

TOWN OF NORTH EAST, NEW YORK

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

DECEMBER 31, 2016

TOWN OF NORTH EAST, NEW YORK

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Sickler, Torchia
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Your Partner When It Counts

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INDEPENDENT ACCOUNTANT'S DISCLAIMER

To Town Board of the
Town of North East
Northeast, New York

The accompanying financial statements of the Town of North East as of and for the year ended December 31, 2016, which collectively comprise the Town's financial report update document included in the accompanying prescribed form, were not subjected to an audit, review, or compilation engagement by us. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Sickler, Torchia, Allen & Churchill, CPA's P.C.

Hudson, New York
February 25, 2017

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

TOWN of North East

County of Dutchess

For the Fiscal Year Ended 12/31/2016

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

TOWN OF North East

***** FINANCIAL SECTION *****

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2015 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2016:

- (A) GENERAL
- (B) GENERAL TOWN-OUTSIDE VG
- (CD) SPECIAL GRANT
- (CM) MISCELLANEOUS SPECIAL REV
- (DB) HIGHWAY-PART-TOWN
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (SW) WATER
- (TA) AGENCY
- (TE) PRIVATE PURPOSE TRUST
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2015 represent data filed by your government with OSC as reviewed and adjusted where necessary.

***** SUPPLEMENTAL SECTION *****

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption
- 7) Schedule of Other Post Employment Benefits (OPEB)

All numbers in this report will be rounded to the nearest dollar.

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Balance Sheet

Code Description	2015	Edp Code	2016
Assets			
Cash	728,547	A200	864,496
Petty Cash	50	A210	100
TOTAL Cash	728,597		864,596
Due From Other Funds	15,709	A391	
TOTAL Due From Other Funds	15,709		0
Cash Special Reserves	9,630	A230	9,644
TOTAL Restricted Assets	9,630		9,644
TOTAL Assets and Deferred Outflows of Resources	753,936		874,240

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Balance Sheet

Code Description	2015	EdpCode	2016
Accounts Payable	11,773	A600	13,719
TOTAL Accounts Payable	11,773		13,719
Due To Other Funds	4,008	A630	
TOTAL Due To Other Funds	4,008		0
TOTAL Liabilities	15,781		13,719
Fund Balance			
Unemployment Insurance Reserve	9,630	A815	9,644
TOTAL Restricted Fund Balance	9,630		9,644
Assigned Appropriated Fund Balance	71,500	A914	103,000
TOTAL Assigned Fund Balance	71,500		103,000
Unassigned Fund Balance	657,025	A917	747,877
TOTAL Unassigned Fund Balance	657,025		747,877
TOTAL Fund Balance	738,155		860,521
TOTAL Liabilities, Deferred Inflows And Fund Balance	753,936		874,240

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Results of Operation

Code Description	2015	Edp Code	2016
Revenues			
Real Property Taxes	852,439	A1001	866,596
TOTAL Real Property Taxes	852,439		866,596
Interest & Penalties On Real Prop Taxes	9,437	A1090	12,270
TOTAL Real Property Tax Items	9,437		12,270
Franchises	23,501	A1170	24,431
TOTAL Non Property Tax Items	23,501		24,431
Clerk Fees	1,686	A1255	1,591
Public Pound Charges, Dog Control Fees	347	A1550	687
TOTAL Departmental Income	2,033		2,278
Interest And Earnings	2,663	A2401	2,176
TOTAL Use of Money And Property	2,663		2,176
Dog Licenses	2,956	A2544	2,843
Licenses, Other	333	A2545	368
Permits, Other	700	A2590	700
TOTAL Licenses And Permits	3,989		3,911
Fines And Forfeited Bail	34,982	A2610	26,906
TOTAL Fines And Forfeitures	34,982		26,906
Sales, Other	60	A2655	
Sales of Equipment	98	A2665	
Insurance Recoveries	4,672	A2680	
TOTAL Sale of Property And Compensation For Loss	4,830		0
Unclassified (specify)	40	A2770	631
TOTAL Miscellaneous Local Sources	40		631
St Aid, Revenue Sharing	11,220	A3001	11,220
St Aid, Mortgage Tax	41,122	A3005	46,260
TOTAL State Aid	52,342		57,480
TOTAL Revenues	986,256		996,679
Interfund Transfers	65,000	A5031	
TOTAL Interfund Transfers	65,000		0
TOTAL Other Sources	65,000		0
TOTAL Detail Revenues And Other Sources	1,051,256		996,679

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Results of Operation

Code Description	2015	EdpCode	2016
Expenditures			
Legislative Board, Pers Serv	20,400	A10101	19,600
Legislative Board, Contr Expend	1,050	A10104	730
TOTAL Legislative Board	21,450		20,330
Municipal Court, Pers Serv	46,555	A11101	51,488
Municipal Court, Contr Expend	9,767	A11104	9,650
TOTAL Municipal Court	56,322		61,138
Supervisor, pers Serv	72,474	A12201	72,954
Supervisor, contr Expend	2,991	A12204	11,758
TOTAL Supervisor	75,465		84,712
Auditor, Contr Expend	9,540	A13204	
TOTAL Auditor	9,540		0
Tax Collection, contr Expend	5,727	A13304	12,571
TOTAL Tax Collection	5,727		12,571
Assessment, Pers Serv	43,635	A13551	44,956
Assessment, Contr Expend	3,751	A13554	4,639
TOTAL Assessment	47,386		49,595
Clerk, pers Serv	48,366	A14101	48,103
Clerk, contr Expend	3,131	A14104	3,727
TOTAL Clerk	51,497		51,830
Law, Contr Expend	29,462	A14204	30,674
TOTAL Law	29,462		30,674
Personnel, Contr Expend	1,753	A14304	2,073
TOTAL Personnel	1,753		2,073
Engineer, Contr Expend	21,126	A14404	17,959
TOTAL Engineer	21,126		17,959
Records Mgmt, Contr Expend	385	A14604	8,385
TOTAL Records Mgmt	385		8,385
Buildings, Pers Serv	3,328	A16201	3,983
Buildings, Equip & Cap Outlay	1,298	A16202	141
Buildings, Contr Expend	13,521	A16204	11,110
TOTAL Buildings	18,147		15,234
Central Comm System, Contr Expend	2,774	A16504	5,667
TOTAL Central Comm System	2,774		5,667
Central Print & Mail, contr Expend	7,337	A16704	8,748
TOTAL Central Print & Mail	7,337		8,748
Central Data Process & Cap Outlay	3,927	A16802	685
Central Data Process, Contr Expend	4,079	A16804	3,273
TOTAL Central Data Process	8,006		3,958
Unallocated Insurance, Contr Expend	26,460	A19104	28,423
TOTAL Unallocated Insurance	26,460		28,423
Municipal Assn Dues, Contr Expend	900	A19204	900
TOTAL Municipal Assn Dues	900		900
Other Gen Govt Support, Contr Expend		A19894	2,498
TOTAL Other Gen Govt Support	0		2,498
TOTAL General Government Support	383,737		404,695

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Results of Operation

Code Description	2015	EdpCode	2016
Expenditures			
Traffic Control, Contr Expen	2,641	A33104	1,114
TOTAL Traffic Control	2,641		1,114
Control of Animals, Pers Serv	3,465	A35101	3,534
Control of Animals, Contr Expend	1,410	A35104	1,976
TOTAL Control of Animals	4,875		5,510
TOTAL Public Safety	7,516		6,624
Ambulance, Contr Expend	180,000	A45404	180,000
TOTAL Ambulance	180,000		180,000
TOTAL Health	180,000		180,000
Street Admin, Pers Serv	52,160	A50101	53,203
Street Admin, Contr Expend	1,131	A50104	1,138
TOTAL Street Admin	53,291		54,341
Garage, Contr Expend	16,998	A51324	23,974
TOTAL Garage	16,998		23,974
Street Lighting, Contr Expend	466	A51824	465
TOTAL Street Lighting	466		465
TOTAL Transportation	70,755		78,780
Community Action, Contr Expend	1,000	A63104	1,000
TOTAL Community Action	1,000		1,000
Veterans Service, Contr Expend	1,000	A65104	1,000
TOTAL Veterans Service	1,000		1,000
Programs For Aging, Contr Expend	258	A67724	214
TOTAL Programs For Aging	258		214
TOTAL Economic Assistance And Opportunity	2,258		2,214
Library, Contr Expend	125,000	A74104	125,000
TOTAL Library	125,000		125,000
TOTAL Culture And Recreation	125,000		125,000
Refuse & Garbage, Pers Serv	336	A81601	654
Refuse & Garbage, Contr Expend	6,281	A81604	2,129
TOTAL Refuse & Garbage	6,617		2,783
Cemetery, Pers Serv	4,143	A88101	3,104
Cemetery, Contr Expend	130	A88104	
TOTAL Cemetery	4,273		3,104
TOTAL Home And Community Services	10,890		5,887
State Retirement System	33,750	A90108	28,983
Social Security, Employer Cont	22,557	A90308	23,071
Worker's Compensation, Empl Bnfts	11,021	A90408	7,528
Disability Insurance, Empl Bnfts	128	A90558	128
Hospital & Medical (dental) Ins, Empl Bnft	26,134	A90608	11,403
TOTAL Employee Benefits	93,590		71,113
Debt Principal, Serial Bonds	95,000	A97106	
TOTAL Debt Principal	95,000		0

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Results of Operation

Code Description	2015	Edp Code	2016
Expenditures			
Debt Interest, Serial Bonds	1,840	A97107	
TOTAL Debt Interest	1,840		0
TOTAL Expenditures	970,586		874,313
TOTAL Detail Expenditures And Other Uses	970,586		874,313

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2015	EdpCode	2016
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	657,485	A8021	738,155
Restated Fund Balance - Beg of Year	657,485	A8022	738,155
ADD - REVENUES AND OTHER SOURCES	1,051,256		996,679
DEDUCT - EXPENDITURES AND OTHER USES	970,586		874,313
Fund Balance - End of Year	738,155	A8029	860,521

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Budget Summary

Code Description	2016	EdpCode	2017
Estimated Revenues			
Est Rev - Real Property Taxes	866,596	A1049N	956,704
Est Rev - Real Property Tax Items	6,500	A1099N	7,500
Est Rev - Non Property Tax Items	20,000	A1199N	21,000
Est Rev - Departmental Income	1,050	A1299N	1,050
Est Rev - Use of Money And Property	1,500	A2499N	1,700
Est Rev - Licenses And Permits	3,850	A2599N	3,650
Est Rev - Fines And Forfeitures	25,000	A2649N	22,000
Est Rev - Sale of Prop And Comp For Loss	0	A2699N	0
Est Rev - State Aid	45,000	A3099N	46,000
TOTAL Estimated Revenues	969,496		1,059,604
Estimated - Interfund Transfer		A5031N	
Appropriated Fund Balance	71,500	A599N	103,000
TOTAL Estimated Other Sources	71,500		103,000
TOTAL Estimated Revenues And Other Sources	1,040,996		1,162,604

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(A) GENERAL

Budget Summary

Code Description	2016	EdpCode	2017
Appropriations			
App - General Government Support	476,305	A1999N	500,880
App - Public Safety	8,284	A3999N	8,985
App - Health	180,000	A4999N	260,000
App - Transportation	81,203	A5999N	82,800
App - Economic Assistance And Opportunity	2,200	A6999N	2,200
App - Culture And Recreation	125,000	A7999N	125,000
App - Home And Community Services	18,766	A8999N	19,006
App - Employee Benefits	119,238	A9199N	103,733
TOTAL Appropriations	1,010,996		1,102,604
App - Interfund Transfer	30,000	A9999N	60,000
TOTAL Other Uses	30,000		60,000
TOTAL Appropriations And Other Uses	1,040,996		1,162,604

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Cash	564,775	B200	520,667
TOTAL Cash	564,775		520,667
Accounts Receivable		B380	
TOTAL Other Receivables (net)	0		0
Due From Other Governments	29,782	B440	29,852
TOTAL Due From Other Governments	29,782		29,852
TOTAL Assets and Deferred Outflows of Resources	594,557		550,519

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2015	EdpCode	2016
Accounts Payable	1,009	B600	5,426
TOTAL Accounts Payable	1,009		5,426
Due To Other Funds	116	B630	
TOTAL Due To Other Funds	116		0
TOTAL Liabilities	1,125		5,426
Fund Balance			
Assigned Appropriated Fund Balance	72,500	B914	73,000
Assigned Unappropriated Fund Balance	520,933	B915	472,093
TOTAL Assigned Fund Balance	593,433		545,093
TOTAL Fund Balance	593,433		545,093
TOTAL Liabilities, Deferred Inflows And Fund Balance	594,558		550,519

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Real Property Taxes	57,077	B1001	58,141
TOTAL Real Property Taxes	57,077		58,141
Sales Tax (from County)	129,369	B1120	131,022
TOTAL Non Property Tax Items	129,369		131,022
Safety Inspection Fees	30,604	B1560	31,054
Zoning Fees	1,225	B2110	1,225
Planning Board Fees	1,225	B2115	1,425
TOTAL Departmental Income	33,054		33,704
Interest And Earnings	1,200	B2401	1,160
TOTAL Use of Money And Property	1,200		1,160
TOTAL Revenues	220,700		224,027
TOTAL Detail Revenues And Other Sources	220,700		224,027

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2015	EdpCode	2016
Expenditures			
Police, Contr Expend	22,500	B31204	22,500
TOTAL Police	22,500		22,500
Safety Inspection, Pers Serv	34,516	B36201	40,716
Safety Inspection, Contr Expend	2,659	B36204	3,807
TOTAL Safety Inspection	37,175		44,523
TOTAL Public Safety	59,675		67,023
Registrar of Vital Statistics, Pers Serv	500	B40201	510
TOTAL Registrar of Vital Statistics	500		510
TOTAL Health	500		510
Youth Prog, Contr Expend	41,250	B73104	41,350
TOTAL Youth Prog	41,250		41,350
TOTAL Culture And Recreation	41,250		41,350
Zoning, Pers Serv	12,262	B80101	15,320
Zoning, Contr Expend	8,400	B80104	2,919
TOTAL Zoning	20,662		18,239
Planning, Pers Serv	6,153	B80201	5,912
Planning, Contr Expend	1,545	B80204	5,390
TOTAL Planning	7,698		11,302
Comm Beautification, Contr Expend		B85104	500
TOTAL Comm Beautification	0		500
TOTAL Home And Community Services	28,360		30,041
State Retirement, Empl Bnfts	7,899	B90108	6,783
Social Security , Empl Bnfts	4,087	B90308	4,778
Worker's Compensation, Empl Bnfts	3,673	B90408	2,623
Hospital & Medical (dental) Ins, Empl Bnft	3,268	B90608	3,259
TOTAL Employee Benefits	18,927		17,443
TOTAL Expenditures	148,712		156,367
Transfers, Other Funds	95,000	B99019	116,000
TOTAL Operating Transfers	95,000		116,000
TOTAL Other Uses	95,000		116,000
TOTAL Detail Expenditures And Other Uses	243,712		272,367

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Analysis of Changes in Fund Balance

Code Description	2015	EdpCode	2016
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	616,445	B8021	593,433
Restated Fund Balance - Beg of Year	616,445	B8022	593,433
ADD - REVENUES AND OTHER SOURCES	220,700		224,027
DEDUCT - EXPENDITURES AND OTHER USES	243,712		272,367
Fund Balance - End of Year	593,433	B8029	545,093

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2016	EdpCode	2017
Estimated Revenues			
Est Rev - Real Property Taxes	58,141	B1049N	58,966
Est Rev - Non Property Tax Items	110,000	B1199N	110,000
Est Rev - Departmental Income	17,000	B1299N	18,250
Est Rev - Use of Money And Property	2,200	B2499N	1,000
TOTAL Estimated Revenues	187,341		188,216
Appropriated Fund Balance	72,500	B599N	73,000
TOTAL Estimated Other Sources	72,500		73,000
TOTAL Estimated Revenues And Other Sources	259,841		261,216

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2016	EdpCode	2017
Appropriations			
App - General Government Support	12,188	B1999N	12,188
App - Public Safety	65,632	B3999N	73,946
App - Health	510	B4999N	510
App - Culture And Recreation	41,250	B7999N	41,250
App - Home And Community Services	73,261	B8999N	49,222
App - Employee Benefits		B9199N	19,100
TOTAL Appropriations	192,841		196,216
App - Interfund Transfer	67,000	B9999N	65,000
TOTAL Other Uses	67,000		65,000
TOTAL Appropriations And Other Uses	259,841		261,216

TOWN OF North East
Annual Update Document
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(CD) SPECIAL GRANT

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Due From Other Funds		CD391	147
TOTAL Due From Other Funds	0		147
Due From Other Governments	17,570	CD440	
TOTAL Due From Other Governments	17,570		0
TOTAL Assets and Deferred Outflows of Resources	17,570		147

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2015	EdpCode	2016
Due To Other Funds	17,423	CD630	
TOTAL Due To Other Funds	17,423		0
TOTAL Liabilities	17,423		0
Fund Balance			
Assigned Unappropriated Fund Balance	147	CD915	147
TOTAL Assigned Fund Balance	147		147
TOTAL Fund Balance	147		147
TOTAL Liabilities, Deferred Inflows And Fund Balance	17,570		147

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CD) SPECIAL GRANT

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Grants From Local Governments	67,489	CD2706	
TOTAL Miscellaneous Local Sources	67,489		0
TOTAL Revenues	67,489		0
TOTAL Detail Revenues And Other Sources	67,489		0

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CD) SPECIAL GRANT

Results of Operation

Code Description	2015	EdpCode	2016
Expenditures			
Acquisition of Real Prop, Equip& Cap Outla	67,489	CD86602	
TOTAL Acquisition of Real Prop	67,489		0
TOTAL Home And Community Services	67,489		0
TOTAL Expenditures	67,489		0
TOTAL Detail Expenditures And Other Uses	67,489		0

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CD) SPECIAL GRANT

Analysis of Changes in Fund Balance

Code Description	2015	Edp Code	2016
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	147	CD8021	147
Restated Fund Balance - Beg of Year	147	CD8022	147
ADD - REVENUES AND OTHER SOURCES	67,489		
DEDUCT - EXPENDITURES AND OTHER USES	67,489		
Fund Balance - End of Year	147	CD8029	147

TOWN OF North East
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(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Cash	48,775	CM200	49,449
TOTAL Cash	48,775		49,449
TOTAL Assets and Deferred Outflows of Resources	48,775		49,449

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2015	EdpCode	2016
Fund Balance			
Assigned Unappropriated Fund Balance	48,775	CM915	49,449
TOTAL Assigned Fund Balance	48,775		49,449
TOTAL Fund Balance	48,775		49,449
TOTAL Liabilities, Deferred Inflows And Fund Balance	48,775		49,449

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CM) MISCELLANEOUS SPECIAL REV

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Other Home & Community Service Income	600	CM2189	600
TOTAL Departmental Income	600		600
Interest And Earnings	72	CM2401	74
TOTAL Use of Money And Property	72		74
TOTAL Revenues	672		674
TOTAL Detail Revenues And Other Sources	672		674

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

Results of Operation

Code Description	2015	EdpCode	2016
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(CM) MISCELLANEOUS SPECIAL REV

Analysis of Changes In Fund Balance

Code Description	2015	EdpCode	2016
Analysis of Changes In Fund Balance			
Fund Balance - Beginning of Year	48,103	CM8021	48,775
Restated Fund Balance - Beg of Year	48,103	CM8022	48,775
ADD - REVENUES AND OTHER SOURCES	672		674
Fund Balance - End of Year	48,775	CM8029	49,449

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Cash	510,804	DB200	521,668
TOTAL Cash	510,804		521,668
Accounts Receivable	41,765	DB380	23,544
TOTAL Other Receivables (net)	41,765		23,544
Due From Other Funds	19,457	DB391	
TOTAL Due From Other Funds	19,457		0
TOTAL Assets and Deferred Outflows of Resources	572,026		545,212

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2015	EdpCode	2016
Accounts Payable	104,751	DB600	32,533
TOTAL Accounts Payable	104,751		32,533
Due To Other Funds	8,980	DB630	147
TOTAL Due To Other Funds	8,980		147
TOTAL Liabilities	113,731		32,680
Fund Balance			
Assigned Appropriated Fund Balance	44,500	DB914	53,000
Assigned Unappropriated Fund Balance	413,795	DB915	459,532
TOTAL Assigned Fund Balance	458,295		512,532
TOTAL Fund Balance	458,295		512,532
TOTAL Liabilities, Deferred Inflows And Fund Balance	572,026		545,212

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Real Property Taxes	785,188	DB1001	784,964
TOTAL Real Property Taxes	785,188		784,964
Snow Removal Services-Other Govts	41,765	DB2302	23,533
TOTAL Intergovernmental Charges	41,765		23,533
Interest And Earnings	1,489	DB2401	1,632
TOTAL Use of Money And Property	1,489		1,632
Sales of Scrap & Excess Materials	307	DB2650	
Sales of Equipment	36,545	DB2665	25,000
Insurance Recoveries	1,591	DB2680	
TOTAL Sale of Property And Compensation For Loss	38,443		25,000
St Aid, Consolidated Highway Aid	96,233	DB3501	19,233
TOTAL State Aid	96,233		19,233
TOTAL Revenues	963,118		854,362
Interfund Transfers	95,000	DB5031	116,000
TOTAL Interfund Transfers	95,000		116,000
TOTAL Other Sources	95,000		116,000
TOTAL Detail Revenues And Other Sources	1,058,118		970,362

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2015	EdpCode	2016
Expenditures			
Maint of Streets, Pers Serv	45,874	DB51101	56,301
Maint of Streets, Contr Expend	151,530	DB51104	191,951
TOTAL Maint of Streets	197,404		248,252
Perm Improve Highway, Contr Expend	134,278	DB51124	62,977
TOTAL Perm Improve Highway	134,278		62,977
Machinery, Pers Serv	66,034	DB51301	58,708
Machinery, Equip & Cap Outlay	180,263	DB51302	103,626
Machinery, Contr Expend	126,964	DB51304	84,025
TOTAL Machinery	373,261		246,359
Brush And Weeds, Pers Serv	29,416	DB51401	35,843
Brush And Weeds, Contr Expend	39,575	DB51404	38,999
TOTAL Brush And Weeds	68,991		74,842
Snow Removal, Pers Serv	36,283	DB51421	52,351
Snow Removal, Equip & Cap Outlay	8,000	DB51422	1,251
Snow Removal, Contr Expend	119,233	DB51424	73,979
TOTAL Snow Removal	163,516		127,581
TOTAL Transportation	937,450		760,011
Misc Home & Comm Serv, Pers Serv	38,336	DB89891	
TOTAL Misc Home & Comm Serv	38,336		0
TOTAL Home And Community Services	38,336		0
State Retirement, Empl Bnfts	30,159	DB90108	25,900
Social Security, Empl Bnfts	16,559	DB90308	15,564
Worker's Compensation, Empl Bnfts	38,105	DB90408	33,096
Disability Insurance, Empl Bnfts	554	DB90558	554
Hospital & Medical (dental) Ins, Empl Bnft	41,209	DB90608	37,345
TOTAL Employee Benefits	126,586		112,459
Debt Principal, Installment Bonds		DB97206	41,667
TOTAL Debt Principal	0		41,667
Debt Interest, Installment Bonds		DB97207	1,988
TOTAL Debt Interest	0		1,988
TOTAL Expenditures	1,102,372		916,125
TOTAL Detail Expenditures And Other Uses	1,102,372		916,125

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Analysis of Changes in Fund Balance

Code Description	2015	EdpCode	2016
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	502,549	DB8021	458,295
Restated Fund Balance - Beg of Year	502,549	DB8022	458,295
ADD - REVENUES AND OTHER SOURCES	1,058,118		970,362
DEDUCT - EXPENDITURES AND OTHER USES	1,102,372		916,125
Fund Balance - End of Year	458,295	DB8029	512,532

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2016	EdpCode	2017
Estimated Revenues			
Est Rev - Real Property Taxes	784,964	DB1049N	794,858
Est. Rev. - Intergovernmental Charges	20,000	DB2399N	20,000
Est Rev - Use of Money And Property	1,200	DB2499N	1,200
TOTAL Estimated Revenues	806,164		816,058
Estimated - Interfund Transfer	67,000	DB5031N	65,000
Appropriated Fund Balance	44,500	DB599N	53,000
TOTAL Estimated Other Sources	111,500		118,000
TOTAL Estimated Revenues And Other Sources	917,664		934,058

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2016	Edp Code	2017
Appropriations			
App - Transportation	717,100	DB5999N	724,300
App - Employee Benefits	150,564	DB9199N	152,766
App - Debt Service	43,000	DB9899N	42,992
TOTAL Appropriations	910,664		920,058
Interfund Transfers	7,000	DB9999N	14,000
TOTAL Other Uses	7,000		14,000
TOTAL Appropriations And Other Uses	917,664		934,058

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Cash	133,452	H200	8,475
TOTAL Cash	133,452		8,475
Due From Other Funds		H391	
TOTAL Due From Other Funds	0		0
TOTAL Assets and Deferred Outflows of Resources	133,452		8,475

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2015	Edp Code	2016
Accounts Payable	125,000	H600	
TOTAL Accounts Payable	125,000		0
TOTAL Liabilities	125,000		0
Fund Balance			
Assigned Unappropriated Fund Balance	8,452	H915	8,475
TOTAL Assigned Fund Balance	8,452		8,475
TOTAL Fund Balance	8,452		8,475
TOTAL Liabilities, Deferred Inflows And Fund Balance	133,452		8,475

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Interest And Earnings	107	H2401	23
TOTAL Use of Money And Property	107		23
TOTAL Revenues	107		23
Statutory Installment Bonds	125,000	H5720	100,000
TOTAL Proceeds of Obligations	125,000		100,000
TOTAL Other Sources	125,000		100,000
TOTAL Detail Revenues And Other Sources	125,107		100,023

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2015	EdpCode	2016
Expenditures			
Machinery, Equip & Cap Outlay		H51302	100,000
TOTAL Machinery	0		100,000
Snow Removal, Equip & Cap Outlay	125,000	H51422	
TOTAL Snow Removal	125,000		0
TOTAL Transportation	125,000		100,000
TOTAL Expenditures	125,000		100,000
Transfers, Other Funds	65,000	H99019	
TOTAL Operating Transfers	65,000		0
TOTAL Other Uses	65,000		0
TOTAL Detail Expenditures And Other Uses	190,000		100,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2015	EdpCode	2016
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	73,345	H8021	8,452
Restated Fund Balance - Beg of Year	73,345	H8022	8,452
ADD - REVENUES AND OTHER SOURCES	125,107		100,023
DEDUCT - EXPENDITURES AND OTHER USES	190,000		100,000
Fund Balance - End of Year	8,452	H8029	8,475

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Land	52,800	K101	52,800
Buildings	200,954	K102	200,954
Machinery And Equipment	1,212,424	K104	1,381,818
TOTAL Fixed Assets (net)	1,466,178		1,635,572
Deferred Outflows of Resources - Pensions	84,845	K496	328,784
TOTAL Other	84,845		328,784
TOTAL Assets and Deferred Outflows of Resources	1,551,023		1,964,356

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2015	EdpCode	2016
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	1,551,023	K159	1,964,356
TOTAL Investments in Non-Current Government Assets	1,551,023		1,964,356
TOTAL Fund Balance	1,551,023		1,964,356
TOTAL	1,551,023		1,964,356

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Cash	31,131	SW200	33,486
TOTAL Cash	31,131		33,486
Due From Other Funds	1,533	SW391	
TOTAL Due From Other Funds	1,533		0
TOTAL Assets and Deferred Outflows of Resources	32,664		33,486

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Balance Sheet

Code Description	2015	EdpCode	2016
Fund Balance			
Assigned Appropriated Fund Balance	100	SW914	
Assigned Unappropriated Fund Balance	32,564	SW915	33,486
TOTAL Assigned Fund Balance	32,664		33,486
TOTAL Fund Balance	32,664		33,486
TOTAL Liabilities, Deferred Inflows And Fund Balance	32,664		33,486

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Real Property Taxes	45,038	SW1001	46,114
TOTAL Real Property Taxes	45,038		46,114
Interest And Earnings	78	SW2401	79
TOTAL Use of Money And Property	78		79
TOTAL Revenues	45,116		46,193
TOTAL Detail Revenues And Other Sources	45,116		46,193

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Results of Operation

Code Description	2015	Edp Code	2016
Expenditures			
Water Administration, Contr Expend		SW83104	120
TOTAL Water Administration	0		120
Water Trans & Distrib, Pers Serv	434	SW83401	92
Water Trans & Distrib, Contr Expend	411	SW83404	
TOTAL Water Trans & Distrib	845		92
Other Water, Contr Expend	5,696	SW83894	6,079
TOTAL Other Water	5,696		6,079
TOTAL Home And Community Services	6,541		6,291
Social Security , Empl Bnfts	33	SW90308	7
TOTAL Employee Benefits	33		7
Debt Principal, Serial Bonds	16,000	SW97106	17,000
TOTAL Debt Principal	16,000		17,000
Debt Interest, Serial Bonds	22,815	SW97107	22,073
TOTAL Debt Interest	22,815		22,073
TOTAL Expenditures	45,389		45,371
TOTAL Detail Expenditures And Other Uses	45,389		45,371

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Analysis of Changes In Fund Balance

Code Description	2015	EdpCode	2016
Analysis of Changes In Fund Balance			
Fund Balance - Beginning of Year	32,937	SW8021	32,664
Restated Fund Balance - Beg of Year	32,937	SW8022	32,664
ADD - REVENUES AND OTHER SOURCES	45,116		46,193
DEDUCT - EXPENDITURES AND OTHER USES	45,389		45,371
Fund Balance - End of Year	32,664	SW8029	33,486

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Budget Summary

Code Description	2016	EdpCode	2017
Estimated Revenues			
Est Rev - Real Property Taxes	40,018	SW1049N	39,353
Est Rev - Use of Money And Property	70	SW2499N	70
TOTAL Estimated Revenues	40,088		39,423
Appropriated Fund Balance	100	SW599N	0
TOTAL Estimated Other Sources	100		0
TOTAL Estimated Revenues And Other Sources	40,188		39,423

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(SW) WATER

Budget Summary

Code Description	2016	EdpCode	2017
Appropriations			
App - Home And Community Services	1,100	SW8999N	1,100
App-Employee Benefits	15	SW9199N	15
App - Debt Service	39,073	SW9899N	38,308
TOTAL Appropriations	40,188		39,423
TOTAL Appropriations And Other Uses	40,188		39,423

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(TA) AGENCY

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Cash	54,123	TA200	40,755
TOTAL Cash	54,123		40,755
Due From Other Funds	5	TA391	5
TOTAL Due From Other Funds	5		5
TOTAL Assets and Deferred Outflows of Resources	54,128		40,760

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(TA) AGENCY

Balance Sheet

Code Description	2015	Edp Code	2016
Due To Other Funds	6,176	TA630	
TOTAL Due To Other Funds	6,176		0
State Retirement	1,119	TA18	975
Group Insurance	1,037	TA20	845
Guaranty & Bid Deposits	45,796	TA30	38,940
TOTAL Agency Liabilities	47,952		40,760
TOTAL Liabilities	54,128		40,760
TOTAL Liabilities, Deferred Inflows And Fund Balance	54,128		40,760

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2015	Edp Code	2016
Assets			
Cash	8,960	TE200	8,974
TOTAL Cash	8,960		8,974
TOTAL Assets and Deferred Outflows of Resources	8,960		8,974

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2015	EdpCode	2016
Fund Balance			
Net Assets-Restricted For Other Purposes	8,960	TE923	8,974
TOTAL Assigned Fund Balance	8,960		8,974
TOTAL Fund Balance	8,960		8,974
TOTAL Liabilities, Deferred Inflows And Fund Balance	8,960		8,974

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(TE) PRIVATE PURPOSE TRUST

Results of Operation

Code Description	2015	EdpCode	2016
Revenues			
Interest And Earnings	13	TE2401	14
TOTAL Use of Money And Property	13		14
TOTAL Revenues	13		14
TOTAL Detail Revenues And Other Sources	13		14

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

Results of Operation

Code Description	2015	EdpCode	2016
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(TE) PRIVATE PURPOSE TRUST

Analysis of Changes in Net Position

Code Description	2015	EdpCode	2016
Analysis of Changes in Net Position			
Fund Balance - Beginning of Year	8,947	TE8021	8,960
Restated Fund Balance - Beg of Year	8,947	TE8022	8,960
ADD - REVENUES AND OTHER SOURCES	13		14
Fund Balance - End of Year	8,960	TE8029	8,974

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2015	EdpCode	2016
Assets			
Total Non-Current Govt Liabilities	692,012	W129	1,022,323
TOTAL Provision To Be Made In Future Budgets	692,012		1,022,323
TOTAL Assets and Deferred Outflows of Resources	692,012		1,022,323

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2016

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2015	EdpCode	2016
Net Pension Liability -Proportionate Share	63,380	W638	307,783
TOTAL Other Liabilities	63,380		307,783
Bonds Payable	624,000	W628	665,333
TOTAL Bond And Long Term Liabilities	624,000		665,333
Deferred Inflows of Resources - Pensions	4,632	W697	49,207
TOTAL Deferred Inflows of Resources	4,632		49,207
TOTAL Liabilities	692,012		1,022,323
TOTAL Liabilities	692,012		1,022,323

TOWN OF North East
Statement of Indebtedness
For the Fiscal Year Ending 2016

2/27/2017

County of: Dutchess

Municipal Code: 130359300000

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%			\$18,000	\$1,000	\$0	\$0		\$17,000
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%			\$481,000	\$16,000	\$0	\$0		\$465,000
2015	BOND N	HIGHWAY TRUCK			11/23/2015	11/23/2018	1.59%		\$125,000	\$125,000	\$41,667	\$0	\$0		\$83,333
2016	BOND N	HIGHWAY EQUIPMENT			11/01/2016	11/01/2021	1.74%		\$100,000	\$0			\$0		\$100,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$100,000	\$624,000	\$58,667	\$0	\$0	\$0	\$665,333
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year									\$100,000	\$624,000	\$58,667	\$0	\$0	\$0	\$665,333

TOWN OF North East
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2016

	<u>EDP Code</u>	<u>Amount</u>
CASH:		
On Hand	9Z2001	\$100.00
Demand Deposits	9Z2011	\$2,066,525.00
Time Deposits	9Z2021	
Total		<u>\$2,066,625.00</u>
COLLATERAL:		
- FDIC Insurance	9Z2014	\$250,000.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$1,816,525.00
Total		<u>\$2,066,525.00</u>
INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
- Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

TOWN OF North East
Bank Reconciliation
For the Fiscal Year Ending 2016

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
*****-2426	\$864,398	\$0	\$0	\$864,398
*****-2434	\$520,569	\$0	\$0	\$520,569
*****-2442	\$521,571	\$0	\$0	\$521,571
*****-2450	\$9,644	\$0	\$0	\$9,644
*****-2469	\$5,976	\$0	\$0	\$5,976
*****-2477	\$33,486	\$0	\$0	\$33,486
*****-2493	\$2,499	\$0	\$0	\$2,499
*****-2507	\$8,974	\$0	\$0	\$8,974
*****-2515	\$49,449	\$0	\$0	\$49,449
*****-3910	\$98	\$0	\$0	\$98
*****-3937	\$99	\$0	\$0	\$99
*****-3945	\$97	\$0	\$0	\$97
*****-3961	\$7,106	\$0	\$7,106	\$0
*****-3988	\$18,045	\$0	\$0	\$18,045
*****-3996	\$3,620	\$0	\$1,805	\$1,815
*****-6589	\$20,894	\$0	\$0	\$20,894

Total Adjusted Bank Balance \$2,057,614

Petty Cash \$100.00

Adjustments \$.00

Total Cash 9ZCASH * \$2,057,714

Total Cash Balance All Funds 9ZCASHB * \$2,057,714

* Must be equal

**TOWN OF North East
Local Government Questionnaire
For the Fiscal Year Ending 2016**

	<u>Response</u>
1) Does your municipality have a written procurement policy?	<u>Yes</u>
2) Have the financial statements for your municipality been independently audited?	<u>No</u>
If not, are you planning on having an audit conducted?	<u>No</u>
3) Does your local government participate in an insurance pool with other local governments?	<u>No</u>
4) Does your local government participate in an investment pool with other local governments?	<u>No</u>
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>No</u>
6) Does your municipality have a Capital Plan?	<u>No</u>
7) Has your municipality prepared and documented a risk assessment plan?	<u>No</u>
If yes, has your municipality used the results to design the system of internal controls?	<u> </u>
8) Have you had a change in chief executive or chief fiscal officer during the last year?	<u>Yes</u>
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	<u>Yes</u>

**TOWN OF North East
Employee and Retiree Benefits
For the Fiscal Year Ending 2016**

Total Full Time Employees:		7			
Total Part Time Employees:		25			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$61,667.00	7	9	
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$43,419.00	7	25	
90408	Worker's Compensation Insurance	\$43,247.00	7	25	
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance	\$682.00	7		
90608	Hospital and Medical (Dental) Insurance	\$52,007.00	7	1	1
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$201,022.00			
Computed Total From Financial Section (comparative purposes only)		\$201,022.00			

TOWN OF North East
Energy Costs and Consumption
For the Fiscal Year Ending 2016

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$5,479	2,958	gallons	
Diesel Fuel	\$16,047	10,097	gallons	
Fuel Oil	\$4,947	3,548	gallons	
Natural Gas			cubic feet	
Electricity	\$4,981	31,552	kilowatt-hours	
Coal			tons	
Propane			gallons	

TOWN OF North East
Schedule of Other Post Employment Benefits (OPEB)
For the Fiscal Year Ending 2016

**TOWN OF North East
Financial Comments
For the Fiscal Year Ending 2016**

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The fund financial statements of the Town of North East, New York (Town) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units, to the extent appropriate for the prescribed form. The prescribed form is intended to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity:

The Town is governed by its charter, municipal law and other general laws of the State of New York, and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of five members (with each member having an equal vote). The Town Supervisor serves as chief executive and fiscal officer of the Town.

The following basic services are provided: public safety, highways and streets, sanitation, culture and recreation, public improvements, planning, and general administrative services.

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Town of North East, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statements 14, 39, and 61.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief review of certain entities considered in determining the Town of North East's reporting entity.

I. There are no other entities included in the reporting entity, nor are there any joint ventures excluded from the reporting entities.

II. Excluded from Reporting Entity:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Although the following organizations, functions or activities are related to the Town they are not included in the Town's reporting entity because of the reasons noted:

The Town exercises no oversight over the operations of the Joint Fire District of the Town and Village of Millerton. The Town levies and collects real property taxes and turns them over to the fire district. This amounted to \$373,055 and \$367,700 for the years ended December 31, 2016 and 2015, respectively.

B. Fund Accounting:

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Town records its transactions in the fund types and account groups described below:

I. Fund Categories:

a. Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources).

The following are the Town's governmental fund types.

1. General Fund:

The General Fund is the principal fund of the Town and includes all operations not required to be recorded in other funds.

2. Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

- (a) Highway Funds are used to account for revenues and expenditures for maintenance of Town highways.
- (b) Special District Funds are used to account for the resources of special districts.
- (c) Water Funds are used to account for revenues and expenditures for maintenance of the North East Water District.
- (d) Special Grant Funds are used to account for grant funds received from governmental sources.
- (e) Miscellaneous Special Revenue Fund accounts for trust arrangements under which principal and income will be used to benefit the Town's regular programs.

3. Capital Projects Fund:

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

b. Fiduciary Funds:

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity.

1. Agency Funds:

Agency Funds are used to account for money (and/or property) received and held in the capacity of trustees, custodians, or agents. These include expendable trusts, non-expendable trusts, and agency funds.

2. Private-Purpose Trust Funds:

Private-Purpose Trust Funds are used to account for all other trust arrangements under which principal and interest benefit individuals, private organizations or other governments.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. Account Groups:

Account groups are used to establish accounting control and accountability for the Town's non-current government assets and non-current government liabilities. The two account groups are not "funds". They are concerned only with the measurement of financial position, and not with the results of operations.

a. Non-Current Government Assets Account Group:

This group of accounts is used to account for land, buildings, improvements other than buildings and equipment utilized for general government purposes. This account group is also used to account for deferred outflows of resources.

b. Non-Current Government Liability Account Group:

This group of accounts is established to account for all long-term debts and deferred inflows of resources.

C. Basis of Accounting/Measurement Focus:

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows, liabilities, and deferred inflows are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

I. Modified Accrual Basis:

All Governmental Funds and Fiduciary Funds, are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when the fund liability is incurred except that:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- a. Expenditures for prepaid and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when payment is due (see Note 1, I).
- d. Other post-employment benefits are charged as expenditures when payment is due.

II. Account Groups:

Non-current government assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. Non-current government liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. Long-term liabilities for retirement and compensated absences are recorded when the Town's obligation can be reasonably estimated.

D. Fund Balances:

Fund Balance is broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned focusing on the constraints imposed on resources in governmental funds:

I. Non-Spendable:

Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

II. Restricted:

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balance as of December 31, 2016.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution, to adopt the 2017 budget, has authorized the Town Supervisor to assign fund balance. Appropriated fund balance is reported in the various funds as follows: General Fund – Town-Wide \$103,000, General Fund – Outside \$73,000, and Highway Fund – Outside \$53,000.

V. Unassigned:

Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

The Town has the authority to carry over a "reasonable amount" of committed, assigned and unassigned fund balance consistent with the "Reasonable amount" statutes.

E. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriations, is employed by the Town. Encumbrances are reported as restrictions, commitments or assignments of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

F. Property, Plant, and Equipment – General:

Fixed assets purchased for general governmental purposes are recorded as expenditures in

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

the governmental funds and are capitalized at cost (or estimated historical cost) in the Non-Current Government Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. Historical records are incomplete and, as such, are considered to be valued for insurance purposes only and cannot be supported as cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. No depreciation has been provided on Schedule of Non-Current Government Assets Account Group nor has interest on non-current government assets construction-in-progress been capitalized.

G. Investments:

An investment is a security or other asset (a) that a government holds primarily for the purpose of income or profit and (b) with present service capacity that is based solely on its ability to generate cash or to be sold to generate cash. Capital assets held for resale are excluded from being classified as investments.

Investments are generally reported at fair value, except certificates of deposit, which are reported at cost.

H. Deferred Outflows/Inflows of Resources:

GASB Statement No., 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), 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 period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

I. Compensated Absences:

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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

No accrual has been recorded due to the number of variables involved. However, management believes that sufficient resources will be available for payment when such payment becomes due.

J. Post-Employment Benefits:

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the current year, \$3,267 was paid on behalf of one retiree and recorded as an expenditure.

K. Departures from Generally Accepted Accounting Principles (GAAP):

The Town has prepared these statements in the accompanying prescribed form to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. Notable departures from GAAP include:

- I. No provision for capitalizing infrastructure has been recorded;
- II. No provision for depreciation of Non-Current Government Assets has been recorded.
- III. The absence of an entity-wide Statement of Net Positions and Statement of Activities;
- IV. The absence of a Management, Discussion and Analysis;
- V. A statement comparing budget vs. actual is required under generally accepted accounting principles. While the Annual Update document includes both actual and budget schedules, there is no direct comparison of the two;
- VI. A Schedule of Funding Progress for Other Post-Employment Benefits is required under GAAP.
- VII. A Schedule of the Local Government's Proportionate Share of the Net Pension Liability for the New York State Employees' Retirement System is required under GAAP.
- VIII. A Schedule of the Local Government's Contribution for the New York State Employees' Retirement System is required under GAAP.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

IX. The absence of references to the “accompanying notes and accountant’s disclaimer” on each page of the financial statements and to the “accountant’s disclaimer” on each page of any supplementary information.

The effect of these departures on the financial statements has not been determined.

L. Insurance

The Town of North East assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

M. New Accounting Standards:

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable, except for the departures listed in Note 1.L. At December 31, 2016, the Town implemented the following new standards issued by GASB:

--GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for reporting periods beginning after June 15, 2015.

N. Future Changes in Accounting Standards:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, effective for reporting periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans.

GASB has issued Statement No. 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, effective for reporting periods beginning after June 30, 2016. This Statement amends the blending requirements established in Paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*, as amended.

GASB has issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for reporting periods beginning after December 15, 2016. This Statement supersedes Question 7.72.11 of Implementation Guide No. 2015-1. In addition, this Statement amends Paragraph 13 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; Paragraph 5 of Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Paragraphs 16, 18, 22, 92, and 107 of Statement No. 34, *Basic Financial Statements—and Management’s*

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Discussion and Analysis—for State and Local Governments; and Paragraph 24 of Statement No. 67, Financial Reporting for Pension Plans.

The GASB has issued Statement No. 82, *Pension Issues*, effective for reporting periods beginning after June 15, 2016, with certain exceptions. This Statement is an amendment of GASB Statements No. 67, No. 68, and No. 73, finalizes Exposure Draft (ED) No. 34E, and seeks to improve consistency in the application of financial reporting requirements to certain pension issues.

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

O. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY:

A. Budgetary Data:

The budget policies are as follows:

- I. No later than September 30, the budget officer submits a tentative budget to the Town Clerk, who then has until October 5 to submit the budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- II. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- III. All modifications of the budget must be approved by the governing board.
- IV. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the period year.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY (CONTINUED):

B. Property Taxes:

Real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to May 31. Taxes for the Town and special district purposes are levied together with the taxes for the county purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bill. The county assumes enforcement responsibility for all taxes levied in the Town. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of property taxes that may be levied by the Town of North East in a particular year, beginning with the 2012 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS:

A. Assets:

I. Cash and Investment Policies:

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC insured commercial banks located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the state and its municipalities and school districts.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

II. Cash and Cash Equivalents – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks:

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

As of December 31, 2015, \$-0- of the Town's bank balance of \$2,066,625 was exposed to custodial credit risk as follows:

	Bank Balance 12/31/16	FDIC Coverage	Collateral	Total Coverage 12/31/16
Salisbury Bank	\$ 2,066,625	\$ 313,639	\$ 1,752,986	\$ 2,066,625

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$9,644 within the governmental funds.

III. Changes in Non-Current Government Assets:

A summary of changes in non-current government assets follows:

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Land	\$ 52,800	\$ -	\$ -	\$ 52,800
Buildings	200,954	-	-	200,954
Machinery and Equipment	1,212,424	225,385	55,991	1,381,818
Deferred Outflows of Resources - Pensions	84,845	243,939	-	328,784
	<u>\$ 1,551,023</u>	<u>\$ 469,324</u>	<u>\$ 55,991</u>	<u>\$ 1,964,356</u>

B. Liabilities:

I. Pension Plans:

a. General Information:

The Town participates in the New York State Employees' Retirement System (NYSERS). This is a cost-sharing, multiple-employer public employee retirement system. The System offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

b. Plan Description:

The Town participates in the New York State and Local Employees' Retirement System (ERS) which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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.

c. Benefits Provided:

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

i. 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 percent 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 percent 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 RSSL, 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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

ii. Tiers 3, 4, and 5:

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

Benefit Calculation: Generally, the benefit is 1.67 percent 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 percent 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 percent of final average salary is applied for each year of service over 30 years. Tier 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. Tier 3 and 4 members 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 Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

iii. 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 percent 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 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

2 percent 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 percent of the average of the previous four years.

iv. Special Plans:

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a 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.

v. Ordinary Disability Benefits:

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

vi. Accidental Disability Benefits:

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

vii. 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.

viii. 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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

d. Contributions:

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 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2016	61,667
2015	71,808
2014	86,005

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

At December 31, 2016, the Town reported a liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net position liability was based on a projection of the Town's

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

This information was provided by the ERS System in reports provided to the Town.

	ERS
Actuarial Valuation Date	4/1/2015
Net Pension Asset/(Liability)	\$ 307,783
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.1917600%

For the year ended December 31, 2016, the Town recognized pension expense of \$61,667 for ERS, within the fund financial statements. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	ERS
Differences between expected and actual experience	\$ 1,555	\$ 36,483
Changes of assumptions	82,077	-
Net difference between projected and actual earnings on pension plan investments	182,594	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	891	12,724
Town's contributions subsequent to the measurement date	61,667	-
Total	\$ 328,784	\$ 49,207

\$61,667 reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

	ERS
Year Ended:	
2017	55,021
2018	55,021
2019	55,021
2020	52,847
2021	-
Thereafter	-
	<u>217,910</u>

i. Actuarial Assumptions:

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following assumptions:

	ERS
Measurement Date	March 31, 2016
Actuarial Valuation Date	April 1, 2015
Interest Rate	7.00%
Salary Scale	3.80%
Decrement Tables	April 1, 2010 - March 31, 2015
	System's Experience
Inflation Rate	2.50%

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

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Alternative Investments	6%	15.35%
Total Equities	75%	
Domestic Fixed Income Securities	0%	0.00%
Global Fixed Income Securities	0%	0.00%
Real Assets	3%	8.65%
Bonds and Mortgages	18%	4.00%
Short-Term	2%	2.25%
Inflation-Indexed Bonds	2%	4.00%
Total Fixed Income	25%	
Total	100%	

ii. Discount Rate:

The discount rate used to calculate the total pension liability was 7.0 % for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' 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.

iii. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Employer's proportionate share of the net pension (asset) liability	\$ 694,029	\$ 307,783	\$ (18,578)

iv. Pension Plan Fiduciary Net Position:

The components of the current-year net pension (asset)/liability of the employers as of March 31, 2016, were as follows:

	(Dollars in the Thousands)
ERS	
Valuation Date	4/1/2015
Employers' Total Pension Liability	\$ 172,303,544
Plan Net Position	156,253,265
Employers' Net Pension Liability/(Asset)	\$ 16,050,279
Plan Net Position as a percentage to the Systems' Total Pension Liability/(Asset)	90.68%

v. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2016 represent the projected employer contribution for the period of April 1, 2016 through December 31, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2016, amounted to \$0 payable.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

II. Indebtedness:

a. Long-Term Debt:

At December 31, 2016, the total outstanding indebtedness of the Town aggregated \$665,333 of which \$183,333 was subject to the constitutional debt limit. This amount represented less than 1% of its debt limit.

b. Serial Bonds:

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in Non-Current Government Liabilities Account Group. The provision to be made in the future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Summary of Long-Term Liabilities:

The following is the summary of long-term liabilities outstanding at December 31, 2016:

	Balance			Balance
	12/31/15	Additions	Payments	12/31/16
Serial Bonds	\$ 499,000	\$ -	\$ 17,000	\$ 482,000
Highway Truck	125,000	-	41,667	83,333
Highway Equipment	-	100,000	-	100,000
Net Pension Liability - Proportionate Share	63,380	244,403	-	307,783
Deferred Inflows of Resources - Pensions	4,632	44,575	-	49,207
	<u>\$ 692,012</u>	<u>\$ 388,978</u>	<u>\$ 58,667</u>	<u>\$ 1,022,323</u>

d. Maturity:

The following is a statement of Serial Bonds with corresponding maturity schedules:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

Description of Issue	Issue Date	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/2016
Water	06/01/99	\$ 694,300	4.50%	06/01/36	\$ 482,000
Highway Truck	11/23/15	\$ 125,000	1.59%	11/23/18	83,333
Highway Equipment	11/01/16	\$ 100,000	1.74%	11/01/21	100,000
					<u>\$ 665,333</u>

e. Debt Service:

The following table summarizes the Town's future debt service requirements as of December 31, 2016:

	Principal	Interest
2017	78,667	21,690
2018	79,666	20,925
2019	39,000	20,115
2020	40,000	19,260
2021	41,000	18,360
2022-2026	109,000	77,535
2027-2031	126,000	51,570
2032-2036	152,000	21,015
	<u>\$ 665,333</u>	<u>\$ 250,470</u>

III. Landfill Maintenance:

State and federal laws and regulations require the Town to place a final cover on its refuse landfill site when it stops accepting waste, and also requires certain maintenance and monitoring functions at the site for 30 years after closure. The Town established a capital project to aid in paying the costs for the closure. Cumulative expenditures for landfill closure costs were \$1,181,475 for the years ended December 31, 2016 and 2015. The Town has applied for, and was awarded, State Aid in the amount of \$1,201,294 to aid in paying the cost to date and for future costs.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

C. Interfund Receivables and Payables:

Interfund receivables and payables at December 31, 2016, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ -	\$ -	\$ -	\$ -
General Fund - Town Outside	-	-	-	116,000
Special Revenue:				
Highway Part Town	-	147	116,000	-
Water	-	-	-	-
Special Grant	147	-	-	-
Capital Projects	-	-	-	-
Fiduciary Trust and Agency	-	-	-	-
Totals	<u>\$ 147</u>	<u>\$ 147</u>	<u>\$ 116,000</u>	<u>\$ 116,000</u>

D. Fund Equity:

Designation and Assignment of Fund Balance:

The Town has designated the following amounts to be used to reduce taxes for the year ending December 31, 2016:

Fund	Appropriated Fund Balance
General	\$ 103,000
General - Town Outside	73,000
Highway - Town Outside	53,000
	<u>\$ 229,000</u>

E. Restricted Reserves:

The general fund equity includes reserve funds established for the following purposes:

Fund	Purpose	Balance at 12/31/16
General	Unemployment Reserve	<u>\$ 9,644</u>

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

A. Grants:

The Town has received grants in varying amounts, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the State and Federal governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

B. Landfill Closure Costs:

The Town has not reported post closure care costs as a liability at December 31, 2016, in either the General Fund or the Non-Current Government Liabilities Account Group. The amount of this liability has not been calculated however; and is deemed to be material.