambulance charges of \$880,000 and the return of full parks and recreation operations post-Pandemic closures of \$413,000. Police fees also increased by \$131,000 returning to 2019 levels. There were minor increases in several other areas totaling \$195,000, with the largest fluctuation at \$95,000 with increased Justice Court fees as operations began lifting Pandemic closures during late 2021. These increases were offset by a reduction in interfund revenues in the amount of \$388,000 primarily the result of lower administrative chargebacks to the enterprise funds.

Expenditures increased at a modest level of 5.0% during 2021 with an overall increase of \$2,616,000, when compared to 2020. The primary driver of this increase was in the area of salaries and wages which increased \$1,262,000 (4.7%). As noted earlier, 2% related to negotiated collective bargaining contracts, the balance was the return to post-pandemic levels of operation resulting in the return of seasonal wages, and increased overtime for Police and Emergency Medical Services. Liability insurance, judgement and claims also increased substantially in 2021 by \$388,000 (95%) as a result of a \$210,000 judgement award from a personal injury lawsuit, however, the Town has experienced a substantial increase in the cost of the various liability policies it maintains from 2021 as compared to 2020. Materials, supplies, and other operating costs increased 16.8%, or \$816,000, in 2021 from 2020. This was a similar increase across all functional areas and is attributable to market conditions. Debt service costs decreased \$387,000 as anticipated through debt management plans, and the fund's investment in capital assets declined \$53,000.

Benefits costs increased approximately \$536,000 (3.0%) in 2021 over 2020. This was driven by \$395,000 (6.1%) in higher required contributions to the New York State Retirement Systems, health insurance cost increases of \$233,000 (2.8%), and the Town's share of payroll taxes of \$90,000 (4.5%). These increases were offset by \$148,000 and \$18,000 declines in claims for workers' compensations and compensated absences, respectively, during 2021. Additionally, from March 2020 through December 31, 2021, New York State paid all unemployment costs for the Town to aid business with the impacts of the pandemic. Therefore, there was a \$15,000 reduction in unemployment benefits paid in 2021 from 2020.

Special Miscellaneous Revenue Fund

Total assets increased during 2021 by approximately \$585,000 as a result of the timing of developer assessments during 2021. 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 \$22,000 in 2021.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Special Miscellaneous Revenue Fund - Continued

The annual revenues and expenditures depend on the development within the various mitigation areas and the resulting engineering and improvement projects that result from that development. During 2021, the Boght area repaid about \$20,000 of the Colliseum Drive construction costs, and the various areas incurred engineering costs totaling \$17,000.

Highway Fund

Total assets decreased about \$100,000 from 2020 to 2021, from a combination of approximately \$34,000 more in year-end allocation of sales tax receivable and approximately \$132,000 less cash balances at year-end 2021, from the repayment of interfund liabilities during 2021. Both are a function of operations during 2021.

Overall, liabilities decreased about \$129,000 at year-end 2021 related to lower levels of interfund payables related to accounts payable levels at December 31, 2021. Refundable highway permits remained virtually unchanged at year end 2021, from 2020 levels, at \$407,000. Additionally, accrued expenses were up about \$80,000 related to New York State Employee Retirement System contributions of \$23,000 and increased payroll accruals of \$57,000 related to the year-end payroll accrual, including retroactive pay for settled collective bargaining unit contracts.

Fund balance increased \$30,000 as a result of favorable operating results during 2021. As of December 31, 2021, the fund now has an unreserved uncommitted fund balance (\$692,000) equal to 5.8% of the operating expenditures, as recommended by the New York State Comptroller's Office.

The Highway Fund revenues and expenditures increased approximately \$1,287,000, or 12.2%, and \$1,270,000, or 12.0%, respectively, for the year ended 2021 as compared to 2020. The significant fluctuation in the major category related to recovered economic conditions within the Capital Region and the return to normal operation post-Pandemic closures. As noted above, the sales tax allocation from Albany County was the largest driver of the increase at \$1,291,000. This was enhanced by additional allocations of New York State Consolidated Highway Improvement Program (CHIPS) Aid in the amount of \$360,000 during 2021. These amounts were offset by reductions in assessments to developers for highway related development costs in the amount of \$356,000 from 2020 to 2021. This specific revenue is development specific and fluctuates based on the status of development projects ongoing within the Town.

As noted earlier, the Town's collective bargaining units settled their contracts, which called for a 2% salary increase, however, to due staff turnover salary costs during 2021 decreased by \$131,000, as compared to 2020. Liability insurance, judgement and claims also increased by \$44,000 (11.6%) as a result of substantial increase in the cost of the various liability policies the Town maintains from 2021 as compared to 2020. Similar to the General Fund, the supplies, materials and operational costs experienced a significant increase during 2021, of \$725,000 (30.2%). The cost of winter maintenance during 2021 increased by \$371,000 and the paving costs increased \$360,000 related to the additional CHIPS funding. Debt service costs increased \$419,000 as anticipated through the Town's infrastructure improvement plan.

Benefits costs increased approximately \$213,000 (9.6%) in 2021 over 2020. This was driven by \$26,000 (5.0%) in higher required contributions to the New York State Retirement Systems, health insurance cost increases of \$61,000 (5.5%), and the Town's share of payroll taxes declined by \$5,000 (-2.6%). These changes were offset by \$125,000 (34.0%) and \$7,000 (18.3%) increases in claims for workers' compensations and compensated absences, respectively, during 2021.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Capital Projects Fund

Total assets decreased during 2021 by approximately \$646,000. This was the result of continuation of the Town's capital plan. Grant receivables decreased from 2020 to 2021 based on the conclusion of grant programs during the year. Interfund receivables related to the transfer of cash payments received by the General Fund for the New York State CHIPS aid during the last week of 2021 that did not get transferred to Capital Projects until 2022.

Total liabilities decreased by \$2,119,000, of which accounts payable and accrued expenses decreased by \$127,000 and due to other funds decreased \$1,421,000 due to the timing of the payment of invoices at year end. The current portion of bond anticipation notes (BANs) declined by \$570,000 at year-end 2021 as a function of the borrowing process. Since the BANs outstanding at year-end 2021 were either repaid or refinanced in March 2022, only the current portion of the BANs are presented in the fund level financial statements.

2021 revenues were lower than in 2020 due to the conclusion of several state grants during 2020, and a decline in interest rates due to market conditions during and post-Pandemic.

Project expenditures were also down in 2021 by approximately \$4.1 million primarily in the area of street maintenance (\$777,000), transportation equipment (\$1,003,000), and Highway salt shed reconstruction (\$1,737,000). Additional reduction in the Library and Pruyn House renovation projects which declined by a total of \$457,000, and Town operation and training facilities 365,000 encompass the balance of the decrease. These project fluctuations are based on the Town's capital investment plan, which encompasses a five-year project forecast, and is reviewed and amended annually.

Non-Major Governmental Funds

Overall, the Town's non-major funds experienced an increase in financial position by \$215,000. While total assets increased by about \$283,000, total liabilities and deferred inflows of resources increased by approximately \$69,000.

The increase in assets was primarily related to increased cash and investment, balances of approximately \$60,000 being offset by increased third party and interfund receivables of about \$108,000 and \$116,000, respectively. The cash and investment balances are made up of unrestricted operating cash which increased \$65,000 during 2021, restricted cash which declined \$621,000 during 2021 and length of service award program (LOSAP) investments which increased \$615,000 during 2021. The decline in restricted cash reflects a reinvestment of \$327,000 of cash in the LOSAP into the investments, and the use of \$262,000 of cash restricted within the Community Development Fund as dictated by the Federal funding source. The increase in the third-party receivables represents more in year-end allocation of sales tax receivable to the General Town-Outside Villages Fund, and the increase in interfund receivables relates to the William K. Sanford Library Funds cashflow functions with the General Fund.

The liability increase as identified above resulted primarily from accrued payroll increases of \$63,000 related to retroactive collective bargaining unit contracts, increased accounts payable within the Community Development Fund of \$19,000, as a function of timing of invoices around year-end, \$46,000 increase in the funds held in escrow for the Community Development Fund's Family Self Sufficiency Program, and \$27,000 more in amounts due to the New York State Employee Retirement System for contributions related to 2021. There was also an increase of \$8,000 in Community Developments deferred inflow of resources related to receivables earned but unavailable for use as of year-end 2021. This resulted from specific Section 8 Program client receivables, and fluctuate with time and numbers.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Non-Major Governmental Funds - Continued

These increases were offset by changed in the amounts due to the General Fund from the General Town-Outside Villages and Community Development Funds which declined \$84,000 and increased \$19,000, respectively at year end 2021 as a function of timing of invoices paid around year end. These funds also saw offsetting fluctuations in the unearned revenue with General Town-Outside Villages permit escrow increasing \$38,000 and Community Development's receipts received in advance declining by \$83,000. This net decline was offset by \$13,000 of additional unearned refundable revenue within the Library during 2021. These all net to the \$65,000 and \$32,000 declines in interfund payables and unearned revenues, respectively.

Revenues and expenses both increased significantly from 2020 to 2021 by \$247,000 (1.5%) and \$642,000 (4.1%), respectively. The increased revenue was the result of fluctuations in several revenue categories with some significant individual changes netting to the overall change. Real property taxes were budgeted to increase by \$189,000, or 2.6%. LOSAP investment earnings in the fire protection district fund drove the \$110,000 decrease in interest and use of property. The allocation of sales tax to the General Town-Outside Villages Fund during 2021 was reduced by \$729,000 during 2021 because it was replaced by increased revenues in the Departmental income (\$232,000) and Licenses and Permits (\$363,000), which returned and exceeded pre-pandemic levels. This accompanied with the Town's revenue from a hydroelectric generation project which generated \$185,000 more in revenue during 2021 than 2020, allowed for the decreased reliance on sales tax revenue during 2021. The Community Development Fund also received \$282,000 more in federal aid than in 2020 as a result of community block grant allocations under the Federal CARES Act.

The operating expenses for the non-major funds increase of approximately \$642,000, as noted above, was the result of varying factors. As noted previously in other funds, the Town's collective bargaining units settled their outstanding contracts with retroactive wage adjustments to the beginning of 2021 equal to 2%. These agreements were the primary reason for the \$56,000 (1.52%) increase in salaries in 2021, the wages were reduced by staff turnover and therefore lower than 2% overall. Liability insurance and judgement and claim expenses increased to \$114,000 in 2021, up \$60,000, from 2020, as the Town defended a case brought before the zoning board of appeals, and experienced \$8,000 in premium increases for liability insurance policies. Supplies, materials and operating costs increased \$140,000, which was driven primarily by \$47,000 increase in street lighting energy costs, \$64,000 in library collection acquisition and supplies, and \$21,000 in vehicle repairs within the building and fire services department of the General Town-Outside Villages Fund. Library debt service, as anticipated with the ongoing building improvement project, increased \$20,000. The General Town-Outside Villages green space fund also procured \$18,000 of land and parks study costs during 2021.

Community Development saw an increase in program costs of \$514,000 primarily as a result of disbursement grants under the CARES Act of \$307,000, along with increases in Community Development Block Grant and Section 8 Program distributions of \$119,000 and \$118,000. There was a \$31,000 decline within the HOME Program.

Benefits costs decreased approximately \$246,000 (10.1%) in 2021 over 2020. This was driven by \$31,000 (5.0%) in higher required contributions to the New York State Retirement Systems offset by reductions in every other benefit category. Due to staff turnover health insurance cost decreased of \$73,000 (-5.8%), as did the Town's share of payroll taxes by \$3,000 (-1.0%). Claims for workers' compensations and compensated absences declined \$2,000 (-3.8%) and \$68,000 (-66.8%), respectively, during 2021. The largest driver of the reduction was the \$131,000 (-40.6%) decline in length of service award program benefit claim.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

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> (Restated)	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department				
Cash and cash equivalents	\$ 1,236,202	\$ 2,819,096	\$ (1,582,894)	-56.15%
Receivables	560,643	452,620	108,023	23.87%
Management agreement	14,463,876	15,525,238	(1,061,362)	-6.84%
Capital assets, net	<u>6,421,608</u>	<u>5,303,382</u>	<u>1,118,226</u>	21.09%
Total assets	<u>22,682,329</u>	<u>24,100,336</u>	<u>(1,418,007)</u>	-5.88%
Deferred outflows of resources	<u>212,305</u>	<u>230,858</u>	<u>(18,553)</u>	-8.04%
Total assets and deferred outflows of resources	<u>\$ 22,894,634</u>	<u>\$ 24,331,194</u>	<u>\$ (1,436,560)</u>	-5.90%
Accounts payable and accrued expenses	\$ 37,664	\$ 71,766	\$ (34,102)	-47.52%
Bonds payable	7,859,680	8,833,456	(973,776)	-11.02%
Landfill closure/post-closure	27,698,377	21,783,439	5,914,938	27.15%
Due to other funds	<u>115,385</u>	<u>20,059</u>	<u>95,326</u>	475.23%
Total liabilities	<u>35,711,106</u>	<u>30,708,720</u>	<u>5,002,386</u>	16.29%
Net position	<u>(12,816,472)</u>	<u>(6,377,526)</u>	<u>(6,438,946)</u>	100.96%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 22,894,634</u>	<u>\$ 24,331,194</u>	<u>\$ (1,436,560)</u>	-5.90%
Pure Waters District				
Cash and cash equivalents	\$ 12,533,527	\$ 10,373,473	\$ 2,160,054	20.82%
Receivables	34,891	53,597	(18,706)	-34.90%
Due from other funds	3,660,361	2,899,767	760,594	26.23%
Capital assets, net	<u>21,995,255</u>	<u>21,563,029</u>	<u>432,226</u>	2.00%
Total assets	<u>38,224,034</u>	<u>34,889,866</u>	<u>3,334,168</u>	9.56%
Deferred outflow of resources	<u>3,229,383</u>	<u>2,756,716</u>	<u>472,667</u>	17.15%
Total assets and deferred outflows of resources	<u>\$ 41,453,417</u>	<u>\$ 37,646,582</u>	<u>\$ 3,806,835</u>	10.11%
Accounts payable and accrued expenses	\$ 1,379,434	\$ 1,135,743	\$ 243,691	21.46%
Bond anticipation note	4,212,000	3,485,000	727,000	20.86%
Bonds payable	27,225,261	25,843,371	1,381,890	5.35%
Other noncurrent	<u>7,993,221</u>	<u>8,819,905</u>	<u>(826,684)</u>	-9.37%
Total liabilities	<u>40,809,916</u>	<u>39,284,019</u>	<u>1,525,897</u>	3.88%
Deferred inflows of resources	2,350,991	1,024,904	1,326,087	129.39%
Net position	<u>(1,707,490)</u>	<u>(2,662,341)</u>	<u>954,851</u>	-35.87%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 41,453,417</u>	<u>\$ 37,646,582</u>	<u>\$ 3,806,835</u>	10.11%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u> (Restated)	<u>\$ Change</u>	<u>% Change</u>
Latham Water District				
Cash and cash equivalents	\$ 15,030,951	\$ 10,316,788	\$ 4,714,163	45.69%
Receivables	7,076,933	8,248,062	(1,171,129)	-14.20%
Due from other funds	237,460	679,520	(442,060)	-65.05%
Capital assets, net	39,461,715	41,444,221	(1,982,506)	-4.78%
Total assets	<u>61,807,059</u>	<u>60,688,591</u>	<u>1,118,468</u>	<u>1.84%</u>
Deferred outflow of resources	<u>5,783,262</u>	<u>5,180,722</u>	<u>602,540</u>	<u>11.63%</u>
Total assets and deferred outflows of resources	<u>\$ 67,590,321</u>	<u>\$ 65,869,313</u>	<u>\$ 1,721,008</u>	<u>2.61%</u>
Accounts payable and accrued expenses	\$ 1,104,873	\$ 1,067,272	\$ 37,601	3.52%
Bond anticipation & E.F.C. notes	3,736,000	4,941,500	(1,205,500)	-24.40%
Bonds payable	30,164,493	27,991,908	2,172,585	7.76%
Other noncurrent	14,975,762	17,474,454	(2,498,692)	-14.30%
Total liabilities	<u>49,981,128</u>	<u>51,475,134</u>	<u>(1,494,006)</u>	<u>-2.90%</u>
Deferred inflows of resources	4,795,131	1,827,130	2,968,001	162.44%
Net position	<u>12,814,062</u>	<u>12,567,049</u>	<u>247,013</u>	<u>1.97%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 67,590,321</u>	<u>\$ 65,869,313</u>	<u>\$ 1,721,008</u>	<u>2.61%</u>
Workers' Compensation Internal Service Fund				
Accounts payable and accrued expenses	\$ 1,569,306	\$ 1,420,921	\$ 148,385	10.44%
Total liabilities	<u>1,569,306</u>	<u>1,420,921</u>	<u>148,385</u>	<u>10.44%</u>
Net position	<u>(1,569,306)</u>	<u>(1,420,921)</u>	<u>(148,385)</u>	<u>10.44%</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u> (Restated)	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department				
Operating revenue	\$ 481,491	\$ 283,962	\$ 197,529	69.56%
Operating expenses	9,472,180	5,381,585	4,090,595	76.01%
Operating loss	<u>(8,990,689)</u>	<u>(5,097,623)</u>	<u>(3,893,066)</u>	<u>76.37%</u>
Non-operating revenues, net	4,551,743	13,486,283	(8,934,540)	-66.25%
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>0.00%</u>
Change in net position	<u>(6,438,946)</u>	<u>6,388,660</u>	<u>(12,827,606)</u>	<u>-200.79%</u>
Net position, <i>beginning of year</i>	<u>(6,377,526)</u>	<u>(12,766,186)</u>	<u>6,388,660</u>	<u>-50.04%</u>
Net position, <i>end of year</i>	<u>\$ (12,816,472)</u>	<u>\$ (6,377,526)</u>	<u>\$ (6,438,946)</u>	<u>100.96%</u>

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

	<u>Current Year</u>	<u>Prior Year</u> (Restated)	<u>\$ Change</u>	<u>% Change</u>
Pure Waters District				
Operating revenue	\$ 11,259,992	\$ 10,948,185	\$ 311,807	2.85%
Operating expenses	<u>9,661,718</u>	<u>9,808,261</u>	<u>(146,543)</u>	-1.49%
Operating income	1,598,274	1,139,924	458,350	40.21%
Non-operating expenses, net	<u>(643,423)</u>	<u>(727,355)</u>	<u>83,932</u>	-11.54%
Change in net position	954,851	412,569	542,282	131.44%
Net position, <i>beginning of year</i>	<u>(2,662,341)</u>	<u>(3,074,910)</u>	<u>349,384</u>	-11.36%
Net Position, end of year, <i>as restated</i>	<u>\$ (1,707,490)</u>	<u>\$ (2,662,341)</u>	<u>\$ 954,851</u>	-35.87%
Latham Water District				
Operating revenue	\$ 13,727,458	\$ 14,033,476	\$ (306,018)	-2.18%
Operating expenses	<u>13,647,274</u>	<u>14,508,204</u>	<u>(860,930)</u>	-5.93%
Operating income (loss)	80,184	(474,728)	554,912	-116.89%
Non-operating expenses, net	<u>166,829</u>	<u>(169,018)</u>	<u>335,847</u>	-198.70%
Change in net position	247,013	(643,746)	890,759	-138.37%
Net position, <i>beginning of year</i>	<u>12,567,049</u>	<u>13,210,795</u>	<u>(643,746)</u>	-4.87%
Net position, <i>end of year, as restated</i>	<u>\$ 12,814,062</u>	<u>\$ 12,567,049</u>	<u>\$ 247,013</u>	1.97%
Workers' Compensation Internal Service Fund				
Operating revenue	\$ 868,703	\$ 907,621	\$ (38,918)	-4.29%
Operating expenses	<u>1,017,088</u>	<u>1,055,354</u>	<u>(38,266)</u>	-3.63%
Change in net position	(148,385)	(147,733)	(652)	0.44%
Net position, <i>beginning of year</i>	<u>(1,420,921)</u>	<u>(1,273,188)</u>	<u>(147,733)</u>	11.60%
Net position, <i>end of year</i>	<u>\$ (1,569,306)</u>	<u>\$ (1,420,921)</u>	<u>\$ (148,385)</u>	10.44%

Environmental Services Department

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

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

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 cost of Area 7 construction will be borne entirely by the operator and will be recorded as non-operating revenue and contributed capital assets as cells are constructed. 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 and has been in use since 2019.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Environmental Services Department - Continued

During 2021, Area 7 Cell #2A was placed in service. It has an airspace capacity of 807,000 cubic yards, representing 8% of the landfill Area 7 capacity and a projected operational lifespan of 1.4 years at the maximum permitted disposal rates. The associated capital asset and non-operating revenue recognized in 2021 amounted to \$4,475,000. 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 called 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 \$1,437,000 due to use of cash balances in the amount of \$1,583,000 to pay debt service and operating costs. The management agreement receivable declined \$1,061,000 as scheduled under the repayment agreement, but was offset by increased landfill gas to energy generation receivables due to higher energy prices, and the net increased investment in capital assets of \$1,118,000 as discussed above.

Total liabilities increased \$5.0 million during 2021, driven primarily by the \$5.9 million increase in landfill closure and post-closure liability, from continued use of the landfill. Accrued expenses, which are primarily debt service related, and bonds payable declined \$1,008,000 as prescribed by the maturity schedules of the outstanding debt. Interfund liabilities increased by \$95,000 as a function of the timing of invoices around year end.

Net position declined \$6.4 million as a result of expenses exceeding revenues for the year ended 2021.

With positive changes in the utility market, the methane gas to energy operation generated improved results and exceeded 2020 results by \$198,000 by generating about \$476,000 of revenue.

Operating expenses increased \$4,091,000 from 2020 to 2021, primarily the result of increased landfill closure and post-closure liability from use of Area 7 Cells #1 and #2A which increased 3.9 million. Liability insurance increased \$28,000 and the cost of hosting household hazardous waste day increased \$55,000. Depreciation expense also increased \$81,000 from continued use of the landfill.

Net non-operating revenue, net of non-operating expenses, declined \$8.9 million from 2020 to 2021. 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 in December 2020. This payment and the change in effective discount rate of the long-term receivable in 2020 caused the \$13.4 million decline in use of property. The other significant fluctuation relates to capital assets contributed by the landfill operator, with the completion of construction on area 7 cell 2A in 2021, which resulted in \$4,475,000 in related revenue in this year, compared to the \$302,000 recognized in 2020 for the relocation of the entrance to the landfill, and constructed three new structures. In 2020, the contributed capital items resulted in the demolition of several existing capital assets which resulted on a loss on disposal of about \$427,000 in that year. Interest expense declined \$15,000 as expected.

Additionally, in December 2021, the Town refunded the existing 2014 serial bond which resulted in future interest savings; however, it came with the recognition of \$115,000 in cost of issuance for the bond. Issuance costs were paid for through premium revenues received on the bond, which will be amortized against interest expense over the life of the refunding bond.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Pure Waters District

Assets and deferred outflows of resources increased by approximately \$3.8 million driven by net positive cashflow of \$2.2 million and increases in the deferred outflows of resources related to pensions and OPEB of \$473,000. This was enhanced by an increase in advances to other funds of \$761,000 due to cashflow shortfalls and the timing of the payment of invoices around year end. There was also a positive investment in capital assets with the continued implementation of the Town's infrastructure improvement plan.

The liabilities and deferred inflows of resources increased approximately \$3.1 million. This was primarily from the changes in liabilities for the recognition of other post-employment benefits (OPEB) and net pension liability, which increased \$736,000. This was enhanced by the anticipated net increase in bonds and bond anticipation notes of \$2.1 million from the continuation of the infrastructure improvement plans. Accrued expenses and other current liabilities increased \$243,000, driven by a \$229,000 increase in accrued expenses related to the timing of invoices around year end, and \$54,000 of increased payroll accruals as a result of settled collective bargaining unit contracts.

The deficit net position improved by \$732,000 from 2020 to 2021, primarily due to the positive operating results during 2021 of \$955,000. The opening net position had to be restated for an error in the 2020 calculation of the other post-employment benefit liability, increasing the 2020 deficit net position by \$223,000.

Overall, operating revenue increased approximately 2.85%, or \$312,000, over the prior year, primarily the result of an increase in the ad valorem tax. There was a \$95,000 decrease in other operating revenue related to timing of permits issued (\$59,000) and the reimbursement of costs incurred on behalf of a large usage customer in the amount of \$37,000.

Operating expenses remained virtually unchanged in total from 2020 to 2021, with an increase of \$76,000 (0.80%). The negotiated collective bargaining agreements included a 2% retroactive pay increase during 2021, but due to staff turnover and vacancies salaries and wages only increased \$13,000 during 2021, or 0.61%. Depreciation expense increased \$75,000 from increased investment in the Pure Water's District infrastructure plan. Liability insurance increased \$29,000 (30.0%) because of pressures within the insurance market. Supplies, materials and operating expenses increased \$413,000, or 10%. This was the result of \$360,000 more in system failure repairs in 2021 than in 2020. Additionally, energy costs increased about \$36,000 at the various substations maintained by the Pure Water District.

All of these increases were offset by a decrease in total benefits expense of \$570,000, or (-31.6%), from 2020 to 2021. The unusual decline in benefits expense resulted because of the impacts of the change in OPEB and pension liabilities, which decreased a total of \$502,000. Benefits exclusive of this impact would have amounted to \$1,331,000 for the year and would have increased by \$49,000, or 3.8%, when compared to the same pre-OPEB and pension liability figures from 2020 (\$1,282,129). This increase was driven by \$14,000 (5.0%) in higher required contributions to the New York State Retirement Systems and health insurance costs that increased \$46,000 (6.5%). These increases were offset by reductions in the Town's share of payroll taxes by \$1,000 (-.80%) and claims compensated absences \$18,000 (-33.8%). Workers' compensation claims also increased by \$8,000, or 6.5%.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Pure Waters District - Continued

Non-operating expenses in excess of non-operating revenue decreased by \$84,000 from 2020 to 2021. Interest earnings declined by \$8,000 due to the economic impact of the pandemic, while interest expense increased by \$2,000. The proceeds from the sale of assets resulted in \$78,000 additional proceeds in 2021, and the Town's hydroelectric generation contract resulted in \$50,000 of additional revenue to offset utility costs that did not occur in 2020.

Additionally, in March 2021, the Town refunded the existing 2014 serial bond which resulted in future interest savings, however it came with the recognition of \$34,000 in cost of issuance for the bond. This was paid for through premium revenues received on the bond, which will be amortized against interest expense over the life of the refunding bond.

Latham Water District

Latham Water saw an increase in total assets and deferred outflows of resources of approximately \$1,721,000. This was the result of net positive cashflow of \$4.7 million and increases in the deferred outflows of resources related to pensions and OPEB of \$603,000. These increases were offset by declines in both third-party and interfund receivables and the net investment in capital assets. The decrease in water usage receivables of \$126,000 was the result of from a budgeted rate increase offset by declines in water consumption during 2021. This also reflects the collection of intergovernmental receivables from 2020 in the amount of \$1,084,000. There was also a net depreciation of the investment in capital assets of \$1.93 million due to the timing of projects within the District's capital plan.

The liabilities and deferred inflows of resources increased approximately \$1,804,000. This was partially from the changes in liabilities for the recognition of other post-employment benefits (OPEB) and net pension liability, which increased \$860,000. The net increase related to the net issuance of bonds, bond anticipation notes, and New York State Environmental Facilities Corporation (EFC) term notes was \$967,000. The balance of the change was primarily a decrease in long-term amounts due to the New York State Retirement System (\$99,000) offset by increased payroll accruals of \$101,000 as a result of negotiated collective bargaining agreements.

Net position declined by \$83,000 from 2020 to 2021, primarily due to fact that the opening net position had to be restated for an error in the 2020 calculation of the other post-employment benefit liability, decreasing the 2020 net position by \$330,000. The Latham Water District generated a positive change in net position of \$247,000 for 2021.

The Town implemented a minor rate increase of 5 cents, or 1.4%, during 2021 that was offset by a 7.9% decrease in consumption, which drove the charges for services to decline by \$331,000, when compared to 2020.

Total operating expenses decreased 3.7%, or approximately \$531,000. The negotiated collective bargaining agreements included a 2% retroactive pay increase during 2021, this plus replacement of 2020 vacant positions resulted in an increase in salaries and wages of \$191,000 during 2021, or 5.6%. Depreciation expense remained flat with a slight increase of \$5,000. Liability insurance increased \$42,000 (33.0%) because of pressures within the insurance market. Supplies, materials and operating expenses increased \$368,000, or 8.4%. This increase was primarily driven by the necessary sludge hauling from the drying lagoons offset by less expensed infrastructure repairs.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Financial Analysis of the Town's Financial Statements - Continued

Latham Water District - Continued

All of these increases were offset by a decrease in total benefits expense of \$1,130,000, or (-30.3%), from 2020 to 2021. The unusual decline in benefits expense resulted because of the impacts of the change in OPEB and pension liabilities, which decreased a total of \$1,100,000. Benefits exclusive of this impact would have amounted to \$2,677,000 for the year and would have decreased by \$30,000, or 1.1%, when compared to the same pre-OPEB and pension liability figures from 2020 (\$2,707,000). This increase was driven by \$30,000 (5.0%) in higher required contributions to the New York State Retirement Systems but a health insurance cost decreased of \$65,000 (-4.1%). This net decrease was offset by increases in the Town's share of payroll taxes by \$10,000 (3.9%) and claims for workers' compensation benefits of \$19,000 (7.4%). Claims for compensated absences decreased by \$25,000, or -28.7%.

Non-operating expenses in excess of non-operating revenues decreased by \$336,000, resulting in a net non-operating revenue of \$167,000 in 2021. Approximately \$6,000 was from depressed interest rates received on cash balances during 2021 due to the economic impact of the pandemic, but the majority of the decrease was from an Environmental Facilities Corporation Drinking Water grant close out during 2021. 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 2020, approximately \$81,000 of the grant proceeds were received, versus the \$286,000 received in 2021. Use of property increased \$48,000 from increased rates on water tank spaced to telecommunication companies. Another significant revenue that was not present in 2020 was the \$178,000 generated under the Town's hydroelectric generation contract, which was used to offset energy costs.

Additionally, in March 2021, the Town refunded the existing 2014 serial bond which resulted in future interest savings, however it came with the recognition of \$38,000 in cost of issuance for the bond. Issuance costs were paid for through premium revenues received on the bond, which will be amortized against interest expense over the life of the refunding bond.

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 2021 was approximately \$39,000 lower than in 2020, which is the result of lower claims payouts during 2021. However, due to number of new claims open as of December 31, 2021, this decline was offset by a \$148,000 increase in the liability. This resulted in approximately \$38,000 decrease in expense when compared to 2020.

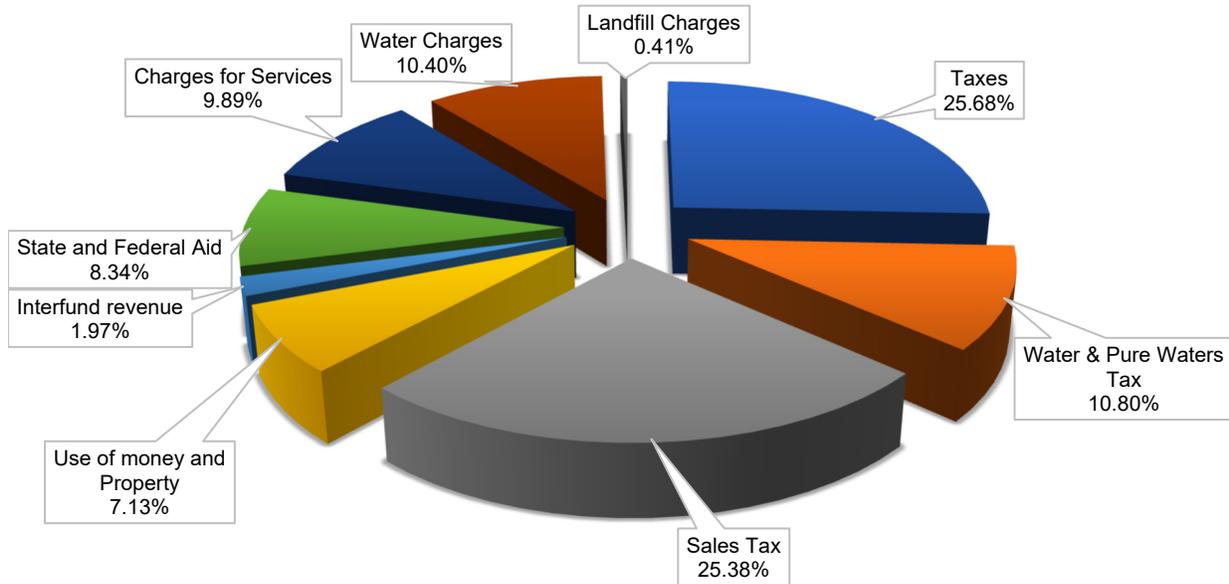
Town of Colonie, New York

Management's Discussion and Analysis
December 31, 2021

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

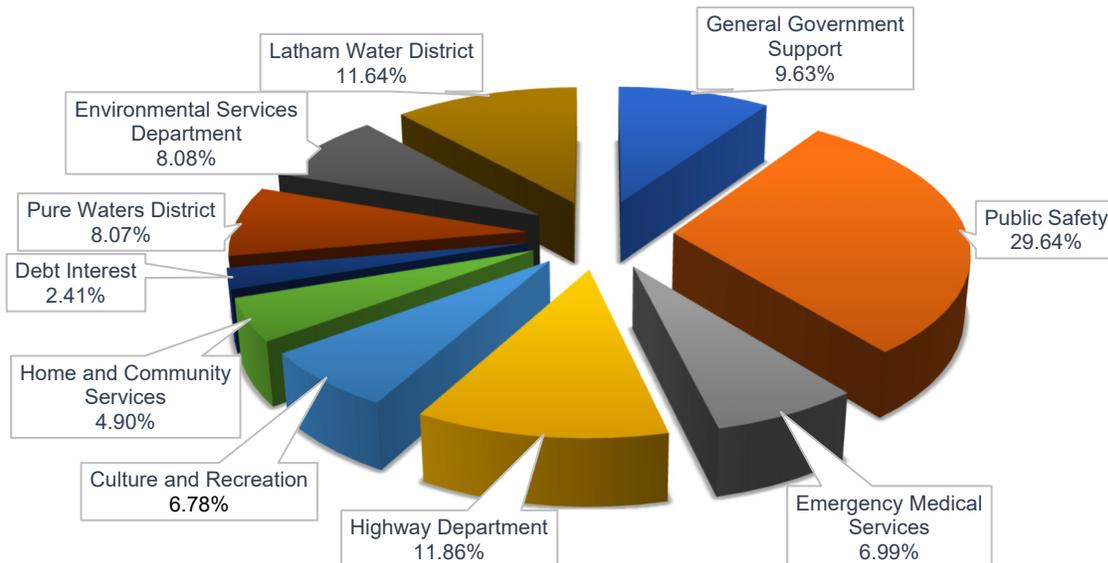
2021 Summary of Town-Wide Revenues (accrual basis)

Total Revenue by Major Category



2021 Summary of Town-Wide Expenses (accrual basis)

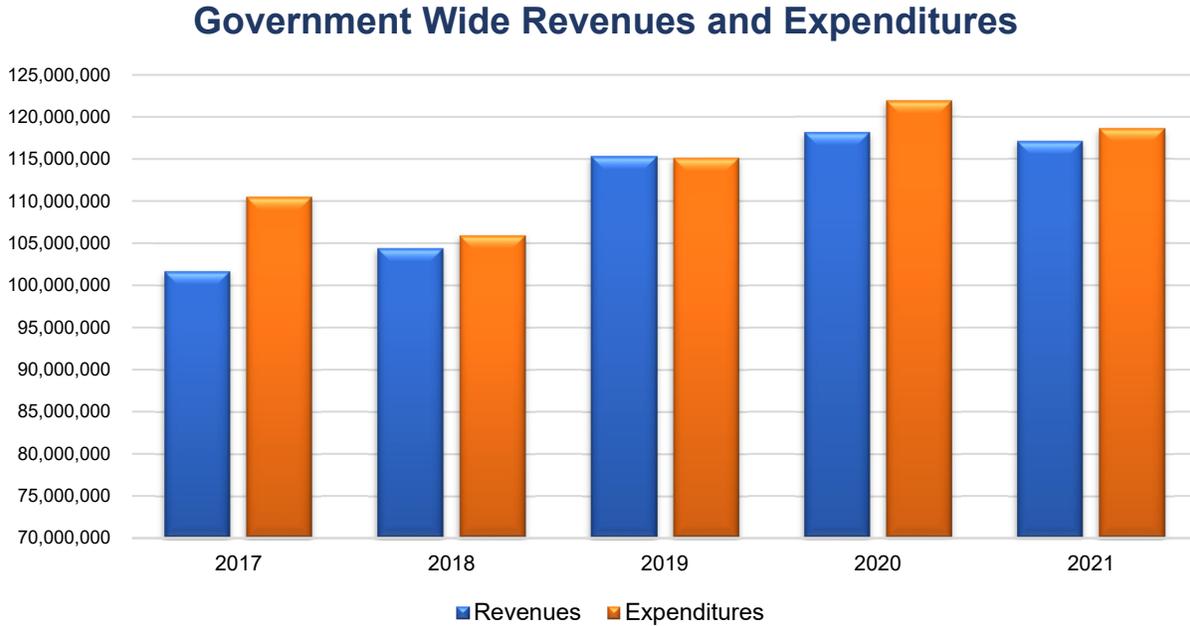
Total Expenses by Functional Area



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

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 \$15.8 and \$125.0 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, and BANs) to \$119.95 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

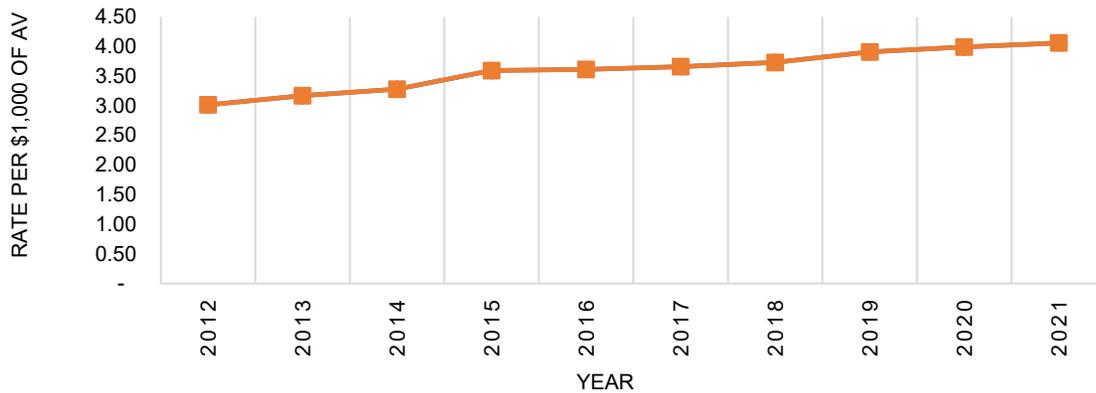
Management's Discussion and Analysis December 31, 2021

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

The graph below shows the real property taxes levied from 2012 to 2021.

Tax Rates

PROPERTY TAX RATE HISTORY



It should 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 through 2022, 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 90 and 91. The following are a few significant budgetary items during 2021.

Within the General Town-wide Fund, there were two sources of revenue that significantly exceed the adopted budget. Both are sensitive to economic conditions and have increased significantly when compared to 2020, as the Capital District Area's economic has improved post-pandemic. Sales tax exceeded both the adopted and modified budget by, \$4.8 million and \$3 million, respectively. State aid from mortgage tax also exceeded budget by \$1.1 million.

Within the General Fund actual expenditures exceeded the originally adopted budget, but there were sufficient unanticipated revenue sources to provide for these additional appropriations.

The Highway Fund did not require the original sales tax allocated within the budget to provide for its appropriations during 2021, so it was reallocated to the General Town-wide Fund. The Town's allocation of New York State Consolidated Highway Improvement Project Aid increased significantly from the anticipated budget, which was amended to recognize the additional \$553,000 in revenue to provide for the related appropriations.

In all funds, any areas of over expenditure were able to be offset by areas that were under budget in 2021.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Capital Assets and Debt

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounted to approximately \$128,252,000 (net of accumulated depreciation and disposals), a \$2,432,000 net decrease 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)

\$ 24,000	Public Safety Building facility improvements
108,000	Public safety training facility construction/improvements
123,000	Town Hall generator replacement
57,000	Municipal Training Center site improvements
15,000	Athletic Complex concession stand improvements
10,000	Pocket Park improvements
6,000	Pruyn House Cultural Center facility improvements
53,000	Computer hardware (7 items)
12,000	Computer software (2 items)
36,000	General Services equipment (2 items)
802,000	Emergency Medical Services vehicles and equipment (11 items)
351,000	Police vehicles and equipment (14 items)
82,000	Recreation vehicles and equipment (3 items)
18,000	Open space acquisition and park development
37,000	Building and Fire Services vehicles and equipment (1 item)
22,000	Planning and economic development vehicle (1 item)

Library Fund

\$ 88,000	Library facility improvements
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Highway

\$ 446,000	Highway vehicles and equipment (6 items)
86,000	Salt shed improvements

Environmental Services

\$ 4,475,000	Landfill Area 7 Cell 2A
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Pure Waters District

\$ 487,000	Sewer treatment plant improvements
735,000	Sewer pump station improvements
460,000	Sewer main improvements
534,000	Vehicles and equipment (3 units)

Latham Water District

\$ 6,000	Water storage system rehabilitations
177,000	Water Source improvements
334,000	Vehicles and equipment (9 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, 2021, is approximately \$119,953,000.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Capital Assets and Debt - Continued

This represents an increase of \$3,147,000 over the previous year, or 2.7%. This total includes approximately \$2.4 million of unamortized premium on the issuance of bonds that will be amortized against interest expense over the next 13 years.

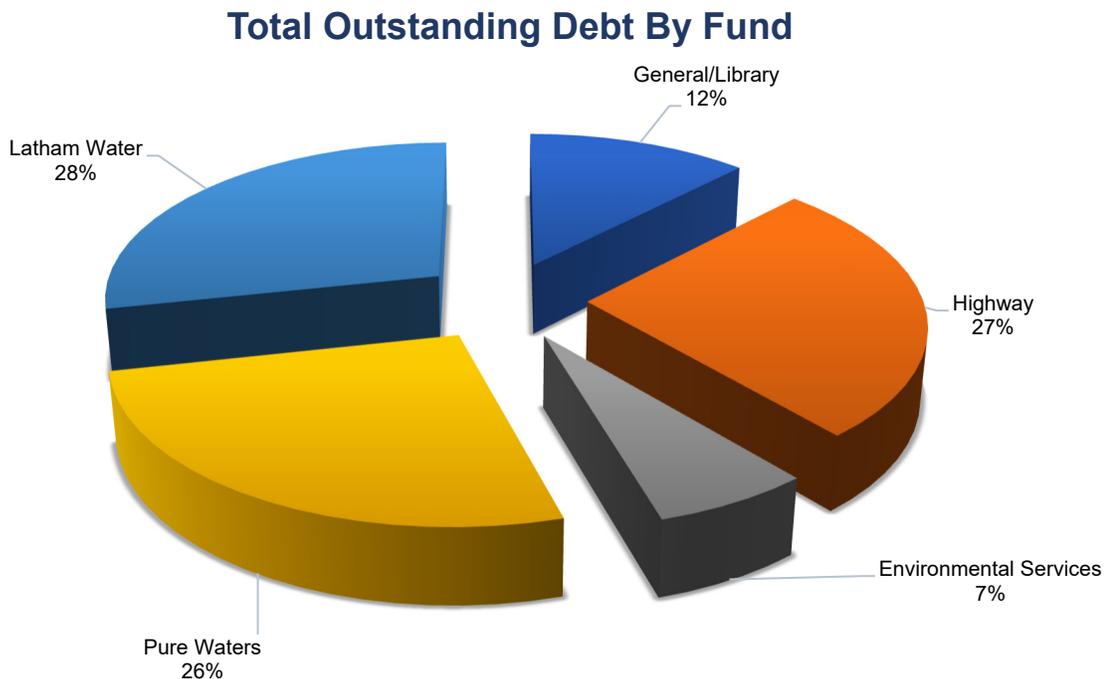
As of December 31, 2021, a summary of the Town's unused debt limit is as follows:

Town's legal debt limit	<u>\$ 681,315,375</u>
Town's indebtedness	112,476,166
Less legal exclusion	<u>41,694,554</u>
Net indebtedness	<u>70,781,612</u>
Deduct net indebtedness	<u>70,781,612</u>
Town's unused debt limit	<u><u>\$ 610,533,763</u></u>
Percent of legal indebtedness used	10.39%

2021 Summary of Total Outstanding Debt by Fund

As of December 31, 2021, the Town's debt was rated A+, with a positive outlook, by Standard and Poor's Rating Services and A3 by Moody's Investor Service. 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, 2021 by fund.



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2021

Liquidity and Capital Resources

After a long period of fiscal uncertainty, the Town has achieved its goal of financial stability. This occurred through 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
2021	9,134,253

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, 2021, the Town has outstanding debt related to these amortizations totaling approximately \$2,949,000. 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, 2021

Economic Factors for Future Budgets - 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. During the most recently settled collective bargaining contracts the Town obtained concessions on its contributions to post-employment health benefits for employees hired after January 1, 2022. This is a significant step to ease these costs for the future.

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
2021	13,061,257

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, 2021		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 32,241,081	\$ 27,914,757	\$ 60,155,838
Cash and cash equivalents, restricted	2,413,996	885,923	3,299,919
Investments, restricted	4,174,263	-	4,174,263
Accounts receivables, net	2,967,671	7,316,794	10,284,465
Management agreement proceeds, current portion	-	909,329	909,329
Internal balances	(3,782,436)	3,782,436	-
State and Federal aid receivables	8,876	-	8,876
Due from other governments	10,989,105	355,673	11,344,778
Other assets	18,585	-	18,585
NONCURRENT ASSETS			
Management agreement proceeds, less current portion	-	13,554,547	13,554,547
Capital assets, net of depreciation	60,373,485	67,878,578	128,252,063
Total assets	109,404,626	122,598,037	232,002,663
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions and LOSAP	38,655,320	4,157,363	42,812,683
Deferred resources related to OPEB	21,263,555	4,524,056	25,787,611
Deferred resources related to defeased bonds	287,682	543,531	831,213
	60,206,557	9,224,950	69,431,507
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3,309,538	-	3,309,538
Accrued liabilities	2,107,214	708,321	2,815,535
Retainage payable	16,590	75,722	92,312
Other liabilities	1,837,137	529,837	2,366,974
Unearned revenue	4,862,945	15,141	4,878,086
Due to other governments	6,615,925	1,181,471	7,797,396
Accrued interest	273,260	426,422	699,682
Current portion of bonds anticipation notes	590,000	10,000	600,000
Current portion of bonds payable	4,771,735	6,483,460	11,255,195
Current portion of installment purchase debts	27,627	-	27,627
Current portion of pension related debt	998,171	114,894	1,113,065

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Government-Wide Financial Statements Statement of Net Position - Continued

	December 31, 2021		
	Governmental Activities	Business-Type Activities	Total
NONCURRENT LIABILITIES			
Bond anticipation notes, less current portion	6,327,000	7,938,000	14,265,000
Bonds payable, less current portion	35,038,795	58,765,974	93,804,769
Judgments and claims	44,261	92,445	136,706
Other liabilities	3,423,858	-	3,423,858
Landfill closure and post-closure costs	-	27,698,377	27,698,377
Pension related debt, less current portion	1,655,579	180,673	1,836,252
Compensated absences	4,960,415	792,611	5,753,026
Net pension liabilities	6,364,019	17,330	6,381,349
LOSAP pension liability	5,813,654	-	5,813,654
Other postemployment benefits liability (OPEB)	114,899,272	21,885,924	136,785,196
Total liabilities	203,938,595	126,916,602	330,855,197
DEFERRED INFLOWS OF RESOURCES			
Deferred resources related to pensions and LOSAP	41,359,829	5,063,551	46,423,380
Deferred resources related to OPEB	11,893,822	2,082,571	13,976,393
	53,253,651	7,146,122	60,399,773
NET POSITION			
Net investment in capital assets	10,394,470	(5,318,856)	5,075,614
Restricted	438,464	885,923	1,324,387
Unrestricted (deficit)	(98,413,997)	2,193,196	(96,220,801)
TOTAL NET POSITION	\$ (87,581,063)	\$ (2,239,737)	\$ (89,820,800)

Town of Colonie, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities								
General government support	\$ 11,411,703	\$ 707,204	\$ -	\$ -	\$ (10,704,499)	\$ -	\$ (10,704,499)	
Public safety	35,143,253	2,171,461	254,120	74,569	(32,643,103)	-	(32,643,103)	
Public health	8,290,351	5,830,562	63,312	-	(2,396,477)	-	(2,396,477)	
Transportation	14,064,573	334,379	1,116,153	-	(12,614,041)	-	(12,614,041)	
Economic assistance and opportunity	608	-	-	-	(608)	-	(608)	
Culture and recreation	8,036,363	1,632,204	129,595	-	(6,274,564)	-	(6,274,564)	
Home and community services	5,809,472	671,738	3,624,731	-	(1,513,003)	-	(1,513,003)	
Debt interest	989,345	-	-	-	(989,345)	-	(989,345)	
Total governmental activities	83,745,668	11,347,548	5,187,911	74,569	(67,135,640)	-	(67,135,640)	
Business-type activities								
Environmental Services Department	9,980,188	481,491	-	4,475,000	-	(5,023,697)	(5,023,697)	
Pure Waters Department	10,320,275	167,338	-	-	-	(10,152,937)	(10,152,937)	
Latham Water Department	14,518,095	12,173,941	-	285,760	-	(2,058,394)	(2,058,394)	
Total business-type activities	34,818,558	12,822,770	-	4,760,760	-	(17,235,028)	(17,235,028)	
Total	\$ 118,564,226	\$ 24,170,318	\$ 5,187,911	\$ 4,835,329	(67,135,640)	(17,235,028)	(84,370,668)	
GENERAL REVENUES								
					30,052,179	12,646,171	42,698,350	
					29,706,037	-	29,706,037	
					261,184	19,958	281,142	
					1,600,186	1,024,546	2,624,732	
					74,180	99,160	173,340	
					307,935	227,796	535,731	
					2,305,793	-	2,305,793	
					256,044	-	256,044	
					4,271,465	-	4,271,465	
					68,835,003	14,017,631	82,852,634	
					2,000,000	(2,000,000)	-	
					70,835,003	12,017,631	82,852,634	
					3,699,363	(5,217,397)	(1,518,034)	
					NET POSITION, beginning of year, as originally reported	(88,044,097)	3,530,959	(84,513,138)
					Prior period adjustment	(3,236,329)	(553,299)	(3,789,628)
					NET POSITION, beginning of year, as restated	(91,280,426)	2,977,660	(88,302,766)
					NET POSITION, end of year	\$ (87,581,063)	\$ (2,239,737)	\$ (89,820,800)

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2021

	Major Funds					Total Governmental Funds
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 10,494,214	\$ 12,371,709	\$ 469,310	\$ 6,746,893	\$ 2,158,955	\$ 32,241,081
Cash and cash equivalents, restricted	772,607	-	1,151,444	-	489,945	2,413,996
Investments	-	-	-	-	4,174,263	4,174,263
State and Federal aid receivables	-	-	-	-	8,876	8,876
Due from other governments	9,241,413	-	1,401,816	-	345,876	10,989,105
Accounts receivable, net	2,942,772	-	4,933	-	19,966	2,967,671
Due from other funds	454,853	-	-	537,496	589,310	1,581,659
Other assets	9,840	-	-	-	8,745	18,585
Total assets	<u>\$ 23,915,699</u>	<u>\$ 12,371,709</u>	<u>\$ 3,027,503</u>	<u>\$ 7,284,389</u>	<u>\$ 7,795,936</u>	<u>\$ 54,395,236</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 3,288,021	\$ -	\$ -	\$ -	\$ 21,517	\$ 3,309,538
Accrued liabilities	1,659,266	-	174,727	6,487	266,734	2,107,214
Other liabilities	278,226	-	406,850	-	112,592	797,668
Bond anticipation notes payable	200,000	-	-	390,000	-	590,000
Due to other governments	5,254,677	468,804	409,037	-	483,407	6,615,925
Due to other funds	5,026,227	7,800	194,034	-	137,634	5,365,695
Unearned revenue	4,658,291	-	-	-	204,654	4,862,945
Total liabilities	<u>20,364,708</u>	<u>476,604</u>	<u>1,184,648</u>	<u>396,487</u>	<u>1,226,538</u>	<u>23,648,985</u>
DEFERRED INFLOWS OF RESOURCES						
Revenue earned but unavailable	-	-	-	-	12,790	12,790
FUND BALANCE						
Restricted	419,732	-	-	-	4,326,664	4,746,396
Committed, assigned, and unassigned	3,131,259	11,895,105	1,842,855	6,887,902	2,229,944	25,987,065
Total fund balance	<u>3,550,991</u>	<u>11,895,105</u>	<u>1,842,855</u>	<u>6,887,902</u>	<u>6,556,608</u>	<u>30,733,461</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 23,915,699</u>	<u>\$ 12,371,709</u>	<u>\$ 3,027,503</u>	<u>\$ 7,284,389</u>	<u>\$ 7,795,936</u>	<u>\$ 54,395,236</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

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

	<u>December 31, 2021</u>
Total fund balance in the fund financial statements for the governmental funds	\$ 30,733,461
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.	60,373,485
<i>Liabilities</i>	
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements.	(273,260)
Liabilities for retainage payable on construction commitments are included in the government-wide financial statements.	(16,590)
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	(2,653,750)
Due to employees for compensated absences	(4,960,415)
Net pension liabilities and LOSAP pension liability	(12,177,673)
Due to employees for other postemployment benefits	<u>(114,899,272)</u>
	(134,691,110)
Bonded, long-term bond anticipation notes, installment purchase and other debt liabilities are included in the government-wide financial statements.	(49,589,015)
Liabilities for judgments and claims are included in the government-wide financial statements.	(44,261)
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.	(1,039,469)
<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	60,206,557
Deferred inflows	<u>(53,253,651)</u>
	6,952,906
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	12,790
<i>Interfund Activity</i>	
Amounts due between the various governmental activities are eliminated in the government-wide financial statements:	
Due from other funds	1,466,274
Due to other funds	<u>(1,466,274)</u>
	-
Total net position per statement of net position	<u>\$ (87,581,063)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

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

	Year Ended December 31, 2021					
	Major Funds					
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Real property taxes and tax items	\$ 22,631,097	\$ -	\$ -	\$ -	\$ 7,421,082	\$ 30,052,179
Sales and use tax	16,834,642	-	10,597,824	-	2,273,571	29,706,037
Departmental income	7,764,901	585,236	66,742	-	727,380	9,144,259
Intergovernmental charges	166,624	-	6,559	-	30,000	203,183
Interest and use of property	1,593,505	6,087	15,656	6,346	265,354	1,886,948
Licenses and permits	68,942	-	3,000	-	1,426,078	1,498,020
Fines and forfeitures	493,594	-	-	-	-	493,594
Miscellaneous	29,285	-	-	-	467,374	496,659
Interfund revenues	2,449,626	-	-	-	-	2,449,626
State aid	3,935,516	-	1,116,153	-	23,305	5,074,974
Federal aid	376,573	-	-	1,100	3,624,731	4,002,404
Total revenues	<u>56,344,305</u>	<u>591,323</u>	<u>11,805,934</u>	<u>7,446</u>	<u>16,258,875</u>	<u>85,007,883</u>
EXPENDITURES						
General government support	8,519,862	-	-	53,098	209,486	8,782,446
Public safety	16,320,901	-	-	-	5,669,813	21,990,714
Health	5,078,082	-	-	29,117	4,399	5,111,598
Transportation	521,226	17,213	6,119,817	2,454,204	827,035	9,939,495
Economic assistance and opportunity	608	-	-	-	-	608
Culture and recreation	3,820,593	-	-	56,078	1,831,481	5,708,152
Home and community services	129,075	-	-	-	5,073,689	5,202,764
Employee benefits	18,251,588	-	2,440,171	-	2,380,263	23,072,022
Debt service, principal	2,026,160	-	2,540,372	-	165,783	4,732,315
Debt service, interest	296,227	-	781,970	-	55,502	1,133,699
Capital outlay	37,496	20,000	-	2,420,027	18,393	2,495,916
Total expenditures	<u>55,001,818</u>	<u>37,213</u>	<u>11,882,330</u>	<u>5,012,524</u>	<u>16,235,844</u>	<u>88,169,729</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of serial bonds	-	-	-	-	3,078,027	3,078,027
Proceeds from issuance of bond anticipation notes	-	-	-	6,182,000	-	6,182,000
Premium on issuance of debt	-	-	-	273,504	293,125	566,629
Sale of property and compensation for loss	61,738	-	106,345	22,501	191,531	382,115
Payment to escrow agent	-	-	-	-	(3,371,152)	(3,371,152)
Transfers in (out) from other funds	2,000,000	-	-	-	-	2,000,000
Total other financing sources (uses)	<u>2,061,738</u>	<u>-</u>	<u>106,345</u>	<u>6,478,005</u>	<u>191,531</u>	<u>8,837,619</u>
NET CHANGE IN FUND BALANCE	3,404,225	554,110	29,949	1,472,927	214,562	5,675,773
FUND BALANCE, beginning of year	<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>
FUND BALANCE, end of year	<u>\$ 3,550,991</u>	<u>\$ 11,895,105</u>	<u>\$ 1,842,855</u>	<u>\$ 6,887,902</u>	<u>\$ 6,556,608</u>	<u>\$ 30,733,461</u>

See accompanying Notes to Financial Statements.

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, 2021</u>
Net change in fund balance, total governmental funds	\$ 5,675,773
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.	2,495,916
Governmental funds do not report depreciation expense. This is the total depreciation expense reported in the statement of activities.	(4,378,313)
Governmental funds do not recognize the effect of revenues that do not provide current financial resources in the fund financial statements.	8,492
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.	78,392
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.	(1,441,275)
Certain expenses reported in the governmental funds were reclassified as prepaid expenses in the statement of activities, and payables were reported in the statement of activities for expenses that will be recognized in the governmental funds in following years.	1,149,923
Governmental funds do not recognize the effect of the changes in the net pension liability and other postemployment benefit obligations in the fund financial statements.	
Net pension liabilities and LOSAP pension liability	1,492,727
Other postemployment benefit obligations	(1,214,202)
	278,525
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.	(168,070)
Governmental activities changes in net position per statement of activities	<u>\$ 3,699,363</u>

Town of Colonie, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2021				
ASSETS AND DEFERRED OUTFLOW OF RESOURCES	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,212,724	\$ 12,080,652	\$ 14,621,381	\$ 27,914,757	\$ -
Cash and cash equivalents, restricted	23,478	452,875	409,570	885,923	-
Accounts receivables, net	535,105	34,891	6,746,798	7,316,794	-
Management agreement proceeds, current portion	909,329	-	-	909,329	-
Due from other governments	25,538	-	330,135	355,673	-
Due from governmental activities	-	3,660,361	237,460	3,897,821	-
NONCURRENT ASSETS					
Management agreement proceeds, less current portion	13,554,547	-	-	13,554,547	-
Capital assets, net	6,421,608	21,995,255	39,461,715	67,878,578	-
Total assets	<u>22,682,329</u>	<u>38,224,034</u>	<u>61,807,059</u>	<u>122,713,422</u>	<u>-</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred resources related to pensions	-	1,312,647	2,844,716	4,157,363	-
Deferred resources related to OPEB	-	1,683,064	2,840,992	4,524,056	-
Deferred resources related to defeased bonds	212,305	233,672	97,554	543,531	-
	<u>212,305</u>	<u>3,229,383</u>	<u>5,783,262</u>	<u>9,224,950</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Accrued expenses	3,900	390,862	313,559	708,321	-
Retainage payable	-	42,013	33,709	75,722	-
Other liabilities	-	-	-	-	1,569,306
Unearned revenue	-	-	15,141	15,141	-
Due to governmental activities	115,385	-	-	115,385	-
Due to other governments	-	698,064	483,407	1,181,471	-
Accrued interest	33,764	212,213	180,445	426,422	-
Bond anticipation notes payable, current portion	-	10,000	-	10,000	-
Current portion of bonds payable	1,180,520	2,302,097	3,000,843	6,483,460	-
Current portion of pension related debt	-	36,282	78,612	114,894	-
NONCURRENT LIABILITIES					
Bond anticipation notes payable, less current portion	-	4,202,000	3,736,000	7,938,000	-
Bonds payable, less current portion	6,679,160	24,923,164	27,163,650	58,765,974	-
Judgments and claims	-	37,783	54,662	92,445	-
Landfill closure and post-closure costs	27,698,377	-	-	27,698,377	-
Pension related debt, less current portion	-	55,654	125,019	180,673	-
Compensated absences	-	342,221	450,390	792,611	-
Net pension liability	-	5,473	11,857	17,330	-
Other postemployment benefits obligation	-	7,552,090	14,333,834	21,885,924	-
Total liabilities	<u>35,711,106</u>	<u>40,809,916</u>	<u>49,981,128</u>	<u>126,502,150</u>	<u>1,569,306</u>
DEFERRED INFLOW OF RESOURCES					
Deferred resources related to pensions	-	1,599,018	3,464,533	5,063,551	-
Deferred resources related to OPEB	-	751,973	1,330,598	2,082,571	-
Total deferred inflow of resources	<u>-</u>	<u>2,350,991</u>	<u>4,795,131</u>	<u>7,146,122</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	(1,438,072)	(9,442,006)	5,561,222	(5,318,856)	-
Restricted for other purposes	23,478	452,875	409,570	885,923	-
Unrestricted (deficit)	<u>(11,401,878)</u>	<u>7,281,641</u>	<u>6,843,270</u>	<u>2,723,033</u>	<u>(1,569,306)</u>
Total net position	<u>\$ (12,816,472)</u>	<u>\$ (1,707,490)</u>	<u>\$ 12,814,062</u>	<u>\$ (1,709,900)</u>	<u>\$ (1,569,306)</u>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				<u>(529,837)</u>	
Net assets of business-type activities				<u>\$ (2,239,737)</u>	

See accompanying Notes to Financial Statements.

Town of Colonie, New York

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

	Year Ended December 31, 2021				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 476,286	\$ 161,603	\$ 12,122,931	\$ 12,760,820	\$ 868,703
Ad valorem tax	-	11,092,654	1,553,517	12,646,171	-
Miscellaneous services	5,205	5,735	51,010	61,950	-
Total operating revenues	481,491	11,259,992	13,727,458	25,468,941	868,703
OPERATING EXPENSES					
Personal services	-	2,154,826	3,632,558	5,787,384	-
Employee benefits	5,949	1,351,151	2,594,800	3,951,900	1,017,088
Supplies, materials, and services	74,759	4,262,018	4,750,622	9,087,399	-
Insurance	119,760	122,757	169,921	412,438	-
Depreciation	3,356,774	1,770,966	2,499,373	7,627,113	-
Closure and post-closure costs	5,914,938	-	-	5,914,938	-
Total operating expenses	9,472,180	9,661,718	13,647,274	32,781,172	1,017,088
Operating income (loss)	(8,990,689)	1,598,274	80,184	(7,312,231)	(148,385)
NONOPERATING REVENUES (EXPENSES)					
Use of property	589,631	-	434,915	1,024,546	-
Gain (loss) on sale of capital assets	-	81,210	17,950	99,160	-
Compensation for losses	-	50,289	177,507	227,796	-
State aid, capital grants	-	-	285,760	285,760	-
Payments to escrow agent	(115,740)	(33,785)	(37,660)	(187,185)	-
Contributed Capital Assets	4,475,000	-	-	4,475,000	-
Interest expense	(397,992)	(750,447)	(721,447)	(1,869,886)	-
Interest income	844	9,310	9,804	19,958	-
Total nonoperating revenues (expenses)	4,551,743	(643,423)	166,829	4,075,149	-
Income (loss) before transfers	(4,438,946)	954,851	247,013	(3,237,082)	(148,385)
TRANSFERS					
Operating transfers out	(2,000,000)	-	-	(2,000,000)	-
CHANGE IN NET POSITION	(6,438,946)	954,851	247,013	(5,237,082)	(148,385)
NET POSITION, beginning of year, as originally reported	(6,377,526)	(2,439,333)	12,897,340		(1,420,921)
Prior period adjustment	-	(223,008)	(330,291)		-
NET POSITION, beginning of year, as restated	(6,377,526)	(2,662,341)	12,567,049		(1,420,921)
NET POSITION, end of year	<u>\$ (12,816,472)</u>	<u>\$ (1,707,490)</u>	<u>\$ 12,814,062</u>		<u>\$ (1,569,306)</u>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				19,685	
Change in net assets of business-type activities				<u>\$ (5,217,397)</u>	

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2021				
	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	\$ 364,391	\$ 11,278,698	\$ 14,890,203	\$ 26,533,292	\$ 868,703
Cash paid for contractual expenses	(181,542)	(4,153,064)	(4,852,894)	(9,187,500)	-
Cash paid for personal services and employee benefits	(5,949)	(3,444,798)	(6,264,729)	(9,715,476)	(868,703)
	<u>176,900</u>	<u>3,680,836</u>	<u>3,772,580</u>	<u>7,630,316</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES					
Interfund transfers out	(2,000,000)	-	-	(2,000,000)	-
Change in due from/to other funds	95,326	(760,594)	442,060	(223,208)	-
	<u>(1,904,674)</u>	<u>(710,305)</u>	<u>619,567</u>	<u>(1,995,412)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	(2,227,824)	(621,759)	(2,849,583)	-
Proceeds from sale of capital assets, net	-	81,210	17,950	99,160	-
Capital grant proceeds	-	-	226,426	226,426	-
Proceeds from the issuance of bond anticipation notes	-	4,202,000	3,736,000	7,938,000	-
Proceeds from the issuance of serial bonds	59,305	168,878	188,250	416,433	-
Payments of debt principal (BANs and Bonds)	(1,145,673)	(2,237,352)	(2,890,040)	(6,273,065)	-
Interest paid	(420,589)	(806,699)	(779,530)	(2,006,818)	-
Use of property	1,650,993	-	434,915	2,085,908	-
	<u>144,036</u>	<u>(819,787)</u>	<u>312,212</u>	<u>(363,539)</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES					
Interest income	<u>844</u>	<u>9,310</u>	<u>9,804</u>	<u>19,958</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,582,894)	2,160,054	4,714,163	5,291,323	-
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,819,096</u>	<u>10,373,473</u>	<u>10,316,788</u>	<u>23,509,357</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,236,202</u>	<u>\$ 12,533,527</u>	<u>\$ 15,030,951</u>	<u>\$ 28,800,680</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (8,990,689)	\$ 1,598,274	\$ 80,184	\$ (7,312,231)	\$ (148,385)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	3,356,774	1,770,966	2,499,373	7,627,113	-
(Increase) decrease in					
Accounts receivable, net	(117,100)	18,706	13,224	(85,170)	-
Due from other governments	9,077	-	1,157,905	1,166,982	-
Deferred outflow of resources	-	(493,140)	(611,627)	(1,104,767)	-
Increase (decrease) in					
Accrued expenses	3,900	307,657	164,920	476,477	-
Other liabilities	-	-	-	-	148,385
Due to other governments	-	(12,073)	27,081	15,008	-
Deferred revenue	-	-	(8,384)	(8,384)	-
Landfill closure and post-closure costs	5,914,938	-	-	5,914,938	-
Judgments and claims	-	2,611	3,989	6,600	-
Pension related debt	-	(45,239)	(98,017)	(143,256)	-
Compensated absences	-	19,655	14,369	34,024	-
Net pension liability	-	(1,459,810)	(3,162,917)	(4,622,727)	-
Other postemployment benefits obligation	-	647,142	724,479	1,371,621	-
Deferred inflow of resources	-	1,326,087	2,968,001	4,294,088	-
	<u>\$ 176,900</u>	<u>\$ 3,680,836</u>	<u>\$ 3,772,580</u>	<u>\$ 7,630,316</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, 2021	
	Custodial Fund	Deferred Compensation Plan for the Employees of the Town of Colonie
ASSETS		
Cash and cash equivalents	\$ 3,012,798	\$ -
Investments	-	61,853,232
Due from governmental activities	1,600	-
Letters of credit	468,876	-
Total assets	3,483,274	61,853,232
LIABILITIES		
Accrued expenses	-	12,415
NET POSITION		
Restricted		
Development projects	3,483,274	-
Available for benefits	-	61,840,817
Total net position	\$ 3,483,274	\$ 61,840,817

Town of Colonie, New York

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

	Years Ended December 31, 2021	
	Custodial Fund	Deferred Compensation Plan for the Employees of the Town of Colonie
ADDITIONS		
Developer deposits	\$ 1,235,952	\$ -
Participant contributions	-	2,149,757
Investment earnings		
Net appreciation in fair value of investments	-	7,735,951
Interest income	1,801	317,980
Total investment earnings	1,801	8,053,931
Less: Investment expense	-	(142,591)
Net investment earnings	1,801	7,911,340
Total additions	1,237,753	10,061,097
DEDUCTIONS		
Project disbursements	1,107,452	-
Benefits paid to participants or beneficiaries	-	4,582,919
Total deductions	1,107,452	4,582,919
Net increase in fiduciary net position	130,301	5,478,178
NET POSITION , <i>beginning of year</i>	3,352,973	56,362,639
NET POSITION , <i>end of year</i>	\$ 3,483,274	\$ 61,840,817

See accompanying Notes to Financial Statements.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

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

a. Reporting Entity

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

The financial reporting entity consists of: (a) the primary government, which is the Town of Colonie, (b) organizations for which the primary government is financially accountable, and (c) organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

(i) Town of Colonie Industrial Development Agency

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

Town Departments provide staff support and office space to the IDA. Under the terms of an annual agreement, the IDA paid the Town \$80,000 in support services provided during the year ended December 31, 2021.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

a. *Reporting Entity - Continued*

(ii) Town of Colonie Local Development Corporation

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

Town Departments provide staff support and office space to the LDC. Under the terms of an annual agreement, the LDC paid the Town \$2,000 in support services provided during the year ended December 31, 2021.

(iii) School Boards and Districts

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

(iv) Fire Districts

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

b. *Government-Wide and Fund Financial Statements*

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

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

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

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.

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

c. Basis of Accounting - Measurement Focus - Continued

The Town reports the following proprietary funds:

- Major Enterprise Funds:

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

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

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.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

e. Fair Value Measurements - Continued

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

The investments held within the Town's Length of Service Award Program (LOSAP) at December 31, 2021 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.

f. Cash and Cash Equivalents

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

f. Cash and Cash Equivalents - Continued

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

New York State statutes require that collateral be maintained for cash and cash equivalents at 100% of all deposits not covered by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, 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 is 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 \$4,562,826 and \$16,381 were reported for ambulance and water receivables, respectively, at December 31, 2021.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

h. Receivables and Payables - Continued

When the landfill operations contract was signed (Note 11), the Town received from the Company a lump-sum payment and is receiving quarterly payments thereafter. The Town has reported a receivable for the present value of future quarterly payments. At December 31, 2021, \$909,329 is reported as a current receivable and \$13,554,547 as a noncurrent receivable. The receivable will decline as payment are received.

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, 2021.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

j. Compensated Absences - Continued

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.

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 \$27,698,377 accrued as landfill closure and post-closure costs at December 31, 2021, represents the cumulative amount reported to date based on the use of the full capacity of Areas 1 through 6, and the constructed portions of Area 7. These amounts are based on what it would cost to perform all closure and post-closure care in 2021. Actual cost may differ due to inflation, changes in technology, or changes in regulations.

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, through 2036, 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 1h and 2b in conjunction with this footnote.

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, 2021

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, 2021

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 at December 31, 2020 has been restated within the Governmental Activities, Business-Type Activities, Pure Waters District Proprietary Fund, and Latham Water District Proprietary Fund to reflect the recognition of a correction of an error in the development of the 2020 other post-employment benefit liability. The actuarial report inadvertently excluded 40 retirees from the calculations. As summary of the adjustment is as follows:

	As Originally Stated	Adjustments	As Restated
Government-Wide Statements:			
Governmental Activities			
Noncurrent Liabilities			
Other postemployment benefits obligation	\$ 108,323,968	\$ 3,236,329	\$ 111,560,297
Net Position			
Net investment in capital assets	\$ 13,219,626	-	\$ 13,219,626
Restricted	750,053	-	750,053
Unrestricted deficit	(102,013,776)	(3,236,329)	(105,250,105)
Total Net Position	\$ (88,044,097)	\$ (3,236,329)	\$ (91,280,426)
Business-Type Activities			
Noncurrent Liabilities			
Other postemployment benefits obligation	\$ 19,961,004	\$ 553,299	\$ 20,514,303
Net Position			
Net investment in capital assets	\$ (2,784,603)	-	\$ (2,784,603)
Restricted	785,311	-	785,311
Unrestricted deficit	5,530,251	(553,299)	4,976,952
Total Net Position	\$ 3,530,959	\$ (553,299)	\$ 2,977,660

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

o. Prior Period Adjustment - Continued

	As Originally Stated	Adjustments	As Restated
Fund Financial Statements:			
Proprietary Funds			
Pure Waters District			
Noncurrent Liabilities			
Other postemployment benefits obligation	\$ 6,681,940	\$ 223,008	\$ 6,904,948
Net Position			
Net investment in capital assets	\$ (7,765,342)	-	\$ (7,765,342)
Restricted	352,566	-	352,566
Unrestricted deficit	4,973,443	(223,008)	4,750,435
Total Net Position	\$ (2,439,333)	\$ (223,008)	\$ (2,662,341)
Latham Water District			
Noncurrent Liabilities			
Other postemployment benefits obligation	\$ 13,279,064	\$ 330,291	\$ 13,609,355
Net Position			
Net investment in capital assets	\$ 8,510,813	-	\$ 8,510,813
Restricted	409,269	-	409,269
Unrestricted deficit	3,977,258	(330,291)	3,646,967
Total Net Position	\$ 12,897,340	\$ (330,291)	\$ 12,567,049

Expenses for governmental activities and operating expenses for proprietary funds for the year ended December 31, 2020 were also restated for the above amounts.

p. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through September 2, 2022, the date the financial statements were available to be issued (See Note 15).

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 2 - Stewardship, Compliance, and Accountability - Continued

a. Budgetary Information - Continued

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, 2021.

b. Fund Deficit

- The Town has a deficit net position of \$12,816,472 in the Environmental Services Department Fund as of December 31, 2021. 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, through 2036) 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 \$1,707,490 in the Pure Waters District Fund as of December 31, 2021. This is the result of the required recognition of the net other postemployment benefits and net pension liabilities, and the related deferred outflows and inflows, of \$6,912,843. While the Fund is required to report this liability within its financial statements, it pays these liabilities on a pay-as-you-go basis. The Town does not increase user fees in order to fund pay-as-you-go liabilities.
- The Town has a deficit net position of \$1,569,306 in the Workers' Compensation Internal Service Fund as of December 31, 2021. This will be eliminated through future payment of workers' compensation claims as they are incurred.

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, 2021	Additions	Disposals/ Retirements	Balance December 31, 2021
Capital assets not being depreciated				
Land	\$ 20,114,684	\$ 1,693	\$ -	\$ 20,116,377
Construction in progress	160,208	350,910	(48,775)	462,343
	<u>20,274,892</u>	<u>352,603</u>	<u>(48,775)</u>	<u>20,578,720</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

	Balance January 1, 2021	Additions	Disposals/ Retirements	Balance December 31, 2021
Capital assets, being depreciated				
Buildings and improvements	40,780,776	233,267	-	41,014,043
Machinery and equipment	40,156,672	1,841,214	(827,175)	41,170,711
Infrastructure	23,963,434	-	-	23,963,434
	<u>104,900,882</u>	<u>2,074,481</u>	<u>(827,175)</u>	<u>106,148,188</u>
Less accumulated depreciation for				
Buildings and improvements	(22,276,593)	(1,402,670)	-	(23,679,263)
Machinery and equipment	(31,930,233)	(1,935,200)	827,175	(33,038,258)
Infrastructure	(8,595,458)	(1,040,444)	-	(9,635,902)
	<u>(62,802,284)</u>	<u>(4,378,314)</u>	<u>827,175</u>	<u>(66,353,423)</u>
Capital assets being depreciated, net	<u>42,098,598</u>	<u>(2,303,833)</u>	<u>-</u>	<u>39,794,765</u>
	<u>\$ 62,373,490</u>	<u>\$ (1,951,230)</u>	<u>\$ (48,775)</u>	<u>\$ 60,373,485</u>

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

	Balance January 1, 2021	Additions	Disposals/ Retirements	Balance December 31, 2021
Capital assets not being depreciated				
Land	\$ 3,708,251	\$ -	\$ -	\$ 3,708,251
Construction in progress	974,595	1,864,593	(512,325)	2,326,863
	<u>4,682,846</u>	<u>1,864,593</u>	<u>(512,325)</u>	<u>6,035,114</u>
Capital assets being depreciated				
Landfill improvements	37,282,654	4,475,000	-	41,757,654
Buildings and improvements	64,200,079	-	-	64,200,079
Machinery and equipment	9,499,803	867,625	(518,530)	9,848,898
Infrastructure	51,853,312	500,166	-	52,353,478
	<u>162,835,848</u>	<u>5,842,791</u>	<u>(518,530)</u>	<u>168,160,109</u>
Less accumulated depreciation for				
Landfill improvements	(35,260,054)	(3,244,670)	-	(38,504,724)
Buildings and improvements	(32,121,960)	(1,527,004)	-	(33,648,964)
Machinery and equipment	(5,401,858)	(677,309)	518,530	(5,560,637)
Infrastructure	(26,424,190)	(2,178,130)	-	(28,602,320)
	<u>(99,208,062)</u>	<u>(7,627,113)</u>	<u>518,530</u>	<u>(106,316,645)</u>
Capital assets being depreciated, net	<u>63,627,786</u>	<u>(1,784,322)</u>	<u>-</u>	<u>61,843,464</u>
	<u>\$ 68,310,632</u>	<u>\$ 80,271</u>	<u>\$ (512,325)</u>	<u>\$ 67,878,578</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

Depreciation expense was charged to programs as follows:

	Year Ended December 31, 2021
<i>Primary Government</i>	
Governmental activities	
General government	\$ 532,069
Public safety	592,149
Health	627,275
Transportation	1,726,424
Culture and recreation	807,640
Home and community services	92,757
	<u>4,378,314</u>
Total depreciation expense, governmental activities	<u>\$ 4,378,314</u>
	Year Ended December 31, 2021
Business-type activities	
Environmental Services Department	\$ 3,356,774
Pure Waters Department	1,770,966
Latham Water Department	2,499,373
	<u>7,627,113</u>
Total depreciation expense, business-type activities	<u>\$ 7,627,113</u>

The Town has 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 cost of construction of Area 7 will be borne entirely by the operator. The landfill operator completed construction of Area 7 Cells #1 and Cell#2A, along with other facility improvements to the landfill complex. With the completion of Area 7 Cell #2A during 2021 the Town has recognized a contributed capital asset, and related revenue, of \$4,475,000.

Note 4 - Interfund Balances and Activity

A summary of interfund receivables and payables is as follows:

	December 31, 2021						
	General	Capital Projects	Non- Major	Pure Waters	Latham Water	Custodial	Total Payable to
General	\$ -	\$ 537,496	\$ 589,310	\$ 3,660,361	\$ 237,460	\$ 1,600	\$ 5,026,227
Highway	194,034	-	-	-	-	-	194,034
Special miscellaneous revenue	7,800	-	-	-	-	-	7,800
Non-major funds	137,634	-	-	-	-	-	137,634
Environmental services	115,385	-	-	-	-	-	115,385
	<u>\$ 454,853</u>	<u>\$ 537,496</u>	<u>\$ 589,310</u>	<u>\$ 3,660,361</u>	<u>\$ 237,460</u>	<u>\$ 1,600</u>	<u>\$ 5,481,080</u>
Total payable from							

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 4 - Interfund Balances and Activity - Continued

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

	Year Ended December 31, 2021
General Fund, transfer in	\$ 2,000,000
Environmental Services Department, transfer out	(2,000,000)
	\$ -

Interfund receivables and payables result from cash advances made between funds to cover cash flow shortages. The amount transferred out of the Environmental Services Department Fund was from budgetary operating surplus.

Note 5 - Indebtedness

General long-term debt of the Town is issued principally as serial bonds, which are due at various times through 2041. The bonds are issued 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, 2021.

The Town issued refunding bonds of \$6.83 million in March 2021 and \$4.92 million in December 2021 and as a result, defeased \$7.41 million of 2014 public improvement serial bonds and \$4.85 million of 2012 landfill improvement serial bonds, respectively. These refundings produced estimated future cash flow gains of \$819,486 and \$547,117, respectively, with estimated present value gains of \$755,133 and \$518,544, respectively. At December 31, 2021, none of these defeased bonds were outstanding.

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 2021. 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. \$74,237 was recognized as an increase to interest expense during 2021.

The 2021 refunding bonds in March and December were issued at premiums of \$721,699 and \$105,045, respectively, which are being amortized as an adjustment to interest expense over the life of the new bonds. \$47,131 of these premiums were recognized as reduction to interest expense during 2021.

The Environmental Facilities Corporation (EFC) short-term note was issued to finance construction of capital facilities for the Latham Water District Fund on a drawdown basis. This short-term note was refinanced into a long-term EFC bond in December 31, 2021. Interest payments are included in the expenditures of this fund.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 5 - Indebtedness - Continued

Installment purchase debt (IPD) represents the remaining principal installments due on the purchase of equipment within the General Fund. Principal and interest payments are included in the expenditures of the General Fund.

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 Special Miscellaneous Revenue Fund's 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 Special Miscellaneous Revenue Fund's 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, 2021 (Restated)	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2021	Due Within One Year
General obligation bonds (Bonds)	\$ 34,109,522	8,775,500	(4,121,437)	38,763,585	4,673,190
Unamortized premium on bonds	845,907	293,125	(92,087)	1,046,945	98,545
Subtotal Bonds	<u>34,955,429</u>	<u>9,068,625</u>	<u>(4,213,524)</u>	<u>39,810,530</u>	<u>4,771,735</u>
Revenue anticipation note (RAN)	3,500,000	-	(3,500,000)	\$ -	-
Bond anticipation notes (BANs)	10,700,500	5,952,000	(9,735,500)	6,917,000	590,000
Installment purchase debts (IPDs)	54,077	-	(26,450)	27,627	27,627
Total RAN, BANs, IPDs, and Bonds	<u>49,210,006</u>	<u>15,020,625</u>	<u>(17,475,474)</u>	<u>46,755,157</u>	<u>5,389,362</u>
Judgments and claims	123,437	115,109	(194,285)	44,261	-
Other liabilities	3,443,858	-	(20,000)	3,423,858	-
Pension related debt (see Note 8)	3,834,414	-	(1,180,664)	2,653,750	998,171
Net pension liability (see Note 8)	40,039,025	-	(33,675,006)	6,364,019	-
Compensated absences	4,850,498	413,735	(303,818)	4,960,415	-
Other postemployment benefits liability (see Note 10)	111,560,297	3,338,975	-	114,899,272	-
LOSAP pension liability, defined benefit plan (see Note 9)	2,763,504	792,861	(202,582)	3,353,783	-
LOSAP pension liability, defined contribution plans (see Note 9)	<u>2,255,538</u>	<u>279,480</u>	<u>(75,147)</u>	<u>2,459,871</u>	<u>-</u>
	<u>\$ 218,080,577</u>	<u>\$ 19,960,785</u>	<u>\$ (53,126,976)</u>	<u>\$ 184,914,386</u>	<u>\$ 6,387,533</u>

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, 2021	Annual Principal Installments
<u>Bond Anticipation Notes</u>					
1.500%	Mar. 2021	Mar. 2022	6,717,000	6,717,000	390,000
0.510%	Nov. 2021	Mar. 2022	200,000	<u>200,000</u>	200,000
				<u>6,917,000</u>	

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 5 - Indebtedness - Continued

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2021	Annual Principal Installments
<u>Installment Purchase Debts</u>					
4.35%	2017	2022	155,718	<u>27,627</u>	23,217 - 28,852
<u>General Obligation Bonds</u>					
2.25-3.0%	2016	2035	10,880,000	7,180,000	145,000 - 830,000
2.0-5.0%	2017	2033	6,424,000	4,732,016	35,000 - 830,000
3.0-3.5%	2018	3036	6,000,000	4,510,000	85,000 - 600,000
4.00%	2019	2031	4,190,005	2,393,042	12,159 - 634,770
2.00%	2020	2036	8,980,000	8,095,000	75,000 - 890,000
2.0-4.0%	2021	2033	3,078,027	3,078,027	360,000 - 760,000
2.0-2.375%	2021	2041	8,775,500	<u>8,775,500</u>	440,000 - 1,525,000
				<u>38,763,585</u>	
				<u>\$ 38,991,212</u>	

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

	Balance January 1, 2021 (Restated)	Issuance/ Additions	Payments	Balance December 31, 2021	Due Within One Year
General obligation bonds (Bonds)	\$ 61,728,476	8,315,666	(6,161,563)	63,882,579	6,356,810
Unamortized premium on bonds	940,259	533,618	(107,022)	1,366,855	126,650
Subtotal Bonds	62,668,735	8,849,284	(6,268,585)	65,249,434	6,483,460
Bond anticipation notes (BANs)	7,786,500	7,938,000	(7,776,500)	7,948,000	10,000
Environmental Facilities Corporation short-term note	640,000	-	(640,000)	-	-
Total Bonds, BANs, and EFC note payable	71,095,235	16,787,284	(14,685,085)	73,197,434	6,493,460
Judgments and claims	85,845	10,068	(3,468)	92,445	-
Landfill closure and post-closure costs (see Note 1)	21,783,439	5,964,249	(49,311)	27,698,377	-
Pension related debt (see Note 8)	438,823	-	(143,256)	295,567	114,894
Net pension liability (see Note 8)	4,640,057	-	(4,622,727)	17,330	-
Compensated absences	758,587	94,277	(60,253)	792,611	-
Other postemployment benefits liability (see Note 10)	20,514,303	1,371,621	-	21,885,924	-
	<u>\$ 119,316,289</u>	<u>\$ 24,227,499</u>	<u>\$ (19,564,100)</u>	<u>\$ 123,979,688</u>	<u>\$ 6,608,354</u>

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, 2021	Annual Principal Installments
<u>Bond Anticipation Notes</u>					
1.50%	Mar. 2021	Mar. 2022	\$ 7,786,500	<u>\$ 7,948,000</u>	\$ 10,000

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 5 - Indebtedness - Continued

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2021	Annual Principal Installments
Bonds Payable					
3.41%	1999/2002	2027	6,900,000	2,170,000	210,000 - 395,000
4.125%	2003	2025	3,875,300	635,000	226,000 - 307,000
1.20%	2004	2025	19,767,387	4,835,000	1,275,000
1.20%	2004	2025	3,307,082	770,000	200,000
2.25-3.0%	2016	2035	11,652,000	8,845,000	497,000 - 680,000
2.0-4.0%	2017	2033	4,550,000	2,625,000	60,000 - 475,000
2.0-5.0%	2017	2033	7,996,000	6,007,982	35,000 - 830,000
3.0-3.5%	2018	2036	12,150,000	10,010,000	455,000 - 755,000
4.00%	2019	2031	2,804,995	2,021,958	17,841 - 275,230
2.00%	2020	2038	8,980,000	9,045,000	430,000 - 600,000
2.00%	2021	2030	4,920,000	4,920,000	195,000 - 760,000
2.0-4.0%	2021	2033	3,078,027	3,751,973	360,000 - 760,000
0.18-2.618%	2021	2041	571,166	571,166	25,000 - 35,000
2.0-2.375%	2021	2041	8,775,500	7,674,500	440,000 - 1,525,000
				<u>63,882,579</u>	
				<u>\$ 71,830,579</u>	

In March of 2022, the bond anticipation notes were partially repaid in the amount of 600,000 and partially redeemed through the issuance of a bond anticipation note for \$14,265,000, which matures in March 2023. 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 bonds payable and installment purchase debt are as follows:

	Governmental Activities Bonds and IPD		Business-type Activities Bonds	
	Principal	Interest	Principal	Interest
Year ending December 31,				
2022	\$ 4,700,817	\$ 1,041,660	\$ 6,356,810	\$ 1,632,952
2023	4,579,959	833,021	6,471,207	1,393,297
2024	4,187,113	714,118	6,592,887	1,253,853
2025	3,944,829	603,339	6,580,171	1,113,626
2026	3,799,155	499,715	5,020,845	974,303
2027 through 2031	12,980,051	1,255,533	18,474,947	3,087,307
2032 through 2036	4,024,288	219,722	11,740,712	941,026
2037 through 2041	575,000	33,422	2,645,000	124,486
	<u>\$ 38,791,212</u>	<u>\$ 5,200,530</u>	<u>\$ 63,882,579</u>	<u>\$ 10,520,850</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 6 - Fund Balance

The specific purposes that comprise the classifications of fund balance at December 31, 2021, are as follows:

	General Fund	Special Misc. Rev. Fund	Highway Fund	Capital Projects Fund	Non-Major Funds	Total
Restricted for						
Police asset forfeiture	\$ 398,953	\$ -	\$ -	\$ -	\$ -	\$ 398,953
DARE program donations	13,008	-	-	-	-	13,008
Youth recreation program	7,771	-	-	-	-	7,771
Length of service award program	-	-	-	-	4,307,911	4,307,911
Library program/supply donations	-	-	-	-	13,723	13,723
Community development programs	-	-	-	-	5,030	5,030
Total restricted fund balance	<u>419,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,326,664</u>	<u>4,746,396</u>
Committed to						
Green space acquisition	-	-	-	-	338,168	338,168
Highway infrastructure	-	-	1,116,253	-	-	1,116,253
Judgment and claims	5,204	-	34,891	-	4,166	44,261
Assigned to						
Youth court program	101,597	-	-	-	-	101,597
Capital improvements	246,074	-	-	-	-	246,074
Operations of the fund	-	11,895,105	691,711	6,887,902	1,887,610	21,362,328
Unassigned	<u>2,778,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,778,384</u>
Total unrestricted fund balance	<u>3,131,259</u>	<u>11,895,105</u>	<u>1,842,855</u>	<u>6,887,902</u>	<u>2,229,944</u>	<u>25,987,065</u>
Total fund balance	<u>\$ 3,550,991</u>	<u>\$ 11,895,105</u>	<u>\$ 1,842,855</u>	<u>\$ 6,887,902</u>	<u>\$ 6,556,608</u>	<u>\$ 30,733,461</u>

Note 7 - Property Taxes

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

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

The taxable assessed value of real property included in the general Town-wide tax levy of 2021 is \$6,152,288,182. 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.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

Plan Description - Continued

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.

Tiers 3, 4 and 5

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

Benefits Provided - Continued

Tiers 3, 4 and 5 - Continued

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. Members of Tiers 3 and 4 age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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.

Disability Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as offsets of other benefits depend on a members' tier, years of service, and plan.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

Benefits Provided - Continued

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.

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 2021 on February 1, 2022.

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

	<u>ERS</u>	<u>PFRS</u>
2021	\$ 4,958,020	\$ 4,176,233
2020	4,680,262	3,902,919
2019	4,583,580	3,671,253

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

Funding Policy - Continued

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

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

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

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

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts related to the Systems' fiscal years when the local employer opts to participate in the programs. The total unpaid liability at the end of the fiscal year was \$2,949,317, of which \$295,567 is reported in the various proprietary funds and \$2,653,750 on the government-wide statement of net position for the governmental activities.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

Funding Policy - Continued

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	\$ 1,113,065	\$ 93,674	\$ 1,206,739
2023	885,269	57,639	942,908
2024	546,321	28,338	574,659
2025	266,807	11,584	278,391
2026	95,652	3,637	99,289
2027	42,203	1,199	43,402
	\$ 2,949,317	\$ 196,071	\$ 3,145,388

Of the total unpaid principal balance of \$2,949,317 for the above amortizations, \$1,113,065 is included in the statement of net position as a current liability, and \$1,836,252 is shown as a non-current liability as December 31, 2021.

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

At December 31, 2021, the Town reported liabilities of \$91,211 and \$6,290,138 for its proportionate share of the net pension liabilities for ERS and PFRS, respectively. The net pension liabilities were measured as of March 31, 2021, 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, 2021, the Town's proportion of the ERS and PFRS was 0.0916008% and 0.3622776%, respectively.

For the year ended December 31, 2021, the Town recognized total pension expense of \$2,226,247 and \$3,122,684 for ERS and PFRS, respectively.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

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

At December 31, 2021, 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	\$ 2,298,031	\$ -
Change in assumptions	29,038,438	256,203
Net difference between projected and actual investment earnings on pension plan investments	-	39,718,626
Employer contributions made subsequent to the measurement date	6,144,172	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	271,823	1,226,927
Subtotal	37,752,464	41,201,756
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	211,647	-
Change in assumptions	3,186,432	60,097
Net difference between projected and actual investment earnings on pension plan investments	-	4,978,202
Employer contributions made subsequent to the measurement date	706,217	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,067	25,252
Subtotal	4,157,363	5,063,551
Total	\$ 41,909,827	\$ 46,265,307

The 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, 2022.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

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

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

	Governmental Activities	Business Type Activities	Total
For the year ending December 31,			
2022	\$ (2,275,935)	\$ (284,879)	\$ (2,560,814)
2023	(770,841)	(98,780)	(869,621)
2024	(1,989,829)	(269,205)	(2,259,034)
2025	(7,536,678)	(959,541)	(8,496,219)
2026	2,979,819	-	2,979,819
	\$ (9,593,464)	\$ (1,612,405)	\$ (11,205,869)

Actuarial Assumptions

The total pension liability at December 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

Significant actuarial assumptions used in the April 1, 2020 valuation, which are the same for ERS and PFRS unless noted otherwise, were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7%
Salary Scale	4.4% in ERS, 6.2% in PFRS, indexed by service
Investment rate of return, including inflation	5.9% compounded annually, net of investment expenses
Cost-of-living adjustments	1.4%
Decrement	Developed from the Plan's August 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

Actuarial Assumptions - Continued

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Absolute return strategies	3.00%	4.50%
Opportunistic portfolio	4.00%	3.63%
Real assets	3.00%	5.95%
Bonds and mortgages	23.00%	0.00%
Cash	1.00%	0.50%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made as the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 8 - Retirement Systems - Continued

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental Activities	\$ 47,255,621	\$ 6,364,019	\$ (29,414,381)
Business-Type Activities	4,810,115	17,330	(4,402,739)
Total net pension liability (asset)	\$ 52,065,736	\$ 6,381,349	\$ (33,817,120)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the ERS and PFRS as of March 31, 2021 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775	\$ 261,916,932
Plan net position	220,580,583	39,500,500	260,081,083
Employers' net pension liability	\$ 99,574	\$ 1,736,275	\$ 1,835,849
Ratio of plan net position to the employers' total pension liability	99.95%	95.79%	99.30%

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Length of Service Awards Programs (LOSAP)

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

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

Defined Contribution Program Description

(a) Participation, Vesting, and Service Credit

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

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

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

(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 \$1,200. The maximum number of years of service credit a participant may earn for the Fuller Road Shaker Road and Maplewood programs is 40 years.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Defined Contribution Program Description - Continued

(b) Defined Contribution Benefits - Continued

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

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

For the year ended December 31, 2021, the Town had defined contribution LOSAP pension expense of \$266,105 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 for years prior to 2006, plus \$15 multiplied by the total number of years of service credit earned for years between 2006 and 2010, plus \$20 multiplied by the total number of years of service credited earned by the volunteer under the point system for years after 2010. The maximum number of years of service credit a participant may earn is 40 years under the program. Currently, there are two forms of payment of a volunteer's earned service award under the program a lifetime monthly annuity guaranteed for 10 years or 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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 9 - Volunteer Firefighter Service Award Programs - Continued

Defined Benefit Program Description - Continued

(b) Defined Benefit Benefits - Continued

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

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

At the December 31, 2020 measurement date, the following participants were covered by the benefit terms.

Inactive participants:	
Currently receiving benefit payments	40
Entitled to but not yet receiving benefit payments	21
Active Participants	53
	111

(c) Funding Methodology and Actuarial Assumptions

The assets available for benefits totaled \$2,088,022 and the actuarial accrued benefits liability was \$2,095,050 at December 31, 2021, for a funding percentage of 99.7%, or unfunded benefits of \$7,049. However, the Plan has an unfunded liability for separately amortized costs for the 2010 program amendments in the amount of \$77,572, 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%
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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, 2021

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 Eric Veletzos of Penflex, Inc. Mr. Veletzos 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 23, 2022.

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, \$45,740 as of December 31, 2021, are not covered by SIPC, but are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2021.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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, 2020, was paid in February 2022, with interest. A summary of the sponsor's required contribution for program year ended December 31, 2021, and scheduled to be paid in February 2022 and 2023, is as follows:

	2022	2023	
Fuller Road	\$ 28,763	\$ 38,829	
Shaker Road	35,508	72,424	
Maplewood	27,875	36,564	
Latham	119,930	-	
	\$ 212,076	\$ 147,817	

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, 2021		
	Fair Value	Cost	% Total Cost
Cash and cash equivalents	\$ 128,858	\$ 128,858	3.3%
Equities			
United States	864,335	597,727	15.3%
International	686,910	566,790	14.5%
Fixed income securities			
Mutual funds	2,399,768	2,419,156	61.9%
Other asset securities			
Mutual funds	223,250	198,029	5.1%
	\$ 4,303,121	\$ 3,910,560	100.0%

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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, 2021, is as follows.

	Fuller Road	Maplewood	Shaker Road	Latham	Total
Additions					
Town contributions	\$ 40,083	\$ 37,813	\$ 73,986	\$ 157,181	\$ 309,063
Other contributions	-	-	6,307	-	6,307
Interest and earnings	17,939	5,425	36,721	57,264	117,349
Net increase in the fair value of investments	22,107	6,984	45,149	71,918	146,158
Investment fees	(3,913)	(1,182)	(7,940)	(12,434)	(25,469)
	<u>76,216</u>	<u>49,040</u>	<u>154,223</u>	<u>273,929</u>	<u>553,408</u>
Deductions					
Benefits	25,001	22,962	13,809	129,191	190,963
Administrative fees	4,260	3,651	5,463	7,954	21,328
	<u>29,261</u>	<u>26,613</u>	<u>19,272</u>	<u>137,145</u>	<u>212,291</u>
Change in net assets held in trust	46,955	22,427	134,951	136,784	341,117
Net assets held in trust, beginning 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>
Net assets held in trust, end of year	<u>\$ 729,855</u>	<u>\$ 261,360</u>	<u>\$ 1,468,656</u>	<u>\$ 2,207,932</u>	<u>\$ 4,667,803</u>

The net assets above include the \$359,892 of contribution receivable to the benefit trust noted above, an overpayment receivable of \$465, prepaid expenses of \$8,745, and benefits payable of \$4,420.

The LOSAP pension liability for the defined contribution plans equal the net assets held in trust at December 31, 2021 of \$2,459,871.

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

At December 31, 2021, the Town's LOSAP pension liability for the defined benefit plan was \$3,353,783. The LOSAP pension liability was measured and was determined by an actuarial valuation as of as of December 31, 2020.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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	\$ 58,008
Interest on the LOSAP pension liability	88,679
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the LOSAP pension liability	35,697
Changes of assumptions or other inputs	610,477
Benefit payments	<u>(202,582)</u>
Net change in LOSAP pension liability	590,279
LOSAP pension liability, <i>beginning of year</i>	<u>2,763,504</u>
LOSAP pension liability, <i>end of year</i>	<u><u>\$ 3,353,783</u></u>

For the year ended December 31, 2021, the Town had defined benefit LOSAP pension expense of \$269,234 on the accrual basis of accounting.

At December 31, 2021, 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	\$ 74,762	\$ -
Change in assumptions	690,948	158,073
Benefit payments and administrative expenses made subsequent to the measurement date	<u>137,146</u>	<u>-</u>
Total	<u><u>902,856</u></u>	<u><u>158,073</u></u>

The 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, 2022.

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,	
2022	\$ 122,936
2023	122,936
2024	136,499
2025	126,696
2026	<u>98,570</u>
	<u><u>\$ 607,637</u></u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

Actuarial Assumptions

The LOSAP pension liability at December 31, 2021 was determined by using an actuarial valuation as of December 31, 2020. Significant actuarial assumptions used in the December 31, 2020 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 1.93%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. 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.

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, 2020 measurement date, calculated using the discount rate of 1.93%, 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 (0.93%) or 1 percentage point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Current Assumption (1.93%)	1% Increase (2.93%)
LOSAP pension liability	\$ 3,956,819	\$ 3,353,783	\$ 2,878,078

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 10 - Postemployment Benefits Other Than Pensions

Employees Covered by Benefit Terms

A summary of active employees and retired employees covered under this benefit plan as of December 31, 2021, is as follows:

Retired participants:	
Currently receiving benefit payments	411
Entitled to but not yet receiving benefit payments	-
Active Participants	<u>492</u>
	<u>903</u>

Funding Policy

Contribution requirements also are negotiated between the Town and collective bargaining unit representatives. The Town contributes a percent of the cost of current-year premiums for eligible retired Plan members and their dependents. The Town is not required to fund the benefit plan other than on a pay-as-you-go basis necessary to provide current benefits to retirees. For the year ended December 31, 2021, the Town contributed \$13,061,257 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$2,041,678, for the year ended December 31, 2021. 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.

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

At December 31, 2021, the Town reported a liability of \$136,785,196 for its OPEB liability, of which \$21,885,924 is reported in the various proprietary funds and \$114,899,272 on the government-wide statement of net position for the governmental activities. The OPEB liability was measured as of January 1, 2021 with an actuarial valuation date of January 1, 2021. For the year ended December 31, 2021 the Town recognized OPEB expense of \$9,538,490.

At December 31, 2021, 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	\$ (217,096)	\$ 2,712,801
Change in assumptions	17,879,743	9,181,021
Employer contributions made subsequent to the measurement date	<u>3,600,908</u>	<u>-</u>
Subtotal	<u>21,263,555</u>	<u>11,893,822</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 10 - Postemployment Benefits Other Than Pensions - Continued

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

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	609,792	501,927
Change in assumptions	3,267,176	1,580,644
Employer contributions made subsequent to the measurement date	647,088	-
Subtotal	4,524,056	2,082,571
 Total	 \$ 25,787,611	 \$ 13,976,393

The 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, 2022.

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

	Governmental Activities	Business Type Activities	Total
For the year ending December 31,			
2022	\$ 864,639	\$ 268,947	\$ 1,133,586
2023	864,639	268,947	1,133,586
2024	213,808	66,505	280,313
2025	2,947,573	916,845	3,864,418
2026	878,166	273,153	1,151,319
	\$ 5,768,825	\$ 1,794,397	\$ 7,563,222

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	January 1, 2021
Measurement Date	January 1, 2021
Reporting Date	December 31, 2021
Actuarial Cost Method	Entry age normal – level percent of pay
Discount Rate	2.12%, as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 10 - Postemployment Benefits Other Than Pensions - Continued

Actuarial Assumptions - Continued

Health Care Cost Trend Rates	Society of Actuaries Long-Run Medical Cost Trend Model (2022)
Inflation Rate	3.0%
Salary Scale	2.5%
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-2021.
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-2021.

Schedule of Changes in OPEB Liability

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

Service cost	\$ 4,812,157
Interest	3,592,747
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the OPEB liability	473,999
Changes of assumptions or other inputs	(218,405)
Benefit payments	<u>(3,949,902)</u>
Net change in OPEB liability	4,710,596
OPEB liability, <i>beginning of year</i> , as restated	<u>132,074,600</u>
OPEB liability, <i>end of year</i>	<u><u>\$ 136,785,196</u></u>

The OPEB liability at the beginning of the year was restated to reflect a prior period adjustment (See Note 1) to correct an omission of 40 retirees from the 2020 from the valuation report by the actuaries. Had these retirees been included in the 2020 report the OPEB liability at December 31, 2020 would have been increased by \$3,789,628.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 10 - Postemployment Benefits Other Than Pensions - Continued

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

The following presents the OPEB liability calculated using the discount rate of 2.12%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Governmental Activities	\$ 135,525,325	\$ 114,899,272	\$ 98,514,890
Business-Type Activities	25,814,758	21,885,924	18,765,040
OPEB liability	<u>\$ 161,340,083</u>	<u>\$ 136,785,196</u>	<u>\$ 117,279,930</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:

	1% Decrease	Current Trend Rate	1% Increase
Governmental Activities	\$ 96,698,757	\$ 114,899,272	\$ 138,582,215
Business-Type Activities	18,419,104	21,885,924	26,397,032
OPEB liability	<u>\$ 115,117,861</u>	<u>\$ 136,785,196</u>	<u>\$ 164,979,247</u>

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 \$1,569,306 at December 31, 2021 and are included in other liabilities within the Workers' Compensation Internal Service Fund.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 11 - Workers' Compensation - Continued

Workers' compensation liabilities per fund for 2021 were:

	Balance January 1, 2021	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2021
General Fund	\$ 520,410	\$ 455,616	\$ (281,072)	\$ 694,954
Highway Fund	350,988	319,791	(326,265)	344,514
Environmental Services Department	5,724	225	(5,949)	-
Pure Waters Department	127,406	(44,163)	(81,512)	1,731
Latham Water Department	416,393	285,619	(173,905)	528,107
Total	\$ 1,420,921	\$ 1,017,088	\$ (868,703)	\$ 1,569,306

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, 2021, and is related to retention of low-income senior housing. The Town taxes abated during 2021 amounted to \$5,578.

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, 2021, there are five active tax abatement agreement through the IDA, which are property tax abatements for two senior citizen housing communities, a sports complex, an office building, and a warehouse. The Town taxes abated during 2021 amounted to \$119,486.

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, 2021

Note 13 - Commitments and Contingencies - Continued

b. Construction Commitments

The Town has active construction and infrastructure improvement projects as of December 31, 2021. 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
Pure Waters Department		
Albany Shaker Road pump station improvements (2)	722,489	92,725
Mohawk View Plant clarifier rehabilitation	3,802,735	3,577,238
Latham Water Department		
Newtonville Tank improvements	<u>753,090</u>	<u>78,900</u>
	<u>\$ 5,976,120</u>	<u>\$ 3,768,453</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, 2021, 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. The Town's legal counsel have identified two cases that have a likely probability of a negative outcome for the Town, at this time the liabilities related to these cases are not reasonably estimable. At December 31, 2021, the Town recorded an insurance reserve of \$44,261 in the Governmental Funds and \$92,445 in the caption "Judgments and Claims" in the Proprietary Funds.

It should be noted that outside of these reserves the Town paid \$210,000 in a jury award for a personal injury lawsuit. This was financed in the short-term by the issuance of a \$200,000 bond anticipation note, which was paid in full in March. This liability and related expenditure have been recognized in the General Fund during 2021.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

Note 13 - Commitments and Contingencies - Continued

c. Litigation - Continued

Changes in the Town's claim liability amount during 2021 were:

Fund	Balance January 1, 2021	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2021
General Fund	\$ 72,247	\$ 35,047	\$ (102,090)	\$ 5,204
Highway	1	75,025	(40,135)	34,891
Other non-major	51,189	5,037	(52,060)	4,166
Pure Waters District	35,172	5,028	(2,417)	37,783
Latham Water District	50,673	5,040	(1,051)	54,662
Total	<u>\$ 209,282</u>	<u>\$ 125,177</u>	<u>\$ (197,753)</u>	<u>\$ 136,706</u>

d. Environmental Risks

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

Note 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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

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 were effective for reporting periods beginning after June 15, 2020, other than the requirements related to GASB 87 which are effective for reporting periods beginning after June 15, 2021, as postponed by GASB 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of this statement were effective for reporting periods beginning after June 15, 2020, other than the removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate which is effective for reporting periods ending after December 31, 2021.

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

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

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GAS Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis* – for State and Local Governments, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62* (GASB 100). The statement's intent is to improve the clarity and enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information within the financial statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

Town of Colonie, New York

Notes to Financial Statements December 31, 2021

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

GASB Statement No. 101, *Compensated Absences* (GASB 101). The statement establishes recognition, measurement, and amends disclosures related to what, when and value of items to be included in compensated absences as of the measurement date. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

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

Note 15 - Subsequent Events

Bond Anticipation Note 2022 was issued on March 10, 2022 in the amount of \$40,240,000, matures in March 2023 and bears interest at an effective rate of 1.11%. It was issued to refinance \$14,265,000 of existing bond anticipation notes series 2021 and provide financing for the purchase of capital equipment and construction/improvement of capital facilities in the amount of \$25,975,000.

Town of Colonie, New York

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

	Year Ended December 31, 2021					
	2021 Adopted Budget	2021 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2021 Actual	Variance With Actual vs. Modified Positive (Negative)	2022 Adopted Budget
REVENUES						
Real property taxes and tax items	\$ 22,584,276	\$ 22,584,276	\$ -	\$ 22,631,097	\$ 46,821	\$ 23,477,843
Sales and use tax	11,173,986	13,798,986	2,625,000	16,834,642	3,035,656	13,210,444
Departmental income	8,230,100	7,805,100	(425,000)	7,764,901	(40,199)	8,184,100
Intergovernmental charges	222,000	222,000	-	166,624	(55,376)	227,000
Interest and use of property	1,638,500	1,638,500	-	1,593,505	(44,995)	1,652,500
Licenses and permits	76,500	76,500	-	68,942	(7,558)	101,500
Fines and forfeitures	1,000,000	490,000	(510,000)	493,594	3,594	1,000,000
Sale of property and compensation for loss	56,000	56,000	-	61,738	5,738	96,000
Miscellaneous	35,000	35,000	-	29,285	(5,715)	35,000
Interfund revenues	3,188,000	2,448,000	(740,000)	2,449,626	1,626	3,198,000
State aid	2,830,400	3,650,318	819,918	3,935,516	285,198	2,980,400
Federal aid	-	263,082	263,082	376,573	113,491	398,000
Interfund transfers	2,950,000	2,000,000	(950,000)	2,000,000	-	2,800,000
Total revenues	<u>53,984,762</u>	<u>55,067,762</u>	<u>1,083,000</u>	<u>58,406,043</u>	<u>3,338,281</u>	<u>57,360,787</u>
EXPENDITURES						
General government support	8,285,269	8,535,269	250,000	8,519,862	15,407	8,891,496
Public safety	16,430,665	16,455,665	25,000	16,352,501	103,164	17,204,191
Health	4,540,709	4,990,709	450,000	5,078,082	(87,373)	4,845,529
Transportation	500,522	525,522	25,000	521,226	4,296	602,024
Economic assistance and opportunity	5,000	5,000	-	608	4,392	3,000
Culture and recreation	4,050,903	3,830,903	(220,000)	3,826,489	4,414	4,288,410
Home and community services	147,167	147,167	-	129,075	18,092	138,256
Employee benefits	17,704,760	18,254,760	550,000	18,251,588	3,172	19,113,425
Debt service	2,319,767	2,322,767	3,000	2,322,387	380	2,274,456
Total expenditures	<u>53,984,762</u>	<u>55,067,762</u>	<u>1,083,000</u>	<u>55,001,818</u>	<u>65,944</u>	<u>57,360,787</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,404,225</u>	<u>\$ 3,404,225</u>	<u>\$ -</u>

See Independent Auditor's Report.

Town of Colonie, New York

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

	Year Ended December 31, 2021					
	2021 Adopted Budget	2021 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2021 Actual	Variance With Actual vs. Modified Positive (Negative)	2022 Adopted Budget
REVENUES						
Sales and use tax	\$ 11,370,145	\$ 10,595,145	\$ (775,000)	\$ 10,597,824	\$ 2,679	\$ 12,061,332
Departmental income	10,000	65,000	55,000	66,742	1,742	11,000
Intergovernmental charges	10,000	10,000	-	6,559	(3,441)	8,500
Interest and use of property	13,000	13,000	-	15,656	2,656	15,500
Licenses and permits	4,000	4,000	-	3,000	(1,000)	3,700
Sale of property and compensation for loss	42,500	102,500	60,000	106,345	3,845	39,500
Miscellaneous	5,000	5,000	-	-	(5,000)	1,000
State aid	563,414	1,116,153	552,739	1,116,153	-	563,414
Federal aid	-	-	-	-	-	75,000
Total revenues	<u>12,018,059</u>	<u>11,910,798</u>	<u>(107,261)</u>	<u>11,912,279</u>	<u>1,481</u>	<u>12,778,946</u>
EXPENDITURES						
Transportation	6,239,485	6,132,224	(107,261)	6,119,817	12,407	6,616,515
Employee benefits	2,455,700	2,455,700	-	2,440,171	15,529	2,526,515
Debt service	3,322,874	3,322,874	-	3,322,342	532	3,635,916
Total expenditures	<u>12,018,059</u>	<u>11,910,798</u>	<u>(107,261)</u>	<u>11,882,330</u>	<u>28,468</u>	<u>12,778,946</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,949</u>	<u>\$ 29,949</u>	<u>\$ -</u>

Town of Colonie, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	<u>2021</u>	<u>2020</u> (Restated)	<u>2019</u>	<u>2018</u>
Other Postemployment Benefit (OPEB) Liability				
Service Cost	\$ 4,812,157	\$ 3,425,288	\$ 4,014,260	\$ 3,764,237
Interest	3,592,747	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	473,999	-	(6,276,375)	-
Changes of assumptions or other inputs	(218,405)	27,381,610	(21,010,871)	6,430,780
Benefit payments, including implicit subsidy fulfilled	<u>(3,949,902)</u>	<u>(3,718,376)</u>	<u>(3,509,547)</u>	<u>(3,214,081)</u>
Net change in OPEB liability	4,710,596	31,285,101	(22,464,856)	11,294,558
OPEB liability, <i>beginning of year</i> , as restated	<u>132,074,600</u>	<u>100,789,499</u>	<u>123,254,355</u>	<u>111,959,797</u>
OPEB liability, <i>end of year</i>	<u>\$ 136,785,196</u>	<u>\$ 132,074,600</u>	<u>\$ 100,789,499</u>	<u>\$ 123,254,355</u>
Town's covered-employee payroll	\$ 37,060,231	\$ 36,810,315	\$ 37,436,163	\$ 35,122,719
OPEB liability as a percentage of its covered-employee payroll	369.1%	358.8%	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>2021</u>	<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	0.0916008%	0.0922236%	0.0926565%	0.0942349%	0.0966159%	0.0990777%	0.0997614%
Town's proportionate share of the net pension liability	\$ 91,211	\$ 24,421,335	\$ 6,564,996	\$ 3,041,380	\$ 9,078,249	\$ 15,902,253	\$ 3,370,185
Town's covered-employee payroll	\$ 25,744,544	\$ 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	0.35%	94.13%	24.90%	11.87%	35.55%	62.49%	12.69%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	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	0.3622776%	0.3790081%	0.3877584%	0.3789765%	0.3790816%	0.3725068%	0.3797182%
Town's proportionate share of the net pension liability	\$ 6,290,138	\$ 20,257,747	\$ 6,502,953	\$ 3,830,531	\$ 7,857,042	\$ 11,029,134	\$ 1,045,211
Town's covered-employee payroll	\$ 11,553,385	\$ 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	54.44%	180.48%	56.71%	34.40%	72.78%	105.44%	9.59%
Plan fiduciary net position as a percentage of the total pension liability	95.79%	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>2021</u>	<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>
New York State and Local Employees' Retirement System										
Contractually required contribution	\$ 4,958,020	\$ 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
Contributions in relation to the contractually required contribution	4,958,020	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	25,744,544	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
Contribution as a percentage of covered-employee payroll	19.3%	18.0%	17.4%	18.3%	18.7%	19.0%	21.4%	23.5%	23.2%	20.2%
New York State and Local Police and Fire Retirement System										
Contractually required contribution	\$ 4,176,233	\$ 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
Contributions in relation to the contractually required contribution	4,176,233	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	11,553,385	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
Contribution as a percentage of covered-employee payroll	36.1%	34.8%	32.0%	32.2%	33.3%	34.3%	32.2%	38.5%	38.2%	35.9%

Town of Colonie, New York

Supplementary Information - Schedule of Changes in LOSAP Pension Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Length of Service Award Program (LOSAP) Pension Liability					
Service Cost	\$ 58,008	\$ 47,479	\$ 56,464	\$ 54,056	\$ 73,478
Interest	88,679	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	35,697	16,446	31,194	37,483	8,087
Changes of assumptions or other inputs	610,477	144,779	(186,978)	214,298	(196,797)
Benefit payments	<u>(202,582)</u>	<u>(166,346)</u>	<u>(171,261)</u>	<u>(156,695)</u>	<u>(186,879)</u>
Net change in LOSAP pension liability	590,279	136,675	(182,721)	243,443	(213,793)
LOSAP pension liability, <i>beginning of year</i>	<u>2,763,504</u>	<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>\$ 3,353,783</u>	<u>\$ 2,763,504</u>	<u>\$ 2,626,829</u>	<u>\$ 2,809,550</u>	<u>\$ 2,566,107</u>
Town's covered-employee payroll	Not Applicable				
LOSAP pension liability as a percentage of its covered-employee payroll	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 and was 1.93% and 3.64% as of December 31, 2021 and 2020, respectively.

See Independent Auditor's Report.

Town of Colonie, New York

Supplementary Information - Non-Major Governmental Funds

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

- The General-Town Outside Villages Fund was created to account for the assets, liabilities, fund balance, and activities of certain services provided to residents who are not located within one of the two villages contained in the Town and is funded primarily by sales taxes.
- The Community Development Special Grant Fund was created to account for the assets, liabilities, 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, 2021

	Nonmajor Funds							Total Non-Major Governmental Funds
	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District	Water District	
ASSETS								
Cash and cash equivalents	\$ 763,832	\$ 1,172,280	\$ 189,794	\$ 29,117	\$ -	\$ 2,268	\$ 1,664	\$ 2,158,955
Cash and cash equivalents, restricted	341,296	5,030	14,761	-	128,858	-	-	489,945
Investments	-	-	-	-	4,174,263	-	-	4,174,263
State and Federal aid receivables	-	8,876	-	-	-	-	-	8,876
Due from other governments	345,876	-	-	-	-	-	-	345,876
Other accounts receivable, net	-	12,790	6,711	-	465	-	-	19,966
Due from other funds	-	-	589,310	-	-	-	-	589,310
Other assets	-	-	-	-	8,745	-	-	8,745
Total assets	<u>\$ 1,451,004</u>	<u>\$ 1,198,976</u>	<u>\$ 800,576</u>	<u>\$ 29,117</u>	<u>\$ 4,312,331</u>	<u>\$ 2,268</u>	<u>\$ 1,664</u>	<u>\$ 7,795,936</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ 21,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,517
Accrued liabilities	186,382	-	75,932	-	4,420	-	-	266,734
Other liabilities	10,040	102,552	-	-	-	-	-	112,592
Due to other governments	297,481	-	185,926	-	-	-	-	483,407
Due to other funds	112,615	25,019	-	-	-	-	-	137,634
Unearned revenue	118,476	-	86,178	-	-	-	-	204,654
Total liabilities	<u>724,994</u>	<u>149,088</u>	<u>348,036</u>	<u>-</u>	<u>4,420</u>	<u>-</u>	<u>-</u>	<u>1,226,538</u>
DEFERRED INFLOWS OF RESOURCES								
Revenue earned but unavailable	-	12,790	-	-	-	-	-	12,790
FUND BALANCE								
Restricted	-	5,030	13,723	-	4,307,911	-	-	4,326,664
Committed, assigned, and unassigned	726,010	1,032,068	438,817	29,117	-	2,268	1,664	2,229,944
Total fund balance	<u>726,010</u>	<u>1,037,098</u>	<u>452,540</u>	<u>29,117</u>	<u>4,307,911</u>	<u>2,268</u>	<u>1,664</u>	<u>6,556,608</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,451,004</u>	<u>\$ 1,198,976</u>	<u>\$ 800,576</u>	<u>\$ 29,117</u>	<u>\$ 4,312,331</u>	<u>\$ 2,268</u>	<u>\$ 1,664</u>	<u>\$ 7,795,936</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, 2021

	Nonmajor Funds							Total Non-Major Governmental Funds	
	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District	Water District		Debt Service
REVENUES									
Real property taxes and tax items	\$ -	\$ -	\$ 2,781,029	\$ -	\$ 4,570,803	\$ 47,250	\$ 22,000	\$ -	\$ 7,421,082
Sales and use tax	2,273,571	-	-	-	-	-	-	-	2,273,571
Departmental income	501,872	201,098	18,103	-	6,307	-	-	-	727,380
Intergovernmental charges	30,000	-	-	-	-	-	-	-	30,000
Interest and use of property	298	1,475	74	-	263,507	-	-	-	265,354
Licenses and permits	1,426,078	-	-	-	-	-	-	-	1,426,078
Miscellaneous	456,864	-	10,510	-	-	-	-	-	467,374
State aid	-	-	23,305	-	-	-	-	-	23,305
Federal aid	-	3,624,731	-	-	-	-	-	-	3,624,731
Total revenues	4,688,683	3,827,304	2,833,021	-	4,840,617	47,250	22,000	-	16,258,875
EXPENDITURES									
General government support	209,486	-	-	-	-	-	-	-	209,486
Public safety	1,315,810	-	-	-	4,354,003	-	-	-	5,669,813
Health	4,399	-	-	-	-	-	-	-	4,399
Transportation	827,035	-	-	-	-	-	-	-	827,035
Culture and recreation	-	-	1,831,481	-	-	-	-	-	1,831,481
Home and community services	1,100,732	3,905,092	-	-	-	46,000	21,865	-	5,073,689
Employee benefits	1,420,990	42,614	725,696	-	190,963	-	-	-	2,380,263
Debt service, principal	-	-	162,541	3,242	-	-	-	-	165,783
Debt service, interest	-	-	55,502	-	-	-	-	-	55,502
Capital outlay	18,393	-	-	-	-	-	-	-	18,393
Total expenditures	4,896,845	3,947,706	2,775,220	3,242	4,544,966	46,000	21,865	-	16,235,844
OTHER FINANCING SOURCES (USES)									
Proceeds from issuance of refunding bonds	-	-	-	-	-	-	-	3,078,027	3,078,027
Premium on issuance of debt	-	-	-	-	-	-	-	293,125	293,125
Payment to escrow agent	-	-	-	-	-	-	-	(3,371,152)	(3,371,152)
Sale of property and compensation for loss	175,933	-	15,598	-	-	-	-	-	191,531
Total other financing sources (uses)	175,933	-	15,598	-	-	-	-	-	191,531
NET CHANGE IN FUND BALANCE	(32,229)	(120,402)	73,399	(3,242)	295,651	1,250	135	-	214,562
FUND BALANCE, beginning of year	758,239	1,157,500	379,141	32,359	4,012,260	1,018	1,529	-	6,342,046
FUND BALANCE, end of year	\$ 726,010	\$ 1,037,098	\$ 452,540	\$ 29,117	\$ 4,307,911	\$ 2,268	\$ 1,664	\$ -	\$ 6,556,608

See Independent Auditor's Report.