



## **Town of Colonie, New York**

Financial Report

December 31, 2022

# Town of Colonie, New York

## Financial Report

December 31, 2022

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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, 2022, 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, 2022, 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 2021 financial statements of the governmental activities 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 management's discussion and analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 34 and 92 to 97, 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 98 to 100 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 August 28, 2023 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

Latham, New York  
August 28, 2023



# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### 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 Town has been demolished as a proposed project works 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. Additionally, the former Altech Steel site is undergoing environmental clean-up for future redevelopment.

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, 2022

### **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 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, 2022.

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**

For the last decade, the Town has had several significant financial goals, 1) to reach the New York State Comptroller's recommended fund balance levels of 5% of annual operating expenditures; 2) to attain "no designation" status under the New York State Comptroller's Fiscal Stress Monitoring System; and 3) to return our bond rating to a high-grade investment designation. Through sound fiscal management, as of December 31, 2022, the Town has attained, or exceeded, these goals. In recognition of these accomplishments, and to ensure the Town continues on its current trajectory, the Town Supervisor proposed, and Town Board unanimously implemented the Town's first ever fund balance policy.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Highlights - Continued

On the face of the entity-wide financial statement pages the Town's financial health looks significantly different, reflecting a net deficit financial position of approximately \$89.4 million. This deficit net position is directly attributable 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 \$149 million as of December 31, 2022. While these standards require the recognition of this liability on the entity-wide and enterprise fund 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 \$6.2 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, or assets, which total approximately an asset of \$7.45 million, and liabilities of \$1.9 million, and \$5.1 million, respectively, as of December 31, 2022. These pension assets/liabilities will not benefit the Town or be paid out in the near term, but over the term of the employees' and volunteers' service to the Town.

Additionally, these OPEB and pension standards required the deferral of certain resources as deferred outflows, net of deferred inflows, of resources of about \$6.7 million as of December 31, 2022.

If the impact of these reporting requirements were excluded from the government-wide financial statements, the Town would present an unrestricted government-wide surplus of approximately \$58.6 million as of December 31, 2022, rather than a deficit of approximately \$89.4 million.

### Other Financial Highlights For 2022

- At the end of the fiscal year, the General Fund reported a fund balance of approximately \$7.9 million, a significant increase from \$3.5 million at December 31, 2021. This rebound resulted from an increase in sales tax revenues with the continued economic recovery and higher levels of inflation driving purchases up during 2022. Approximately \$534,000 of this fund balance is restricted by third parties for public safety purposes, \$383,000 committed or assigned for various purposes and there is an unrestricted fund balance of \$7 million, increased from \$4.2 million at December 31, 2021. This increase in fund balance was not a result of the American Rescue Plan Act State and Local Fiscal Recovery Funds (SLFRF) grant, which largely remains in unearned revenue at December 31, 2022. These funds will support improvements in infrastructure, public safety, and recreation opportunities.
- All of the governmental operating funds 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 continues to show a fund deficit as of December 31, 2022. This \$14.86 million deficit net position will be eliminated in future periods through the landfill operator's assumption of the \$30.2 million closure and post-closure monitoring liabilities. The Pure Waters Department is also reporting a deficit net position, of \$1.17 million as of December 31, 2022. Similar to the entity-wide statements, this is directly related to the recognition of \$7.47 million in OPEB liability, compensated absences, and net pension asset, net of deferred inflows and outflows of resources.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Other Financial Highlights For 2022 - Continued

- For governmental funds, the principal sources of the Town's operating revenue are real property taxes of \$31.08 million (33.4%), sales and use taxes of \$33.44 million (35.9%), charges for services of \$11.26 million (12.1%), and state and federal aid of \$10.11 million (10.8%). Sales tax continued to improve during 2022 and increased by \$3.7 million, or 12.6%. Charges for services improved during 2022, primarily in the areas of charges to developers within the special miscellaneous revenue fund of \$1.4 million, and Highway fund of \$100,000. These funds have been the source of most of the fluctuation in this line over the last several years. The balance of the \$581,000 increase resulted primarily from continuing increased volume within the Emergency Medical Service Department, \$119,000, and a strong Summer season for the Town's recreation programs, \$348,000. Federal aid increased approximately \$412,000 through the use of the SLFRF grant within the Town's paving program. State aid, with the reinstatement of reporting Aide and Incentives for Municipalities funds as state aid (\$456,000) really only increased about \$162,000, and is related to consolidated local street and highway improvement program aid increases during 2022.
- The business-type activities (Pure Waters, Latham Water, and the Environmental Services Department) derived 55.5% (\$15.44 million) of their operating revenue from charges for services, and 44.1% (\$12.28 million) through ad valorem tax assessments, which represent a 20.97% increase and 2.9% decrease, respectively, over 2021. These fluctuations are the result of adopted rate increases for 2022, offset by declines in water consumption. The Environmental Services Department also recognized nonoperating revenue of approximately \$6.4 million in 2022, as compared to \$4.5 million in 2021, from the recognition of contributed capital assets. Additionally, in 2022 the discount rate on the long-term management contract receivable increased by 2.19%, to 3.54%, resulting in an economic loss of \$2.03 million.
- The largest expense in the Town continues to be salaries and benefits. In 2022, salaries were \$42.1 million, an increase of \$2.14 million (5.34%) from 2021 and benefits of \$27.4 million, before other postemployment benefit (OPEB) and net pension/LOSAP liability related items, an increase of \$1.3 million. The salaries increase was the result of a 2.5 and 2.75% 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. The increase in benefits was driven by an overall 7%, or \$2.11 million, increase in the cost of health insurance, but was offset by an \$810,000 decline in the amounts due to the New York State Retirement Systems. This net increase was enhanced by almost \$174,000 more in workers' compensation payments during 2022. Salaries and benefits combined account for 55.7% and 55.6% of expenses, exclusive of the change in OPEB and the net pension liability related items, at December 31, 2022 and 2021, respectively.
- Debt service costs make up approximately \$14.1 million of the 2022 Town-wide budget, or about 13.2% of total expenditures. This is up about \$400,000 from \$13.7 million, and 13.5% 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 million is supported by the proprietary funds and \$7.7M is supported by the governmental funds, of which \$3.9 million is related to highway infrastructure improvements.
- Approximately 84.4% of the Town's outstanding debt is related to addressing the needs of its aging streetlight, road, water, and sewer infrastructure. The remaining 10.6% is related to necessary improvements to the Town's public safety, emergency medical, recreation, library, other cultural services, and the 5% to the former landfill operation.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### 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, 2022

### 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, 2022 and 2021.

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 2021, the Town's net position approximated \$(89,821,000). The net position as of December 31, 2021 was restated to reflect \$542,000 in additional compensated absences related to the Town's public safety operations. It was determined the Town was not accruing the full amount of compensated time allowable under Federal Fair Labor Standards Act. First responders are allowed to carryover 480 hours of time and the Town was only quantifying an accrual of 240 hours.

During 2022, the Town generated an entity wide positive change in net position of about \$985,000. This brought the net position as of December 31, 2022 to approximately \$(89,377,000). Of that amount, approximately \$(4,795,000) was invested in capital assets, net of related debt, and approximately \$1,555,000 was restricted for other purposes. Therefore, as discussed above the Town has an entity-wide unrestricted deficit of approximately \$(86,137,000).

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

Overall, entity-wide expenses increased during 2022 by approximately \$7,300,000. This was principally the result of increases in employee benefits of \$2.7 million, salaries, by \$2.1 million, operating expense by \$1.2 million and judgement and claims by \$1 million. As discussed in the other financial highlights section the Town's overall benefit package before the changes in other postemployment benefits and net pension liabilities, and related deferred outflows and inflows, increased by \$1.3 million.

This was driven primarily by the 7% rate increase for health insurance and significantly higher payout from workers' compensation and the length of service award program. This increase was then compounded by a \$1.1 million increase in the annual impact of the change in other postemployment benefits, net pension assets/liabilities, and the related deferred inflows and outflows.

All eight of the Town's collective bargaining units finalized multiple year contracts by December 31, 2022, as the existing contracts expired effective December 31, 2020. For 2022, these contracts called for either a 2.5% or 2.75% wage increase, which accounts for the majority of the \$2,137,000 increase in salaries and wages. The balance of the increase, as stated earlier, is the return of full operation post-Pandemic, in the police and emergency medical services department. Emergency Medical Services has also experienced staffing shortages post-pandemic which has resulted in higher than expected payroll costs as it balances the use of part-time and overtime to provide necessary staffing levels. The highway department also saw a somewhat stronger winter season in 2022, which caused an additional 3% increase over 2021.

Supplies and materials increased \$1.2 million, which was the result of a combination of factors. Operating costs in several departments increased during 2022, but was primarily driven by 1) \$1.1 million in the Highway department related to fuel prices and expanded paving program, 2) \$1.6 million more in projects within the capital projects funds also related to the expanded paving program and purchase of public safety equipment, 3) \$1.2 million in expanded costs to operate the Latham Water district related to purification plant chemicals, fuel and utility costs, and 4) the special fire district fund saw an increase in expenses for about \$780,000 resulting from \$140,000 in higher fire protection contract costs and \$640,000 in depreciation of the fair value of investments during 2022. These increases were offset by a \$3.4 million decrease in the annual change in the landfill closure post-closure liability during 2022.

The Town has been defending a property damage lawsuit since 2016 that went to trial in May 2023. The jury awarded the plaintiff \$700,000 plus statutory interest since 2016, which will bring the payment in excess of the Town's \$1 million self-insured limit. However, the Town and the plaintiff are planning to appeal the verdict and the process is not expected to conclude until sometime in 2024. The Town has taken the conservative approach and recognized a \$1 million judgement and claim liability related to this case within the government-wide financial statements. This case will impact the Town's Highway Fund should the appeal not be successful.

Overall, entity-wide revenues increased by approximately \$9.8 million (7.7%); with significant fluctuations in the various types of revenues. Tax revenues (property and ad valorem) and sales tax revenue, increased \$661,000 and \$3,734,000, respectively, primarily due to tax rate increases and positive economic conditions coupled with the impact of inflation during 2022. Charges for services improved during 2022, by approximately \$5.1 million. Primarily in the areas of charges to developers within the special miscellaneous revenue fund of \$1.4 million, and Highway fund of \$100,000 coupled with water consumption and rate increases of \$2.0 million, and landfill gas sale rate increases of \$640,000. The balance of the increase resulted from continuing increased volume within the Emergency Medical Service Department, \$119,000, a strong Summer season for the Town's recreation programs, \$348,000, and building and fire code fees of \$312,000.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

Grants and contributions revenue increased about \$2.2 million during 2022, primarily from an increase in contributed capital from the landfill operator's increased investment in capital assets of \$1.9 million in 2022 when compared to 2021's investment. The remaining balance of \$288,000 relates to fluctuations in Federal and State aid. Federal aid increased approximately \$412,000 through the use of the SLFRF grant within the Town's paving program.

State aid, with the reinstatement of reporting Aid and Incentives for Municipalities funds as state aid (\$456,000) actually decreased about \$124,000, and is related to consolidated local street and highway improvement program aid increases during 2022 of \$162,000, offset by the completion of a Latham Water infrastructure project that was receiving state aid during 2021 of \$286,000.

Use of money and property decreased \$2.3 million as a result of the demolition of landfill related structures with remaining net book values of approximately \$671,000, and the increase of the discount rate of the long-term landfill management contract receivable resulting in an economic loss of \$2.03 million. These losses were offset by increased interest earnings of \$340,000 during 2022 from a combination of higher cash balances and significantly improved interest rates during the fourth quarter of 2022.

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.

#### General Town-Wide Fund:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>General Town-Wide Fund</b>				
Cash and cash equivalents	\$ 13,012,166	\$ 11,266,821	\$ 1,745,345	15.49%
Receivables/other	13,568,174	12,194,025	1,374,149	11.27%
Due from other funds	<u>4,644,571</u>	<u>454,853</u>	<u>4,189,718</u>	921.11%
Total assets	<u>\$ 31,224,911</u>	<u>\$ 23,915,699</u>	<u>\$ 7,309,212</u>	30.56%
Accounts payable and accrued expenses	\$ 10,369,323	\$ 10,480,190	\$ (110,867)	-1.06%
Bond anticipation note	-	200,000	(200,000)	-100.00%
Unearned revenue	8,823,148	4,658,291	4,164,857	89.41%
Due to other funds	<u>2,757,154</u>	<u>5,026,227</u>	<u>(2,269,073)</u>	-45.14%
Total liabilities	21,949,625	20,364,708	1,584,917	7.78%
Deferred inflows of resources	1,368,338	-	1,368,338	100.00%
Fund balance	<u>7,906,948</u>	<u>3,550,991</u>	<u>4,355,957</u>	122.67%
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 31,224,911</u>	<u>\$ 23,915,699</u>	<u>\$ 5,940,874</u>	24.84%

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### General Town-Wide Fund - Continued:

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>General Town-Wide Fund</b>				
Revenues	\$ 61,053,201	\$ 56,344,305	\$ 4,708,896	8.36%
Expenditures	58,002,054	55,001,818	3,000,236	5.45%
Other financing sources	99,171	61,738	37,433	60.63%
Interfund transfers in, net	1,205,639	2,000,000	(794,361)	-39.72%
Net change in fund balance	4,355,957	3,404,225	951,732	27.96%
Fund balance, <i>beginning of year</i>	3,550,991	146,766	3,404,225	2319.49%
Fund balance, <i>end of year</i>	<u>\$ 7,906,948</u>	<u>\$ 3,550,991</u>	<u>\$ 4,355,957</u>	122.67%

Total assets increased by approximately \$7.3 million due to a combination of increased interfund receivables to cash balances around year end 2022. Third-party receivables remained stable at year end 2022 as compared to 2021 with only a slight decrease of about \$15,000. The Town received the second installment of \$4.7 million in cash from the American Rescue Plan State and Local Fiscal Recovery Funds (ARP SLFR) in May 2022. The Town will be using these funds to support general governmental services through ongoing improvement and rehabilitation projects. The additional cash balances offset the cash advances to the other operating funds in and around year end which increased by approximately \$4.2 million at year end 2022 when compared to 2021.

During 2022, the Town implemented GASB Standard 87 related to leases. This standard required the recognition of long-term lessor lease receivables and a related deferred inflow of resources. This new receivable accounted for \$1.4 million of the increase in total assets and the entirety of the increase in deferred inflows of resources as of year-end 2022.

Liabilities overall increased by approximately \$1,585,000 in 2022 as compared to 2021, primarily due to increased levels of unearned revenue related to the ARP SLFR funds offset by the repayment of interfund advances during the year. Accounts payable and accrued expenses declined slightly by \$111,000 at year-end 2022 when compared to 2021. The difference was driven by larger fluctuations in accounts payable balances which were approximately \$553,000 higher at year end 2022 than 2021, offset by reductions in payroll accruals (\$73,000) and amounts due to the New York State Retirement System related to 2022 contributions (\$411,000). The payroll accrual at year end 2021 included retroactive pay resulting from settled collective bargaining contracts of \$626,000, which was not necessary in 2022. This elimination was offset by increased pay rates and days accrued at year end 2022 resulting in the minor change. With the General Town-Wide Fund's return to financial stability the need for interfund cashflow advances has declined considerably, which resulted in the \$2.3 million decline at year end 2022.

In October 2021, the Town issued a bond anticipation note 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.

Fund balance increased \$4,356,000 and was a function of the favorable operating results, primarily from the improvement within the economic activity of the Capital Region during 2022. The Town has now exceeded the New York State Comptroller's Office recommended fund balance levels of an unrestricted fund balance equal to 5% of total expenditures.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### General Town-Wide Fund - Continued:

Total revenue increased substantially during 2022, by \$4.7 million, or 8.4%. The significant fluctuations in major categories related to favorable economic conditions within the Capital Region. The sales tax allocation from Albany County was the largest driver of the increase at approximately \$3 million. Property tax increased \$884,000 as anticipated with adopted rate increases during the budget process. Departmental income, or charges for services, increased \$487,000 primarily from increased parks and recreation operations from a favorable summer season of about \$350,000. The balance of the increase was generated within the Emergency Medical Services Department's ambulance transportation and training program. These increases were enhanced by an increase in interfund revenues in the amount of \$366,000 primarily the result of higher administrative chargebacks to the enterprise funds. Federal aid revenue was down approximately \$170,000 related to non-repetitive pandemic grants within the emergency medical services department and lower levels of spending on public safety grant programs.

Expenditures increased at a modest level of 5.45% during 2022 with an overall increase of \$3,000,000, when compared to 2021. This was well below the double-digit inflation rate felt by the nation during 2022. The primary driver of this increase was in the area of salaries and wages, which increased \$1,601,000 (5.7%). Negotiated collective bargaining contracts called for 2.5% and 2.75% wage adjustments during 2022. The balance of the increase was the result of staff shortages in the Police Communications Division and Emergency Medical Services department.

Liability insurance, judgement and claims declined during 2022, as compared to 2021, by \$133,000 (16.7%), as a result of a \$210,000 judgement awarded in 2021, offset by a claim settlement during 2022 of \$100,000 and standard increases in the various liability insurances maintained by the Town. Materials, supplies, and other operating costs increased 7.1%, or \$401,000, in 2022 from 2021. This was a similar increase across all functional areas and is attributable to market conditions. Debt service costs increased \$175,000 as anticipated through debt management and capital plans.

Benefits costs increased approximately \$957,000 (5.2%) in 2022 over 2021. This increase was attributable to all area of benefit costs, but was driven primarily by a 9.3%, or \$782,000 increase in health-related costs, which was consistent with insurance premium increases. Social security increased \$133,000, consistent with the payroll costs, workers compensation claims increased \$202,000 and was the result of the payment on a few claims in December 2022. The payment of compensated absences at separation of services also increased about \$108,000 during 2022, and is a matter of timing as employees retire. These increased costs were offset by a net decrease in the required contributions to the New York State Retirement Systems of \$302,000, or 4.4%. New York State paid all unemployment costs for the Town to aid business with the impacts of the pandemic, and the program ended in 2021. Therefore, there was a \$32,000 return of unemployment benefits paid in 2022.

#### Special Miscellaneous Revenue Fund:

##### Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Special Miscellaneous Revenue</b>				
Cash and cash equivalents	\$ 12,854,029	\$ 12,371,709	\$ 482,320	3.90%
Total assets	<u>\$ 12,854,029</u>	<u>\$ 12,371,709</u>	<u>\$ 482,320</u>	3.90%

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Special Miscellaneous Revenue Fund - Continued:

##### Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Special Miscellaneous Revenue - Continued</b>				
Accounts payable and accrued expenses	\$ 484,611	\$ 468,804	\$ 15,807	3.37%
Due to other funds	1,175	7,800	(6,625)	-84.94%
Total liabilities	<u>485,786</u>	<u>476,604</u>	<u>9,182</u>	1.93%
Fund balance	<u>12,368,243</u>	<u>11,895,105</u>	<u>473,138</u>	3.98%
Total liabilities and fund balance	<u>\$ 12,854,029</u>	<u>\$ 12,371,709</u>	<u>\$ 482,320</u>	3.90%

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Special Miscellaneous Revenue</b>				
Revenues	\$ 2,052,406	\$ 591,323	\$ 1,461,083	247.09%
Expenditures	<u>1,579,268</u>	<u>37,213</u>	<u>1,542,055</u>	4143.86%
Net change in fund balance	473,138	554,110	(80,972)	-14.61%
Fund balance, <i>beginning of year</i>	<u>11,895,105</u>	<u>11,340,995</u>	<u>554,110</u>	4.89%
Fund balance, <i>end of year</i>	<u>\$ 12,368,243</u>	<u>\$ 11,895,105</u>	<u>\$ 473,138</u>	3.98%

Total assets increased during 2022 by approximately \$482,000 as a result of the timing of developer assessments during the year. A portion of the revenues within the Boght general environmental impact study (GEIS) area can be used by schools and fire companies within the area for reimbursement of eligible costs, which is accounted for as a liability within this fund. This liability increased by \$16,000 in 2022, again due to timing of developer assessment payments during the year.

The annual revenues and expenditures depend on the development within the various GEIS, or mitigation, areas and the resulting engineering and improvement projects that result from that development. During 2022, the Boght area repaid \$1,412,500 in Colliseum Drive Project construction costs, versus the \$20,000 paid in 2021. All the mitigation areas incurred approximately \$15,000 in engineering costs which was similar to the amount incurred in 2021, or \$17,000.

The Boght Area also incurred costs for the installation of new pickleball courts at the Town's Latham Kiwanis Park (\$119,800), engineering costs for new pickleball courts at the Town's Mohawk River Park (\$29,900), and installation of protective barrier fencing (\$2,100) around the pavilion completed in 2020. No project costs were incurred during 2021.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Highway Fund:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Highway Fund</b>				
Cash and cash equivalents	\$ 1,578,765	\$ 1,620,754	\$ (41,989)	-2.59%
Receivables	<u>1,762,124</u>	<u>1,406,749</u>	<u>355,375</u>	25.26%
Total assets	<u>\$ 3,340,889</u>	<u>\$ 3,027,503</u>	<u>\$ 313,386</u>	10.35%
Accounts payable and accrued expenses	\$ 907,387	\$ 990,614	\$ (83,227)	-8.40%
Due to other funds	<u>575,795</u>	<u>194,034</u>	<u>381,761</u>	196.75%
Total liabilities	<u>1,483,182</u>	<u>1,184,648</u>	<u>298,534</u>	25.20%
Fund balance	<u>1,857,707</u>	<u>1,842,855</u>	<u>14,852</u>	0.81%
Total liabilities and fund balance	<u>\$ 3,340,889</u>	<u>\$ 3,027,503</u>	<u>\$ 313,386</u>	10.35%

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Highway Fund</b>				
Revenues	\$ 13,433,732	\$ 11,805,934	\$ 1,627,798	13.79%
Expenditures	13,436,751	11,882,330	1,554,421	13.08%
Other financing sources	<u>17,871</u>	<u>106,345</u>	<u>(88,474)</u>	-83.20%
Net change in fund balance	<u>14,852</u>	<u>29,949</u>	<u>(15,097)</u>	-50.41%
Fund balance, <i>beginning of year</i>	<u>1,842,855</u>	<u>1,812,906</u>	<u>29,949</u>	1.65%
Fund balance, <i>end of year</i>	<u>\$ 1,857,707</u>	<u>\$ 1,842,855</u>	<u>\$ 14,852</u>	0.81%

Total assets increased about \$313,000 from 2022 as compared to 2021, from a combination of approximately \$350,000 more in year-end allocation of sales tax receivable and approximately \$42,000 less cash balances at year-end 2022, from the operations of the department. Both are a function of operations during 2022.

Overall, liabilities increased about \$299,000 at year-end 2022 related to higher operating costs during 2022 and therefore a need for higher levels of interfund payables until receivables were collected in January 2023. Refundable highway permits increased by \$65,000 at year end 2022, from 2021 levels, to \$472,000. Additionally, accrued expenses were down about \$149,000 related to New York State Employee Retirement System contribution decreases of \$97,000 and decreased payroll accruals of \$52,000 related to the 2021 year-end payroll accrual inclusion of retroactive pay for settled collective bargaining unit contracts.

Fund balance increased \$15,000 as a result of favorable operating results during 2022. As of December 31, 2022, the fund maintained an unreserved uncommitted fund balance (\$817,600) equal to 6.1% of the operating expenditures, exceeding the 5% recommendation of the New York State Comptroller's Office.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Highway Fund - Continued:

The Highway Fund revenues and expenditures increased approximately \$1,628,000, or 13.8%, and \$1,554,000, or 13.1%, respectively, for the year ended 2022 as compared to 2021. As noted earlier, the sales tax allocation from Albany County was the largest driver of revenue increases during 2022 and amounted to an increase of \$826,000 for this fund. The current administration renewed the focus on road infrastructure improvements in 2022 which entailed allocating \$592,000 of the federal APRA SLFRF grant to that program. New York State also recognized these needs as well, and increased the Town's allocation under the Consolidated Highway Improvement Program (CHIPS) Aid by \$89,000 during 2022. The assessments to developers for highway related development costs also increased during 2022, by about \$101,000 when compared 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 2.5% wage adjustment during 2022, and accompanied with an effort to fill vacancies due to staff turnover payroll costs actually increased \$327,000, or 12.5%, during 2022. Liability insurance, judgement and claims remained stable at about \$420,000 during 2022 when compared to 2021. As noted above the Town focused on the rejuvenation of its road infrastructure and committed to expanding the program, thereby increasing costs by about \$681,000 during 2022. The cost of winter maintenance during 2022 increased by \$302,000 when compared to 2021. The supplies, materials and operational costs represent the balance of the increase, or \$159,000, in operating costs and not attributable to anyone area. Debt service costs increased \$360,500 as anticipated through the Town's infrastructure improvement plan.

Benefits costs declined approximately \$276,000 (11.3%) in 2022 over 2021. This was driven by the lower required contributions to the New York State Retirement Systems of \$90,000, lower workers compensation claims by \$187,000 and \$35,000 less in compensated time pay outs during 2022. With the increase in payroll costs social security also increased by about \$21,000. Health insurance only increased about \$14,000, or 1.23% during 2022, due to the staff vacancies for portions of the year.

#### Capital Projects Fund:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Capital Projects Fund</b>				
Cash and cash equivalents	\$ 9,917,277	\$ 6,746,893	\$ 3,170,384	46.99%
Receivables	16,658	-	16,658	100.00%
Due from other funds	-	537,496	(537,496)	-100.00%
	<u>\$ 9,933,935</u>	<u>\$ 7,284,389</u>	<u>\$ 2,649,546</u>	36.37%

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Capital Projects Fund - Continued:

##### Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Capital Projects Fund - Continued</b>				
Accounts payable and accrued expenses	\$ 15,986	\$ 6,487	\$ 9,499	146.43%
Bond anticipation notes	857,000	390,000	467,000	119.74%
Due to other funds	345,370	-	345,370	100.00%
Total liabilities	<u>1,218,356</u>	<u>396,487</u>	<u>821,869</u>	207.29%
Fund balance	<u>8,715,579</u>	<u>6,887,902</u>	<u>1,827,677</u>	26.53%
Total liabilities and fund balance	<u>\$ 9,933,935</u>	<u>\$ 7,284,389</u>	<u>\$ 2,649,546</u>	36.37%

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Capital Project Funds</b>				
Revenues	\$ 47,351	\$ 7,446	\$ 39,905	535.93%
Expenditures	9,374,463	5,012,524	4,361,939	87.02%
Other financing sources, net	11,120,834	6,478,005	4,642,829	71.67%
Interfund transfers in	33,955	-	33,955	100.00%
Net change in fund balance	<u>1,827,677</u>	<u>1,472,927</u>	<u>354,750</u>	24.08%
Fund balance, <i>beginning of year</i>	<u>6,887,902</u>	<u>5,414,975</u>	<u>1,472,927</u>	27.20%
Fund balance, <i>end of year</i>	<u>\$ 8,715,579</u>	<u>\$ 6,887,902</u>	<u>\$ 1,827,677</u>	26.53%

Total assets increased during 2022 by approximately \$2.6 million. This was the result of continuation of the Town's capital plan. The receivable at 2022 was the result of vendor overpayment in the fourth quarter of 2022 and was refunded in January 2023. Interfund receivables in 2021 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 increased by \$822,000, of which accounts payable and accrued expenses increased by \$9,500 and due to other funds increased \$345,000 due to the timing of the payment of invoices at year end. The current portion of bond anticipation notes (BANs) increased by \$467,000 at year-end 2022 as a function of the borrowing process. Since the BANs outstanding at year-end 2022 were either repaid or refinanced in March 2023, only the current portion of the BANs, are presented in the fund level financial statements.

The only revenue in both 2022 and 2021 was interest earnings, which fluctuated by \$40,000. This increase was a combination of additional cash borrowings to finance projects and higher rates of return during the fourth quarter of 2022. Project expenditures were also up in 2022 by approximately \$4.4 million primarily in the area of street maintenance (\$1.4 million), transportation equipment (\$384,000), acquisition/improvement of street lighting (\$2.1 million) and parks/recreation equipment (\$246,000). Additionally, the Library and Pruyn House renovation projects are wrapping up and increased about \$138,000 during 2022. 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.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Non-Major Governmental Funds:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Non-Major Governmental Funds</b>				
Cash and cash equivalents	\$ 2,236,361	\$ 2,648,900	\$ (412,539)	-15.57%
Investments	3,212,741	4,174,263	(961,522)	-23.03%
Receivables	882,766	374,718	508,048	135.58%
Due from other funds	575,927	589,310	(13,383)	-2.27%
Other assets	8,680	8,745	(65)	-0.74%
	<u>\$ 6,916,475</u>	<u>\$ 7,795,936</u>	<u>\$ (879,461)</u>	-11.28%
Accounts payable and accrued expenses	\$ 733,719	\$ 884,250	\$ (150,531)	-17.02%
Unearned revenue	335,258	204,654	130,604	63.82%
Due to other funds	105,459	137,634	(32,175)	-23.38%
Total liabilities	<u>1,174,436</u>	<u>1,226,538</u>	<u>(52,102)</u>	-4.25%
Deferred inflows of resources	1,948	12,790	(10,842)	-84.77%
Fund balance	<u>5,740,091</u>	<u>6,556,608</u>	<u>(816,517)</u>	-12.45%
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,916,475</u>	<u>\$ 7,795,936</u>	<u>\$ (879,461)</u>	-11.28%

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Non-Major Governmental Funds</b>				
Revenues	\$ 16,627,305	\$ 16,258,875	\$ 368,430	2.27%
Expenditures	17,636,583	16,235,844	1,400,739	8.63%
Other financing sources (uses), net	192,761	191,531	1,230	0.64%
Net change in fund balance	<u>(816,517)</u>	214,562	<u>(1,031,079)</u>	-480.55%
Fund balance, <i>beginning of year</i> ,	<u>6,556,608</u>	<u>6,342,046</u>	<u>214,562</u>	3.38%
Fund balance, <i>end of year</i>	<u>\$ 5,740,091</u>	<u>\$ 6,556,608</u>	<u>\$ (816,517)</u>	-12.45%

Overall, the Town's non-major funds experienced a substantial decrease in financial position by \$817,000. Total assets declined by about \$879,000, and total liabilities and deferred inflows of resources decreased by approximately \$63,000. The financial declines were incurred by the Fire Protection District Fund which houses the Town sponsored firefighter length of service award program (LOSAP) investment portfolio. The overall market conditions in 2022 resulted in the recognition of unrealized investment losses of \$645,000. The fund then had required distributions in excess of contributions of \$321,000. The other non-major funds generated operating surpluses during 2022, other than the small drainage district which is drawing down on its surplus that generated a \$3,200 operating loss.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Non-Major Governmental Funds - Continued:

When the LOSAP investments are removed from the analysis the total assets increased approximately 82,000 during 2022, when compared to 2021. This was primarily the result of operations within the General Town-Outside Villages Fund where cash balances declined about \$399,000 but were offset by increased levels of sales tax allocation receivable of \$316,000 and receivables from third parties of \$156,000. Federal aid receivables within the Community Development Special Grant fund also increased during 2022, by \$42,000, when compared to 2021. The federal aid receivable is a function of fund operations and fluctuates year to year based on activities around year end.

The liabilities decrease as identified above resulted primarily from accrued payroll of \$63,000 at year end 2021 related to retroactive collective bargaining unit contracts. The decline of \$115,000 in New York State Employee Retirement System required contributions related to 2022, and reduced interfund payables of \$32,000 compounded the decrease. However, the net increase of \$131,000 of unearned building permit revenue within the General Town-Outside Villages fund mitigated those declines. There were also \$16,000 more in unpaid LOSAP benefits at year end 2022 than at 2021.

The unrestricted and uncommitted fund balance of all the non-major funds, with the exception of the Fire Protection District Fund, meet or exceed the 5% of expenditures recommendation of the New York State Comptroller's Office.

Revenues and expenses both increased from 2021 to 2022 by \$368,000 (2.3%) and \$1,400,000 (8.6%), respectively. As stated earlier, these figures are skewed by the significant LOSAP unrealized investment losses. When that activity is removed from the analysis for both 2022 and 2021, the revenue increase is \$515,000, 3.2%, and the expenditure increase is \$760,000, 4.7%.

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 \$146,000, or 2.0%. The allocation of sales tax to the General Town-Outside Villages Fund during 2022 was reduced by \$117,000 because it was replaced by increased revenues in the Departmental income (\$94,000), Intergovernmental administrative charges to the Town's Industrial Development Agency (\$41,000) and Licenses and Permits (\$244,000).

These changes accompanied by additional state aid for an updated Town tree inventory of \$58,000, allowed for the decreased reliance on sales tax revenue during 2022.

The operating expenses for the non-major funds increase 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 of 2.50%. These agreements were the primary reason for the \$89,000 (2.4%) increase in salaries in 2022, the wages were reduced by staff turnover and therefore lower than 2.5% overall. Liability insurance and judgement and claim expenses decreased to \$40,000 in 2022 with the conclusion of a case brought before the zoning board of appeals in early 2022. Supplies, materials, and operating costs increased \$114,000. This was driven primarily by \$44,000 increase in street lighting energy costs, \$95,000 in grant expenditures for the tree inventory and Albany Shaker Road corridor planning study, and \$139,000 budgeted contract payment for fire protection services. Those increases were offset by decreases in the grant distributions within the Community Development fund due to the non-repetitive nature of the 2021 CARES Act awards, and a slight decrease of \$17,000 in library collection acquisition and supplies. The General Town-Outside Villages green space fund also procured \$18,000 of land and parks study costs during 2021.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Non-Major Governmental Funds - Continued:

Benefits costs unrelated to the LOSAP program totaled \$2.3 million and \$2.2 million in 2022 and 2021, respectively. Similar to the other governmental funds the fluctuation was driven by a combination of changes in the various benefit costs. The New York State Retirement Systems required contribution related to 2022 declined about \$104,000, which was offset by an \$8,000, or 2.9%, increase in social security and \$30,000 increase in compensated time payouts. There was also \$198,000 increase in health insurance related costs, which is primarily related to the premium increase, but also there were more participants in the General Town-Outside Villages Fund as vacancies were filled.

Within the Fire Protection District Fund there was a \$460,000 increase in required distributions from the LOSAP program. This fluctuates annually based on the firefighters reaching entitlement age. There was also a \$141,000 increase in the fire protection service contract costs.

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

#### Environmental Services Department Fund:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Environmental Services Department</b>				
Cash and cash equivalents	\$ 1,003,675	\$ 1,236,202	\$ (232,527)	-18.81%
Receivables	724,157	560,643	163,514	29.17%
Lease and management agreements	12,000,472	14,463,876	(2,463,404)	-17.03%
Capital assets, net	8,397,913	6,421,608	1,976,305	30.78%
Total assets	<u>22,126,217</u>	<u>22,682,329</u>	<u>(556,112)</u>	-2.45%
Deferred outflows of resources	<u>193,311</u>	<u>212,305</u>	<u>(18,994)</u>	-8.95%
Total assets and deferred outflows of resources	<u>\$ 22,319,528</u>	<u>\$ 22,894,634</u>	<u>\$ (575,106)</u>	-2.51%
Accounts payable and accrued expenses	\$ 37,435	\$ 37,664	\$ (229)	-0.61%
Bonds payable	6,679,160	7,859,680	(1,180,520)	-15.02%
Landfill closure/post-closure	30,221,687	27,698,377	2,523,310	9.11%
Due to other funds	3,001	115,385	(112,384)	-97.40%
Total liabilities	<u>36,941,283</u>	<u>35,711,106</u>	<u>1,230,177</u>	3.44%
Deferred inflows of resources	233,671	-	233,671	100.00%
Net position	<u>(14,855,426)</u>	<u>(12,816,472)</u>	<u>(2,038,954)</u>	15.91%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 22,319,528</u>	<u>\$ 22,894,634</u>	<u>\$ (575,106)</u>	-2.51%

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Environmental Services Department Fund - Continued:

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Environmental Services Department</b>				
Operating revenue	\$ 1,124,815	\$ 481,491	\$ 643,324	133.61%
Operating expenses	6,465,543	9,472,180	(3,006,637)	-31.74%
Operating loss	(5,340,728)	(8,990,689)	3,649,961	-40.60%
Non-operating revenues , net	4,541,368	4,551,743	(10,375)	-0.23%
Transfers out	(1,239,594)	(2,000,000)	760,406	-38.02%
Change in net position	(2,038,954)	(6,438,946)	4,399,992	-68.33%
Net position, <i>beginning of year</i>	(12,816,472)	(6,377,526)	(6,438,946)	100.96%
Net position, <i>end of year</i>	<u>(14,855,426)</u>	<u>(12,816,472)</u>	<u>\$ (2,038,954)</u>	15.91%

The Town has a contract with a private company (Operator) 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 (2011 through 2016) and minimum quarterly payments of \$275,000 thereafter (2016 through 2036) for twenty years. Additionally, the Operator 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.

Financial assurances have been established to protect the Town in the event the Operator were to default on this contract. As a result of this transaction, the Environmental Services Department 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 remain 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 Area 7 capacity and has reached full capacity as of December 31, 2022.

Area 7 Cell #2A, with an airspace capacity of 807,000 cubic yards, representing 8% of the Area 7 capacity and a projected operational lifespan of 1.4 years at the maximum permitted disposal rates was placed in service during 2021. The associated capital asset and non-operating revenue recognized in 2021 amounted to \$4,475,000. It is anticipated that Area 7 Cell #2A will reach full capacity in early 2023 as Area 7 Cell #2B construction is completed. When placed in service the Town will recognize this additional contributed capital asset.

During 2022, the Operator completed various other capital asset additions including structures and infrastructure improvements. As such approximately \$6.4 million has been recorded as contributed capital assets and related non-operating revenue.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Environmental Services Department Fund - Continued:

Total assets decreased approximately \$556,000 due to use of cash balances in the amount of \$233,000 to pay debt service and operating costs. The management agreement receivable declined \$2,463,000 as scheduled under the repayment agreement and as a result of changes in the discount rate used within the present value calculations. These declines were offset by increased landfill gas to energy generation receivables due to higher energy prices, and the net increased investment in capital assets of \$1,976,000 as discussed above. The total assets were also impacted from the adoption of the new GASB standard related to leases. Under the standard, the Town recorded a lessor lease receivable in the amount of \$236,000, and related deferred inflow of resources of \$233,000 as of year-end 2022.

Total liabilities increased \$1.2 million during 2022, driven primarily by the \$2.5 million increase in landfill closure and post-closure liability, from continued use of the landfill. Bonds payable declined \$1,118,000 as prescribed by the maturity schedules of the outstanding debt and interfund liabilities decreased by \$112,000 in an effort to eliminate this debt.

Net position declined \$2.04 million as a result of expenses exceeding revenues for the year ended 2022.

With positive changes in the utility market, the methane gas to energy operation generated improved results and exceeded 2021 results by \$603,000 by generating about \$1,080,000 of revenue. The Town also received operating grants from New York State Department of Environmental Conservation related to its household hazardous waste program. These grants in 2022 exceeded those in 2021 by \$40,000.

Operating expenses declined \$3,007,000 from 2021 to 2022, primarily the result of a decrease in the annual change in landfill closure and post-closure liability of about \$3.4 million. This was offset by a \$400,000 increase in depreciation expense.

Net non-operating revenue, net of non-operating expenses, in total remained effectively the same at about \$4.5 million. However, the components of the net non-operating revenue saw significant fluctuation. As noted earlier, the capital assets contributed by the landfill operator fluctuates based on work completed at the landfill site. This revenue increased \$1.9 million during 2022, but these improvements resulted in disposal of other capital assets which resulted in the recognition of \$671,000 in loss on disposal of assets during 2022. The amounts associated with the operation contract also declined in 2022, by \$1.6 million because of the change in the discount rate used in valuing the long-term operating contract receivable. As the discount rate increases it creates an economic loss, but if decreases it is an economic gain. In both 2022 and 2021 the discount rate has increased thereby generating the loss.

Interest expense declined by \$238,000 as a function of the paying down of the debt service, while interest income increased \$4,000 as a function of improved rate of return on funds by financial institutions.

#### Pure Waters District Fund:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Pure Waters District</b>				
Cash and cash equivalents	\$ 15,991,751	\$ 12,533,527	\$ 3,458,224	27.59%
Receivables	24,800	34,891	(10,091)	-28.92%
Due from other funds	2,179,627	3,660,361	(1,480,734)	-40.45%
Net pension asset	447,135	-	447,135	100.00%
Capital assets, net	<u>24,216,340</u>	<u>21,995,255</u>	<u>2,221,085</u>	10.10%
Total assets	42,859,653	38,224,034	4,635,619	12.13%
Deferred outflow of resources	<u>2,785,252</u>	<u>3,229,383</u>	<u>(444,131)</u>	-13.75%
Total assets and deferred outflows of resources	<u>\$ 45,644,905</u>	<u>\$ 41,453,417</u>	<u>\$ 4,191,488</u>	10.11%

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Pure Waters District Fund - Continued:

##### Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Pure Waters District</b>				
Accounts payable and accrued expenses	\$ 1,387,893	\$ 1,379,434	\$ 8,459	0.61%
Bond anticipation note	9,972,000	4,212,000	5,760,000	136.75%
Bonds payable	24,923,164	27,225,261	(2,302,097)	-8.46%
Other noncurrent	8,488,463	7,993,221	495,242	6.20%
Total liabilities	<u>44,771,520</u>	<u>40,809,916</u>	<u>3,961,604</u>	<u>9.71%</u>
Deferred inflows of resources	2,041,620	2,350,991	(309,371)	-13.16%
Net position	<u>(1,168,235)</u>	<u>(1,707,490)</u>	<u>539,255</u>	<u>-31.58%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 45,644,905</u>	<u>\$ 41,453,417</u>	<u>\$ 4,191,488</u>	<u>10.11%</u>

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Pure Waters District</b>				
Operating revenue	\$ 10,956,542	\$ 11,259,992	\$ (303,450)	-2.69%
Operating expenses	9,830,710	9,661,718	168,992	1.75%
Operating income	<u>1,125,832</u>	<u>1,598,274</u>	<u>(472,442)</u>	<u>-29.56%</u>
Non-operating expenses, net	<u>(586,577)</u>	<u>(643,423)</u>	<u>56,846</u>	<u>-8.83%</u>
Change in net position	539,255	954,851	(415,596)	-43.52%
Net position, <i>beginning of year</i>	<u>(1,707,490)</u>	<u>(2,662,341)</u>	<u>1,304,235</u>	<u>-48.99%</u>
Net Position, end of year	<u>\$ (1,168,235)</u>	<u>\$ (1,707,490)</u>	<u>\$ 539,255</u>	<u>-31.58%</u>

Assets and deferred outflows of resources increased by approximately \$4.2 million driven by net positive cashflow of \$3.5 million, net investment in capital assets of \$2.2 million and net pension asset of \$447,000. This was offset by the collection of \$1.4 million in interfund receivables and the decline in the deferred outflows of resources related to pensions and OPEB of \$444,000.

The liabilities and deferred inflows of resources increased approximately \$3.7 million. This was primarily from the anticipated net increase in bonds and bond anticipation notes of \$3.5 million, as the District continues its infrastructure improvement plans. The balance of the increase results from a \$372,000 increase in the other postemployment benefit liability and related deferred inflow of resources, offset by a reduction of \$60,000 in the compensated absences liability and \$71,000 reduction in the deferred inflow of resources related to pensions.

The deficit net position improved by \$539,000 from 2021 to 2022, due to the positive operating results during the year.

Overall, operating revenue decreased approximately 2.7%, or \$303,000, over the prior year. The District had originally budgeted and assessed a 1.8%, or \$206,000 increase in the ad valorem tax for 2022, but due to an error in the base point and unit calculation for the 2022 ad valorem assessment calculation \$573,000 in refunds had to be issued to its commercial customers. There was a \$64,000 increase in other operating revenue related to timing of permits issued of \$61,000 and other minor revenues of \$3,000.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Pure Waters District Fund - Continued:

Operating expenses remained relatively stable from 2021 to 2022, with an increase of \$169,000 (1.75%). The negotiated collective bargaining agreements included a 2.5% wage increase for 2022, but due to staff turnover and vacancies salaries and wages declined by \$8,000 during 2022 when compared to 2021. Depreciation expense increased \$94,000 from increased investment in the Pure Water's District infrastructure plan. Liability insurance remained steady with a \$3,000 increase. Supplies, materials, and operating expenses increased \$137,000, or 3.2%. This was driven by increased costs for chemicals and utilities offset by a decrease in third party treatment costs.

Total benefits expense increased by \$409,000, or 30.3%, from 2021 to 2022. This increase is driven by the increase in health insurance related premiums of \$276,000 and then augmented by the annual impact of the change in the other postemployment liability of \$312,000. These increases are offset by an overall reduction in the required contribution to the New York State Retirement System of \$40,000 and reduction of the annual impact of the change in the net pension asset/liability of \$59,000. Along with reductions in workers' compensation claim payments of \$60,000 and compensated absences of \$23,000.

Non-operating expenses in excess of non-operating revenue decreased by \$57,000 from 2021 to 2022. Interest earnings increased substantially by \$62,000 due to improved rates of return with the financial services market, while interest expense decreased by \$35,000. There were no proceeds from the sale of assets during 2022, resulting in an \$81,000 decline, and the Town's hydroelectric generation contract resulted in \$4,000 of additional revenue when compared to 2021. This revenue is intended to offset utility costs during the year. In March 2021, the Town refunded a serial bond that resulted in the recognition of \$34,000 in cost of issuance for the bond, no similar transaction occurred in 2022.

#### Latham Water District Fund:

##### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Latham Water District</b>				
Cash and cash equivalents	\$ 25,148,044	\$ 15,030,951	\$ 10,117,093	67.31%
Receivables	9,331,061	7,076,933	2,254,128	31.85%
Due from other funds	-	237,460	(237,460)	-100.00%
Lease agreements	5,106,815	-	5,106,815	100.00%
Net pension asset	968,790	-	968,790	100.00%
Capital assets, net	37,413,305	39,461,715	(2,048,410)	-5.19%
Total assets	<u>77,968,015</u>	<u>61,807,059</u>	<u>16,160,956</u>	26.15%
Deferred outflow of resources	<u>4,986,213</u>	<u>5,783,262</u>	<u>(797,049)</u>	-13.78%
Total assets and deferred outflows of resources	<u>\$ 82,954,228</u>	<u>\$ 67,590,321</u>	<u>\$ 15,363,907</u>	22.73%

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Latham Water District Fund - Continued:

##### Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Latham Water District</b>				
Accounts payable and accrued expenses	\$ 1,022,887	\$ 1,104,873	\$ (81,986)	-7.42%
Bond anticipation notes	12,489,500	3,736,000	8,753,500	234.30%
Bonds payable	27,163,650	30,164,493	(3,000,843)	-9.95%
Other noncurrent	15,856,589	14,975,762	880,827	5.88%
Due to other funds	3,613,771	-	3,613,771	100.00%
Total liabilities	<u>60,146,397</u>	<u>49,981,128</u>	<u>10,165,269</u>	20.34%
Deferred inflows of resources	9,215,161	4,795,131	4,420,030	92.18%
Net position	<u>13,592,670</u>	<u>12,814,062</u>	<u>778,608</u>	6.08%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 82,954,228</u>	<u>\$ 67,590,321</u>	<u>\$ 15,363,907</u>	22.73%

##### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Latham Water District</b>				
Operating revenue	\$ 15,741,653	\$ 13,727,458	\$ 2,014,195	14.67%
Operating expenses	<u>15,026,158</u>	<u>13,647,274</u>	<u>1,378,884</u>	10.10%
Operating income (loss)	715,495	80,184	635,311	792.32%
Non-operating income, net	<u>63,113</u>	<u>166,829</u>	<u>(103,716)</u>	-62.17%
Change in net position	778,608	247,013	531,595	215.21%
Net position, <i>beginning of year</i>	<u>12,814,062</u>	<u>12,567,049</u>	<u>247,013</u>	1.97%
Net position, <i>end of year</i>	<u>\$ 13,592,670</u>	<u>\$ 12,814,062</u>	<u>\$ 778,608</u>	6.08%

Latham Water experienced a substantial increase in total assets and deferred outflows of resources of approximately \$15,364,000 at year end 2022. This was the result of net positive cashflow of \$10.1 million and an increase in water usage receivables in the amount of \$2.2 million. This was augmented by the recognition lease receivables as required by a new GASB standard.

This standard resulted in the recognition of a \$5.1 million lessor lease receivable and \$5.0 million deferred inflow related to lessor leases.

The District also recognized \$969,000 in net pension assets related to the New York State Retirement System's pension funding status. These positive changes were offset by the depreciation of the District's investment in capital assets of \$2.0 million and collection of interfund receivables of \$237,000 from 2021. The deferred outflows of resources related to pensions, other postemployment benefits, and defeased bonds declined by a total of \$797,000.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Financial Analysis of the Town's Financial Statements - Continued

#### Latham Water District Fund - Continued:

The liabilities and deferred inflows of resources increased approximately \$14.6 million. This was driven primarily by two items a net increase related to the net issuance of bonds and bond anticipation notes of \$5,753,000, and the interfund debt due to the General Town-Wide Fund of \$3,614,000 related to cashflow advances during 2022. The remaining changes are related to the change in other postemployment benefits liability and related deferred inflow of resources had a net increase of \$568,000. The deferred inflow of resources related to pension declined \$153,000. The increase in the deferred inflow of resources of \$5 million was noted above as it relates to the new lease standards.

Net position increased by \$779,000 from 2021 to 2022, due to the net positive change in position generated during the year.

The Town implemented rate increases of 10 cents, or 2.7%, during 2022, and 75 cents, or 20% during 2023. The rate increases along with a consumption increase of 190,806,000 gallons, or 8.1% during 2022 resulted in the \$2,014,000 (14.7%) increase in operating revenue during 2022.

Total operating expenses increased 10.1%, or approximately \$1,379,000 in 2022, when compared to 2021. The negotiated collective bargaining agreements included a 2.5% wage increase during 2022. This, along with higher overtime costs for watermain breaks, resulted in an increase in salaries and wages of \$113,000 during 2022, or 3.1%. Depreciation expense and liability insurance remained virtually unchanged at 2021 levels, with a slight decrease of \$5,000 and increase of \$2,000, respectively. Supplies, materials, and operating expenses increased \$979,000, or 20.6%. The primary drivers of the increase are chemical costs which increased \$408,000, utilities increased \$111,000, gasoline increased \$49,000, plant filter maintenance increased \$85,000 and watermain repairs increased \$78,000. The internal administrative charges also increased, by about \$210,000.

Total benefits expense increased by \$273,000, or 10.5%, from 2021 to 2022. This increase is driven by the increase in health insurance related premiums of \$76,000 and then augmented by the annual impact of the change in the other postemployment liability of \$451,000. These increases are offset by an overall reduction in the required contribution to the New York State Retirement System of \$86,000 and reduction of the annual impact of the change in the net pension asset/liability of \$129,000. Along with reductions in workers' compensation claim payments of \$15,000 and compensated absences of \$21,000. Social security costs increased \$11,000, consistent with the wage increases.

Non-operating income in excess of non-operating expenses decreased by \$104,000, resulting in a net non-operating revenue of \$63,000 in 2022. With improved market rate of return within financial institutions the interest income \$89,000, but then the lease standard implementation resulted in the reclassification of a portion of lessor leases as interest income, resulting in an additional \$95,000 of interest income. This was previously reported as Use of Property in prior years.

There was no sale of equipment during 2022, therefore the \$18,000 gain in 2021 did not repeat, nor did the state aid capital grants, as the project was completed in 2021, reducing non-operating revenue by another \$286,000. Use of property decreased \$28,000 from cancellation of certain water tank space leased by telecommunication companies. The Town's hydroelectric generation contract, which is used to offset energy costs, produced about \$28,000 less in non-operating revenue during 2022.

Interest expense declined \$34,000 during 2022, as expected and \$38,000 of cost of issuance related to the refunding of serial bonds did not occur in 2022 as it had in 2021.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Workers' Compensation Internal Service Fund:

#### Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Workers' Compensation Internal Service Fund</b>				
Accounts payable and accrued expenses	\$ 1,618,148	\$ 1,569,306	\$ 48,842	3.11%
Total liabilities	1,618,148	1,569,306	48,842	3.11%
Net position	<u>(1,618,148)</u>	<u>(1,569,306)</u>	<u>(48,842)</u>	3.11%
Total liabilities and net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.00%

#### Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Workers' Compensation Internal Service Fund</b>				
Operating revenue	\$ 790,261	\$ 868,703	\$ (78,442)	-9.03%
Operating expenses	839,103	1,017,088	(177,985)	-17.50%
Change in net position	<u>(48,842)</u>	<u>(148,385)</u>	<u>99,543</u>	-67.08%
Net position, <i>beginning of year</i>	<u>(1,569,306)</u>	<u>(1,420,921)</u>	<u>(148,385)</u>	10.44%
Net position, <i>end of year</i>	<u>\$ (1,618,148)</u>	<u>\$ (1,569,306)</u>	<u>\$ (48,842)</u>	3.11%

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 2022 was approximately \$78,000 lower than in 2021, which is the result of lower claims payouts during 2022. However, due to the number of new claims open as of December 31, 2022, this decline was offset by a \$49,000 increase in the liability. This resulted in approximately \$99,500 decrease in net position for the year 2022.

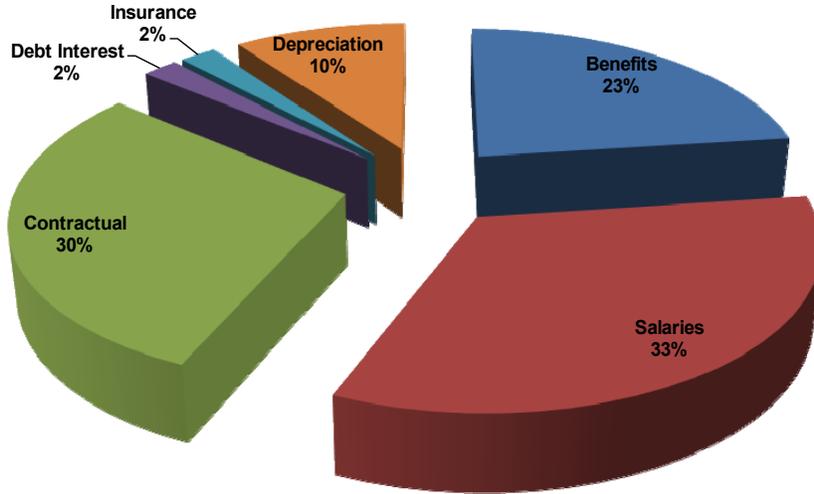
# Town of Colonie, New York

Management's Discussion and Analysis  
December 31, 2022

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

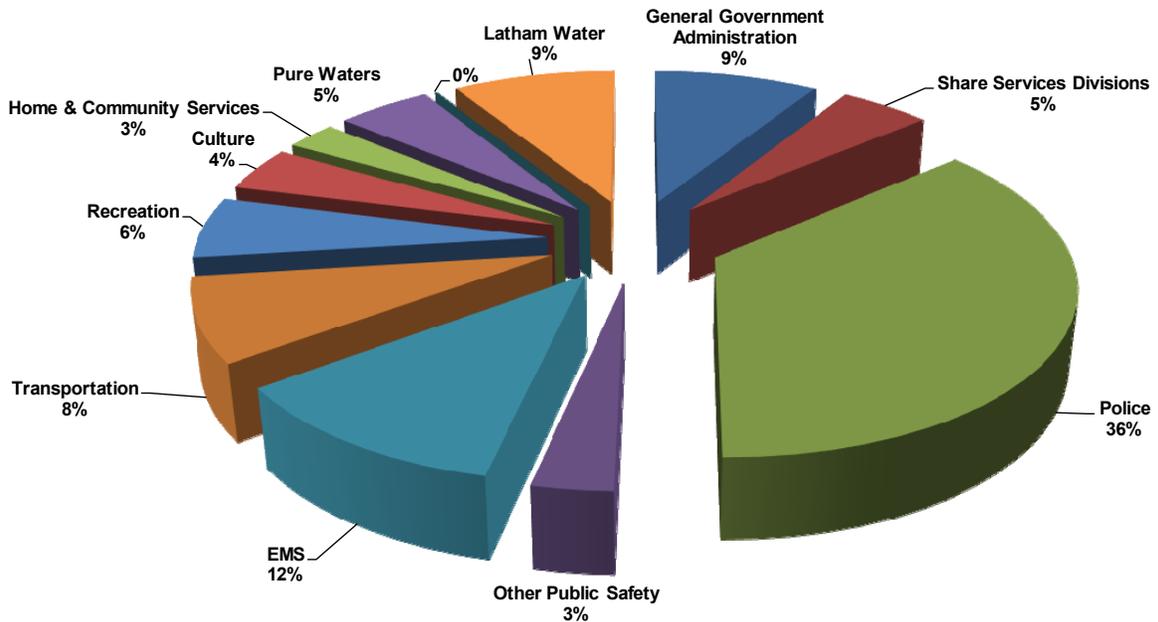
### 2022 Summary of Town-Wide Revenues (accrual basis)

Expenses by Category



### 2022 Summary of Town-Wide Expenses (accrual basis)

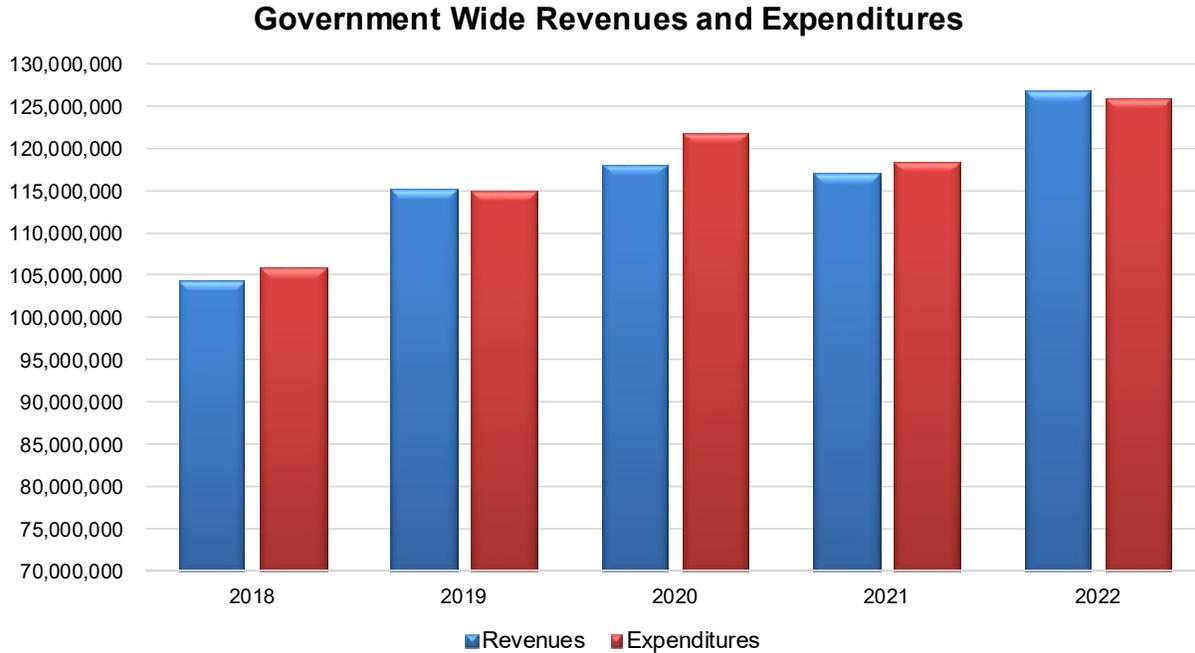
Personal Service by Functional Area



# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### 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 asset/liability of the New York Employee and Police and Fire Retirement Systems and obligations from other postemployment benefits within its financial statements. These \$11.7 and \$131.6 million liabilities have been systematically recognized since 2008, and significantly skew the comparison of revenue and expenditures.

Over the same time period identified above, the Town has managed to implement an infrastructure improvement and replacement plan while managing to keep its outstanding debt (total Bonds, and BANs) to \$134.0 million, or 12.4% 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.

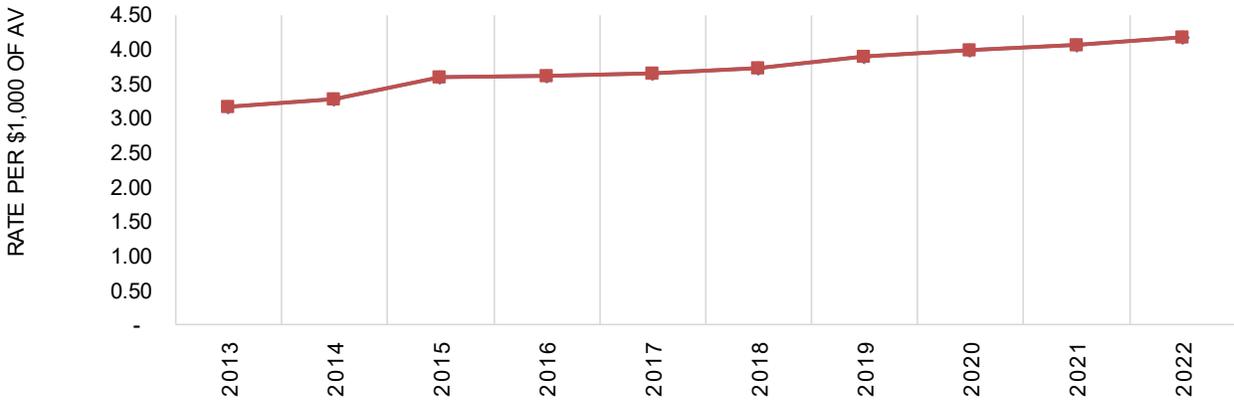
The graph below shows the real property taxes levied from 2013 to 2022.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

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

#### 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 2023, 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 2022.

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 prior years. Sales tax exceeded both the adopted and modified budget by, \$6.65 million and \$4.15 million, respectively. State aid from mortgage tax also exceeded budget by \$965,000.

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 2022, 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 \$640,000 in revenue to provide for the related appropriations. Additionally, the Town used \$590,000 in federal aid to supplement the road improvement projects.

In all funds, any areas of over expenditure were able to be offset by areas that were under budget in 2022.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Capital Assets and Debt

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounted to approximately \$131,261,000 (net of accumulated depreciation and disposals), a \$3,009,000 net increase over 2021. This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Additionally, beginning in 2022 the Town has recognized \$294,000 in intangible right-to-use leased assets for equipment and buildings.

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

#### General Fund(s)

\$ 104,000	Town Hall and Public Safety Building flooring
103,000	Municipal Golf Course parking lot resurface
131,000	Police vehicles and equipment (4 items)
61,000	Fleet maintenance garage lifts (2)
183,000	Parks, recreation, and golf course equipment (8 items)
891,000	Emergency Medical Services vehicles and equipment (9 items)
119,000	Building and Fire Services vehicles and equipment (5 items)
118,000	Pocket park, athletic court improvements
2,140,000	Street light improvements

#### Library Fund

\$ 233,000	Library facility improvements
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#### Highway

\$ 1,014,000	Highway vehicles and equipment (8 items)
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#### Environmental Services

\$ 2,750,000	Transfer station
2,765,000	Leachate tank, pump, and controls
691,000	Sewer main improvements
141,000	Landfill scales

#### Pure Waters District

\$ 3,278,000	Sewer treatment plant improvements
42,000	Sewer pump station improvements
474,000	Vehicles and equipment (3 units)

#### Latham Water District

\$ 192,000	Water main improvements
190,000	Water storage improvements
63,000	Vehicles and equipment (3 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. The Town's outstanding indebtedness for bonds and bonds anticipation notes within all activities at December 31, 2022, is approximately \$134,045,000.

# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### Capital Assets and Debt - Continued

This represents an increase of \$14,292,000 over the previous year, or 11.9%. This total includes approximately \$2.2 million of unamortized premium on the issuance of bonds that will be amortized against interest expense over the next 12 years.

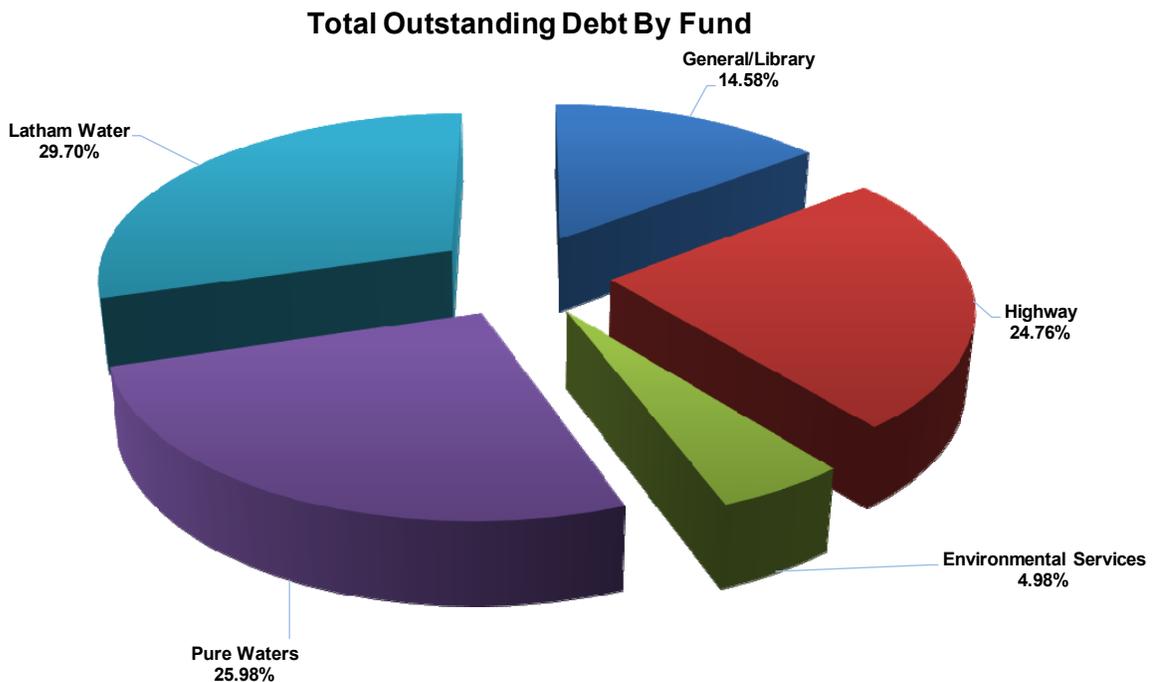
As of December 31, 2022, a summary of the Town's unused debt limit is as follows:

Town's legal debt limit, 7% of average five year full valuation	<u>\$ 712,381,553</u>
Town's indebtedness	128,166,169
Less legal exclusion	<u>39,788,994</u>
Net indebtedness	<u>88,377,175</u>
Deduct net indebtedness	<u>88,377,175</u>
Town's unused debt limit	<u><u>\$ 624,004,378</u></u>
Percent of legal indebtedness used	12.41%

### 2022 Summary of Total Outstanding Debt by Fund

As of December 31, 2022, the Town's debt was rated A+, with a positive outlook, by Standard and Poor's Rating Services (S&P). Effective February 2023 S&P upgraded the Town's bond rating to AA-, and in April 2023 Moody's assigned the Town a rating of Aa3. Both rating services place the Town's debt within the high-quality investment grade.

Below is a summary of the outstanding debt as of December 31, 2022 by fund.



# Town of Colonie, New York

## Management's Discussion and Analysis December 31, 2022

### 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:

2018	\$ 8,270,473
2019	8,254,833
2020	8,583,181
2021	9,134,253
2022	8,808,929

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, 2022, the Town has outstanding debt related to these amortizations totaling approximately \$1,836,000. 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.

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:

2018	\$10,846,866
2019	11,793,505
2020	12,045,958
2021	13,061,257
2022	13,468,789

# **Town of Colonie, New York**

## **Management's Discussion and Analysis December 31, 2022**

### **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, 2022		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 38,797,210	\$ 41,153,532	\$ 79,950,742
Cash and cash equivalents, restricted	801,388	989,938	1,791,326
Investments, restricted	3,212,741	-	3,212,741
Accounts receivables, net	2,988,912	8,947,643	11,936,555
Leases receivable, current portion	91,137	209,729	300,866
Management agreement proceeds, current portion	-	692,656	692,656
Due to/from internal activities	1,437,145	(1,437,145)	-
State and Federal aid receivables	50,981	-	50,981
Due from other governments	11,790,951	1,132,375	12,923,326
Other assets	18,520	-	18,520
<b>NONCURRENT ASSETS</b>			
Leases receivable, less current portion	1,297,901	5,132,815	6,430,716
Management agreement proceeds, less current portion	-	11,072,087	11,072,087
Capital assets, net of depreciation	61,233,481	70,027,558	131,261,039
Intangible right-to-use leased assets, net	293,646	-	293,646
Net pension assets	6,036,304	1,415,925	7,452,229
Total assets	128,050,317	139,337,113	267,387,430
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred resources related to pensions and LOSAP	29,392,346	3,037,489	32,429,835
Deferred resources related to OPEB	22,521,952	4,432,309	26,954,261
Deferred resources related to defeased bonds	261,558	494,978	756,536
	52,175,856	7,964,776	60,140,632
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	3,884,008	-	3,884,008
Accrued liabilities	1,689,698	628,984	2,318,682
Retainage payable	-	186,711	186,711
Other liabilities	1,873,368	673,078	2,546,446
Unearned revenue	9,158,406	15,640	9,174,046
Due to other governments	6,009,023	1,019,309	7,028,332
Accrued interest	264,805	416,900	681,705
Current portion of bonds anticipation notes	857,000	408,000	1,265,000
Current portion of lease liability	171,958	-	171,958
Current portion of bonds payable	4,678,504	6,597,857	11,276,361
Current portion of pension related debt	1,072,107	180,671	1,252,778

# Town of Colonie, New York

## Government-Wide Financial Statements Statement of Net Position - Continued

	<b>December 31, 2022</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>NONCURRENT LIABILITIES</b>			
Bond anticipation notes, less current portion	16,921,500	22,053,500	38,975,000
Lease liability, less current portion	121,042	-	121,042
Bonds payable, less current portion	30,360,291	52,168,117	82,528,408
Judgments and claims	1,098,640	102,668	1,201,308
Other liabilities	2,011,358	-	2,011,358
Landfill closure and post-closure costs	-	30,221,687	30,221,687
Pension related debt, less current portion	583,466	-	583,466
Compensated absences	5,469,803	736,595	6,206,398
Net pension liability	1,908,953	-	1,908,953
LOSAP pension liability	5,064,665	-	5,064,665
Other postemployment benefits liability (OPEB)	125,501,753	23,505,789	149,007,542
Total liabilities	218,701,948	138,915,506	357,617,454
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred resources related to leases receivable	1,368,338	5,229,187	6,597,525
Deferred resources related to pensions and LOSAP	38,311,297	4,839,828	43,151,125
Deferred resources related to OPEB	8,118,005	1,421,437	9,539,442
	47,797,640	11,490,452	59,288,092
	266,499,588		
<b>NET POSITION</b>			
Net investment in capital assets	6,404,828	(11,199,916)	(4,795,088)
Restricted	565,153	989,938	1,555,091
Unrestricted (deficit)	(93,243,396)	7,105,909	(86,137,487)
<b>TOTAL NET POSITION</b>	<b>\$ (86,273,415)</b>	<b>\$ (3,104,069)</b>	<b>\$ (89,377,484)</b>

# Town of Colonie, New York

## Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2022

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
<b>Governmental activities</b>							
General government support	\$ 12,654,145	\$ 731,977	\$ 31,154	\$ -	\$ (11,891,014)	\$ -	\$ (11,891,014)
Public safety	36,749,343	2,450,373	122,336	135,229	(34,041,405)	-	(34,041,405)
Public health	9,203,616	5,956,895	147,151	-	(3,099,570)	-	(3,099,570)
Transportation	17,815,943	1,717,454	1,808,738	-	(14,289,751)	-	(14,289,751)
Economic assistance and opportunity	529	-	-	-	(529)	-	(529)
Culture and recreation	9,490,387	1,986,525	127,561	-	(7,376,301)	-	(7,376,301)
Home and community services	5,892,132	916,921	3,582,306	-	(1,392,905)	-	(1,392,905)
Debt interest	1,032,770	-	-	-	(1,032,770)	-	(1,032,770)
Total governmental activities	<u>92,838,865</u>	<u>13,760,145</u>	<u>5,819,246</u>	<u>135,229</u>	<u>(73,124,245)</u>	<u>-</u>	<u>(73,124,245)</u>
<b>Business-type activities</b>							
Environmental Services Department	6,625,608	1,124,815	-	6,410,193	-	909,400	909,400
Pure Waters Department	10,608,726	230,978	-	-	-	(10,377,748)	(10,377,748)
Latham Water Department	15,791,167	14,190,227	-	-	-	(1,600,940)	(1,600,940)
Total business-type activities	<u>33,025,501</u>	<u>15,546,020</u>	<u>-</u>	<u>6,410,193</u>	<u>-</u>	<u>(11,069,288)</u>	<u>(11,069,288)</u>
<b>Total</b>	<b><u>\$ 125,864,366</u></b>	<b><u>\$ 29,306,165</u></b>	<b><u>\$ 5,819,246</u></b>	<b><u>\$ 6,545,422</u></b>	<b><u>(73,124,245)</u></b>	<b><u>(11,069,288)</u></b>	<b><u>(84,193,533)</u></b>
<b>GENERAL REVENUES</b>							
					31,082,071	12,276,990	43,359,061
					33,439,890	-	33,439,890
					334,345	270,642	604,987
					1,577,784	(635,044)	942,740
					(4,061)	(671,305)	(675,366)
					255,993	203,267	459,260
					2,672,758	-	2,672,758
					222,503	-	222,503
					4,152,786	-	4,152,786
					<u>73,734,069</u>	<u>11,444,550</u>	<u>85,178,619</u>
					1,239,594	(1,239,594)	-
					<u>74,973,663</u>	<u>10,204,956</u>	<u>85,178,619</u>
					<b><u>1,849,418</u></b>	<b><u>(864,332)</u></b>	<b><u>985,086</u></b>
					(87,581,063)	(2,239,737)	(89,820,800)
					(541,770)	-	(541,770)
					<u>(88,122,833)</u>	<u>(2,239,737)</u>	<u>(90,362,570)</u>
					<b><u>\$ (86,273,415)</u></b>	<b><u>\$ (3,104,069)</u></b>	<b><u>\$ (89,377,484)</u></b>

See accompanying Notes to Financial Statements.

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

	December 31, 2022					
	Major Funds					Total Governmental Funds
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,375,605	\$ 12,854,029	\$ 1,578,765	\$ 9,917,277	\$ 2,071,534	\$ 38,797,210
Cash and cash equivalents, restricted	636,561	-	-	-	164,827	801,388
Investments	-	-	-	-	3,212,741	3,212,741
State and Federal aid receivables	-	-	-	-	50,981	50,981
Due from other governments	9,377,269	-	1,751,816	-	661,866	11,790,951
Accounts receivable, net	2,792,027	-	10,308	16,658	169,919	2,988,912
Due from other funds	4,644,571	-	-	-	575,927	5,220,498
Leases receivable	1,389,038	-	-	-	-	1,389,038
Other assets	9,840	-	-	-	8,680	18,520
<b>Total assets</b>	<b><u>\$ 31,224,911</u></b>	<b><u>\$ 12,854,029</u></b>	<b><u>\$ 3,340,889</u></b>	<b><u>\$ 9,933,935</u></b>	<b><u>\$ 6,916,475</u></b>	<b><u>\$ 64,270,239</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 3,841,433	\$ -	\$ -	\$ -	\$ 42,575	\$ 3,884,008
Accrued liabilities	1,354,630	-	123,057	15,986	196,025	1,689,698
Other liabilities	329,225	-	472,490	-	126,582	928,297
Bond anticipation notes payable	-	-	-	857,000	-	857,000
Due to other governments	4,844,035	484,611	311,840	-	368,537	6,009,023
Due to other funds	2,757,154	1,175	575,795	345,370	105,459	3,784,953
Unearned revenue	8,823,148	-	-	-	335,258	9,158,406
Total liabilities	<u>21,949,625</u>	<u>485,786</u>	<u>1,483,182</u>	<u>1,218,356</u>	<u>1,174,436</u>	<u>26,311,385</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred resources related to leases receivable	1,368,338	-	-	-	-	1,368,338
Deferred resources related to revenue earned but unavailable	-	-	-	-	1,948	1,948
Total deferred inflows of resources	<u>1,368,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,948</u>	<u>1,370,286</u>
<b>FUND BALANCE</b>						
Restricted	533,763	-	-	-	3,372,931	3,906,694
Unrestricted						
Committed	32,092	-	1,040,138	-	474,713	1,546,943
Assigned	350,896	12,368,243	817,569	8,715,579	1,892,447	24,144,734
Unassigned	6,990,197	-	-	-	-	6,990,197
Total fund balance	<u>7,906,948</u>	<u>12,368,243</u>	<u>1,857,707</u>	<u>8,715,579</u>	<u>5,740,091</u>	<u>36,588,568</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 31,224,911</u></b>	<b><u>\$ 12,854,029</u></b>	<b><u>\$ 3,340,889</u></b>	<b><u>\$ 9,933,935</u></b>	<b><u>\$ 6,916,475</u></b>	<b><u>\$ 64,270,239</u></b>

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, 2022</u>
Total fund balance in the fund financial statements for the governmental funds	\$ 36,588,568
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, and right-to-use assets, net of accumulated amortization are included as assets in the government-wide financial statements.	61,527,127
Assets for net pension assets are included in the government-wide financial statements	6,036,304
<i>Liabilities</i>	
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements.	(264,805)
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	(1,655,573)
Due to employees for compensated absences	(5,469,803)
Net pension liabilities and LOSAP pension liability	(6,973,618)
Due to employees for other postemployment benefits	<u>(125,501,753)</u>
	(139,600,747)
Bonded, long-term bond anticipation notes, installment purchase and other debt liabilities are included in the government-wide financial statements.	(54,264,653)
Liabilities for judgments and claims are included in the government-wide financial statements.	(1,098,640)
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.	(945,071)
<i>Deferred Outflows and Inflows of Resources</i>	
The valuation of pension and other post-employment benefit 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	51,914,298
Deferred inflows	<u>(46,429,302)</u>
	5,484,996
The defeasance of bonds can create a deferred accounting loss when the reacquisition price exceeds the net carrying value of the refunded bonds. This is reported as a deferred outflow of resources	261,558
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,948
<i>Interfund Activity</i>	
Amounts due between the various governmental activities are eliminated in the government-wide financial statements:	
Due from other funds	1,603,726
Due to other funds	<u>(1,603,726)</u>
	-
<b>Total net position per statement of net position</b>	<b><u>\$ (86,273,415)</u></b>

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, 2022					
	Major Funds					
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes and tax items	\$ 23,514,590	\$ -	\$ -	\$ -	\$ 7,567,481	\$ 31,082,071
Sales and use tax	19,859,222	-	11,424,080	-	2,156,588	33,439,890
Departmental income	8,251,755	2,016,543	167,223	-	820,910	11,256,431
Intergovernmental charges	195,124	-	14,388	-	71,000	280,512
Interest and use of property	1,637,132	35,863	26,553	47,351	165,508	1,912,407
Licenses and permits	75,484	-	4,750	-	1,670,459	1,750,693
Fines and forfeitures	483,351	-	-	-	-	483,351
Miscellaneous	66,244	-	-	-	19,925	86,169
Interfund revenues	2,815,210	-	-	-	-	2,815,210
State aid	3,948,671	-	1,204,701	-	539,852	5,693,224
Federal aid	206,418	-	592,037	-	3,615,582	4,414,037
Total revenues	61,053,201	2,052,406	13,433,732	47,351	16,627,305	93,213,995
<b>EXPENDITURES</b>						
General government support	8,890,833	-	-	89,150	213,983	9,193,966
Public safety	16,991,195	-	-	239,159	6,461,161	23,691,515
Health	5,532,150	-	-	21,820	4,577	5,558,547
Transportation	494,049	18,635	7,589,742	3,842,390	871,335	12,816,151
Economic assistance and opportunity	529	-	-	-	-	529
Culture and recreation	4,190,851	-	-	38,878	1,897,764	6,127,493
Home and community services	136,599	-	-	-	4,992,626	5,129,225
Employee benefits	19,208,303	-	2,164,162	-	2,973,977	24,346,442
Debt service, principal	2,208,898	-	2,909,202	-	169,308	5,287,408
Debt service, interest	288,351	-	773,645	-	51,652	1,113,648
Capital outlay	60,296	1,560,633	-	5,143,066	200	6,764,195
Total expenditures	58,002,054	1,579,268	13,436,751	9,374,463	17,636,583	100,029,119
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from issuance of debt	4,810	-	-	10,984,500	-	10,989,310
Premium on issuance of debt	-	-	-	136,334	-	136,334
Sale of property and compensation for loss	94,361	-	17,871	-	192,761	304,993
Transfers in (out) from other funds, net	1,205,639	-	-	33,955	-	1,239,594
Total other financing sources (uses)	1,304,810	-	17,871	11,154,789	192,761	12,670,231
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,355,957</b>	<b>473,138</b>	<b>14,852</b>	<b>1,827,677</b>	<b>(816,517)</b>	<b>5,855,107</b>
<b>FUND BALANCE, beginning of year</b>	3,550,991	11,895,105	1,842,855	6,887,902	6,556,608	30,733,461
<b>FUND BALANCE, end of year</b>	<b>\$ 7,906,948</b>	<b>\$ 12,368,243</b>	<b>\$ 1,857,707</b>	<b>\$ 8,715,579</b>	<b>\$ 5,740,091</b>	<b>\$ 36,588,568</b>

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, 2022</u>
Net change in fund balance, total governmental funds	\$ 5,855,107
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities those expenditures are reported as capital asset additions.	6,775,975
Governmental funds do not report depreciation or amortization expenses. This is the total depreciation and amortization expense reported in the statement of activities.	(4,626,629)
Governmental funds do not recognize the effect of revenues that do not provide current financial resources in the fund financial statements.	(10,842)
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.	8,455
Bond, long-term bond anticipation notes, installment purchase debt and lease proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, leases, 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.	(5,624,669)
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.	976,180
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	5,025,917
Other postemployment benefit obligations	(5,568,267)
	(542,350)
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.	(905,602)
<b>Governmental activities changes in net position per statement of activities</b>	<b>\$ 1,849,418</b>

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

	December 31, 2022				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
<b>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 980,178	\$ 15,436,583	\$ 24,736,771	\$ 41,153,532	\$ -
Cash and cash equivalents, restricted	23,497	555,168	411,273	989,938	-
Accounts receivables, net	679,147	24,800	8,243,696	8,947,643	-
Leases receivable, current portion	8,202	-	201,527	209,729	-
Management agreement proceeds, current portion	692,656	-	-	692,656	-
Due from other governments	45,010	-	1,087,365	1,132,375	-
Due from governmental activities	-	2,179,627	-	2,179,627	-
<b>NONCURRENT ASSETS</b>					
Leases receivable, less current portion	227,527	-	4,905,288	5,132,815	-
Management agreement proceeds, less current portion	11,072,087	-	-	11,072,087	-
Capital assets, net	8,397,913	24,216,340	37,413,305	70,027,558	-
Net pension asset	-	447,135	968,790	1,415,925	-
Total assets	<u>22,126,217</u>	<u>42,859,653</u>	<u>77,968,015</u>	<u>142,953,885</u>	<u>-</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred resources related to pensions	-	959,208	2,078,281	3,037,489	-
Deferred resources related to OPEB	-	1,612,844	2,819,465	4,432,309	-
Deferred resources related to defeased bonds	193,311	213,200	88,467	494,978	-
	<u>193,311</u>	<u>2,785,252</u>	<u>4,986,213</u>	<u>7,964,776</u>	<u>-</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accrued expenses	4,391	326,625	297,968	628,984	-
Retainage payable	-	153,002	33,709	186,711	-
Other liabilities	-	-	-	-	1,618,148
Unearned revenue	-	-	15,640	15,640	-
Due to governmental activities	3,001	-	3,613,771	3,616,772	-
Due to other governments	-	650,771	368,538	1,019,309	-
Accrued interest	33,044	201,842	182,014	416,900	-
Bond anticipation notes payable, current portion	-	207,000	201,000	408,000	-
Current portion of bonds payable	1,190,520	2,343,730	3,063,607	6,597,857	-
Current portion of pension related debt	-	55,653	125,018	180,671	-
<b>NONCURRENT LIABILITIES</b>					
Bond anticipation notes payable, less current portion	-	9,765,000	12,288,500	22,053,500	-
Bonds payable, less current portion	5,488,640	22,579,434	24,100,043	52,168,117	-
Judgments and claims	-	42,961	59,707	102,668	-
Landfill closure and post-closure costs	30,221,687	-	-	30,221,687	-
Compensated absences	-	282,457	454,138	736,595	-
Other postemployment benefits liability (OPEB)	-	8,163,045	15,342,744	23,505,789	-
Total liabilities	<u>36,941,283</u>	<u>44,771,520</u>	<u>60,146,397</u>	<u>141,859,200</u>	<u>1,618,148</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred resources related to leases receivable	233,671	-	4,995,516	5,229,187	-
Deferred resources related to pensions	-	1,528,369	3,311,459	4,839,828	-
Deferred resources related to OPEB	-	513,251	908,186	1,421,437	-
Total deferred inflow of resources	<u>233,671</u>	<u>2,041,620</u>	<u>9,215,161</u>	<u>11,490,452</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,718,753	(10,678,824)	(2,239,845)	(11,199,916)	-
Restricted for other purposes	23,497	555,168	411,273	989,938	-
Unrestricted (deficit)	(16,597,676)	8,955,421	15,421,242	7,778,987	(1,618,148)
Total net position	<u>\$ (14,855,426)</u>	<u>\$ (1,168,235)</u>	<u>\$ 13,592,670</u>	<u>\$ (2,430,991)</u>	<u>\$ (1,618,148)</u>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				(673,078)	
Net assets of business-type activities				<u>\$ (3,104,069)</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, 2022				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,079,730	\$ 222,620	\$ 14,135,010	\$ 15,437,360	\$ 790,261
Ad valorem tax	-	10,725,564	1,551,426	12,276,990	-
Miscellaneous services	45,085	8,358	55,217	108,660	-
Total operating revenues	1,124,815	10,956,542	15,741,653	27,823,010	790,261
<b>OPERATING EXPENSES</b>					
Personal services	-	2,146,418	3,745,064	5,891,482	-
Employee benefits	303	1,756,846	2,882,130	4,639,279	839,103
Supplies, materials, and services	43,817	4,124,739	5,730,002	9,898,558	-
Insurance	135,530	125,321	171,774	432,625	-
Depreciation	3,762,583	1,677,386	2,494,579	7,934,548	-
Closure and post-closure costs	2,523,310	-	-	2,523,310	-
Provision for uncollectible receivables	-	-	2,609	2,609	-
Total operating expenses	6,465,543	9,830,710	15,026,158	31,322,411	839,103
<b>Operating income (loss)</b>	<b>(5,340,728)</b>	<b>1,125,832</b>	<b>715,495</b>	<b>(3,499,401)</b>	<b>(48,842)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Use of property	(1,042,517)	-	407,473	(635,044)	-
Gain (loss) on sale of capital assets	(671,305)	-	-	(671,305)	-
Compensation for losses		54,032	149,235	203,267	-
Contributed capital Assets	6,410,193	-	-	6,410,193	-
Interest expense	(160,065)	(712,139)	(687,645)	(1,559,849)	-
Interest income	5,062	71,530	194,050	270,642	-
Total nonoperating revenues (expenses)	4,541,368	(586,577)	63,113	4,017,904	-
<b>Income (loss) before transfers</b>	<b>(799,360)</b>	<b>539,255</b>	<b>778,608</b>	<b>518,503</b>	<b>(48,842)</b>
<b>TRANSFERS</b>					
Operating transfers out	(1,239,594)	-	-	(1,239,594)	-
<b>CHANGE IN NET POSITION</b>	<b>(2,038,954)</b>	<b>539,255</b>	<b>778,608</b>	<b>(721,091)</b>	<b>(48,842)</b>
<b>NET POSITION, beginning of year</b>	<b>(12,816,472)</b>	<b>(1,707,490)</b>	<b>12,814,062</b>		<b>(1,569,306)</b>
<b>NET POSITION, end of year</b>	<b>\$ (14,855,426)</b>	<b>\$ (1,168,235)</b>	<b>\$ 13,592,670</b>		<b>\$ (1,618,148)</b>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities			15,713,803 63,466	(143,241)	
Change in net assets of business-type activities				<b>\$ (864,332)</b>	

See accompanying Notes to Financial Statements.

# Town of Colonie, New York

## Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2022				
	Environmental Services Department	Pure Waters District	Latham Water District	Total Business-Type Activities	Workers' Compensation Internal Service Fund
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Cash received from providing services	\$ 980,773	\$ 10,966,633	\$ 13,488,024	\$ 25,435,430	\$ 790,261
Cash paid for contractual expenses	(198,328)	(4,257,610)	(5,848,420)	(10,304,358)	-
Cash paid for personal services and employee benefits	(303)	(3,825,478)	(6,642,700)	(10,468,481)	(790,261)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>782,142</u>	<u>2,883,545</u>	<u>996,904</u>	<u>4,662,591</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>					
Interfund transfers out	(1,239,594)	-	-	(1,239,594)	-
Compensation for losses	-	54,032	149,235	203,267	-
Change in due from/to other funds	(112,384)	1,480,734	3,851,231	5,219,581	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,351,978)</u>	<u>1,534,766</u>	<u>4,000,466</u>	<u>4,183,254</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	(3,787,482)	(446,169)	(4,233,651)	-
Capital grant proceeds	-	-	(59,334)	(59,334)	-
Proceeds from the issuance of bond anticipation notes	-	5,770,000	8,753,500	14,523,500	-
Proceeds from the issuance of serial bonds	-	-	59,334	59,334	-
Payments of debt principal (BANs and Bonds)	(1,166,672)	(2,249,454)	(2,950,682)	(6,366,808)	-
Interest paid	(155,639)	(764,681)	(727,150)	(1,647,470)	-
Use of property	1,654,558	-	296,174	1,950,732	-
	<u>332,247</u>	<u>(1,031,617)</u>	<u>4,925,673</u>	<u>4,226,303</u>	<u>-</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>					
Interest income	5,062	71,530	194,050	270,642	-
	<u>5,062</u>	<u>71,530</u>	<u>194,050</u>	<u>270,642</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(232,527)</b>	<b>3,458,224</b>	<b>10,117,093</b>	<b>13,342,790</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,236,202</b>	<b>12,533,527</b>	<b>15,030,951</b>	<b>28,800,680</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 1,003,675</b>	<b>\$ 15,991,751</b>	<b>\$ 25,148,044</b>	<b>\$ 42,143,470</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (5,340,728)	\$ 1,125,832	\$ 715,495	\$ (3,499,401)	\$ (48,842)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Provision for uncollectible receivables	-	-	2,609	2,609	-
Depreciation	3,762,583	1,677,386	2,494,579	7,934,548	-
(Increase) decrease in					
Accounts receivable, net	(144,042)	10,091	(1,499,507)	(1,633,458)	-
Due from other governments	(19,472)	-	(757,230)	(776,702)	-
Net pension asset	-	(447,135)	(968,790)	(1,415,925)	-
Deferred outflow of resources	-	423,659	787,962	1,211,621	-
Increase (decrease) in					
Accounts payable	-	-	-	-	-
Accrued expenses	491	(64,237)	(15,591)	(79,337)	-
Other liabilities	-	-	-	-	48,842
Due to other governments	-	(47,293)	(114,869)	(162,162)	-
Deferred revenue	-	-	499	499	-
Landfill closure and post-closure costs	2,523,310	-	-	2,523,310	-
Judgments and claims	-	5,178	5,045	10,223	-
Pension related debt	-	(36,283)	(78,613)	(114,896)	-
Compensated absences	-	(59,764)	3,748	(56,016)	-
Net pension liability	-	(5,473)	(11,857)	(17,330)	-
Other postemployment benefits obligation	-	610,955	1,008,910	1,619,865	-
Deferred inflow of resources	-	(309,371)	(575,486)	(884,857)	-
	<u>782,142</u>	<u>2,883,545</u>	<u>996,904</u>	<u>4,662,591</u>	<u>-</u>

See accompanying Notes to Financial Statements.

# Town of Colonie, New York

## Fund Financial Statements Statement of Net Position - Fiduciary Funds

	<b>December 31, 2022</b>	
	<b>Custodial Fund</b>	<b>Deferred Compensation Plan for the Employees of the Town of Colonie</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,720,771	\$ -
Investments	-	51,299,393
Due from governmental activities	1,600	-
Letters of credit	130,820	-
Total assets	2,853,191	51,299,393
<b>LIABILITIES</b>		
Accrued expenses	-	10,250
<b>NET POSITION</b>		
Restricted		
Development projects	2,853,191	-
Available for benefits	-	51,289,143
<b>Total net position</b>	<b>\$ 2,853,191</b>	<b>\$ 51,289,143</b>

# Town of Colonie, New York

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

	Years Ended December 31, 2022	
	Custodial Fund	Deferred Compensation Plan for the Employees of the Town of Colonie
<b>ADDITIONS (LOSSES)</b>		
Developer deposits	\$ 1,184,893	\$ -
Participant contributions	-	1,982,313
Investment earnings (losses)		
Net depreciation in fair value of investments	-	(9,583,553)
Interest income	9,528	296,606
Total investment earnings (losses)	9,528	(9,286,947)
Less: Investment expense	-	(130,979)
Net investment earnings (losses)	9,528	(9,417,926)
Total additions (losses)	1,194,421	(7,435,613)
<b>DEDUCTIONS</b>		
Project disbursements	1,824,504	-
Benefits paid to participants or beneficiaries	-	3,116,061
Total deductions	1,824,504	3,116,061
<b>Net decrease in fiduciary net position</b>	<b>(630,083)</b>	<b>(10,551,674)</b>
<b>NET POSITION, <i>beginning of year</i></b>	<b>3,483,274</b>	<b>61,840,817</b>
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 2,853,191</b>	<b>\$ 51,289,143</b>

See accompanying Notes to Financial Statements.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### 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 \$127,100 in support services provided during the year ended December 31, 2022.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### 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, 2022.

##### (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, 2022

### 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, 2022

### 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, 2022

### 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, 2022 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 10.

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

#### *f. Cash and Cash Equivalents*

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

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### 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, 2022, 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 \$5,245,830 and \$18,116 were reported for ambulance and water receivables, respectively, at December 31, 2022.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

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

*h. Receivables and Payables - Continued*

When the landfill operations contract was signed (Note 1l), 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, 2022, \$692,656 is reported as a current receivable and \$11,072,087 as a noncurrent receivable. The receivable will decline as payments are received, or there is a change in the discount rate.

*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, 2022.

*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, 2022

### 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 \$30,221,687 accrued as landfill closure and post-closure costs at December 31, 2022, 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 2022. 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, 2022

### 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 9 and 10.

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

The Town also reports deferred inflows of resources related to leases disclosed in Note 6.

#### *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, 2022

### 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 7 provides details regarding the Town’s fund balance classifications.

*o. Prior Period Adjustment*

Net Position at December 31, 2021 has been restated within the Governmental Activities of the Government-Wide Statements to reflect the recognition of a correction of an error in the calculation of hours available for payment upon termination of service within the compensated absences liability. The Town was unaware that the Federal Fair Labor Standards Act allows first responders to accrue and get paid up to 480 hours of overtime. The Town had always calculated the available accrual at 240 hours for all employees. As summary of the adjustment is as follows:

	As Originally Stated	Adjustments	As Restated
Government-Wide Statements:			
Governmental Activities			
Noncurrent Liabilities			
Compensated absences	\$ 4,960,415	\$ 541,770	\$ 5,502,185
Net Position			
Net investment in capital assets	\$ 10,394,470	-	\$ 10,394,470
Restricted	438,464	-	438,464
Unrestricted	(98,413,997)	(541,770)	(98,955,767)
Total Net Position	\$ (87,581,063)	\$ (541,770)	\$ (88,122,833)

*p. Adoption of New Accounting Standards*

Effective January 1, 2022, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87). The primary objective of this statement is the enhance the relevance and consistency of the information about the Town’s leasing activities. The statement 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. The adoption of GASB 87 resulted in recording lease receivables and deferred inflows of \$6,922,452 as of January 1, 2022. The adoption of GASB 87 resulted in recording intangible right-to-use lease assets and lease liabilities of \$489,783 as of January 1, 2022.

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.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

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

#### *q. Subsequent Events*

The Town has evaluated subsequent events for potential recognition or disclosure through August 28, 2023, the date the financial statements were available to be issued, as detailed in Note 16.

### Note 2 - Stewardship, Compliance, and Accountability

#### *a. Budgetary Information*

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances, if any, outstanding at year-end are reported as assigned fund balance within the governmental fund financial statements and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. There were no significant encumbrances outstanding at December 31, 2022.

#### *b. Fund Deficit*

- The Town has a deficit net position of \$14,855,426 in the Environmental Services Department Fund as of December 31, 2022. 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 \$1,168,235 in the Pure Waters District Fund as of December 31, 2022. This is the result of the required recognition of the net other postemployment benefits and the related deferred outflows and inflows, of \$7,063,452. While the Fund is required to report these amounts within its financial statements, it pays them on a pay-as-you-go basis. The Town does not increase user fees in order to fund pay-as-you-go liabilities, nor does the State of New York provide a legal mechanism to fund the amounts.
- The Town has a deficit net position of \$1,618,148 in the Workers' Compensation Internal Service Fund as of December 31, 2022. This will be eliminated through future payment of workers' compensation claims as they are incurred.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### 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, 2022	Additions	Disposals/ Retirements	Balance December 31, 2022
Capital assets not being depreciated				
Land	\$ 20,116,377	\$ -	\$ -	\$ 20,116,377
Construction in progress	462,343	2,501,660	(555,516)	2,408,487
	<u>20,578,720</u>	<u>2,501,660</u>	<u>(555,516)</u>	<u>22,524,864</u>
Capital assets, being depreciated				
Buildings and improvements	41,014,043	608,546	-	41,622,589
Machinery and equipment	41,160,536	2,789,049	(392,090)	43,557,495
Infrastructure	23,963,434	-	-	23,963,434
	<u>106,138,013</u>	<u>3,397,595</u>	<u>(392,090)</u>	<u>109,143,518</u>
Less accumulated depreciation for				
Buildings and improvements	(23,679,263)	(1,414,827)	-	(25,094,090)
Machinery and equipment	(33,028,083)	(1,975,410)	339,029	(34,664,464)
Infrastructure	(9,635,902)	(1,040,445)	-	(10,676,347)
	<u>(66,343,248)</u>	<u>(4,430,682)</u>	<u>339,029</u>	<u>(70,434,901)</u>
Capital assets being depreciated, net	<u>39,794,765</u>	<u>(1,033,087)</u>	<u>(53,061)</u>	<u>38,708,617</u>
	<u>\$ 60,373,485</u>	<u>\$ 1,468,573</u>	<u>\$ (608,577)</u>	<u>\$ 61,233,481</u>

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

	Balance January 1, 2022	Additions	Disposals/ Retirements	Balance December 31, 2022
Capital assets not being depreciated				
Land	\$ 3,708,251	\$ -	\$ -	\$ 3,708,251
Construction in progress	2,326,863	3,806,843	(927,752)	5,205,954
	<u>6,035,114</u>	<u>3,806,843</u>	<u>(927,752)</u>	<u>8,914,205</u>
Capital assets being depreciated				
Landfill improvements	41,757,654	-	-	41,757,654
Buildings and improvements	64,200,079	7,134,280	(1,420,915)	69,913,444
Machinery and equipment	9,848,898	741,463	(367,799)	10,222,562
Infrastructure	52,353,478	-	-	52,353,478
	<u>168,160,109</u>	<u>7,875,743</u>	<u>(1,788,714)</u>	<u>174,247,138</u>
Less accumulated depreciation for				
Landfill improvements	(38,504,724)	(3,015,755)	-	(41,520,479)
Buildings and improvements	(33,648,964)	(2,141,828)	761,345	(35,029,447)
Machinery and equipment	(5,560,637)	(733,754)	356,063	(5,938,328)
Infrastructure	(28,602,320)	(2,043,211)	-	(30,645,531)
	<u>(106,316,645)</u>	<u>(7,934,548)</u>	<u>1,117,408</u>	<u>(113,133,785)</u>
Capital assets being depreciated, net	<u>61,843,464</u>	<u>(58,805)</u>	<u>(671,306)</u>	<u>61,113,353</u>
	<u>\$ 67,878,578</u>	<u>\$ 3,748,038</u>	<u>\$ (1,599,058)</u>	<u>\$ 70,027,558</u>

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

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

Depreciation expense was charged to programs as follows:

	Year Ended December 31, 2022
<i>Primary Government</i>	
Governmental activities	
General government	\$ 538,884
Public safety	570,016
Health	623,429
Transportation	1,770,295
Culture and recreation	832,074
Home and community services	95,984
Total depreciation expense, governmental activities	\$ 4,430,682
	Year Ended December 31, 2022
Business-type activities	
Environmental Services Department	\$ 3,762,583
Pure Waters Department	1,677,386
Latham Water Department	2,494,579
Total depreciation expense, business-type activities	\$ 7,934,548

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. The Town has recognized a contributed capital asset, and related revenue, of \$6,410,193, for facility improvements completed during 2022.

### Note 4 - Interfund Balances and Activity

A summary of interfund receivables and payables is as follows:

	December 31, 2022						
	General	Capital Projects	Non- Major	Pure Waters	Latham Water	Custodial	Total Payable to
General	\$ -	\$ -	\$ 575,927	\$ 2,179,627	\$ -	\$ 1,600	\$ 2,757,154
Highway	575,795	-	-	-	-	-	575,795
Special miscellaneous revenue	1,175	-	-	-	-	-	1,175
Capital projects	345,370	-	-	-	-	-	345,370
Non-major funds	105,459	-	-	-	-	-	105,459
Environmental services	3,001	-	-	-	-	-	3,001
Latham Water	3,613,771	-	-	-	-	-	3,613,771
Total payable from	\$ 4,644,571	\$ -	\$ 575,927	\$ 2,179,627	\$ -	\$ 1,600	\$ 7,401,725

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 4 - Interfund Balances and Activity - Continued

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

	Year Ended December 31, 2022
General Fund, transfer in	\$ 1,239,594
General Fund, transfer out	(33,955)
Capital Projects Fund, transfer out	33,955
Environmental Services Department, transfer out	(1,239,594)
	<u>\$ -</u>

Interfund receivables and payables result from cash advances made to cover cash flow shortages. The amount transferred out of the Environmental Services Department and General Town-Wide Funds was from budgetary operating surplus and matching funds for equipment grants, respectively.

### 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 12.4% of its constitutional debt limit as of December 31, 2022.

The Town issued refunding bonds in 2017, 2019, and 2021 at premiums of \$1,694,157, \$550,953, and \$826,744, respectively, which are being amortized as an adjustment to interest expense over the life of the new bonds. \$225,195 of these premiums were recognized as a reduction to interest expense during 2022. The difference between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting losses in 2017 and 2019, 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 2022.

Installment purchase debt (IPD) represented 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.

As detailed in Note 9, 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%.

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.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 5 - Indebtedness - Continued

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

	Balance January 1, 2022	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2022	Due Within One Year
General obligation bonds (Bonds)	\$ 38,763,585	-	(4,673,190)	34,090,395	4,579,959
Unamortized premium on bonds	1,046,945	-	(98,545)	948,400	98,545
Subtotal Bonds	39,810,530	-	(4,771,735)	35,038,795	4,678,504
Bond anticipation notes (BANs)	6,917,000	11,451,500	(590,000)	17,778,500	857,000
Installment purchase debts (IPDs)	27,627	-	(27,627)	-	-
Total Bonds, BANs, and IPDs	46,755,157	11,451,500	(5,389,362)	52,817,295	5,535,504
Judgments and claims	44,261	1,140,278	(85,899)	1,098,640	-
Other liabilities	3,423,858	-	(1,412,500)	2,011,358	-
Pension related debt (see Note 9)	2,653,750	-	(998,177)	1,655,573	1,072,107
Net pension liability (see Note 9)	6,364,019	-	(4,455,066)	1,908,953	-
Compensated absences, as restated	5,502,185	377,669	(410,051)	5,469,803	-
Other postemployment benefits liability (see Note 11)	114,899,272	10,602,481	-	125,501,753	-
LOSAP pension liability, defined benefit plan (see Note 10)	3,353,783	-	(121,230)	3,232,553	-
LOSAP pension liability, defined contribution plans (see Note 10)	2,459,871	-	(627,759)	1,832,112	-
	<u>\$ 185,458,178</u>	<u>\$ 23,571,928</u>	<u>\$ (13,500,044)</u>	<u>\$ 195,528,040</u>	<u>\$ 6,607,611</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, 2022	Annual Principal Installments
<b><u>Bond Anticipation Notes</u></b>					
1.105%	Mar. 2022	Mar. 2023	17,778,500	<u>17,778,500</u>	11,908,800
<b><u>General Obligation Bonds</u></b>					
2.25-3.0%	2016	2035	10,880,000	6,385,000	145,000 - 830,000
2.0-5.0%	2017	2033	6,424,000	4,329,904	35,000 - 830,000
3.0-3.5%	2018	3036	6,000,000	3,995,000	85,000 - 600,000
4.00%	2019	2031	4,190,005	1,891,396	12,159 - 634,770
2.00%	2020	2036	8,980,000	7,205,000	75,000 - 890,000
2.0-4.0%	2021	2033	3,078,027	2,629,095	360,000 - 760,000
2.0-2.375%	2021	2041	8,775,500	<u>7,655,000</u>	440,000 - 1,525,000
				<u>34,090,395</u>	
				<u>\$ 51,868,895</u>	

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

	Balance January 1, 2022	Issuance/ Additions	Payments	Balance December 31, 2022	Due Within One Year
General obligation bonds (Bonds)	\$ 63,882,579	-	(6,356,810)	57,525,769	6,471,207
Unamortized premium on bonds	1,366,855	-	(126,650)	1,240,205	126,650
Subtotal Bonds	65,249,434	-	(6,483,460)	58,765,974	6,597,857
Bond anticipation notes (BANs)	7,948,000	14,523,500	(10,000)	22,461,500	408,000
Total Bonds and BANs	73,197,434	14,523,500	(6,493,460)	81,227,474	7,005,857

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 5 - Indebtedness - Continued

	Balance January 1, 2022	Issuance/ Additions	Payments	Balance December 31, 2022	Due Within One Year
Judgments and claims	92,445	10,425	(202)	102,668	-
Landfill closure and post-closure costs (see Note 1)	27,698,377	2,583,503	(60,193)	30,221,687	-
Pension related debt (see Note 9)	295,567	-	(114,896)	180,671	180,671
Net pension liability (see Note 9)	17,330	-	(17,330)	-	-
Compensated absences	792,611	52,710	(108,726)	736,595	-
Other postemployment benefits liability (see Note 11)	21,885,924	1,619,865	-	23,505,789	-
	<u>\$ 123,979,688</u>	<u>\$ 18,790,003</u>	<u>\$ (6,794,807)</u>	<u>\$ 135,974,884</u>	<u>\$ 7,186,528</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, 2022	Annual Principal Installments
<u>Bond Anticipation Notes</u>					
1.105%	Mar. 2022	Mar. 2023	\$ 22,461,500	<u>\$ 22,461,500</u>	\$ 20,838,000
<u>Bonds Payable</u>					
3.41%	1999/2002	2027	6,900,000	1,845,000	210,000 - 395,000
4.125%	2003	2025	3,875,300	485,000	226,000 - 307,000
1.20%	2004	2025	19,767,387	3,690,000	1,275,000
1.20%	2004	2025	3,307,082	585,000	200,000
2.25-3.0%	2016	2035	11,652,000	8,240,000	497,000 - 680,000
2.0-4.0%	2017	2033	4,550,000	2,230,000	60,000 - 475,000
2.0-5.0%	2017	2033	7,996,000	5,485,094	35,000 - 830,000
3.0-3.5%	2018	2036	12,150,000	9,290,000	455,000 - 755,000
4.00%	2019	2031	2,804,995	1,753,604	17,841 - 275,230
2.00%	2020	2038	8,980,000	8,490,000	430,000 - 600,000
2.00%	2021	2030	4,920,000	4,175,000	195,000 - 760,000
2.0-4.0%	2021	2033	3,078,027	3,440,905	360,000 - 760,000
0.18-2.618%	2021	2041	571,166	546,166	25,000 - 35,000
2.0-2.375%	2021	2041	8,775,500	<u>7,270,000</u>	440,000 - 1,525,000
				<u>57,525,769</u>	
				<u>\$ 79,987,269</u>	

In March of 2023, the bond anticipation notes were partially repaid in the amount of \$1,265,000, partially redeemed through the issuance of serial bonds for \$31,481,800, and partially redeemed through the issuance of a bond anticipation note for \$7,493,200, which matures in March 2024. Accordingly, the portion redeemed through reissuance were excluded from the governmental fund financial statements.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 5 - Indebtedness - Continued

Annual debt service requirements to amortize bonds payable is as follows:

Year ending December 31,	Governmental Activities		Business-Type Activities	
	Bonds		Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 4,579,959	\$ 873,321	\$ 6,471,207	\$ 1,393,297
2024	4,187,113	747,968	6,592,887	1,253,853
2025	3,944,829	630,805	6,580,171	1,113,626
2026	3,799,155	520,884	5,020,845	974,303
2027	3,462,696	419,409	4,287,304	842,003
2028 through 2032	10,961,656	962,514	17,358,342	2,574,563
2033 through 2037	2,694,987	141,374	9,355,013	662,264
2038 through 2041	460,000	21,562	1,860,000	73,989
	<u>\$ 34,090,395</u>	<u>\$ 4,317,837</u>	<u>\$ 57,525,769</u>	<u>\$ 8,887,898</u>

### Note 6 - Leases

#### Lessee Leases

The Town has entered into leases for equipment and property from third parties under fixed rate leases for office and recreation equipment, emergency medical services stations and an office for the Senior Resources Department.

A summary of the intangible right-to-use assets at December 31, 2022 is as follows:

	Balance January 1, 2022	Additions	Disposals/ Retirements	Balance December 31, 2022
Right-to-use assets				
Buildings and improvements	279,104	-	-	279,104
Machinery and equipment	205,679	4,810	-	210,489
	<u>484,783</u>	<u>4,810</u>	<u>-</u>	<u>489,593</u>
Less accumulated depreciation for				
Buildings and improvements	-	(104,658)	-	(104,658)
Machinery and equipment	-	(91,289)	-	(91,289)
	<u>-</u>	<u>(195,947)</u>	<u>-</u>	<u>(195,947)</u>
	<u>\$ 484,783</u>	<u>\$ (191,137)</u>	<u>\$ -</u>	<u>\$ 293,646</u>

A summary of the related lease liabilities at December 31, 2022 is as follows:

	Balance January 1, 2022	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2022	Due Within One Year
Equipment leases	\$ 205,679	4,810	(90,511)	119,978	68,973
Property leases	279,104	-	(106,082)	173,022	102,985
	<u>\$ 484,783</u>	<u>\$ 4,810</u>	<u>\$ (196,593)</u>	<u>\$ 293,000</u>	<u>\$ 171,958</u>

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 6 - Leases - Continued

#### *Lessee Leases - Continued*

A summary of the Town's indebtedness under the lease liabilities is as follows:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount of Original Liability</u>	<u>Outstanding December 31, 2022</u>	<u>Annual Principal Installments</u>	
Sep-17	Aug-23	114,964	46,168	46,168 -	68,796
Nov-13	Oct-23	54,050	24,772	24,772 -	29,277
Jun-14	May-24	70,608	42,213	12,630 -	29,582
Apr-20	Mar-25	83,331	58,168	6,593 -	26,045
Jul-15	Jun-25	71,115	47,869	23,100 -	24,769
Mar-21	Mar-26	90,715	73,810	4,002 -	23,736
			<u>\$ 293,000</u>		

Annual debt service requirements to amortize the lease liabilities is as follows:

Year ending December 31,	Governmental Activities Lease Liabilities	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 171,958	\$ 4,812
2024	86,711	1,904
2025	30,329	409
2026	4,002	11
	<u>\$ 293,000</u>	<u>\$ 7,136</u>

#### *Lessor Leases*

The Town has entered into leases of property to third parties. These locations include the concession at the Town's golf course, space to federal government agencies, and space to cellular carriers on communication towers and water tanks. The leases are all fixed rate leases and expire between 2023 and 2052.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 6 - Leases - Continued

#### *Lessor Leases - Continued*

As summary of the lease receivables are as follows:

	Balance January 1, 2022	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2022	Due Within One Year
Governmental Activities					
Buildings	\$ 25,033	148,851	(49,190)	124,694	43,912
Communciation Towers	<u>1,317,892</u>	-	<u>(53,548)</u>	<u>1,264,344</u>	<u>47,225</u>
	<u>\$ 1,342,925</u>	<u>\$ 148,851</u>	<u>\$ (102,738)</u>	<u>\$ 1,389,038</u>	<u>\$ 91,137</u>
Business-type Activities					
Landfill ground	\$ 248,275	-	(12,546)	235,729	8,202
Water tanks	<u>5,331,252</u>	-	<u>(224,437)</u>	<u>5,106,815</u>	<u>201,527</u>
	<u>\$ 5,579,527</u>	<u>\$ -</u>	<u>\$ (236,983)</u>	<u>\$ 5,342,544</u>	<u>\$ 209,729</u>

A summary of the estimated principal and interest to be received under these receivables is as follows:

	Governmental Activities Lease Receivables		Business-type Activities Lease Receivables	
	Principal	Interest	Principal	Interest
Year ending December 31,				
2023	\$ 91,137	\$ 26,876	\$ 209,729	\$ 105,237
2024	81,759	25,215	215,115	101,060
2025	87,583	23,526	202,836	96,641
2026	48,152	22,135	174,274	92,782
2027	50,859	21,147	177,565	89,339
2028 through 2032	298,470	88,937	1,075,105	386,934
2033 through 2037	382,421	55,071	1,299,779	264,785
2038 through 2042	280,220	19,290	750,478	160,705
2043 through 2047	68,437	979	863,192	82,056
2048 through 2051	-	-	374,471	13,139
	<u>\$ 1,389,038</u>	<u>\$ 283,176</u>	<u>\$ 5,342,544</u>	<u>\$ 1,392,678</u>

At December 31, 2022, deferred inflows of resources of \$1,368,338 and \$5,229,187 have been recognized related to these long-term lease receivables within the Governmental Activities and the Business-type Activities, respectively, and are systematically recognized into Use of Property Revenue over the terms of the various leases. During 2022, \$123,438 and \$350,340 were recognized as Use of Property revenue in the Governmental Activities and Business-type Activities Statement of Activities.

The implicit interest rate used for both lessee and lessor leases was 2% during 2022 and approximated the Town's incremental borrowing rate.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 7 - Fund Balance

The specific purposes that comprise the classifications of fund balance at December 31, 2022, are as follows:

	General Fund	Special Misc. Rev. Fund	Highway Fund	Capital Projects Fund	Non-Major Funds	Total
Restricted for						
Police asset forfeiture	\$ 507,464	\$ -	\$ -	\$ -	\$ -	\$ 507,464
DARE program donations	18,528	-	-	-	-	18,528
Youth recreation program	7,771	-	-	-	-	7,771
Length of service award program	-	-	-	-	3,341,541	3,341,541
Library program/supply donations	-	-	-	-	10,513	10,513
Community development programs	-	-	-	-	20,877	20,877
Total restricted fund balance	<u>533,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,372,931</u>	<u>3,906,694</u>
Committed to						
Green space acquisition	-	-	-	-	456,752	456,752
Highway infrastructure	-	-	991,551	-	-	991,551
Judgment and claims	32,092	-	48,587	-	17,961	98,640
Assigned to						
Youth court program	102,798	-	-	-	-	102,798
Police training facility repairs	1,000	-	-	-	-	1,000
Capital improvements	247,098	-	-	-	66,639	313,737
Operations of the fund	-	12,368,243	817,569	8,715,579	1,825,808	23,727,199
Unassigned	6,990,197	-	-	-	-	6,990,197
Total unrestricted fund balance	<u>7,373,185</u>	<u>12,368,243</u>	<u>1,857,707</u>	<u>8,715,579</u>	<u>2,367,160</u>	<u>32,681,874</u>
Total fund balance	<u>\$ 7,906,948</u>	<u>\$ 12,368,243</u>	<u>\$ 1,857,707</u>	<u>\$ 8,715,579</u>	<u>\$ 5,740,091</u>	<u>\$ 36,588,568</u>

### Note 8 - 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 2022 is \$6,198,384,218. The effective tax rate on this value is \$4.180524 per thousand. The Town utilizes a full value method of assessing property values which is intended to approximate market.

### Note 9 - 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.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

#### *Plan Description - Continued*

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable.

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

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

#### *Benefits Provided*

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

#### Tiers 1 and 2

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

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

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

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

#### *Benefits Provided - Continued*

##### 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.

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.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

#### *Benefits Provided - Continued*

##### Disability Benefits

Disability retirement benefits are available to ERS and PRFS 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.

##### 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 2022 on February 1, 2023.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

#### *Funding Policy - Continued*

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

	<u>ERS</u>	<u>PFRS</u>
2022	\$ 4,507,633	\$ 4,301,296
2021	4,958,020	4,176,233
2020	4,680,262	3,902,919

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

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

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

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

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortization, incentive costs, and prior year adjustments) and the graded contribution.
- For subsequent SFYs, the graded rate will increase or decrease by up to one-half of 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- 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.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

#### *Funding Policy - Continued*

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 \$1,836,244, of which \$180,671 is reported in the various proprietary funds and \$1,655,573 on the government-wide statement of net position for the governmental activities. The February 1, 2023 payment included a \$727,760 "employer graded payment", which ERS used to pay off outstanding amortized balances due at the time of payment.

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 \$5,480,040 for the ERS plan and \$4,693,252 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,			
2023	\$ 1,252,778	\$ 33,528	\$ 1,286,306
2024	282,812	16,644	299,456
2025	162,799	8,245	171,044
2026	95,652	3,637	99,289
2027	42,203	1,199	43,402
	\$ 1,836,244	\$ 63,253	\$ 1,899,497

Of the total unpaid principal balance for the above amortizations, \$1,252,778 is included in the statement of net position as a current liability, and \$583,466 is shown as a non-current liability as December 31, 2022.

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

At December 31, 2022, the Town reported assets and liabilities of \$7,452,229 and \$1,908,953, respectively, for its proportionate share of the net pension assets and liabilities for ERS and PFRS, respectively. The net pension assets and liabilities were measured as of March 31, 2022, and the total pension liabilities used to calculate the net pension assets and liabilities were determined by an actuarial valuation as of that date. The Town's proportion of the net pension assets and 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.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

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

At December 31, 2022, the Town's proportion of the ERS and PFRS was 0.0911634% and 0.3360569%, respectively.

For the year ended December 31, 2022, the Town recognized total pension expense of \$597,172 and \$1,482,400 for ERS and PFRS, respectively.

At December 31, 2022, 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	\$ 1,486,268	\$ 592,934
Change in assumptions	21,499,409	169,986
Net difference between projected and actual investment earnings on pension plan investments	-	35,806,556
Employer contributions made subsequent to the measurement date	5,522,245	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	149,094	1,506,876
Subtotal	28,657,016	38,076,352
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	107,230	139,083
Change in assumptions	2,363,020	39,874
Net difference between projected and actual investment earnings on pension plan investments	-	4,636,560
Employer contributions made subsequent to the measurement date	538,632	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,607	24,311
Subtotal	3,037,489	4,839,828
Total	\$ 31,694,505	\$ 42,916,180

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/asset in the year ending December 31, 2023.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 9 - Retirement Systems - Continued

*Pension Assets, 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,			
2023	\$ (2,673,777)	\$ (353,226)	\$ (3,027,003)
2024	(3,849,730)	(522,861)	(4,372,591)
2025	(9,190,439)	(1,209,919)	(10,400,358)
2026	845,872	(254,965)	590,907
2027	(73,507)	-	(73,507)
	\$ (14,941,581)	\$ (2,340,971)	\$ (17,282,552)

#### *Actuarial Assumptions*

The total pension liability at December 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

Significant actuarial assumptions used in the April 1, 2021 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%
Decrements	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, 2022

### Note 9 - Retirement Systems - Continued

#### *Actuarial Assumptions - Continued*

The actuarial assumptions used in the April 1, 2021 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, 2022 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic/Absolute Return Strategy	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.58%
Fixed Income	23.00%	0.00%
Cash	1.00%	-1.00%
	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, 2022

### Note 9 - Retirement Systems - Continued

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

The following presents the Town's proportionate share of the net pension liability (asset) 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	\$ 36,771,533	\$ (4,127,351)	\$ (38,168,832)
Business-Type Activities	3,644,576	(1,415,925)	(5,648,789)
Total net pension liability (asset)	\$ 40,416,109	\$ (5,543,276)	\$ (43,817,621)

*Pension Plan Fiduciary Net Position*

The components of the current year net pension liability/asset of the ERS and PFRS as of March 31, 2022 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292	\$ 266,112,180
Plan net position	232,049,473	41,669,250	273,718,723
Employers' net pension liability (asset)	\$ (8,174,585)	\$ 568,042	\$ (7,606,543)
Ratio of plan net position to the employers' total pension liability	103.65%	98.66%	102.86%

### Note 10 - Volunteer Firefighter Service Award Programs

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

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 10 - 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, 2022

### Note 10 - 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, 2022, the Town had defined contribution LOSAP pension benefit of \$(105,006) 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, 2022

### Note 10 - 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, 2021 measurement date, the following participants were covered by the benefit terms.

Inactive participants:	
Currently receiving benefit payments	36
Entitled to but not yet receiving benefit payments	23
Active Participants	51
	110

#### (c) Funding Methodology and Actuarial Assumptions

The assets available for benefits totaled \$1,806,087 and the actuarial accrued benefits liability was \$2,140,157 at December 31, 2022, for a funding percentage of 84%, or unfunded benefits of \$334,070. However, the Plan has an unfunded liability for separately amortized costs for the 2010 program amendments in the amount of \$69,872, 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, 2022

### Note 10 - 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 July 13, 2023.

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, \$133,437 as of December 31, 2022, are not covered by SIPC, but are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2022.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 10 - 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, 2021, was paid in February 2023, with interest. A summary of the sponsor's required contribution for program year ended December 31, 2022, and scheduled to be paid in February 2023 and 2024, is as follows:

	2023	2024
Fuller Road	\$ 38,829	\$ 42,820
Shaker Road	72,424	64,935
Maplewood	36,564	33,788
Latham	100,289	-
	\$ 248,106	\$ 141,543

#### *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, 2022		
	Fair Value	Cost	% Total Cost
Cash and cash equivalents	\$ 133,437	\$ 133,437	3.8%
Equities			
United States	531,826	443,881	12.6%
International	265,502	258,513	7.4%
Fixed income securities			
Exchange-traded funds	1,035,925	1,226,297	34.9%
Mutual funds	203,172	231,506	6.6%
Government obligations	384,021	389,917	11.1%
Certificates of deposit	514,819	518,364	14.8%
Mixed asset securities			
Mutual funds	277,476	311,368	8.9%
	\$ 3,346,178	\$ 3,513,283	100.0%

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 10 - 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, 2022, is as follows.

	Fuller Road	Maplewood	Shaker Road	Latham	Total
<b>Additions</b>					
Town contributions	\$ 44,696	\$ 35,575	\$ 68,569	\$ 100,289	\$ 249,129
Other contributions	-	-	6,818	-	6,818
Interest and earnings	18,742	8,022	46,451	83,163	156,378
Net decrease in the fair value of investments	(83,223)	(32,590)	(192,317)	(337,257)	(645,387)
Investment fees	(3,005)	(1,114)	(6,724)	(11,607)	(22,450)
	<u>(22,790)</u>	<u>9,893</u>	<u>(77,203)</u>	<u>(165,412)</u>	<u>(255,512)</u>
<b>Deductions</b>					
Benefits	268,069	22,281	232,403	128,576	651,329
Administrative fees	4,982	3,665	6,259	7,568	22,474
	<u>273,051</u>	<u>25,946</u>	<u>238,662</u>	<u>136,144</u>	<u>673,803</u>
<b>Change in net assets held in trust</b>	(295,841)	(16,053)	(315,865)	(301,556)	(929,315)
<b>Net assets held in trust, beginning of year</b>	<u>729,855</u>	<u>261,360</u>	<u>1,468,656</u>	<u>2,207,932</u>	<u>4,667,803</u>
<b>Net assets held in trust, end of year</b>	<u>\$ 434,014</u>	<u>\$ 245,307</u>	<u>\$ 1,152,791</u>	<u>\$ 1,906,376</u>	<u>\$ 3,738,488</u>

The net assets above include the \$396,946 of contribution receivable to the benefit trust noted above, interest and overpayment receivables which total \$6,990, prepaid expenses of \$8,680, and benefits payable of \$20,307.

The LOSAP pension liability for the defined contribution plans equal the net assets held in trust at December 31, 2022 of \$1,823,112.

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

At December 31, 2022, the Town's LOSAP pension liability for the defined benefit plan was \$3,232,553. The LOSAP pension liability was measured and was determined by an actuarial valuation as of as of December 31, 2021.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 10 - Volunteer Firefighter Service Award Programs - Continued

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

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

LOSAP service costs	\$	87,834
Interest on the LOSAP pension liability		65,177
Changes in benefit terms		-
Differences between expected and actual experience in the measurement of the LOSAP pension liability		16,157
Changes of assumptions or other inputs		(161,207)
Benefit payments		(129,191)
Net change in LOSAP pension liability		(121,230)
LOSAP pension liability, <i>beginning of year</i>		3,353,783
LOSAP pension liability, <i>end of year</i>	\$	3,232,553

For the year ended December 31, 2022, the Town had defined benefit LOSAP pension expense of \$259,315 on the accrual basis of accounting.

At December 31, 2022, 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	\$ 67,761	\$ -
Change in assumptions	531,425	234,945
Benefit payments and administrative expenses made subsequent to the measurement date	136,144	-
Total	735,330	234,945

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, 2023.

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,	
2023	\$ 98,351
2024	111,919
2025	102,116
2026	73,985
2027	(22,130)
	\$ 364,241

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 10 - Volunteer Firefighter Service Award Programs - Continued

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

#### *Actuarial Assumptions*

The LOSAP pension liability at December 31, 2022 was determined by using an actuarial valuation as of December 31, 2021. Significant actuarial assumptions used in the December 31, 2021 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 2.24%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021. 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, 2021 measurement date, calculated using the discount rate of 2.24%, 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 (1.24%) or 1 percentage point higher (3.24%) than the current rate:

	1% Decrease (1.24%)	Current Assumption (2.24%)	1% Increase (3.24%)
LOSAP pension liability	<u>\$ 3,798,788</u>	<u>\$ 3,232,553</u>	<u>\$ 2,784,755</u>

### Note 11 - Postemployment Benefits Other Than Pensions

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

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 11 - Postemployment Benefits Other Than Pensions - Continued

#### *Employees Covered by Benefit Terms*

A summary of active employees and retired employees covered under this benefit plan as of December 31, 2022, 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 are also 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, 2022, the Town contributed \$13,468,789 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$2,100,655, for the year ended December 31, 2022. 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, 2022, the Town reported a liability of \$149,007,542 for its OPEB liability, of which \$23,505,789 is reported in the various proprietary funds and \$125,501,753 on the government-wide statement of net position for the governmental activities. The OPEB liability was measured as of January 1, 2022 with an actuarial valuation date of January 1, 2021. For the year ended December 31, 2022 the Town recognized OPEB expense of \$10,980,186.

At December 31, 2022, the Town reported deferred outflows and inflows 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	\$ (172,148)	\$ 1,851,594
Change in assumptions	18,981,909	6,266,411
Employer contributions made subsequent to the measurement date	<u>3,712,191</u>	<u>-</u>
Subtotal	<u>22,521,952</u>	<u>8,118,005</u>

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 11 - 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	483,541	342,585
Change in assumptions	3,299,518	1,078,852
Employer contributions made subsequent to the measurement date	649,250	-
Subtotal	4,432,309	1,421,437
Total	\$ 26,954,261	\$ 9,539,442

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, 2023.

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

	Governmental Activities	Business Type Activities	Total
For the year ending December 31,			
2023	\$ 1,981,968	\$ 437,782	\$ 2,419,750
2024	1,283,069	283,408	1,566,477
2025	4,218,737	931,845	5,150,582
2026	1,996,493	440,990	2,437,483
2027	1,053,471	232,693	1,286,164
Thereafter	158,018	34,904	192,922
	\$ 10,691,756	\$ 2,361,622	\$ 13,053,378

#### *Actuarial Assumptions*

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	January 1, 2021
Measurement Date	January 1, 2022
Reporting Date	December 31, 2022
Actuarial Cost Method	Entry age normal – level percent of pay
Discount Rate	2.06%, as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 11 - 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	The Pub-2010 Mortality Table for employees, sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvements scale on a generational basis.
Mortality improvement, retired	The Pub-2010 Mortality Table for employees, sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvements scale on a generational basis.

#### *Schedule of Changes in OPEB Liability*

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

Service cost	\$ 5,587,171
Interest	2,973,265
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the OPEB liability	-
Changes of assumptions or other inputs	7,909,906
Benefit payments	<u>(4,247,996)</u>
Net change in OPEB liability	12,222,346
OPEB liability, <i>beginning of year</i>	<u>136,785,196</u>
OPEB liability, <i>end of year</i>	<u><u>\$ 149,007,542</u></u>

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

The following presents the OPEB liability calculated using the discount rate of 2.06%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current rate:

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 11 - Postemployment Benefits Other Than Pensions - Continued

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

	<u>1% Decrease (1.06%)</u>	<u>Current Discount Rate (2.06%)</u>	<u>1% Increase (3.06%)</u>
Governmental Activities	\$ 148,725,736	\$ 125,501,753	\$ 107,121,142
Business-Type Activities	<u>27,855,514</u>	<u>23,505,789</u>	<u>20,063,201</u>
OPEB liability	<u>\$ 176,581,250</u>	<u>\$ 149,007,542</u>	<u>\$ 127,184,343</u>

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Governmental Activities	\$ 104,002,645	\$ 125,501,753	\$ 153,787,419
Business-Type Activities	<u>19,479,124</u>	<u>23,505,789</u>	<u>28,803,539</u>
OPEB liability	<u>\$ 123,481,769</u>	<u>\$ 149,007,542</u>	<u>\$ 182,590,958</u>

### Note 12 - Workers' Compensation

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

Claims and judgments are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Claim liabilities were \$1,569,306 at December 31, 2022 and are included in other liabilities within the Workers' Compensation Internal Service Fund.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 12 - Workers' Compensation - Continued

Workers' compensation liabilities per fund for 2022 were:

	Balance January 1, 2022	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2022
General Fund	\$ 694,954	\$ 443,483	\$ (477,122)	\$ 661,315
Highway Fund	344,514	74,547	(135,307)	283,754
Non-major Funds	-	589	(589)	-
Environmental Services Department	-	303	(303)	-
Pure Waters Department	1,731	86,337	(20,460)	67,608
Latham Water Department	528,107	234,067	(156,703)	605,471
Total	\$ 1,569,306	\$ 839,326	\$ (790,484)	\$ 1,618,148

### Note 13 - 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, 2022, and is related to retention of low-income senior housing. The Town taxes abated during 2022 amounted to \$8,023.

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, 2022, there are six 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 two warehouses. The Town taxes abated during 2022 amounted to \$160,921.

### Note 14 - Commitments and Contingencies

#### a. Grant Programs

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

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 14 - Commitments and Contingencies - Continued

#### *b. Construction Commitments*

The Town has active construction and infrastructure improvement projects as of December 31, 2022. 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
Pure Waters Department		
Mohawk View Plant clarifier rehabilitation	4,317,977	1,327,439
Mohawk View Plant blower rehabilitation	1,815,000	1,745,500
Latham Water Department		
Newtonville Tank improvements	753,090	78,900
	\$ 6,886,067	\$ 3,151,839

#### *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, 2022, 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 one case where the Town has been negatively impacted by a jury award in the amount of \$700,000, plus interest. However, the Town has appealed the case, and if successful the award could be substantially altered. Any payment on the case is not expected to occur in the current period, therefore a \$1 million liability has been recognized within the Governmental Activities financial statements.

At December 31, 2022, the Town recorded an insurance reserve of \$98,640 in the Governmental Funds and \$102,669 in the caption "Judgments and Claims" in the Proprietary Funds.

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

### Note 14 - Commitments and Contingencies - Continued

*c. Litigation - Continued*

Changes in the Town's claim liability amount during 2022 were:

Fund	Balance January 1, 2022	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2022
General Fund	\$ 5,204	\$ 175,076	\$ (148,187)	\$ 32,093
Highway	34,891	1,050,162	(36,466)	1,048,587
Other non-major	4,166	15,040	(1,246)	17,960
Pure Waters District	37,783	5,178	-	42,961
Latham Water District	54,662	5,247	(202)	59,707
Total	<u>\$ 136,706</u>	<u>\$ 1,250,703</u>	<u>\$ (186,101)</u>	<u>\$ 1,201,308</u>

*d. Environmental Risks*

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

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

GASB Statement No. 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,

# Town of Colonie, New York

## Notes to Financial Statements December 31, 2022

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

#### GASB Statement No. 99, Omnibus 2022 - Continued

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 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.

#### 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 16 - Subsequent Events

- a. Bond Anticipation Note 2023A was issued on March 09, 2023 in the amount of \$7,493,000, matures in March 2024 and bears interest at an effective rate of 3.6972%. It was issued to refinance existing bond anticipation notes series 2022.
- b. Public Improvement Serial Bond 2023 was issued on March 9, 2023 in the amount of \$31,481,800, which will mature annually on March 1, 2024 through 2042 and bears interest at an effective rate of 3.597%. It was issued to refinance existing bond anticipation notes series 2022.
- c. Bond Anticipation Note 2023B was issued on April 19, 2023 in the amount of \$16,443,250, matures in March 2024 and bears interest at an effective rate of 3.157%. It was issued to provide financing for the purchase of capital equipment and construction/improvement of capital facilities.

# Town of Colonie, New York

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

Year Ended December 31, 2022

	2022 Adopted Budget	2022 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2022 Actual	Variance With Actual vs. Modified Positive (Negative)	2023 Adopted Budget
<b>REVENUES</b>						
Real property taxes and tax items	\$ 23,477,843	\$ 23,477,843	\$ -	\$ 23,514,590	\$ 36,747	\$ 24,264,689
Sales and use tax	13,210,444	15,708,444	2,498,000	19,859,222	4,150,778	16,027,237
Departmental income	8,184,100	8,184,100	-	8,251,755	67,655	8,293,000
Intergovernmental charges	227,000	227,000	-	195,124	(31,876)	165,000
Interest and use of property	1,652,500	1,652,500	-	1,637,132	(15,368)	1,625,000
Licenses and permits	101,500	101,500	-	75,484	(26,016)	101,500
Fines and forfeitures	1,000,000	483,000	(517,000)	483,351	351	700,000
Sale of property and compensation for loss	96,000	96,000	-	94,361	(1,639)	96,000
Miscellaneous	35,000	35,000	-	66,244	31,244	25,000
Interfund revenues	3,198,000	2,813,000	(385,000)	2,815,210	2,210	3,163,000
State aid	2,980,400	3,945,400	965,000	3,948,671	3,271	3,101,800
Federal aid	398,000	203,000	(195,000)	206,418	3,418	-
Interfund transfers	2,800,000	1,200,000	(1,600,000)	1,205,639	5,639	2,800,000
Proceeds from issuance of debt	-	-	-	4,810	4,810	-
Total revenues	<u>57,360,787</u>	<u>58,126,787</u>	<u>766,000</u>	<u>62,358,011</u>	<u>4,231,224</u>	<u>60,362,226</u>
<b>EXPENDITURES</b>						
General government support	8,891,496	8,901,496	10,000	8,909,541	(8,045)	9,748,144
Public safety	17,204,191	17,172,191	(32,000)	17,009,145	163,046	17,974,117
Health	4,845,529	5,595,529	750,000	5,532,150	63,379	5,240,797
Transportation	602,024	502,024	(100,000)	494,049	7,975	614,853
Economic assistance and opportunity	3,000	3,000	-	529	2,471	5,000
Culture and recreation	4,288,410	4,298,410	10,000	4,214,489	83,921	4,646,033
Home and community services	138,256	138,256	-	136,599	1,657	143,728
Employee benefits	19,113,425	19,213,425	100,000	19,208,303	5,122	19,832,690
Debt service	2,274,456	2,302,456	28,000	2,497,249	(194,793)	2,156,864
Total expenditures	<u>57,360,787</u>	<u>58,126,787</u>	<u>766,000</u>	<u>58,002,054</u>	<u>124,733</u>	<u>60,362,226</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,355,957</u>	<u>\$ 4,355,957</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, 2022					
	2022 Adopted Budget	2022 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2022 Actual	Variance With Actual vs. Modified Positive (Negative)	2023 Adopted Budget
<b>REVENUES</b>						
Sales and use tax	\$ 12,061,332	\$ 11,356,332	\$ (705,000)	\$ 11,424,080	\$ 67,748	\$ 12,846,861
Departmental income	11,000	161,000	150,000	167,223	6,223	11,000
Intergovernmental charges	8,500	8,500	-	14,388	5,888	10,000
Interest and use of property	15,500	15,500	-	26,553	11,053	16,500
Licenses and permits	3,700	3,700	-	4,750	1,050	3,700
Sale of property and compensation for loss	39,500	39,500	-	17,871	(21,629)	44,500
Miscellaneous	1,000	1,000	-	-	(1,000)	1,000
State aid	563,414	1,203,414	640,000	1,204,701	1,287	723,294
Federal aid	75,000	665,000	590,000	592,037	(72,963)	-
Total revenues	12,778,946	13,453,946	675,000	13,451,603	(2,343)	13,656,855
<b>EXPENDITURES</b>						
Transportation	6,616,515	7,591,515	975,000	7,589,742	1,773	7,156,548
Employee benefits	2,526,515	2,176,515	(350,000)	2,164,162	12,353	2,584,060
Debt service	3,635,916	3,685,916	50,000	3,682,847	3,069	3,916,247
Total expenditures	12,778,946	13,453,946	675,000	13,436,751	17,195	13,656,855
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,852</b>	<b>\$ 14,852</b>	<b>\$ -</b>

## Town of Colonie, New York

### Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u> (Restated)	<u>2019</u>	<u>2018</u>
<b>Other Postemployment Benefit (OPEB) Liability</b>					
Service Cost	\$ 5,587,171	\$ 4,812,157	\$ 3,425,288	\$ 4,014,260	\$ 3,764,237
Interest	2,973,265	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	7,909,906	(218,405)	27,381,610	(21,010,871)	6,430,780
Benefit payments, including implicit subsidy fulfilled	<u>(4,247,996)</u>	<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	12,222,346	4,710,596	31,285,101	(22,464,856)	11,294,558
OPEB liability, <i>beginning of year</i> , as restated	<u>136,785,196</u>	<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><u>\$ 149,007,542</u></u>	<u><u>\$ 136,785,196</u></u>	<u><u>\$ 132,074,600</u></u>	<u><u>\$ 100,789,499</u></u>	<u><u>\$ 123,254,355</u></u>
Town's covered-employee payroll	\$ 37,367,713	\$ 37,060,231	\$ 36,810,315	\$ 37,436,163	\$ 35,122,719
OPEB liability as a percentage of its covered-employee payroll	398.8%	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/Asset

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>New York State and Local Employees' Retirement System</b>								
Town's proportion of the net pension liability/asset	0.0911634%	0.0916008%	0.0922236%	0.0926565%	0.0942349%	0.0966159%	0.0990777%	0.0997614%
Town's proportionate share of the net pension (asset) liability	\$ (7,452,229)	\$ 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	\$ 28,523,440	\$ 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 (asset) liability as a percentage of its covered-employee payroll	-26.13%	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	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
<b>New York State and Local Police and Fire Retirement System</b>								
Town's proportion of the net pension liability	0.3360569%	0.3622776%	0.3790081%	0.3877584%	0.3789765%	0.3790816%	0.3725068%	0.3797182%
Town's proportionate share of the net pension liability	\$ 1,908,953	\$ 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	\$ 12,171,612	\$ 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	15.68%	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	98.66%	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>2022</u>	<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>
<b>New York State and Local Employees' Retirement System</b>										
Contractually required contribution	\$ 4,507,633	\$ 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
Contributions in relation to the contractually required contribution	4,507,633	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	28,523,440	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
Contribution as a percentage of covered-employee payroll	15.8%	19.3%	18.0%	17.4%	18.3%	18.7%	19.0%	21.4%	23.5%	23.2%
<b>New York State and Local Police and Fire Retirement System</b>										
Contractually required contribution	\$ 4,301,296	\$ 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
Contributions in relation to the contractually required contribution	4,301,296	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	12,171,612	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
Contribution as a percentage of covered-employee payroll	35.3%	36.1%	34.8%	32.0%	32.2%	33.3%	34.3%	32.2%	38.5%	38.2%

## Town of Colonie, New York

### Required Supplementary Information - Schedule of Changes in LOSAP Pension Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Length of Service Award Program (LOSAP) Pension Liability</b>						
Service Cost	\$ 87,834	\$ 58,008	\$ 47,479	\$ 56,464	\$ 54,056	\$ 73,478
Interest	65,177	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	16,157	35,697	16,446	31,194	37,483	8,087
Changes of assumptions or other inputs	(161,207)	610,477	144,779	(186,978)	214,298	(196,797)
Benefit payments	<u>(129,191)</u>	<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	(121,230)	590,279	136,675	(182,721)	243,443	(213,793)
LOSAP pension liability, <i>beginning 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>	<u>2,779,900</u>
LOSAP pension liability, <i>end of year</i>	<u><u>\$ 3,232,553</u></u>	<u><u>\$ 3,353,783</u></u>	<u><u>\$ 2,763,504</u></u>	<u><u>\$ 2,626,829</u></u>	<u><u>\$ 2,809,550</u></u>	<u><u>\$ 2,566,107</u></u>
Town's covered-employee payroll	Not Applicable					
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 2.24% and 1.93% as of December 31, 2022 and 2021, respectively.

# 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, 2022

	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
<b>ASSETS</b>								
Cash and cash equivalents	\$ 706,189	\$ 1,154,740	\$ 176,076	\$ 25,962	\$ -	\$ 6,468	\$ 2,099	\$ 2,071,534
Cash and cash equivalents, restricted	-	20,877	10,513	-	133,437	-	-	164,827
Investments	-	-	-	-	3,212,741	-	-	3,212,741
State and Federal aid receivables	-	50,981	-	-	-	-	-	50,981
Due from other governments	661,866	-	-	-	-	-	-	661,866
Other accounts receivable, net	156,118	842	5,969	-	6,990	-	-	169,919
Due from other funds	-	-	575,787	-	-	-	140	575,927
Other assets	-	-	-	-	8,680	-	-	8,680
<b>Total assets</b>	<b><u>\$ 1,524,173</u></b>	<b><u>\$ 1,227,440</u></b>	<b><u>\$ 768,345</u></b>	<b><u>\$ 25,962</u></b>	<b><u>\$ 3,361,848</u></b>	<b><u>\$ 6,468</u></b>	<b><u>\$ 2,239</u></b>	<b><u>\$ 6,916,475</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 22,268	\$ -	\$ -	\$ 20,307	\$ -	\$ -	\$ 42,575
Accrued liabilities	145,042	-	50,983	-	-	-	-	196,025
Other liabilities	10,369	116,213	-	-	-	-	-	126,582
Due to other governments	226,792	-	141,745	-	-	-	-	368,537
Due to other funds	76,836	28,623	-	-	-	-	-	105,459
Unearned revenue	271,554	-	63,704	-	-	-	-	335,258
Total liabilities	<u>730,593</u>	<u>167,104</u>	<u>256,432</u>	<u>-</u>	<u>20,307</u>	<u>-</u>	<u>-</u>	<u>1,174,436</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Revenue earned but unavailable	-	1,948	-	-	-	-	-	1,948
<b>FUND BALANCE</b>								
Restricted	-	20,877	10,513	-	3,341,541	-	-	3,372,931
Unrestricted								
Committed	473,671	-	1,042	-	-	-	-	474,713
Assigned	319,909	1,037,511	500,358	25,962	-	6,468	2,239	1,892,447
Total fund balance	<u>793,580</u>	<u>1,058,388</u>	<u>511,913</u>	<u>25,962</u>	<u>3,341,541</u>	<u>6,468</u>	<u>2,239</u>	<u>5,740,091</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 1,524,173</u></b>	<b><u>\$ 1,227,440</u></b>	<b><u>\$ 768,345</u></b>	<b><u>\$ 25,962</u></b>	<b><u>\$ 3,361,848</u></b>	<b><u>\$ 6,468</u></b>	<b><u>\$ 2,239</u></b>	<b><u>\$ 6,916,475</u></b>

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, 2022							Total Non-Major Governmental Funds
	General, Outside Village	Community Development Special Grant	Library	Nonmajor Funds				
			Drainage District	Fire Protection District	Refuse and Garbage District	Water District		
<b>REVENUES</b>								
Real property taxes and tax items	\$ -	\$ -	\$ 2,836,650	\$ -	\$ 4,660,191	\$ 48,200	\$ 22,440	\$ 7,567,481
Sales and use tax	2,156,588	-	-	-	-	-	-	2,156,588
Departmental income	562,349	233,114	18,630	-	6,817	-	-	820,910
Intergovernmental charges	71,000	-	-	-	-	-	-	71,000
Interest and use of property	2,308	5,727	1,095	-	156,378	-	-	165,508
Licenses and permits	1,670,459	-	-	-	-	-	-	1,670,459
Miscellaneous	3,802	-	16,123	-	-	-	-	19,925
State aid	514,494	-	25,358	-	-	-	-	539,852
Federal aid	33,276	3,582,306	-	-	-	-	-	3,615,582
Total revenues	<u>5,014,276</u>	<u>3,821,147</u>	<u>2,897,856</u>	<u>-</u>	<u>4,823,386</u>	<u>48,200</u>	<u>22,440</u>	<u>16,627,305</u>
<b>EXPENDITURES</b>								
General government support	213,983	-	-	-	-	-	-	213,983
Public safety	1,322,735	-	-	-	5,138,426	-	-	6,461,161
Health	4,577	-	-	-	-	-	-	4,577
Transportation	871,335	-	-	-	-	-	-	871,335
Culture and recreation	-	-	1,897,764	-	-	-	-	1,897,764
Home and community services	1,183,736	3,743,025	-	-	44,000	21,865	-	4,992,626
Employee benefits	1,522,280	56,570	743,797	-	651,330	-	-	2,973,977
Debt service, principal	4,047	245	161,861	3,155	-	-	-	169,308
Debt service, interest	506	17	51,129	-	-	-	-	51,652
Capital outlay	200	-	-	-	-	-	-	200
Total expenditures	<u>5,123,399</u>	<u>3,799,857</u>	<u>2,854,551</u>	<u>3,155</u>	<u>5,789,756</u>	<u>44,000</u>	<u>21,865</u>	<u>17,636,583</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of property and compensation for loss	176,693	-	16,068	-	-	-	-	192,761
<b>NET CHANGE IN FUND BALANCE</b>	<b>67,570</b>	<b>21,290</b>	<b>59,373</b>	<b>(3,155)</b>	<b>(966,370)</b>	<b>4,200</b>	<b>575</b>	<b>(816,517)</b>
<b>FUND BALANCE, beginning of year</b>	<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>
<b>FUND BALANCE, end of year</b>	<u><b>\$ 793,580</b></u>	<u><b>\$ 1,058,388</b></u>	<u><b>\$ 511,913</b></u>	<u><b>\$ 25,962</b></u>	<u><b>\$ 3,341,541</b></u>	<u><b>\$ 6,468</b></u>	<u><b>\$ 2,239</b></u>	<u><b>\$ 5,740,091</b></u>

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