

Town of Colonie, New York

Financial Report

December 31, 2017

Town of Colonie, New York

Financial Report

December 31, 2017

CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-28
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Balance Sheet - Governmental Funds	31
Reconciliation of Total Fund Balance Shown in the Governmental Funds to the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	33
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	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	37
Statement of Net Position - Fiduciary Fund	38
Notes to Financial Statements	39-78
Required Supplementary Information	
Statement of Revenues and Expenditures - Budget to Actual - General Fund	79
Statement of Revenues and Expenditures - Budget to Actual - Highway Fund	80
Other Postemployment Benefits - Schedule of Funding Progress	81
Schedule of Proportionate Share of the Net Pension Liability	82
Schedule of Pension Contributions	83
Schedule of Changes in LOSAP Pension Liability	84
Supplementary Information	
Non-major Governmental Funds	85
Combining Balance Sheet - Non-major Governmental Funds	86
Combining Revenues, Expenditures, and Changes in Fund Balance Non-major Governmental Funds	87



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colonie, New York (Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1o which discloses the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
September 19, 2018



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Description

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

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

In addition to the retail redevelopment, there has been movement in the redevelopment of two dormant and blighted spots with the Town. The former Tobin's First Prize property in the West Albany area of the Town and Starlight Theatre property in the Latham area of Town have proposed projects working through the Town's planning process.

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

In addition to the "essential services," the Town also owns and operates a variety of recreation facilities. These facilities include a 36-hole golf course, two 125+ acre parks, thirteen pocket parks, three sports complexes, swimming pools, a boat launch, 5.5 miles of bicycle paths, two dog parks, and the William K. Sanford Town Library.

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

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

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Governmental Organization

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

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

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

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

This Management Discussion and Analysis (MD&A) of the Town introduces the major activities affecting governmental operations and is an introduction and overview of the financial performance and statements of the Town for the fiscal year ended December 31, 2017.

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

Financial Highlights

Over the last decade, the Town has overcome a significant deficit net position. At the end of 2007, the Town had a combined deficit fund balance of \$19.7 million when combining the governmental funds and environmental services fund. This deficit was modestly reduced through cost cutting, revenue management, and stringent adherence to the annual budget. Management also began looking at underutilized assets that could be sold, and underperforming assets that could be optimized. In 2011, the Town entered into a service concession arrangement (arrangement) for the operation and maintenance of its solid waste facility. Approximately \$35 million in cash receipts were initially deferred and are being recognized systematically over the life of the arrangement. This arrangement also provided resources to fully cover the solid waste facilities closure and post-closure care costs, which are described in Note 6. These steps substantially reduced the net deficit within the environmental services fund.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Highlights - Continued

These actions in 2011 allowed the Town to begin building fund level surpluses. 2017 marks the seventh year of fund balance growth for the operating governmental funds (excluding special revenue funds), and the sixth year where all governmental funds, other than capital projects, have a positive fund balance. The Capital Projects Fund reported a positive change in fund balance of \$4,448,170 for the year ended December 31, 2017, related to refinancing of short-term debt with long-term debt.

The entity-wide financial statement pages present a significantly different picture of the Town's financial health than the fund financial statement pages due to the recognition of several long-term liabilities. The Town is required to recognize its obligation for other postemployment benefits (OPEB), which totals approximately \$59.2 million as of December 31, 2017. While accounting standards require the recognition of this liability on the entity-wide and enterprise funds financial statements as of the statement of net position date it will be paid out over the lifetime of the Town's approximately 850 active and retired employees. Similarly, the Town is required to recognize the compensated absences liability for all active employees as a liability as of the balance sheet date. Again, this \$4.7 million liability will not be paid out in the near term but as the Town's active employees retire or leave Town service.

In 2015, the Town was required to recognize its estimated portion of the New York State and Local Employees' Retirement System's (ERS) and the New York State and Local Police and Fire Retirement System's (PFRS) unfunded pension liability, which total approximately \$9,078,000 and \$7,857,000, respectively, as of December 31, 2017. A similar requirement became effective for the Town sponsored Volunteer Firefighter Length of Service Awards Program (LOSAP) during 2017. The Town now must recognize the assets and liabilities related to the LOSAP. The net impact of recognizing the net LOSAP liability on the government-wide governmental activities net position was a reduction of approximately \$1,214,000.

Like the OPEB and compensated absences liabilities, the pension and LOSAP liabilities will not be paid out in the near term, but over the term of the employees' and volunteers' service to the Town. Additionally, these standards required the deferral of certain resources as deferred outflows, net of deferred inflows, of resources of about \$14,679,000 as of December 31, 2017.

If the impact of these reporting requirements were excluded from the government-wide financial statements, the Town would have an unrestricted government-wide surplus of approximately \$24,101,000 as of December 31, 2017, rather than a deficit of approximately \$43,270,000.

Other financial highlights for 2017 are as follows:

- At the end of the fiscal year, the General Fund reported a fund balance of \$1,581,213. This represents an increase in the fund balance of approximately \$149,000 over 2016. Approximately 41% (\$652,000) of this fund balance is restricted by third parties for public safety purposes.
- For the sixth consecutive year, all the governmental operating funds (those other than capital projects) are reporting positive fund balances. The Capital Projects Fund reported a positive change in fund balance of \$4,448,170 for the year ended December 31, 2017, related to refinancing of short-term debt with long-term debt.
- The Environmental Services Department Fund is showing a fund deficit as of December 31, 2017 of \$12,106,484, which will be eliminated in future periods through the recognition of future revenues and assumption of certain liabilities. The Pure Waters Department is also reporting a deficit net position of \$932,565 as of December 31, 2017. This is directly related to the recognition of \$3.9 million in OPEB liability, compensated absences, and net pension liabilities, similar to the entity-wide statements.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Highlights - Continued

Other financial highlights for 2017, are as follows - Continued:

- For governmental funds, the principal sources of the Town's revenue are real property taxes of \$26.1 million (35.7%), sales and use taxes of \$24.0 million (32.75%), state and federal aid of \$7.8 million (10.7%), and charges for services of \$10.3 million (14.1%), all of which are fairly consistent with 2016.
- The business-type activities (Pure Waters, Latham Water, and the Town Environmental Services Department) derived 52.2% (\$12.2 million) of their operating revenue from charges for services, and 47.6% (\$11.0 million) through ad valorem tax assessments, which like the governmental funds is relatively consistent with 2016. The Environmental Services Department also recognized nonoperating revenue of approximately \$2.9 million in 2017, as compared to \$2.8 million in 2016, as a result of the service concession arrangement and fluctuates based on the waste facility capacity use from year to year.
- The largest expense in the Town continues to be salaries and benefits. In 2017, salaries were \$37,784,513, an increase of \$237,310 (0.6%) from 2016 and benefits, before other postemployment benefit (OPEB) and net pension/LOSAP liability related items, \$21,530,631, an increase of \$180,560 (0.85%) from 2016, as a result of reduced retirement costs offset by increased workers' compensation expense in the current year. Salaries and benefits combined account for 59.7% and 60.1% of expenses, exclusive of the change in OPEB and the net pension liability related items, at December 31, 2017 and 2016, respectively.
- Debt service costs make up approximately \$10,898,000 of the 2017 Town-wide budget, or about 12.0% of total expenditures. This is down from \$11.8 million, and 13.7% of total expenditures, at December 31, 2014. The Town works very hard to balance the debt service budget with the needs of its aging infrastructure and operating facilities.

Overview of the Financial Statements

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

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

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

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as transportation, culture and recreation, and capital projects	Enterprise Funds of the Town operate similar to private businesses, such as the landfill, water, and sewer systems; the Town's Internal Service Fund administers self insurance obligations on behalf of the other funds	Instances in which the Town is the trustee or agent for someone else's resources

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Overview of the Financial Statements - Continued

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

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Required financial statements	<ol style="list-style-type: none"> 1. Statement of net position 2. Statement of activities 	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 1. Statement of net position 2. Statement of revenues, expenses, changes in net position 3. Statement of cash flows 	<ol style="list-style-type: none"> 1. Statement of net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Town's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Government-wide Financial Statements - Continued

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

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

Financial Analysis of the Town's Financial Statements

The following pages compare the Town's governmental fund type financial statements using the modified accrual basis of accounting and current financial resources measurement focus and the Town's proprietary fund type financial statements using the full accrual basis of accounting and economic resources measurement focus for years ended December 31, 2017 and 2016.

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 2017, the Town's net position approximated \$(26,849,000). Of that amount, approximately \$14,919,000 was invested in capital assets, net of related debt, and approximately \$1,503,000 was restricted for other purposes. Therefore, the Town has an entity-wide unrestricted deficit of approximately \$(43,270,000). Total net position decreased approximately \$8,843,000 from the 2016 net position, primarily due to annual depreciation of capital assets, and recognition of the annual change in the OPEB obligation.

Overall, entity-wide expenses increased during 2017 by approximately \$1,902,000. This was principally the result of an increase in benefit costs of \$574,356, salaries of \$237,310, and supplies and materials of \$1,253,498, offset by reductions in depreciation and interest expense of \$151,841 and \$218,757, respectively. The increase in benefit costs is primarily the result of the current year change in the other post-employment benefits going up by \$372,000 along with increases in workers' compensation expense of \$454,000 offset by reductions in compensated absences payouts and retirement costs. Salaries increased as a result of negotiated contracts with the Town's various bargaining units. The supplies and materials increase was directly driven by the Town's Highway Department because of winter maintenance and road reconstruction.

Overall, entity-wide revenues remained stable showing a slight increase of approximately \$1,117,000 (1.11%); however, there were significant fluctuations in the various types of revenues. Tax revenues (property and ad valorem) and sales tax revenue, increased \$1,108,000 and \$159,000, respectively, primarily due to tax rate increases and slight improvement of economic conditions. These increases were supplemented by increases in interfund revenue of \$217,000 related to administrative chargebacks to the enterprise funds and use of money and property of \$2,100,100 primarily related to revenue recognized from the sale of an underutilized building and the service concession agreement for the Town's landfill. The Town also experienced an increase in Federal and State aid of \$643,000. This was the result of about \$265,000 in disaster assistance aid, \$96,000 more in state highway improvement aid, \$138,000 in state mortgage tax, \$77,000 increase in federal aid to first time home buyers and rental assistance, and about \$67,000 in additional federal aid for public safety equipment.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

These increases were offset by substantial decreases in charges for services, water charges and landfill related charges. The water and landfill charges declined by \$1,696,000 and \$462,819, respectively, as a result of declined water consumption and lower rates for the Landfill's gas to energy production. Charges for services declined by \$954,000 as compared to 2016. This is the result of lower assessment charges (\$849,000) within the special miscellaneous revenue fund, which is a timing function as development occurs within the Town. This decline in conjunction with declines in recreation related revenues, forfeiture of crime proceeds, and permit fees offset by increases in emergency medical services fees account for the remaining difference.

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

Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
General Town-Wide Fund				
Cash and cash equivalents	\$ 1,487,197	\$ 1,570,631	\$ (83,434)	-5.31%
Receivables/other	8,290,014	6,630,512	1,659,502	25.03%
Due from other funds	<u>10,476,031</u>	<u>6,733,076</u>	<u>3,742,955</u>	55.59%
 Total assets	 <u>\$ 20,253,242</u>	 <u>\$ 14,934,219</u>	 <u>\$ 5,319,023</u>	 35.62%
Accounts payable and accrued expenses	\$ 14,327,460	\$ 9,746,644	\$ 4,580,816	47.00%
Revenue anticipation note	3,200,000	3,200,000	-	0.00%
Due to other funds	<u>1,144,569</u>	<u>555,015</u>	<u>589,554</u>	106.22%
Total liabilities	<u>18,672,029</u>	<u>13,501,659</u>	<u>5,170,370</u>	38.29%
 Fund balance	 <u>1,581,213</u>	 <u>1,432,560</u>	 <u>148,653</u>	 10.38%
 Total liabilities and fund balance	 <u>\$ 20,253,242</u>	 <u>\$ 14,934,219</u>	 <u>\$ 5,319,023</u>	 35.62%
Highway Fund				
Cash and cash equivalents	\$ 1,630,011	\$ 1,716,382	\$ (86,371)	-5.03%
Receivables	<u>1,268,532</u>	<u>2,872,272</u>	<u>(1,603,740)</u>	-55.84%
 Total assets	 <u>\$ 2,898,543</u>	 <u>\$ 4,588,654</u>	 <u>\$ (1,690,111)</u>	 -36.83%
Accounts payable and accrued expenses	\$ 571,468	\$ 557,362	\$ 14,106	2.53%
Due to other funds	<u>537,945</u>	<u>2,407,923</u>	<u>(1,869,978)</u>	-77.66%
Total liabilities	<u>1,109,413</u>	<u>2,965,285</u>	<u>(1,855,872)</u>	-62.59%
 Fund balance	 <u>1,789,130</u>	 <u>1,623,369</u>	 <u>165,761</u>	 10.21%
 Total liabilities and fund balance	 <u>\$ 2,898,543</u>	 <u>\$ 4,588,654</u>	 <u>\$ (1,690,111)</u>	 -36.83%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Special Miscellaneous Revenue				
Cash and cash equivalents	\$ 10,240,984	\$ 8,953,396	\$ 1,287,588	14.38%
Receivables	<u>2,643</u>	<u>14,947</u>	<u>(12,304)</u>	-82.32%
Total assets	<u>\$ 10,243,627</u>	<u>\$ 8,968,343</u>	<u>\$ 1,275,284</u>	14.22%
Accounts payable and accrued expenses	\$ 368,734	\$ 305,031	\$ 63,703	20.88%
Due to other funds	<u>361,525</u>	<u>83,939</u>	<u>277,586</u>	330.70%
Total liabilities	<u>730,259</u>	<u>388,970</u>	<u>341,289</u>	87.74%
Fund balance	<u>9,513,368</u>	<u>8,579,373</u>	<u>933,995</u>	10.89%
Total liabilities and fund balance	<u>\$ 10,243,627</u>	<u>\$ 8,968,343</u>	<u>\$ 1,275,284</u>	14.22%
Capital Projects Fund				
Cash and cash equivalents	\$ 6,272,878	\$ 2,813,999	\$ 3,458,879	122.92%
Due from other funds	<u>-</u>	<u>958,857</u>	<u>(958,857)</u>	-100.00%
Total assets	<u>\$ 6,401,403</u>	<u>\$ 3,772,856</u>	<u>\$ 2,628,547</u>	69.67%
Accounts payable and accrued expenses	\$ 15,507	\$ 7,233	\$ 8,274	114.39%
Bond anticipation notes	659,000	2,756,000	(2,097,000)	-76.09%
Due to other funds	<u>293,997</u>	<u>64,894</u>	<u>229,103</u>	353.04%
Total liabilities	<u>968,504</u>	<u>2,828,127</u>	<u>(1,859,623)</u>	-65.75%
Fund balance	<u>5,432,899</u>	<u>944,729</u>	<u>4,488,170</u>	475.07%
Total liabilities and fund balance	<u>\$ 6,401,403</u>	<u>\$ 3,772,856</u>	<u>\$ 2,628,547</u>	69.67%
Other Governmental Funds				
Cash and cash equivalents	\$ 1,761,472	\$ 2,268,511	\$ (507,039)	-22.35%
Investments	3,319,854	-	3,319,854	100.00%
Receivables	933,231	873,941	59,290	6.78%
Due from other funds	288,119	70,000	218,119	311.60%
Other assets	<u>8,564</u>	<u>-</u>	<u>8,564</u>	100.00%
Total assets	<u>\$ 6,311,240</u>	<u>\$ 3,212,452</u>	<u>\$ 3,098,788</u>	96.46%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Other Governmental Funds - Continued				
Accounts payable and accrued expenses	\$ 805,842	\$ 1,058,564	\$ (252,722)	-23.87%
Due to other funds	269,283	491,794	(222,511)	-45.24%
Total liabilities	<u>1,075,125</u>	<u>1,550,358</u>	<u>(475,233)</u>	-30.65%
Deferred inflows of resources	19,058	5,009	14,049	280.48%
Fund balance	<u>5,217,057</u>	<u>1,657,085</u>	<u>3,559,972</u>	214.83%
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,311,240</u>	<u>\$ 3,212,452</u>	<u>\$ 3,098,788</u>	96.46%

Results of Operations

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
General Town-Wide Fund				
Revenues	\$ 45,687,456	\$ 45,546,252	\$ 141,204	0.31%
Expenditures	48,401,610	47,921,130	480,480	1.00%
Other financing sources	62,807	163,332	(100,525)	-61.55%
Interfund transfers in	2,800,000	2,360,016	439,984	18.64%
Interfund transfers out	-	25,000	(25,000)	100.00%
Net change in fund balance	<u>148,653</u>	<u>123,470</u>	<u>25,183</u>	20.40%
Fund balance, <i>beginning of year</i>	<u>1,432,560</u>	<u>1,309,090</u>	<u>123,470</u>	9.43%
Fund balance, <i>end of year</i>	<u>\$ 1,581,213</u>	<u>\$ 1,432,560</u>	<u>\$ 148,653</u>	10.38%
Highway Fund				
Revenues	\$ 10,843,635	\$ 9,861,125	\$ 982,510	9.96%
Expenditures	10,712,400	9,562,703	1,149,697	12.02%
Other financing sources	34,526	55,685	(21,159)	-38.00%
Net change in fund balance	<u>165,761</u>	<u>354,107</u>	<u>(188,346)</u>	-53.19%
Fund balance, <i>beginning of year</i>	<u>1,623,369</u>	<u>1,269,262</u>	<u>354,107</u>	27.90%
Fund balance, <i>end of year</i>	<u>\$ 1,789,130</u>	<u>\$ 1,623,369</u>	<u>\$ 165,761</u>	10.21%
Special Miscellaneous Revenue				
Revenues	\$ 1,546,079	\$ 2,390,037	\$ (843,958)	-35.31%
Expenditures	612,084	1,227,761	(615,677)	-50.15%
Net change in fund balance	<u>933,995</u>	<u>1,162,276</u>	<u>(228,281)</u>	-19.64%
Fund balance, <i>beginning of year</i>	<u>8,579,373</u>	<u>7,417,097</u>	<u>1,162,276</u>	15.67%
Fund balance, <i>end of year</i>	<u>\$ 9,513,368</u>	<u>\$ 8,579,373</u>	<u>\$ 933,995</u>	10.89%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Results of Operations - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Capital Project Funds				
Revenues	\$ 236,754	\$ 19,505	\$ 217,249	1113.81%
Expenditures	5,030,619	3,695,143	1,335,476	36.14%
Other financing sources	9,282,035	11,659,962	(2,377,927)	-20.39%
Net change in fund balance	4,488,170	7,984,324	(3,496,154)	-43.79%
Fund balance (deficit), <i>beginning of year</i>	<u>944,729</u>	<u>(7,039,595)</u>	<u>7,984,324</u>	-113.42%
Fund balance, <i>end of year</i>	<u>\$ 5,432,899</u>	<u>\$ 944,729</u>	<u>\$ 4,488,170</u>	475.07%
Other Governmental Funds				
Revenues	\$ 15,236,203	\$ 14,679,721	\$ 556,482	3.79%
Expenditures	14,725,263	14,535,995	189,268	1.30%
Other financing sources, net	22,274	18,947	3,327	17.56%
Interfund transfers in	-	25,000	-	100.00%
Net change in fund balance	533,214	187,673	370,541	197.44%
Fund balance, <i>beginning of year</i> , <i>as originally reported</i>	1,657,085	1,469,412	187,673	12.77%
Effect of adoption of GASB 73	3,026,758	-	3,026,758	100.00%
Fund balance, <i>beginning of year</i> , <i>as restated</i>	<u>4,683,843</u>	<u>1,469,412</u>	<u>3,214,431</u>	218.76%
Fund balance, <i>end of year</i>	<u>\$ 5,217,057</u>	<u>\$ 1,657,085</u>	<u>\$ 3,584,972</u>	216.34%

General Fund

Total assets increased by approximately \$5,319,000 due to a combination of increased third party and interfund receivables. The increased third-party receivables were a result of a higher allocation of sales tax receivables than at year-end 2016. The increase in due from other funds is the result of higher interfund reimbursements related to the timing of accounts payable, which increased \$1 million from 2016 to 2017, at year-end, and improved financial position in all funds. However, a key factor in the increase in interfund receivables was the \$3,331,000 in advance tax collections for the 2018 tax year due to the changes in Federal tax regulations.

Liabilities overall increased by approximately \$5,170,000 from 2016 to 2017, primarily due to the timing of accounts and interfund payables as discussed above. The balance of the increase was the result of increases in the payroll accrual and retirement system contribution accruals. The fund balance increased \$149,000 as a result of favorable operating results during 2017.

Total revenue increased by approximately \$141,000, or 0.31% and were basically stable in total for the year. However, there were significant fluctuations in the individual sources primarily because of budgeted increases in property tax revenue, approximately \$411,000, and a lower allocation of sales tax from the County, approximately \$475,000. Other revenue categories were essentially unchanged from 2016 levels. Forfeiture of crime proceeds declined \$150,000, as did fines and forfeited bail but was offset by \$215,000 in increased state and federal aid. Interfund revenue and interfund transfers increased \$285,000 and \$440,000, respectively, due to increased administrative chargebacks and surplus operation.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

General Fund - Continued

Expenditures increased slightly for 2017 from 2016 levels by about \$480,000, or 1.00%. This increase was primarily driven by increases in benefit costs of about \$732,000 as a result of rising health insurance and retirement contribution costs. There were also negotiated salary increases (approximately \$111,000) related to the Town's police force during 2017. Other operating costs remained relatively stable while debt service costs decreased by \$354,000 as a result of scheduled debt repayments.

Highway Fund

Total assets decreased about \$1,690,000 from 2016 to 2017, from a combination of approximately \$1,603,000 less in sales tax receivables and approximately \$86,000 lower cash balances at year-end 2017. Both items are lower due to repayment of interfund liabilities during 2017 of approximately \$1,870,000.

Overall, liabilities decreased about \$1,856,000 at year-end 2017 as discussed above due to the repayment of interfund payables during 2017. Fund balance increased \$166,000 as a result of favorable operating results during 2017. As of December 31, 2017, the fund now has an unreserved uncommitted fund balance (\$419,400) equal to 3.8% of the operating budget, well on the way to the 5% (\$541,500) recommended by the New York State Comptroller's Office.

The Highway Fund revenues and expenditures were both up approximately \$983,000, or 9.96%, and \$1,150,000, or 12.0%, for the year ended 2017 as compared to 2016. This was primarily the result of a more severe winter which resulted in a cost increase of approximately \$429,000. This combined with increased maintenance costs of about \$300,000 and scheduled debt service increases of approximately \$424,000, resulted in a higher necessary sales tax allocation in 2017 of about \$769,000. Additionally, due to a severe winter storm during 2017, the Town received approximately \$260,000 in Federal disaster assistance aid.

Special Miscellaneous Revenue Fund

Total assets increased during 2017 by approximately \$1,275,000 as a result of departmental income offset by the timing of sizeable expenditures around year-end 2017. The timing of those invoices resulted in \$278,000 of the \$341,000 increase in total liabilities. A portion of the revenues within the Boght area can be used by schools and fire companies within the area for reimbursement of eligible costs, which is accounted for as a liability to the fund. This liability increased by \$64,000 in 2017.

The annual revenues and expenditures depend on the development within the various mitigation areas and the resulting engineering and improvement projects that result from that development. During 2017, the Lishakill area installed a traffic signal at the intersection of Consaul Road and Waterman Road and the Airport area completed the financing of the utility portion of the Aviation Road realignment both for improvements to transportation within the areas. The Boght area began the financing of a portion of a splash pad at the Town pool complex.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Capital Projects Fund

Total assets increased during 2017 by approximately \$2,629,000. Cash position and interfund receivables increased by approximately \$3,459,000 and decreased by \$959,000, respectively, at the end of 2017. This was the result of continuation of the Town's capital plan, and the repayment of interfund receivables during 2017.

Total liabilities decreased by \$1,859,623 as a payment of bond anticipation notes. Accounts payable and accrued expenses were stable at about 2016 levels. Due to other funds increased \$229,000 due to the timing of the payment of invoices around year-end 2017.

2017 revenues were slightly lower than in 2016 due to the issuance of the serial bond in 2016 in the amount of \$10.880 million. This was offset by \$1.7 million in proceeds from the sale of a building during 2017. Project expenditures were up in 2017 by approximately \$1.3 million from increased equipment purchases and the completion of the filtration system upgrade at the Town pool facility.

The road repaving and storm water system improvement projects increased slightly (\$153,000) in 2017, and the upgrade to the filtration system at the Town pool facility was completed (\$617,000) and improvements to the Town Library (\$158,000) began in 2017. The equipment purchases for police, emergency medical services, recreation and highway were up a total of \$737,000 as compared to 2016 levels. Long-term improvements to other Town buildings declined \$195,000 during 2017.

Non-major Funds

During 2017, the Town implemented Governmental Accounting Standards Board Statement No. 73 which required the Town to change how it accounts and reports related to the Town sponsored Volunteer Firefighter Length of Service Awards Program (LOSAP). The Town now must recognize the assets and liabilities and fund balance related to the LOSAP within the fund financial statements rather than the fiduciary fund financial statements. The net impact of recognizing the net LOSAP within the Fire Protection Fund was an increase in assets and fund balance of \$3.4 million. The fund also generated a net operating surplus of \$378,000 during 2017 as a result of its return on investments.

Overall, the Town's other non-major funds maintained their path to financial stability throughout 2017. While total assets decreased by about \$307,000, total liabilities and deferred inflows of resources also decreased by approximately \$462,000.

The reduction in assets was primarily related to decreased cash balances of approximately \$585,000 being offset by increased interfund receivables of about \$218,000. The cash balance decreases resulted from the repayment of interfund advances of approximately \$223,000 and approximately \$226,000 of revenue for January 2017 received in December 2016 within the Community Development Fund.

The liability decreases as discussed above resulted in less deferred revenue by about \$226,000 and interfund liabilities of \$223,000, and account for the majority of the decline in liabilities. Total fund balance increased by \$155,000 as of December 31, 2017 as a result of profitable operations in the non-major funds. Unrestricted fund balances within the non-major funds have reached or exceeded the 5% recommendation of the New York State Comptroller's Office.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Non-major Funds - Continued

Revenues and expenses both remained relatively stable from 2016 to 2017 at increases of \$179,000 (1.2%) and \$190,000 (1.3%), respectively. The increased revenue was the result of minor fluctuations in every revenue category with no one source accounting for overall change. Many of the expenditure categories had minor changes during 2017, but the safety inspection area of the General Town-Outside Villages Fund increased by about \$211,000 from the addition of new staff, at about \$106,000, and expenditures related to a zombie property grant of approximately \$105,000. This, along with a \$78,000 increase in fire protection district costs, was offset by other minor fluctuations to result in the \$190,000 increase.

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

Financial Position

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Environmental Services Department				
Cash and cash equivalents	\$ 49,086	\$ 150,077	\$ (100,991)	-67.29%
Receivables	557,208	614,021	(56,813)	-9.25%
Due from other funds	5,066	-	5,066	-
Management agreement	16,155,389	17,563,659	(1,408,270)	-8.02%
Capital assets, net	<u>5,125,993</u>	<u>6,035,344</u>	<u>(909,351)</u>	-15.07%
Total assets	<u>21,892,742</u>	<u>24,363,101</u>	<u>(2,470,359)</u>	-10.14%
Deferred outflows of resources	<u>280,765</u>	<u>-</u>	<u>280,765</u>	100.00%
Total assets and deferred outflows of resources	<u><u>\$ 22,173,507</u></u>	<u><u>\$ 24,363,101</u></u>	<u><u>\$ (2,189,594)</u></u>	-8.99%
Accounts payable and accrued expenses	\$ 95,050	\$ 132,666	\$ (37,616)	-28.35%
Bonds payable	12,352,807	13,256,358	(903,551)	-6.82%
Landfill closure/post-closure	14,514,453	13,940,458	573,995	4.12%
Due to other funds	<u>4,079,295</u>	<u>1,660,817</u>	<u>2,418,478</u>	145.62%
Total liabilities	<u>31,041,605</u>	<u>28,990,299</u>	<u>2,051,306</u>	7.08%
Deferred inflows of resources	3,238,386	5,831,261	(2,592,875)	-44.47%
Net position	<u>(12,106,484)</u>	<u>(10,458,459)</u>	<u>(1,648,025)</u>	15.76%
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 22,173,507</u></u>	<u><u>\$ 24,363,101</u></u>	<u><u>\$ (2,189,594)</u></u>	-8.99%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Pure Waters				
Cash and cash equivalents	\$ 6,877,064	\$ 6,413,564	\$ 463,500	7.23%
Receivables	36,916	22,224	14,692	66.11%
Due from other funds	856,450	555,015	301,435	54.31%
Capital assets, net	<u>23,092,310</u>	<u>21,604,900</u>	<u>1,487,410</u>	6.88%
Total assets	<u>30,862,740</u>	<u>28,595,703</u>	<u>2,267,037</u>	7.93%
Deferred outflows of resources	<u>849,551</u>	<u>1,058,680</u>	<u>(209,129)</u>	-19.75%
Total assets and deferred outflows of resources	<u>\$ 31,712,291</u>	<u>\$ 29,654,383</u>	<u>\$ 2,057,908</u>	6.94%
Accounts payable and accrued expenses	\$ 1,187,845	\$ 1,275,750	\$ (87,905)	-6.89%
Bond anticipation note	5,325,200	2,070,000	3,255,200	157.26%
Bonds payable	21,919,357	22,784,000	(864,643)	-3.79%
Other noncurrent	4,122,956	4,114,256	8,700	0.21%
Due to other funds	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>	-100.00%
Total liabilities	<u>32,555,358</u>	<u>30,274,006</u>	<u>2,281,352</u>	7.54%
Deferred inflows of resources	89,498	115,948	(26,450)	-22.81%
Net position	<u>(932,565)</u>	<u>(735,571)</u>	<u>(196,994)</u>	26.78%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 31,712,291</u>	<u>\$ 29,654,383</u>	<u>\$ 2,057,908</u>	6.94%
Latham Water				
Cash and cash equivalents	\$ 7,770,942	\$ 8,019,946	\$ (249,004)	-3.10%
Receivables	7,035,210	7,523,332	(488,122)	-6.49%
Capital assets, net	<u>41,313,917</u>	<u>40,006,317</u>	<u>1,307,600</u>	3.27%
Total assets	<u>56,120,069</u>	<u>55,549,595</u>	<u>570,474</u>	1.03%
Deferred outflows of resources	<u>1,273,943</u>	<u>2,293,803</u>	<u>(1,019,860)</u>	-44.46%
Total assets and deferred outflows of resources	<u>\$ 57,394,012</u>	<u>\$ 57,843,398</u>	<u>\$ (449,386)</u>	-0.78%
Accounts payable and accrued expenses	\$ 986,081	\$ 1,037,004	\$ (50,923)	-4.91%
Bond anticipation note	7,150,000	3,482,000	3,668,000	105.34%
Bonds payable	21,433,660	23,078,300	(1,644,640)	-7.13%
Other noncurrent	7,933,024	8,041,963	(108,939)	-1.35%
Due to other funds	<u>1,312,298</u>	<u>2,704,406</u>	<u>(1,392,108)</u>	-51.48%
Total liabilities	<u>38,815,063</u>	<u>38,343,673</u>	<u>471,390</u>	1.23%
Deferred inflows of resources	193,913	251,221	(57,308)	-22.81%
Net position	<u>18,385,037</u>	<u>19,248,504</u>	<u>(863,467)</u>	-4.49%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 57,394,013</u>	<u>\$ 57,843,398</u>	<u>\$ (449,385)</u>	-0.78%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Financial Position - Continued

	<u>Current Year</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
Workers' Compensation Internal Service Fund				
Accounts payable and accrued expenses	\$ 1,227,177	\$ 2,446,622	\$ (1,219,445)	-49.84%
Total liabilities	1,227,177	2,446,622	(1,219,445)	-49.84%
Net position	(1,227,177)	(2,446,622)	1,219,445	-49.84%
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>
Environmental Services Department				
Operating revenue	\$ 523,599	\$ 986,418	\$ (462,819)	-46.92%
Operating expenses	1,651,551	1,903,541	(251,990)	-13.24%
Operating loss	(1,127,952)	(917,123)	(210,829)	22.99%
Non-operating revenues, net	2,279,927	2,122,089	157,838	7.44%
Transfers out	(2,800,000)	(2,360,016)	(439,984)	18.64%
Change in net position	(1,648,025)	(1,155,050)	(492,975)	42.68%
Net position, <i>beginning of year</i>	(10,458,459)	(9,303,409)	(1,155,050)	12.42%
Net position, <i>end of year</i>	<u>\$ (12,106,484)</u>	<u>\$ (10,458,459)</u>	<u>\$ (1,648,025)</u>	15.76%
Pure Waters				
Operating revenue	\$ 9,795,223	\$ 9,280,492	\$ 514,731	5.55%
Operating expenses	9,254,179	8,838,886	415,293	4.70%
Operating income	541,044	441,606	99,438	22.52%
Non-operating expenses, net	(738,038)	(720,804)	(17,234)	2.39%
Change in net position	(196,994)	(279,198)	82,204	-29.44%
Net position, <i>beginning of year</i>	(735,571)	(456,373)	(279,198)	61.18%
Net Position, <i>end of year</i>	<u>\$ (932,565)</u>	<u>\$ (735,571)</u>	<u>\$ (196,994)</u>	26.78%
Latham Water				
Operating revenue	\$ 12,784,620	\$ 14,480,752	\$ (1,696,132)	-11.71%
Operating expenses	13,277,374	13,461,242	(183,868)	-1.37%
Operating income (loss)	(492,754)	1,019,510	(1,512,264)	-148.33%
Non-operating expenses, net	(370,713)	(312,944)	(57,769)	18.46%
Change in net position	(863,467)	706,566	(1,570,033)	-222.21%
Net position, <i>beginning of year</i>	19,248,504	18,541,938	706,566	3.81%
Net position, <i>end of year</i>	<u>\$ 18,385,037</u>	<u>\$ 19,248,504</u>	<u>\$ (863,467)</u>	-4.49%
Workers' Compensation Internal Service Fund				
Operating revenue	\$ 2,017,335	\$ 1,600,392	\$ 416,943	26.05%
Operating expenses	797,890	1,489,379	(691,489)	-46.43%
Change in net position	1,219,445	111,013	1,108,432	998.47%
Net position, <i>beginning of year</i>	(2,446,622)	(2,557,635)	111,013	-4.34%
Net position, <i>end of year</i>	<u>\$ (1,227,177)</u>	<u>\$ (2,446,622)</u>	<u>\$ 1,219,445</u>	-49.84%

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Environmental Services Department

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

The financial assurances that have been established protect the Town in the event the company were to default on this contract. As a result of this transaction, the Environmental Services Fund deficit has been significantly reduced and will be further reduced in the future. Essentially this is a funded deficit because although the closure and post-closure care liability remains in the Town's records; it is a funded liability. The upfront payment of approximately \$12.9 million was placed in escrow for payment of existing debt service, and the remaining funds were transferred to the General Town-Wide Fund to assist in deficit reduction.

Total assets decreased approximately \$2.47 million in 2017 due to the anticipated repayments under the management agreement of \$1.4 million and depreciation of capital assets in the amount of \$910,000 and transfers to the General Fund. Total liabilities increased by approximately \$2 million due to scheduled debt repayments of \$900,000 which were offset by a current year revision to the landfill closure and post-closure liability of approximately \$574,000 and increased interfund liabilities by approximately \$2,418,000. Additionally, approximately \$2.6 million of the deferred inflows from the service concession arrangement were recognized in 2017.

In July 2017, refunding bonds were issued to advance refund the outstanding portions of the 2007, 2008, and 2009 serial bonds. The difference between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting losses, resulting in deferred outflows of resources of \$289,822, which will be amortized as an adjustment to interest expense over the life of the new bonds. \$9,057 was recognized as an increase to interest expense during 2017.

The net deficit increased to approximately \$12.1 million. The deficit will decrease as the deferred inflow of resources is recognized from utilization of the solid waste facility, and the closure and post-closure processes are assumed by the operations company.

Similar to the last three years due to changes in the utility market, the methane gas to energy operation generated poor results and resulted in an approximate \$463,000 decline in revenue. There was a decline in the rate of landfill cell capacity used during 2017 which resulted in lower depreciation expense, revision to the landfill closure and post-closure liability, and amount of revenue recognized under the service concession arrangement.

Pure Waters

Assets increased by approximately \$2,267,000 due to positive cash flow from operations, \$301,000 additional in interfund receivables, and a positive investment in capital assets of about \$1,487,000.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Pure Waters - Continued

Overall, liabilities increased by about \$2,281,000 primarily from the net increase in bonds and bond anticipation notes. Another component of the change in liabilities is the recognition of other post-employment benefits (OPEB) and net pension liabilities. The changes in these liabilities effectively offset each other as of December 31, 2017. Due to the generation of net surplus during 2017, net position improved by approximately \$197,000.

In July 2017, refunding bonds were issued at a premium of \$674,291, which will be amortized as an adjustment to interest expense over the life of the new bonds. \$21,072 of this premium was recognized as a reduction to interest expense during 2017. The difference between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting losses, resulting in deferred outflows of resources of \$315,885, which will be amortized as an adjustment to interest expense over the life of the new bonds. \$9,871 was recognized as an increase to interest expense during 2017.

Overall, revenue increased approximately 5.55% over the prior year, the result of an increase in the ad valorem tax. Operating expenses increased significantly during 2017 by about \$415,000, or 4.7%. Salaries/wages, insurance, and depreciation were all stable at 2016 levels. Benefits costs increased \$196,000, this primarily resulted from a \$66,000 increase in health insurance costs, \$88,000 in workers' compensation benefit payments, and \$35,000 in net change in the OPEB and net pension liabilities. Contractual expenses increased approximately \$235,000 as a result of increased administrative chargeback from the General Fund by \$132,000, and the balance resulted from various other fluctuations in operating expenses but primarily from property repairs for transmission main breaks of \$137,000.

Non-operating expenses, net of non-operating revenues, increased by \$17,000 as a result of various fluctuations from 2017 to 2016. Gains from the sale of assets and compensation for losses increased by \$12,000 and interest income increased \$13,000 due to higher cash balances and rates of return during 2017. Additionally, interest expense declined by \$19,000 as a result of schedule debt repayments and favorable results from debt refinancing. These gains were offset by \$62,000 in bond closing costs on the 2017 advance refunding bond issuance.

Latham Water

Latham Water saw a decrease in total assets and deferred outflows of resources of approximately \$449,000, as a result of approximately \$1,308,000 net investment in capital assets, a decrease in overall cash positions of approximately \$249,000, and a decrease in water usage receivables of approximately \$574,000, related to a rate increase offset by consumption decreases in 2017. There was also a change in deferred outflow of resources related to pensions of \$1,120,000.

The liabilities increased approximately \$471,000, primarily as a result of the net increase in bonds and bond anticipation notes offset by the repayment of interfund liabilities. Another component of the change in liabilities is the recognition of other post-employment benefits (OPEB) and net pension liabilities. The changes in these liabilities effectively offset each other as of December 31, 2017. The remaining decrease resulted from the scheduled repayment of the pension related debt. Due to the generation of net loss during 2017, net position declined by approximately \$863,000, which is directly attributable to the change in the OPEB liability during 2017.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Financial Statements - Continued

Latham Water - Continued

In July 2017, refunding bonds were issued at a premium of \$273,723, which will be amortized as an adjustment to interest expense over the life of the new bonds. \$8,554 of this premium was recognized as a reduction to interest expense during 2017. The difference between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting losses, resulting in deferred outflows of resources of \$99,388, which will be amortized as an adjustment to interest expense over the life of the new bonds. \$3,106 was recognized as an increase to interest expense during 2017.

The Town implemented a minor 5 cent, or 1.4%, rate increase during 2017 that was offset significantly by about a 10% decrease in consumption. At the same time, the Village of Colonie indicated to the Latham Water District an error in the reporting of consumption during 2016 and requested a refund of approximately \$375,000. These items resulted in an operating revenue decrease of approximately \$1,696,000, or 11.7%. The Town Board approved the refund to the Village of Colonie, as a bill credit to the 2018 and 2019 billing cycles.

Operating expenses decreased 1.4%, or approximately \$184,000. Salaries decreased \$35,000 because of employee turnover during 2017. Employee benefits increased approximately \$405,000, of which \$274,000 resulted from increased workers' compensation payments and \$263,000 from increased health insurance costs. These increases were primarily offset by reductions in the annual changes in OPEB and net pension liabilities totaling \$79,000 and \$35,000, respectively, in retirement system contributions. Depreciation expense increased by approximately \$91,000 as more is invested in capital assets. The increased benefits and depreciation costs were offset by a \$639,000 reduction in non-wage/benefit operating costs. This primarily occurred with the operation of the Mohawk View Water Treatment Plant where the cost of treatment chemicals, electricity, and outside contracted services declined \$457,000. Similar savings also occurred in the transmission and distribution system saving net costs of \$149,000.

Non-operating expenses, net of non-operating revenues, increased by \$58,000 as a result of various fluctuations from 2017 to 2016. Proceeds from the use of property increased \$11,000 due to scheduled rate increases and interest income increased \$14,000 due to higher cash balances and rates of return during 2017. These gains were offset by no gains from the sale of assets during 2017, a \$26,600 change from 2016 and \$37,000 more in interest expense as a result of higher levels of debt during 2017. There was \$19,600 in bond closing costs related to the 2017 advance refunding bond issuance.

Workers' Compensation Internal Service Fund

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

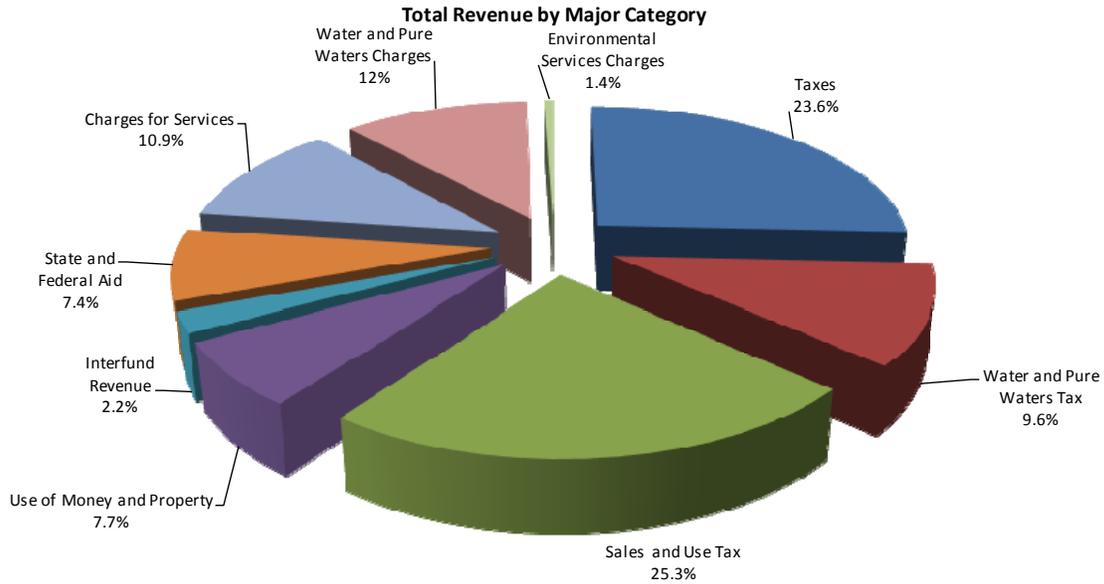
The revenue charged to the operating funds in 2017 was approximately \$417,000 higher than in 2016, which is the result of higher claims payouts and has a direct correlation to the related liability as of the end of the year. This combination resulted in approximately \$691,000 lower expense than in 2016.

Town of Colonie, New York

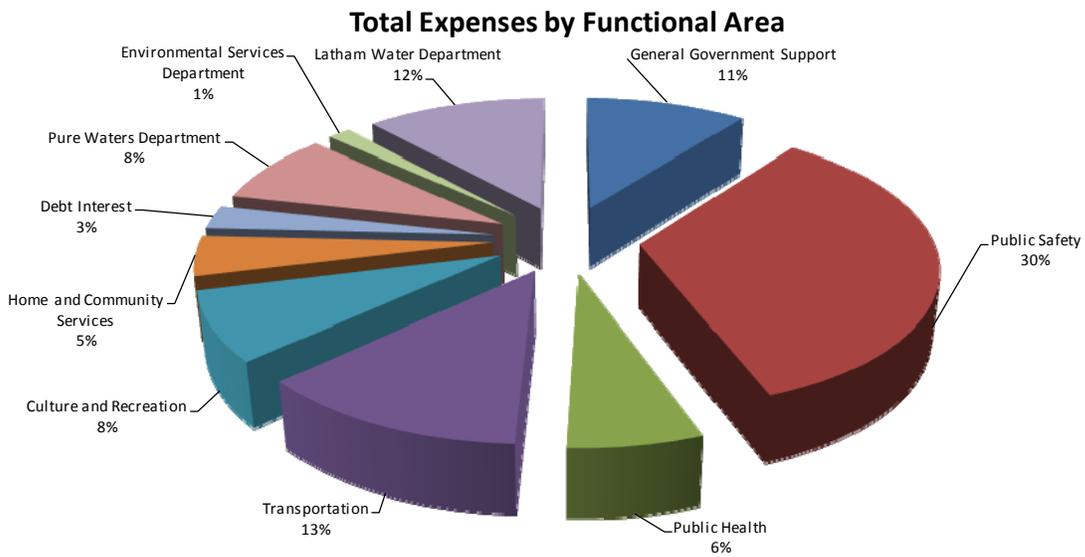
Management's Discussion and Analysis December 31, 2017

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

2017 Summary of Town-Wide Revenues (Accrual Basis)



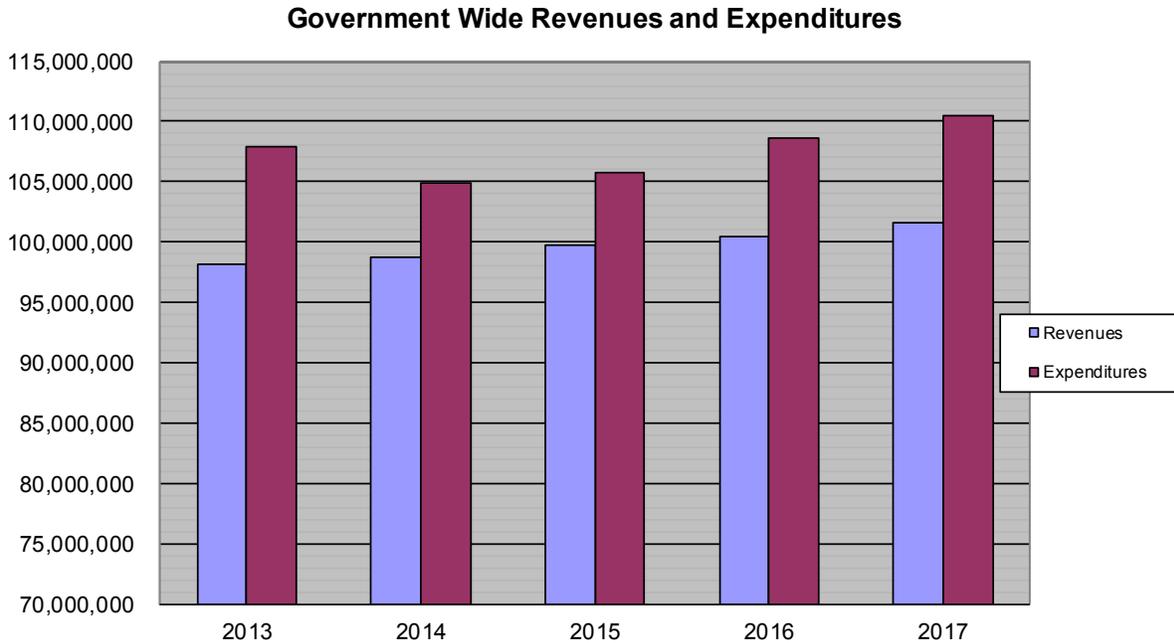
2017 Summary of Town-Wide Expenses (accrual basis)



Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

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. Although the Town had significantly improved its financial condition during 2011 with the management contract for the solid waste facility, it still must closely monitor the budget, identify new sources of revenue, and identify areas of savings through restructuring and attrition. This practice continues to allow the Town the ability to establish the fund balance levels that are recommended by both the New York State Comptroller's Office and debt rating services.

As discussed in the financial highlights section, the Town annually recognizes the impact of its proportionate share of the net pension liability of the New York Employee and Police and Fire Retirement Systems and obligations from other postemployment benefits within its financial statements. These \$16.9 and \$59.2 million liabilities have been systematically recognized since 2008, and significantly skew the comparison of revenue and expenditures.

Over the same time period identified above, the Town has managed to implement an infrastructure improvement and replacement plan while managing to keep its outstanding debt (total Bonds, BANs, and RANs) to \$106.1 million, exclusive of the \$1.6 million of unamortized premium on advance refunding bonds as of December 31, 2017. This outstanding debt is about \$4.5 million more than the 2007 level of debt. This has been accomplished by implementing a capital review committee which reviews and prioritizes the projects to be financed. This committee attempts to limit new borrowings to a level at or below the principal being paid off in a given year. The committee feels this is a conservative approach and will assist the Town in limiting its overall debt exposure.

Town of Colonie, New York

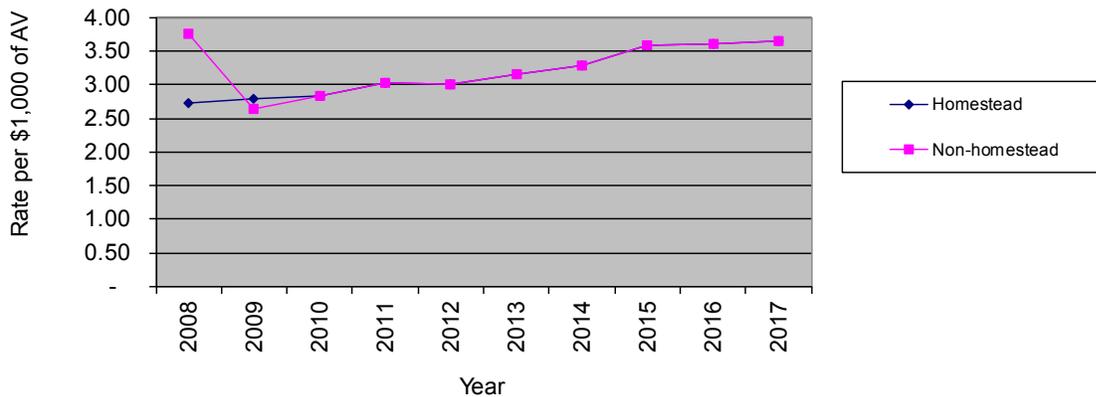
Management's Discussion and Analysis December 31, 2017

Town-Wide Revenues and Expenditures for the Past Five Years (Accrual Basis) - Continued

The graph below shows the real property taxes (levied from 2008 to 2017 for both homestead and non-homestead:

Tax Rates

Property Tax Rate History



It should be noted that the Town elected to rescind the homestead tax option in 2010, which makes the homestead and non-homestead rates equal. It should also be noted that the Town has complied with the New York State Tax Levy Cap Legislation since it was implemented in 2012.

Budgetary Highlights

Both the General Town-wide and Highway Fund budget to actual comparisons can be found in the supplementary section of this report on pages 80 and 81. The following are a few significant budgetary items during 2017:

Within the General Town-wide Fund, sales taxes were higher than originally budget by \$425,000 due to improved economic conditions during 2017. Because of an increase in ambulance rates and call volume, departmental income exceeded the original budget by in excess of \$300,000 for the second consecutive year. While some areas of the expenditures exceeded the originally budgeted amounts, the Town was able to make budget modifications to amend the budget without a negative impact.

The Highway Fund experienced a more severe winter during 2017 than in 2016 and, therefore, required a larger sales tax allocation to balance the fund's budget. Highway also received \$46,000 more in New York State Consolidated Highway Improvement aid in 2017 than was originally budgeted and also received \$260,000 in Federal disaster assistance aid related to a significant storm in 2017. Departmental income was also more than budgeted, but this is dependent upon development projects within the Town and fluctuates from year to year.

In all funds, any areas of over expenditure were able to be offset by areas that were under budget in 2017.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Capital Assets and Debt

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounted to approximately \$119,900,000 (net of accumulated depreciation and disposals), a \$1,200,000 net increase over 2016. This investment in capital assets includes land, landfill improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress.

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

General Fund(s)

\$ 57,000	Town Hall facility improvements
45,000	Public Safety Building facility improvements
48,000	Public Operations Center facility improvements
6,000	Municipal Training Center facility improvements
32,000	Computer hardware (4 items)
14,000	Fleet maintenance equipment
268,000	Emergency Medical Services ambulances (2 items)
22,000	Emergency Medical Services equipment (2 items)
276,000	Police vehicles (11 items)
33,000	Police equipment
35,000	Police dispatch system upgrade
261,000	Recreation/golf course equipment (11 items)
610,000	Pool filtration system replacement
37,000	Pool splash pad installation

Library Fund

\$ 159,000	Library facility improvements
------------	-------------------------------

Highway

\$ 178,000	Asphalt paver
150,000	Loader
189,000	Dump truck
234,000	Trucks and equipment (6 units)

Miscellaneous Special Revenue

\$ 95,000	Pool splash pad installation
240,000	Aviation Road/Winners Circle realignment
102,000	Consaul/Waterman Roads intersection traffic light

Pure Waters District

\$ 509,000	Sewer treatment plant improvements
389,000	Sewer collection system main improvements
1,688,000	Sewer pump station improvements
205,000	Vehicles and equipment (5 units)

Latham Water District

\$ 631,000	Water pump station improvements
57,000	Water distribution system improvements
1,787,000	Water storage system rehabilitations
376,000	Water source, reservoir rehabilitations
16,000	Water system security improvements
333,000	Vehicles and equipment (7 units)

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

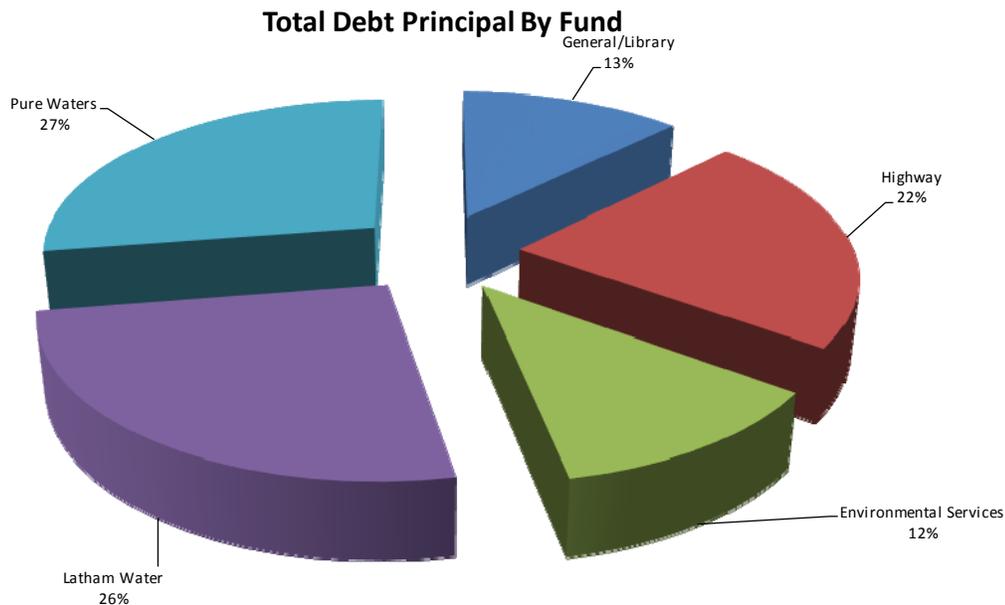
Capital Assets and Debt - Continued

Typically, the Town finances most of the annual capital investment through the issuance of bond anticipation notes, which are then rolled into serial bonds and installment purchase debt. The Town's outstanding indebtedness for bonds, bonds anticipation notes, and installment purchase debt within governmental and business-type activities at December 31, 2017, is approximately \$103,454,000, an increase of \$4,188,000 over the previous year, or 4.2%. These figures are exclusive of the \$1.6 million of unamortized premium on advance refunding bonds as of December 31, 2017.

As of December 31, 2017, a summary of the Town's unused debt limit is as follows:

Town's legal debt limit	<u>\$ 598,213,727</u>
Town's indebtedness	102,930,200
Less legal exclusion	<u>37,576,675</u>
Net indebtedness	<u>65,353,525</u>
Deduct net indebtedness	<u>65,353,525</u>
Town's unused debt limit	<u><u>\$ 532,860,202</u></u>
Percent of legal indebtedness used	10.92%

2017 Summary of Total Outstanding Debt by Fund



As of December 31, 2017, the Town's debt was rated A-, with a positive outlook, by Standard and Poor's Rating Services and A3 by Moody's Investor Service. As of February 2018, the Standard and Poor's Rating Services increased the rating to A with a positive outlook. Both rating services place the Town's debt within the upper medium quality investment grade.

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

Liquidity and Capital Resources

The Town has experienced fiscal challenges since 2004. At the beginning of 2003, the Town's General Fund had a positive fund balance of \$6.2 million. In each of the succeeding fiscal years, the General Fund experienced operating deficits ranging from \$3.9 million in 2003 to \$11.1 million in 2007. These operating deficits were the direct result of structural imbalances in the annual budget, which were associated with increased costs for the years 2002-2007 for health insurance, employee pension obligations, and escalating energy costs. In January 2008, a new administration took over management of the Town and continues to take steps on its ten-year financial plan to return the Town to financial stability. This plan includes strict monitoring of the annual budget, elimination of unnecessary expenditures within the budget, maximization of revenue opportunities, potential sale of unused/underused Town property, and reducing staffing levels through attrition, all in an attempt to maintain the services provided to our community.

As of December 31, 2012, the Town had successfully established positive fund balances in all operating funds except for the Environmental Services Department Fund, whose deficit will be self-correcting over the next five to ten years. In 2014, the Pure Waters Department Fund began to feel the effects of the recognition of the OPEB liability and is showing a deficit net position of about \$933,000 as of December 31, 2017. The remaining Town funds were able to maintain positive fund balances and/or slightly increase them in 2017.

In an effort to reduce health insurance costs, the Town implemented an employee health insurance premium contribution program in 2006 in which all employees pay an equivalent of 10% of premium costs. In 2013, the Town successfully negotiated a 15% health insurance contribution for new Town employees into several of its bargaining unit contracts. Town resources for equipment and capital purchases continue to be strictly monitored to assist with the debt reduction. In 2008, the Town was able to halt the significant growth in debt, and while issuing new debt on an annual basis to finance new projects and equipment acquisitions, it has been able to reduce the total outstanding debt to below 2007 levels. While the Town still must rely on revenue anticipation notes (RAN) to meet short-term cash flow needs, it has worked to reduce the size and number of RANs issued in a given calendar year. In 2017, only one \$3.2 million RAN was issued as opposed to the multiple \$6 million RANs issued ten years earlier.

As a result of the Town's fiscal distress, the General Fund has become dependent on the annual interfund contribution of excess profits from the Environmental Services Department Fund. These contributions have remained at the budgeted level for the past several years and is equal to the management agreement payments discussed below and estimated proceeds from the landfill gas to energy project.

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

Town of Colonie, New York

Management's Discussion and Analysis December 31, 2017

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 increased as follows:

2010	\$ 5,173,342
2011	7,516,293
2012	8,513,767
2013	9,590,643
2014	9,765,109
2015	9,203,239
2016	8,419,035
2017	8,383,658

In an effort to mitigate the sizeable increases in costs, the Town has 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, 2017, the Town has outstanding debt related to these amortizations totaling approximately \$8,155,000. It should be noted that with the payments made in February 2017 for 2016 the Town was able to eliminate the deferral of one of the two Retirement System payments.

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. Since 2001, the Town has shared 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. During 2013, the Town was successful in negotiating into several of the bargaining unit contracts a 15% co-pay for new employees to the Town. It has also changed to an experience rated plan in order to keep premiums low.

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

2010	\$ 7,569,346
2011	7,980,735
2012	8,203,005
2013	7,998,256
2014	8,542,833
2015	8,578,735
2016	9,136,690
2017	10,087,141

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, Newtonville, New York 12128.

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

	December 31, 2017		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 18,456,330	\$ 13,858,474	\$ 32,314,804
Cash and cash equivalents, restricted	2,936,212	838,618	3,774,830
Investments, restricted	3,319,854	-	3,319,854
Other receivables, net	1,738,421	7,007,231	8,745,652
Management agreement proceeds, current portion	-	1,100,000	1,100,000
Internal balances	4,530,077	(4,530,077)	-
Due from fiduciary funds	3,626,754	-	3,626,754
State and Federal aid receivables	201,500	-	201,500
Due from other governments	8,673,184	622,103	9,295,287
Other assets	18,404	-	18,404
NONCURRENT ASSETS			
Management agreement proceeds, less current portion	-	15,055,389	15,055,389
Capital assets, net of depreciation	50,356,128	69,532,220	119,888,348
Total assets	93,856,864	103,483,958	197,340,822
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resources related to pensions	16,305,293	1,721,198	18,026,491
Deferred resources related to defeased bonds	323,205	683,061	1,006,266
Total deferred outflows of resources	16,628,498	2,404,259	19,032,757
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	5,854,173	47,222	5,901,395
Accrued liabilities	877,163	143,147	1,020,310
Retainage payable	29,653	236,876	266,529
Other liabilities	1,178,155	248,387	1,426,542
Unearned revenue	3,557,189	11,505	3,568,694
Revenue anticipation note payable	3,200,000	-	3,200,000
Current portion of bond anticipation notes payable	659,000	285,200	944,200
Current portion of due to other governments	5,859,349	1,150,933	7,010,282
Accrued interest	314,974	544,592	859,566
Current portion of bonds payable	2,833,500	4,497,386	7,330,886
Current portion of installment purchase debts	181,070	-	181,070
Current portion of pension related debt	1,116,136	134,701	1,250,837
NONCURRENT LIABILITIES			
Bonds payable, less current portion	26,266,891	51,208,438	77,475,329
Bond anticipation notes payable, less current portion	6,631,000	12,190,000	18,821,000
Installment purchase debts, less current portion	342,250	-	342,250
Judgments and claims	24,495	68,017	92,512
Landfill closure and post-closure costs	-	14,514,453	14,514,453
Due to other governments, less current portion	157,156	-	157,156
Pension related debt, less current portion	6,181,304	722,491	6,903,795
Compensated absences	4,025,874	644,398	4,670,272
Net pension liabilities	15,210,423	1,724,868	16,935,291
LOSAP pension liability	4,534,189	-	4,534,189
Other postemployment benefits obligation	50,334,102	8,896,206	59,230,308
Total liabilities	139,368,046	97,268,820	236,636,866
DEFERRED INFLOWS OF RESOURCES			
Deferred resources related to pensions	3,064,204	283,411	3,347,615
Deferred service concession arrangement receipts	-	3,238,386	3,238,386
Total deferred inflows of resources	3,064,204	3,521,797	6,586,001
NET POSITION			
Net investment in capital assets	13,567,417	1,351,197	14,918,614
Restricted	731,923	770,601	1,502,524
Unrestricted (deficit)	(46,246,228)	2,975,803	(43,270,425)
TOTAL NET POSITION	\$ (31,946,888)	\$ 5,097,601	\$ (26,849,287)

See accompanying Notes to Financial Statements.

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

Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government support	\$ 11,585,302	\$ 1,087,879	\$ -	\$ 25,000	\$ (10,472,423)	\$ -	\$ (10,472,423)
Public safety	37,516,612	1,575,165	177,669	186,763	(35,577,015)	-	(35,577,015)
Public health	6,801,026	4,814,485	-	-	(1,986,541)	-	(1,986,541)
Transportation	13,900,796	925,920	869,326	178,000	(11,927,550)	-	(11,927,550)
Economic assistance and opportunity	333	-	-	-	(333)	-	(333)
Culture and recreation	8,777,891	1,684,491	64,592	14,998	(7,013,810)	-	(7,013,810)
Home and community services	5,146,741	1,075,309	3,050,631	-	(1,020,801)	-	(1,020,801)
Debt interest	1,079,004	-	-	-	(1,079,004)	-	(1,079,004)
Total governmental activities	<u>84,807,705</u>	<u>11,163,249</u>	<u>4,162,218</u>	<u>404,761</u>	<u>(69,077,477)</u>	<u>-</u>	<u>(69,077,477)</u>
Business-type activities							
Pure Waters Department	9,867,705	206,412	-	-	-	(9,661,293)	(9,661,293)
Environmental Services Department	2,196,747	523,599	-	-	-	(1,673,148)	(1,673,148)
Latham Water Department	13,616,549	11,380,806	-	-	-	(2,235,743)	(2,235,743)
Total business-type activities	<u>25,681,001</u>	<u>12,110,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,570,184)</u>	<u>(13,570,184)</u>
Total	<u>\$ 110,488,706</u>	<u>\$ 23,274,066</u>	<u>\$ 4,162,218</u>	<u>\$ 404,761</u>	<u>(69,077,477)</u>	<u>(13,570,184)</u>	<u>(82,647,661)</u>
GENERAL REVENUES							
Real property tax and tax items					26,137,728	10,992,625	37,130,353
Sales and use tax					23,963,744	-	23,963,744
Interest earnings					419,549	49,818	469,367
Use of property					1,582,259	3,168,417	4,750,676
Gain on sale of property					1,745,101	2,003	1,747,104
Compensation for losses					52,577	40,349	92,926
Interfund revenues					2,279,828	-	2,279,828
Miscellaneous					112,326	-	112,326
State aid, mortgage tax and revenue sharing					3,258,062	-	3,258,062
Total general revenues					<u>59,551,174</u>	<u>14,253,212</u>	<u>73,804,386</u>
Transfers in (out)					<u>2,800,000</u>	<u>(2,800,000)</u>	<u>-</u>
Total general revenues and transfers					<u>62,351,174</u>	<u>11,453,212</u>	<u>73,804,386</u>
CHANGE IN NET POSITION					<u>(6,726,303)</u>	<u>(2,116,972)</u>	<u>(8,843,275)</u>
NET POSITION, beginning of year, as originally reported					(23,653,184)	7,214,573	(16,438,611)
Effect of adoption of GASB 73					<u>(1,567,401)</u>	<u>-</u>	<u>(1,567,401)</u>
NET POSITION, beginning of year, as restated					<u>(25,220,585)</u>	<u>7,214,573</u>	<u>(18,006,012)</u>
NET POSITION, end of year					<u>\$ (31,946,888)</u>	<u>\$ 5,097,601</u>	<u>\$ (26,849,287)</u>

See accompanying Notes to Financial Statements.

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

December 31, 2017

	Major Funds					Total Governmental Funds
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 492,555	\$ 10,240,984	\$ 116,207	\$ 6,272,878	\$ 1,333,706	\$ 18,456,330
Cash and cash equivalents, restricted	994,642	-	1,513,804	-	427,766	2,936,212
Investments, restricted	-	-	-	-	3,319,854	3,319,854
State and Federal aid receivables	-	-	-	128,525	72,975	201,500
Due from other governments	6,632,807	-	1,248,798	-	791,579	8,673,184
Other accounts receivable, net	1,647,367	2,643	19,734	-	68,677	1,738,421
Due from other funds	10,476,031	-	-	-	288,119	10,764,150
Other assets	9,840	-	-	-	8,564	18,404
Total assets	\$ 20,253,242	\$ 10,243,627	\$ 2,898,543	\$ 6,401,403	\$ 6,311,240	\$ 46,108,055
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 5,844,469	\$ -	\$ -	\$ -	\$ 9,704	\$ 5,854,173
Accrued liabilities	698,556	-	78,393	-	100,214	877,163
Other liabilities	7,601	-	98,050	-	93,714	199,365
Revenue anticipation note payable	3,200,000	-	-	-	-	3,200,000
Bond anticipation notes payable	-	-	-	659,000	-	659,000
Due to other governments	4,370,798	368,734	394,895	-	466,694	5,601,121
Due to other funds	1,144,569	361,525	537,945	293,997	269,283	2,607,319
Unearned revenue	3,406,036	-	130	15,507	135,516	3,557,189
Total liabilities	18,672,029	730,259	1,109,413	968,504	1,075,125	22,555,330
DEFERRED INFLOWS OF RESOURCES						
Revenue earned but unavailable	-	-	-	-	19,058	19,058
FUND BALANCE						
Restricted	651,758	-	-	-	3,485,293	4,137,051
Committed, assigned, and unassigned	929,455	9,513,368	1,789,130	5,432,899	1,731,764	19,396,616
Total fund balance	1,581,213	9,513,368	1,789,130	5,432,899	5,217,057	23,533,667
Total liabilities, deferred inflows of resources, and fund balance	\$ 20,253,242	\$ 10,243,627	\$ 2,898,543	\$ 6,401,403	\$ 6,311,240	\$ 46,108,055

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, 2017</u>
Total fund balance in the fund financial statements for the governmental funds	\$	23,533,667
This amount differs from the amount of net position shown in the statement of net position due to the following:		
<i>Assets</i>		
Capital assets, net of accumulated depreciation, are included as assets in the government-wide financial statements.		50,356,128
<i>Liabilities</i>		
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements.		(314,974)
Liabilities for retainage payable on construction commitments are included in the government-wide financial statements.		(29,653)
Liabilities for the retirement system for early incentive programs, 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	(7,297,440)	
Due to other governments, long-term	(415,384)	
Due to employees for compensated absences	(4,025,874)	
Net pension liabilities	(19,744,612)	
Other postemployment benefits obligations	<u>(50,334,102)</u>	(81,817,412)
Bonded, long-term bond anticipation notes, and installment purchase debt liabilities are included in the government-wide financial statements.		(36,254,711)
Liabilities for judgments and claims are included in the government-wide financial statements.		(24,495)
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.		(978,790)
<i>Deferred Outflows and Inflows of Resources</i>		
The valuation of pension obligations can result in changes in actuarial assumptions, differences between expected and actual experiences, differences between projected and actual investment earnings and changes in proportion, and differences between employer contributions and proportionate share of contributions. These items are reported as deferred outflows and inflows of resources:		
Deferred outflows	16,628,498	
Deferred inflows	<u>(3,064,204)</u>	13,564,294
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		19,058
<i>Interfund Activity</i>		
Amounts due between the various governmental activities are eliminated in the government-wide financial statements:		
Due from other funds	1,750,869	
Due to other funds	<u>(1,750,869)</u>	-
Total net position per statement of net position		<u>\$ (31,946,888)</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York
Fund Financial Statements
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Funds

	Year Ended December 31, 2017					Total Governmental Funds
	Major Funds			Non-Major Governmental Funds	Total Governmental Funds	
	General Fund	Special Miscellaneous Revenue Fund	Highway Fund			
REVENUES						
Real property taxes and tax items	\$ 19,190,792	\$ -	\$ -	\$ -	\$ 6,946,936	\$ 26,137,728
Sales and use tax	11,692,117	-	9,585,579	-	2,686,048	23,963,744
Departmental income	6,637,093	1,535,866	355,513	-	471,862	9,000,334
Intergovernmental charges	157,482	-	11,363	-	-	168,845
Investment income and use of property	1,574,395	10,213	13,462	18,756	385,177	2,002,003
Licenses and permits	68,514	-	3,400	-	1,058,866	1,130,780
Fines and forfeitures	849,241	-	-	-	-	849,241
Miscellaneous	38,913	-	4,992	-	51,350	95,255
Interfund revenues	2,377,156	-	-	-	-	2,377,156
State aid	2,908,577	-	609,395	217,998	585,333	4,321,303
Federal aid	193,176	-	259,931	-	3,050,631	3,503,738
Total revenues	<u>45,687,456</u>	<u>1,546,079</u>	<u>10,843,635</u>	<u>236,754</u>	<u>15,236,203</u>	<u>73,550,127</u>
EXPENDITURES						
General government support	7,339,920	-	-	87,541	263,819	7,691,280
Public safety	15,190,071	-	-	250,000	5,279,579	20,719,650
Health	4,129,616	-	-	8,935	4,399	4,142,950
Transportation	557,825	76,892	6,012,801	2,173,894	798,925	9,620,337
Economic assistance and opportunity	333	-	-	-	-	333
Culture and recreation	3,836,854	-	-	4,381	1,960,501	5,801,736
Home and community services	135,317	98,365	-	-	4,056,554	4,290,236
Employee benefits	14,790,213	-	2,395,063	-	2,302,104	19,487,380
Debt service, principal	1,926,631	-	1,523,771	-	53,100	3,503,502
Debt service, interest	366,616	-	780,765	-	6,282	1,153,663
Capital outlay	128,214	436,827	-	2,505,868	-	3,070,909
Total expenditures	<u>48,401,610</u>	<u>612,084</u>	<u>10,712,400</u>	<u>5,030,619</u>	<u>14,725,263</u>	<u>79,481,976</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of serial bonds	-	-	-	-	6,424,000	6,424,000
Proceeds from the issuance of long-term debt	-	-	-	6,506,000	-	6,506,000
Bond anticipation notes redeemed from appropriations	-	-	-	532,000	-	532,000
Proceeds from issuance of installment purchase debts	-	-	-	426,563	-	426,563
Premium on issuance of debt	-	-	-	82,983	746,143	829,126
Sale of property and compensation for loss	62,807	-	34,526	1,734,489	22,274	1,854,096
Payment to escrow agent	-	-	-	-	(7,170,143)	(7,170,143)
Transfers in from other funds	2,800,000	-	-	-	-	2,800,000
Total other financing sources (uses)	<u>2,862,807</u>	<u>-</u>	<u>34,526</u>	<u>9,282,035</u>	<u>22,274</u>	<u>12,201,642</u>
NET CHANGE IN FUND BALANCE	<u>148,653</u>	<u>933,995</u>	<u>165,761</u>	<u>4,488,170</u>	<u>533,214</u>	<u>6,269,793</u>
FUND BALANCE, beginning of year, as originally reported	1,432,560	8,579,373	1,623,369	944,729	1,657,085	14,237,116
Effect of adoption of GASB 73	-	-	-	-	3,026,758	3,026,758
FUND BALANCE, beginning of year, as restated	<u>1,432,560</u>	<u>8,579,373</u>	<u>1,623,369</u>	<u>944,729</u>	<u>4,683,843</u>	<u>17,263,874</u>
FUND BALANCE, end of year	<u>\$ 1,581,213</u>	<u>\$ 9,513,368</u>	<u>\$ 1,789,130</u>	<u>\$ 5,432,899</u>	<u>\$ 5,217,057</u>	<u>\$ 23,533,667</u>

See accompanying Notes to Financial Statements.

Town of Colonie, New York

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

	Year Ended December 31, 2017
Net change in fund balance, total governmental funds	\$ 6,269,793
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.	3,086,672
Governmental funds do not report depreciation expense. This is the total depreciation expense reported in the statement of activities.	(3,734,285)
Governmental funds do not recognize the effects of disposing of capital assets which are not fully depreciated. This is the remaining net book value of capital assets disposed of reported in the statement of activities.	(83,086)
Governmental funds do not recognize the effect of revenues that do not provide current financial resources in the fund financial statements.	14,049
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.	61,768
Bond, long-term bond anticipation notes, and installment purchase debt proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and installment purchased debt principal is an expenditure in the governmental funds, but the repayments reduce the long-term liabilities in the statement of net position. This difference is the net of debt proceeds and principal repayments reported in the governmental funds.	(4,092,661)
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.	606,488
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	(2,602,930)
Other postemployment benefit obligations	(6,880,042)
	(9,482,972)
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.	627,931
	\$ (6,726,303)

See accompanying Notes to Financial Statements.

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

	December 31, 2017				
	Environmental Services Department	Pure Waters Department	Latham Water Department	Total Business-Type Activities	Workers' Compensation Internal Service Fund
ASSETS AND DEFERRED OUTFLOW OF RESOURCES					
CURRENT ASSETS					
Cash and cash equivalents	\$ 25,689	\$ 6,500,870	\$ 7,331,915	\$ 13,858,474	\$ -
Cash and cash equivalents, restricted	23,397	376,194	439,027	838,618	-
Other receivables, net	529,182	36,916	6,441,133	7,007,231	-
Management agreement proceeds, current portion	1,100,000	-	-	1,100,000	-
Due from other governments	28,026	-	594,077	622,103	-
Due from governmental activities	-	856,450	-	856,450	-
Due from business type activities	5,066	-	-	5,066	-
NONCURRENT ASSETS					
Management agreement proceeds, less current portion	15,055,389	-	-	15,055,389	-
Capital assets, net	5,125,993	23,092,310	41,313,917	69,532,220	-
Total assets	<u>21,892,742</u>	<u>30,862,740</u>	<u>56,120,069</u>	<u>108,875,551</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred resources related to pensions	-	543,537	1,177,661	1,721,198	-
Deferred resources related to defeased bonds	280,765	306,014	96,282	683,061	-
Total deferred outflows of resources	<u>280,765</u>	<u>849,551</u>	<u>1,273,943</u>	<u>2,404,259</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Accounts payable	-	30,697	16,525	47,222	-
Accrued expenses	-	50,466	92,681	143,147	-
Retainage payable	-	150,389	86,487	236,876	-
Other liabilities	-	-	-	-	1,227,177
Unearned revenue	-	-	11,505	11,505	-
Current portion of bond anticipation notes payable	-	50,200	235,000	285,200	-
Due to governmental activities	4,079,295	-	1,307,232	5,386,527	-
Due to business type activities	-	-	5,066	5,066	-
Current portion of due to other governments	-	684,239	466,694	1,150,933	-
Accrued interest	95,050	229,524	220,018	544,592	-
Current portion of bonds payable	1,302,271	1,380,991	1,814,124	4,497,386	-
Current portion of pension related debt	-	42,530	92,171	134,701	-
NONCURRENT LIABILITIES					
Bonds payable, less current portion	11,050,536	20,538,366	19,619,536	51,208,438	-
Bond anticipation notes payable, less current portion	-	5,275,000	6,915,000	12,190,000	-
Judgments and claims	-	30,801	37,216	68,017	-
Landfill closure and post-closure costs	14,514,453	-	-	14,514,453	-
Pension related debt, less current portion	-	226,728	495,763	722,491	-
Compensated absences	-	280,116	364,282	644,398	-
Net pension liability	-	544,696	1,180,172	1,724,868	-
Other postemployment benefits obligation	-	3,040,615	5,855,591	8,896,206	-
Total liabilities	<u>31,041,605</u>	<u>32,555,358</u>	<u>38,815,063</u>	<u>102,412,026</u>	<u>1,227,177</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred resources related to pensions	-	89,498	193,913	283,411	-
Deferred service concession arrangement receipts	3,238,386	-	-	3,238,386	-
Total deferred inflows of resources	<u>3,238,386</u>	<u>89,498</u>	<u>193,913</u>	<u>3,521,797</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	(7,226,814)	(4,152,247)	12,730,258	1,351,197	-
Restricted for other purposes	23,397	345,393	401,811	770,601	-
Unrestricted (deficit)	(4,903,067)	2,874,289	5,252,968	3,224,190	(1,227,177)
Total net position	<u>\$ (12,106,484)</u>	<u>\$ (932,565)</u>	<u>\$ 18,385,037</u>	<u>\$ 5,345,988</u>	<u>\$ (1,227,177)</u>
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				(248,387)	
Net assets of business-type activities				<u>\$ 5,097,601</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, 2017				
	Environmental Services Department	Pure Waters Department	Latham Water Department	Total Business-Type Activities	Workers' Compensation Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 508,068	\$ 201,444	\$ 11,349,958	\$ 12,059,470	\$ 2,017,335
Ad valorem tax	-	9,588,811	1,403,814	10,992,625	-
Miscellaneous services	15,531	4,968	30,848	51,347	-
Total operating revenues	523,599	9,795,223	12,784,620	23,103,442	2,017,335
OPERATING EXPENSES					
Personal services	-	1,864,192	3,573,299	5,437,491	-
Employee benefits	48,335	1,343,662	3,041,233	4,433,230	797,890
Other postemployment benefits	-	432,256	854,841	1,287,097	-
Supplies, materials, and services	41,157	4,209,146	3,777,766	8,028,069	-
Insurance	78,713	100,944	133,163	312,820	-
Depreciation	909,351	1,303,979	1,893,056	4,106,386	-
Closure and post-closure costs	573,995	-	-	573,995	-
Provision for uncollectible receivables	-	-	4,016	4,016	-
Total operating expenses	1,651,551	9,254,179	13,277,374	24,183,104	797,890
Operating income (loss)	(1,127,952)	541,044	(492,754)	(1,079,662)	1,219,445
NONOPERATING REVENUES (EXPENSES)					
Use of property	2,866,715	-	301,702	3,168,417	-
Gain on sale of capital assets	-	2,003	-	2,003	-
Compensation for losses	-	40,349	-	40,349	-
Refunding bond issuance costs	(51,878)	(62,406)	(19,635)	(133,919)	-
Interest expense	(535,072)	(744,812)	(675,608)	(1,955,492)	-
Interest income	162	26,828	22,828	49,818	-
Total nonoperating revenues (expenses)	2,279,927	(738,038)	(370,713)	1,171,176	-
Income (loss) before transfers	1,151,975	(196,994)	(863,467)	91,514	1,219,445
TRANSFERS					
Operating transfers out	(2,800,000)	-	-	(2,800,000)	-
CHANGE IN NET POSITION	(1,648,025)	(196,994)	(863,467)	(2,708,486)	1,219,445
NET POSITION, beginning of year	(10,458,459)	(735,571)	19,248,504	(2,446,622)	(2,446,622)
NET POSITION, end of year	\$ (12,106,484)	\$ (932,565)	\$ 18,385,037	\$ (2,116,972)	\$ (1,227,177)
Adjustments to reflect the consolidation of internal service fund activities related to business-type activities				591,514	
Change in net assets of business-type activities				\$ (2,116,972)	

See accompanying Notes to Financial Statements.

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

	Year Ended December 31, 2017				
	Environmental Services Department	Pure Waters Department	Latham Water Department	Total Business-Type Activities	Workers' Compensation Internal Service Fund
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received from providing services	\$ 595,943	\$ 9,780,531	\$ 13,273,180	\$ 23,649,654	\$ 2,017,335
Cash paid for contractual expenses	(135,401)	(4,340,718)	(3,919,131)	(8,395,250)	-
Cash paid for personal services and employee benefits	(48,335)	(3,145,641)	(6,558,753)	(9,752,729)	(2,017,335)
	<u>412,207</u>	<u>2,294,172</u>	<u>2,795,296</u>	<u>5,501,675</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES					
Transfers and other	(386,588)	(331,435)	(1,392,108)	(2,110,131)	-
Compensation for losses	-	40,349	-	40,349	-
	<u>(386,588)</u>	<u>(291,086)</u>	<u>(1,392,108)</u>	<u>(2,069,782)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	(2,802,321)	(3,203,591)	(6,005,912)	-
Gain on sale of capital assets, net	-	2,003	-	2,003	-
Proceeds from the issuance of bond anticipation notes	-	3,550,000	3,700,000	7,250,000	-
Payments of debt principal (BANs, bonds, and installment purchase debts)	(1,245,451)	(1,516,662)	(1,787,110)	(4,549,223)	-
Interest paid	(563,431)	(799,434)	(686,021)	(2,048,886)	-
Use of property	1,682,110	-	301,702	1,983,812	-
	<u>(126,772)</u>	<u>(1,566,414)</u>	<u>(1,675,020)</u>	<u>(3,368,206)</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES					
Interest income	162	26,828	22,828	49,818	-
	<u>162</u>	<u>26,828</u>	<u>22,828</u>	<u>49,818</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(100,991)	463,500	(249,004)	113,505	-
CASH AND CASH EQUIVALENTS, beginning of year	150,077	6,413,564	8,019,946	14,583,587	-
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 49,086</u>	<u>\$ 6,877,064</u>	<u>\$ 7,770,942</u>	<u>\$ 14,697,092</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,127,952)	\$ 541,044	\$ (492,754)	\$ (1,079,662)	\$ 1,219,445
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Provision for uncollectible receivables	-	-	4,016	4,016	-
Depreciation	909,351	1,303,979	1,893,056	4,106,386	-
(Increase) decrease in					
Other receivables, net	72,344	(14,692)	569,633	627,285	-
Due from other governments	(15,531)	-	(85,527)	(101,058)	-
Deferred outflows of resources	-	515,143	1,116,142	1,631,285	-
Increase (decrease) in					
Accounts payable	-	(43,885)	(60,008)	(103,893)	-
Accrued expenses	-	3,671	18,075	21,746	-
Other liabilities	-	-	-	-	(1,219,445)
Due to other governments	-	5,240	(4,611)	629	-
Unearned revenue	-	-	438	438	-
Landfill closure and post-closure costs	573,995	-	-	573,995	-
Judgments and claims	-	5,889	7,610	13,499	-
Pension related debt	-	(41,112)	(89,098)	(130,210)	-
Compensated absences	-	22,530	7,912	30,442	-
Net pension liability	-	(409,441)	(887,121)	(1,296,562)	-
Other postemployment benefits obligation	-	432,256	854,841	1,287,097	-
Deferred inflows of resources	-	(26,450)	(57,308)	(83,758)	-
	<u>\$ 412,207</u>	<u>\$ 2,294,172</u>	<u>\$ 2,795,296</u>	<u>\$ 5,501,675</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

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

	December 31, 2017
	Agency
ASSETS	
Cash and cash equivalents	\$ 6,290,441
Letters of credit	151,537
Due from other governments	16,279
	\$ 6,458,257
LIABILITIES	
Due to other governments	\$ 2,545
Due to other activities	3,626,754
Developer escrow funds	2,575,518
Bail deposits	97,904
Other liabilities	155,536
	\$ 6,458,257

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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 \$50,000 in support services provided during the year ended December 31, 2017.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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, 2017.

iii. School Boards and Districts

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

iv. Fire Districts

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

b. Government-wide and Fund Financial Statements

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

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

b. Government-wide and Fund Financial Statements - Continued

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

c. Basis of Accounting - Measurement Focus

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

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

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

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

c. Basis of Accounting - Measurement Focus - Continued

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following proprietary funds:

Major Enterprise Funds

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

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

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

Internal Service Fund

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

Additionally, the Town reports the following fiduciary fund type:

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

d. Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, 2017

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

e. Fair Value Measurements - Continued

The Town categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used 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 Awards Program (LOSAP) at December 31, 2017 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 11.

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).

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, 2017, the Town has adequate coverage for all the available bank balances, other than \$126,337 of advance tax deposits, either through the FDIC or securities held by an agent of the Town in the Town's name.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

g. Investments

Investments of the Fire Protection District Fund are for the Town's Length of Service Awards 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 Fire Protection District Fund are as follows:

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

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

h. Receivables and Payables

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

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

The Town provides for uncollectible accounts for the governmental and proprietary fund types based on a review of accounts by management. In both the fund and government-wide financial statements, allowances of \$3,315,734 and \$8,020 were reported for ambulance and water receivables, respectively, at December 31, 2017.

i. Capital Assets, Net

Within the government-wide financial statements, capital assets (land, buildings and improvements, machinery and equipment, infrastructure, landfill improvements, and construction in progress) 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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

i. Capital Assets, Net - Continued

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 its fair value. There were no impairments of long-lived assets as of December 31, 2017.

j. Compensated Absences

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

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

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

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 \$14,514,453 accrued as landfill closure and post-closure costs at December 31, 2017, represents the cumulative amount reported to date based on the use of the full capacity of Cells 1 through 4, 96.35% of the estimated capacity of Cell 5, and 95.32% of the estimated capacity of Cell 6 currently being used.

The Town will recognize the remaining estimated cost of closure and post-closure care of \$635,387 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. Actual cost may differ due to inflation, changes in technology, or changes in regulations.

During August 2011, the Town entered into a contract with a private company (Company) to manage, maintain, and operate the Town's solid waste facility for a period of 25 years with the option to extend the contract for up to five additional five-year renewal periods. As outlined in the contract, the Company will assume the liability for all future closure and post-closure care costs, and has established financial assurances (e.g., reserve account, performance bond) as required and verified by the New York State Department of Environmental Conservation. The financial assurances that have been established protect the Town in the event the Company were to default on this contract. See Notes 2b and 6 in conjunction with this footnote.

m. Deferred Outflows and Inflows of Resources

For the Environmental Services Department, the unrestricted deficit net position amount of \$4,903,067 includes the effect of deferring the recognition of revenue from the solid waste facility service concession arrangement. The \$3,238,386 balance of the deferred inflow of resources at December 31, 2017, will be recognized as the remaining capacity of the solid waste facility is utilized over the term of the agreement. See Note 6 in conjunction with this footnote.

See Note 5 for discussion on deferred outflows of resources related to bond refunding.

See Notes 9 and 11 for discussion on deferred outflows and inflows of resources related to pensions and Length of Service Awards Programs (LOSAP) pension liabilities.

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

n. Fund Balance - Continued

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.

Note 7 provides details regarding the Town's fund balance classifications.

o. Adoption of New Accounting Standards

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* establishes requirements for pensions and pension plans that are not administered through a trust meeting specified criteria, and thus are outside the scope of Statements 67 and 68. Statement 73 is effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The Town implemented the provision of this accounting standard.

As a result of adopting this new accounting standard and related guidance, the Town now reports its LOSAP pension liabilities along with related deferred outflows and inflows of resources, and pension expense within the governmental activities of the entity-wide financial statements. Additionally, the Town now reports the assets accumulated to pay the program benefits, which were previously reported as fiduciary funds, within the governmental activities of the entity-wide financial statements and the Fire Protection District Fund of the governmental fund financial statements. The adoption of GASB 73 is retroactive. Accordingly, the Governmental Activities and Governmental Funds have restated their opening net position as of December 31, 2017 as follows:

	Net Position As Originally Reported	Adjustments	Net Position As Restated
Governmental Activities	\$ (23,653,184)	\$ (1,567,401)	\$ (25,220,585)
	Fund Balance As Originally Reported	Adjustments	Fund Balance As Restated
Governmental Funds - Non-Major Funds			
Fire Protection District	\$ -	\$ 3,026,758	\$ 3,026,758

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

p. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through September 19, 2018, the date the financial statements were available to be issued.

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 fund adopts 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, 2017.

b. Fund Deficit

The Town has a deficit net position of \$12,106,484 in the Environmental Services Department Fund as of December 31, 2017. In August 2011, the Town entered into a contract with a private company (Company) to manage, maintain, and operate the Town's solid waste facility for a period of 25 years with the option to extend the contract for up to five additional five-year renewal periods. The terms of the agreement provided for an upfront payment of \$23 million and quarterly payments of \$575,000 for the first five years and minimum quarterly payments of \$275,000 thereafter for twenty years. Additionally, the Company assumed the liability for all future closure and post-closure costs and has established financial assurances as required and verified by the New York State Department of Environmental Conservation. The financial assurances that have been established protect the Town in the event the Company were to default on this contract. As a result of this transaction, the Environmental Services Department Fund initially recognized a deferred inflow of resources of approximately \$35 million, which is being recognized as revenue over the life of the agreement. Essentially, this is a funded deficit because as the deferred inflow is recognized as revenue, and the closure and post-closure liability is paid, the deficit will be eliminated.

The Town has a deficit net position of \$932,565 in the Pure Waters Department Fund as of December 31, 2017. This is the result of the required recognition of the other postemployment benefits liability of \$3,040,615. While the Fund is required to report this liability within its financial statements, it pays this liability on a pay-as-you-go basis. The Town does not increase user fees in order to fund pay-as-you-go liabilities.

The Town has a deficit net position of \$1,227,177 in the Workers' Compensation Internal Service Fund as of December 31, 2017. 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, 2017

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, 2017	Additions	Disposals/ Retirements	Balance December 31, 2017
Capital assets not being depreciated				
Land	\$ 18,556,148	\$ -	\$ -	\$ 18,556,148
Construction in progress	179,810	944,577	(660,914)	463,473
	<u>18,735,958</u>	<u>944,577</u>	<u>(660,914)</u>	<u>19,019,621</u>
Capital assets, being depreciated				
Buildings and improvements	32,201,771	144,252	(312,019)	32,034,004
Machinery and equipment	33,405,358	2,335,584	(378,211)	35,362,731
Infrastructure	17,547,350	341,920	-	17,889,270
	<u>83,154,479</u>	<u>2,821,756</u>	<u>(690,230)</u>	<u>85,286,005</u>
Less accumulated depreciation for				
Buildings and improvements	(18,856,482)	(905,499)	255,602	(19,506,379)
Machinery and equipment	(26,540,712)	(2,107,386)	362,448	(28,285,650)
Infrastructure	(5,436,069)	(721,400)	-	(6,157,469)
	<u>(50,833,263)</u>	<u>(3,734,285)</u>	<u>618,050</u>	<u>(53,949,498)</u>
Capital assets being depreciated, net	<u>32,321,216</u>	<u>(912,529)</u>	<u>(72,180)</u>	<u>31,336,507</u>
	<u>\$ 51,057,174</u>	<u>\$ 32,048</u>	<u>\$ (733,094)</u>	<u>\$ 50,356,128</u>

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

	Balance January 1, 2017	Additions	Disposals/ Retirements	Balance December 31, 2017
Capital assets not being depreciated				
Land	\$ 3,708,251	\$ -	\$ -	\$ 3,708,251
Construction in progress	7,115,158	5,454,030	(2,591,550)	9,977,638
	<u>10,823,409</u>	<u>5,454,030</u>	<u>(2,591,550)</u>	<u>13,685,889</u>
Capital assets being depreciated				
Landfill improvements	30,540,654	-	-	30,540,654
Buildings and improvements	53,705,887	1,328,685	-	55,034,572
Machinery and equipment	8,261,710	538,015	-	8,799,725
Infrastructure	42,883,389	1,262,865	-	44,146,254
	<u>135,391,640</u>	<u>3,129,565</u>	<u>-</u>	<u>138,521,205</u>
Less accumulated depreciation for				
Landfill improvements	(28,463,355)	(765,157)	-	(29,228,512)
Buildings and improvements	(27,837,689)	(980,273)	-	(28,817,962)
Machinery and equipment	(3,687,262)	(600,704)	-	(4,287,966)
Infrastructure	(18,580,182)	(1,760,252)	-	(20,340,434)
	<u>(78,568,488)</u>	<u>(4,106,386)</u>	<u>-</u>	<u>(82,674,874)</u>
Capital assets being depreciated, net	<u>56,823,152</u>	<u>(976,821)</u>	<u>-</u>	<u>55,846,331</u>
	<u>\$ 67,646,561</u>	<u>\$ 4,477,209</u>	<u>\$ (2,591,550)</u>	<u>\$ 69,532,220</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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

Depreciation expense was charged to programs as follows:

Primary Government

Governmental activities	
General government support	\$ 458,225
Public safety	1,109,509
Public health	585,154
Transportation	1,085,983
Culture and recreation	400,157
Home and community services	<u>95,257</u>
Total depreciation expense, governmental activities	<u><u>\$ 3,734,285</u></u>

Business-type activities

Environmental Services Department	\$ 909,351
Pure Waters Department	1,303,979
Latham Water Department	<u>1,893,056</u>
Total depreciation expense, business-type activities	<u><u>\$ 4,106,386</u></u>

Note 4 - Interfund Balances and Activity

A summary of interfund receivables and payables is as follows:

	General	Non-Major	Pure Waters	Environmental Services	Total Payable to
General	\$ -	\$ 288,119	\$ 856,450	\$ -	\$ 1,144,569
Highway	537,945	-	-	-	537,945
Special miscellaneous revenue	361,525	-	-	-	361,525
Capital projects	293,997	-	-	-	293,997
Non-major funds	269,283	-	-	-	269,283
Environmental services	4,079,295	-	-	-	4,079,295
Latham Water	1,307,232	-	-	5,066	1,312,298
Agency	<u>3,626,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,626,754</u>
Total payable from	<u><u>\$ 10,476,031</u></u>	<u><u>\$ 288,119</u></u>	<u><u>\$ 856,450</u></u>	<u><u>\$ 5,066</u></u>	<u><u>\$ 11,625,666</u></u>

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

General Fund, transfer in	\$ 2,800,000
Environmental Services Department, transfer out	<u>(2,800,000)</u>
	<u><u>\$ -</u></u>

Interfund receivables and payables result from cash advances made between funds to cover capital expenses and cash flow shortages.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 5 - Indebtedness

General long-term debt of the Town is issued principally as serial bonds, which are due at various times through 2035. The bonds are issued primarily to finance acquisition or construction of capital facilities. These bonds are guaranteed by the full faith and credit of the Town and are being repaid from applicable taxes and user charges. Principal and interest payments are included in the expenditures of the related governmental funds. The Town has utilized 10.9% of its constitutional debt limit as of December 31, 2017.

In June 2017, the Town issued refunding bonds of \$4,550,000 and \$14,420,000 to advance refund, and defeased \$19,425,600 of the outstanding portions of the Town's 2007 (\$1,975,000), 2008 (\$12,700,000) and 2009 (\$4,750,600) public improvement serial bonds. This refunding will produce an estimated future cash flow gain of \$3,637,000, with an estimated present value gain of \$3,010,000. At December 31, 2017, approximately \$17,450,600 of these defeased bonds were outstanding. The assets and liabilities related to these obligations are not reported in the accompanying financial statements.

The 2017 refunding bonds were issued at a premium of \$1,694,157, which will be amortized as an adjustment to interest expense over the life of the new bonds and is reported within bonds payable. \$52,942 of this premium was recognized as a reduction to interest expense during 2017. The difference between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting losses, resulting in deferred outflows of resources of \$1,038,726, which will be amortized as an adjustment to interest expense over the life of the new bonds. \$32,460 was recognized as an increase to interest expense during 2017.

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

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

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

The pension related debt is the amount of the required annual contribution to the New York State Retirement System that has been deferred under Chapter 260. The contributions will be paid over a ten-year period at interest rates ranging from 3% to 5%. (see Note 9).

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

	Balance January 1, 2017	Issuance/ Additions	Payments/ Decreases	Balance December 31, 2017	Due Within One Year
General obligation bonds (Bonds)	\$ 31,338,742	\$ 6,424,000	\$ (9,385,177)	\$ 28,377,565	\$ 2,786,866
Unamortized premium on bonds	-	746,143	(23,317)	722,826	46,634
Subtotal Bonds	31,338,742	7,170,143	(9,408,494)	29,100,391	2,833,500
Revenue anticipation note (RAN)	3,200,000	3,200,000	(3,200,000)	3,200,000	3,200,000
Bond anticipation notes (BANs)	2,916,000	4,941,000	(567,000)	7,290,000	659,000
Installment purchase debts (IPDs)	340,103	426,562	(243,345)	523,320	181,070
Total RAN, BANs, IPDs, and Bonds	37,794,845	15,737,705	(13,418,839)	40,113,711	6,873,570
Judgments and claims	29,227	125,195	(129,927)	24,495	-
Due to other governments	314,313	-	(78,579)	235,734	78,578
Pension related debt (see Note 9)	7,971,854	373,266	(1,047,680)	7,297,440	1,116,136
Net pension liability (see Note 9)	23,909,957	-	(8,699,534)	15,210,423	-
Compensated absences	3,962,187	444,973	(381,286)	4,025,874	-
Postemployment benefits other than pensions (Note 12)	43,454,060	6,880,042	-	50,334,102	-
LOSAP pension liability, defined benefit plan (see Note 11)	2,779,900	-	(213,793)	2,566,107	-
LOSAP pension liability, defined contribution plans (see Note 11)	1,814,199	153,883	-	1,968,082	-
	<u>\$ 122,030,542</u>	<u>\$ 23,715,064</u>	<u>\$ (23,969,638)</u>	<u>\$ 121,775,968</u>	<u>\$ 8,068,284</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 5 - Indebtedness - Continued

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

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2017	Annual Principal Installments
Revenue Anticipation Notes					
1.51%	Oct. 2017	Jan. 2018	\$ 3,200,000	<u>\$ 3,200,000</u>	\$ 3,200,000
Bond Anticipation Notes					
1.442%	March 2017	March 2018 *	7,290,000	<u>7,290,000</u>	7,290,000
Installment Purchase Debts					
2.95%	2013	2020	176,990	80,276	23,135 - 27,540
1.38%	2015	2018	54,111	13,619	13,251 - 13,807
1.28%	2015	2018	24,182	6,083	5,931 - 6,161
1.71%	2016	2019	36,015	18,005	8,776 - 9,234
1.71%	2016	2019	24,112	12,054	5,876 - 6,182
2.91%	2016	2019	133,350	66,648	31,917 - 34,785
3.29%	2017	2020	104,700	77,241	24,918 - 27,459
3.36%	2017	2020	27,206	20,064	6,468 - 7,142
3.36%	2017	2020	138,939	102,464	33,032 - 36,475
4.35%	2017	2022	155,718	<u>126,866</u>	23,217 - 28,852
				<u>523,320</u>	
General Obligation Bonds					
3.0-4.5%	2012	2031	8,190,385	5,070,693	804,200 - 75,000
2.0-3.5%	2014	2021	3,235,000	1,370,000	105,000 - 460,000
2.0-4.0%	2014	2033	6,599,200	5,233,000	85,700 - 457,200
2.25-3.0%	2016	2035	10,880,000	10,295,000	145,000 - 830,000
2.0-5.0%	2017	2033	6,424,000	<u>6,408,871</u>	35,000 - 830,000
				<u>28,377,564</u>	
				<u>\$ 39,390,884</u>	

A summary of the changes in business-type activities' long-term indebtedness for the year ended December 31, 2017, is as follows:

	Balance January 1, 2017	Issuance/ Additions	Payments	Balance December 31, 2017	Due Within One Year
General obligation bonds (Bonds)	\$ 59,118,658	\$ 12,546,000	\$ (16,877,223)	\$ 54,787,435	\$ 4,438,135
Unamortized premium on bonds	-	948,014	(29,625)	918,389	59,251
Subtotal Bonds	<u>59,118,658</u>	<u>13,494,014</u>	<u>(16,906,848)</u>	<u>55,705,824</u>	<u>4,497,386</u>
Bond anticipation notes (BANs)	<u>5,552,000</u>	<u>7,250,000</u>	<u>(326,800)</u>	<u>12,475,200</u>	<u>285,200</u>
Total Bonds and BANs payable	64,670,658	20,744,014	(17,233,648)	68,181,024	4,782,586
Judgments and claims	54,518	30,212	(16,713)	68,017	-
Landfill closure and post-closure costs (see Note 1m)	13,940,458	616,912	(42,917)	14,514,453	-
Pension related debt (see Note 11)	987,402	-	(130,210)	857,192	134,701
Net pension liability	3,021,430	-	(1,296,562)	1,724,868	-
Compensated absences	613,956	87,386	(56,944)	644,398	-
Postemployment benefits other than pensions (Note 12)	<u>7,609,109</u>	<u>1,287,097</u>	<u>-</u>	<u>8,896,206</u>	<u>-</u>
	<u>\$ 90,897,531</u>	<u>\$ 22,765,621</u>	<u>\$ (18,776,994)</u>	<u>\$ 94,886,158</u>	<u>\$ 4,917,287</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 5 - Indebtedness - Continued

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

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2017	Annual Principal Installments
Bond Anticipation Notes					
1.442%	March 2017	March 2018 *	\$ 12,475,200	<u>\$ 12,475,200</u>	\$ 12,475,200
Bonds Payable					
3.41%	1999/2002	2018	2,440,000	\$ 185,000	135,000 - 185,000
3.41%	1999/2002	2027	6,900,000	3,375,000	210,000 - 395,000
4.125%	2003	2025	3,875,300	1,165,000	226,000 - 307,000
1.20%	2004	2025	19,767,387	9,050,000	1,275,000
1.20%	2004	2025	3,307,082	1,460,000	200,000
3.0-5.5%	2012	2030	10,117,200	7,350,000	542,000 - 250,000
3.0-4.5%	2012	2031	4,438,815	3,229,307	804,200 - 75,000
2.0-4.0%	2014	2033	6,162,080	5,352,000	269,080 - 367,600
2.25-3.0%	2016	2035	11,652,000	11,155,000	497,000 - 680,000
2.0-4.0%	2017	2033	2,260,000	4,490,000	60,000 - 475,000
2.0-5.0%	2017	2033	9,555,000	7,976,128	35,000 - 830,000
				<u>54,787,435</u>	
				<u>\$ 67,262,635</u>	

* In March of 2018, the Bond anticipation notes were partially repaid in the amount of the \$944,200, partially redeemed as part of a long-term serial bond issuance for \$15,950,000, which matures at various points from 2019 to 2036, and partially redeemed through the issuance of a bond anticipation note for \$2,871,000, which matures in March 2019. Accordingly, except for the amounts partially repaid, these bond anticipation notes were excluded from the fund financial statements.

Annual debt service requirements to amortize general long-term debt, exclusive of bond and revenue anticipation notes which were partially refinanced or repaid during 2018, are as follows:

Year ending December 31,	Governmental Activities		Business-type Activities	
	Bonds and IPDs		Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 2,967,937	\$ 899,840	\$ 4,438,135	\$ 1,687,112
2019	2,826,735	824,022	4,324,789	1,560,522
2020	2,824,956	737,945	4,421,693	1,420,840
2021	2,456,971	647,569	4,564,479	1,272,526
2022	2,242,424	567,662	4,585,201	1,113,784
2023 through 2027	9,783,609	1,765,629	20,286,391	3,612,994
2028 through 2032	4,880,176	475,895	9,274,822	1,209,453
2033 through 2035	918,077	27,249	2,891,925	106,800
	<u>\$ 28,900,885</u>	<u>\$ 5,945,811</u>	<u>\$ 54,787,435</u>	<u>\$ 11,984,031</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 6 - Deferred Service Concession Arrangement Receipts

The Town has entered into an agreement with Capital Region Landfills, Inc. (Company) under which the Company will manage, maintain, operate, and retain fees from the Town's solid waste facility for a period of twenty-five years. The Company is required to operate and maintain the solid waste facility in accordance with the terms of this solid waste facility operating agreement; this agreement also regulates the rates at which fees may be charged and increased. The Town received from the Company a lump-sum payment of \$23 million and received quarterly payments of \$575,000 for the first five years, September 2011 through September 2016, of the agreement and has and will receive minimum quarterly payments of \$275,000 thereafter for twenty years. The Town used the up-front-payment to establish an escrow fund to provide for the payment of debt service on bonds related to the solid waste facility in the amount of \$12,938,924, and the balance was transferred to the General Fund to assist in deficit fund balance reduction.

Additionally, under 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.

The Town reports the solid waste facility within the Environmental Services Department Fund with capital assets reported at a carrying value of \$5,125,993 and a deferred inflow of resources in the amount of \$3,238,386 at December 31, 2017, pursuant to the service concession arrangement. The Town has reported a receivable for the present value of future quarterly payments. At December 31, 2017, \$1,100,000 is reported as a current receivable and \$15,055,389 as a noncurrent receivable. Both the receivable and deferred inflow of resources will decline as payments are received and revenue is recognized. Revenue is recognized based on consumption of the remaining landfill capacity.

Note 7 - Fund Balance

The specific purposes that comprise the classifications of fund balance at December 31, 2017 are as follows:

	General Fund	Special Misc. Rev. Fund	Highway Fund	Capital Projects Fund	Non-Major Funds	Total
Restricted for						
Police asset forfeiture	\$ 600,372	\$ -	\$ -	\$ -	\$ -	\$ 600,372
DARE program donations	51,386	-	-	-	-	51,386
Length of service awards programs	-	-	-	-	3,405,128	3,405,128
Community development programs	-	-	-	-	80,165	80,165
Total restricted fund balance	651,758	-	-	-	3,485,293	4,137,051
Committed to						
Green space acquisition	241,414	-	-	-	165,651	407,065
Highway infrastructure	-	-	1,349,442	-	-	1,349,442
Judgment and claims	1,014	-	20,335	-	3,146	24,495
Assigned to						
Youth court program	99,470	-	-	-	-	99,470
Capital improvements	-	-	-	-	20,106	20,106
Operations of the fund	-	9,513,368	419,353	-	1,542,861	11,475,582
Unassigned	587,557	-	-	5,432,899	-	6,020,456
Total unrestricted fund balance	929,455	9,513,368	1,789,130	5,432,899	1,731,764	19,396,616
Total fund balance	\$ 1,581,213	\$ 9,513,368	\$ 1,789,130	\$ 5,432,899	\$ 5,217,057	\$ 23,533,667

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

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 2017 is \$5,872,669,560. The effective tax rate on this value is \$3.66 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. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable.

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

The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

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

Tiers 1 and 2

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

Benefits Provided - Continued

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

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

Tiers 3, 4, and 5

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

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

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

Benefits Provided - Continued

Special Plans

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Funding Policy

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

Funding Policy - Continued

Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed in computing the employer's contributions based on salaries paid during the System's fiscal year ending March 31. Each year, the Comptroller renders a billing to participating employers requesting payment of amounts due in advance for the plan year April 1 to March 31. The NYSRSSL allows participating employers to pay their annual contributions on either December 15 of the current year, or February 1 of the following year. The Town elected to pay its contribution billed in 2017 on February 1, 2018.

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

	<u>ERS</u>	<u>PFRS</u>
2017	\$ 4,786,602	\$ 3,597,056
2016	4,833,902	3,585,133
2015	5,692,677	3,510,562

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

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 System's 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 System's 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 System's 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, 2017

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 System's fiscal years when the local employer opts to participate in the programs. The total unpaid liability at the end of the fiscal year was \$8,154,632, of which \$857,192 is reported in the various proprietary funds and \$7,297,440 on the statement of net position for the governmental activities.

For the years ended December 31, 2010 through 2016, the Town opted to amortize the allowable portions of both the annual ERS and PFRS retirement payment over a ten-year period. For the year ended December 31, 2017, the Town opted to amortize only the allowable portion of the annual PFRS retirement payment over a ten-year period. The principal amount amortized was \$7,149,426 for the ERS plan and \$5,571,816 for the PFRS plan. The principal and interest payments began in December 2011 and will end in February 2028, with interest ranging from 3% to 5% per annum.

The maturity schedule for this debt is as follows:

	Principal	Interest	Total
Payable February 1,			
2019	\$ 1,250,837	\$ 269,662	\$ 1,520,499
2020	1,293,308	227,187	1,520,495
2021	1,337,250	183,246	1,520,496
2022	1,323,920	137,780	1,461,700
2023	1,113,065	93,674	1,206,739
2024	885,269	57,639	942,908
2025	546,321	28,338	574,659
2026	266,807	11,584	278,391
2027	95,652	3,637	99,289
2028	42,203	1,199	43,402
	\$ 8,154,632	\$ 1,013,946	\$ 9,168,578

Of the total unpaid principal balance of \$8,154,632 for the above amortizations, \$6,903,795 is included in the statement of net position as a non-current liability, and \$1,250,837 is shown as a current liability as December 31, 2017.

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

At December 31, 2017, the Town reported liabilities of \$9,078,249 and \$7,857,042 for its proportionate share of the net pension liabilities for ERS and PFRS, respectively. The net pension liabilities were measured as of March 31, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town's proportion of the ERS and PFRS was 0.0966159% and 0.3790816%, respectively.

For the year ended December 31, 2017, the Town recognized total pension expense of \$6,083,812 and \$4,823,630 for ERS and PFRS, respectively.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

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

At December 31, 2017, 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	\$ 1,214,976	\$ 2,474,175
Change in assumptions	6,383,018	-
Net difference between projected and actual investment earnings on pension plan investments	2,642,205	-
Employer contributions made subsequent to the measurement date	5,605,652	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	289,103	420,565
Subtotal	16,134,954	2,894,740
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	43,224	261,931
Change in assumptions	589,278	-
Net difference between projected and actual investment earnings on pension plan investments	344,526	-
Employer contributions made subsequent to the measurement date	682,090	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,080	21,480
Subtotal	1,721,198	283,411
Total	\$ 17,856,152	\$ 3,178,151

The amount of deferred outflows and inflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2018.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

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

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
For the year ending December 31,			
2018	\$ 8,532,131	\$ 1,020,358	\$ 9,552,489
2019	2,926,479	338,268	3,264,747
2020	2,711,811	308,457	3,020,268
2021	(1,088,022)	(229,296)	(1,317,318)
2022	157,815	-	157,815
	<u>\$ 13,240,214</u>	<u>\$ 1,437,787</u>	<u>\$ 14,678,001</u>

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with updated procedures used to roll forward the total pension liability to March 31, 2017.

Significant actuarial assumptions used in the April 1, 2016 valuation, which are the same for ERS and PFRS unless noted otherwise, were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5%
Salary Scale	3.8% in ERS, 4.5% in PFRS, indexed by service
Investment rate of return, including inflation	7.0% compounded annually, net of investment expenses
Decrement	Developed from the Plan's August 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

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

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

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

Actuarial Assumptions - Continued

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, 2017 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.50%
	100.00%	

Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental Activities	\$ 45,759,502	\$ 15,210,423	\$ (10,521,551)
Business-Type Activities	5,508,885	1,724,868	(1,474,512)
Total net pension liability (asset)	\$ 51,268,387	\$ 16,935,291	\$ (11,996,063)

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 9 - Retirement Systems - Continued

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the ERS and PFRS as of March 31, 2017, were as follows (dollars in thousands):

	ERS	PFRS	Total
Employer's total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan net position	168,004,363	29,597,830	197,602,193
Employers' net pension liability	\$ 9,396,223	\$ 2,072,653	\$ 11,468,876
Ratio of the plan net pension to the employers' total pension liability	94.7%	93.5%	94.5%

Note 10 - Deferred Compensation Plan

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

The market value of Plan assets held by the related trust at December 31, 2017 totaling \$46,105,028 is not recorded in these financial statements, as they are not an asset of the Town. The Plan issues a publicly available financial report that includes financial statements and any required supplementary information. That report may be obtained by writing to the Town of Colonie Comptroller, 534 Loudon Road, Latham, New York 12110.

Note 11 - Volunteer Firefighter Service Awards Programs

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

Length of Service Awards Programs (LOSAP)

The Town established three separate defined contribution service awards 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 awards 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 Awards Programs for volunteer firefighters and EMS volunteers are referred to as "LOSAP" - Length of Service Awards Programs.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

Defined Contribution Program Description

(a) Participation, Vesting, and Service Credit

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

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to be paid their program account balance after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The Fuller Road and Shaker Road programs' entitlement age is 62, and the Maplewood program's entitlement age is 55. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of Fuller Road, Shaker Road, or Maplewood.

(b) Defined Contribution Benefits

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

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

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, 2017, the Town had defined contribution LOSAP pension expense of \$296,914 on the accrual basis of accounting.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

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 60. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of Latham.

(b) Defined Benefit Benefits

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

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

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

At the December 31, 2016 measurement date, the following participants were covered by the benefit terms.

Inactive participants:

Currently receiving benefit payments	43
Entitled to but not yet receiving benefit payments	18
Active participants	<u>60</u>

121

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

Defined Benefit Program Description - Continued

(c) Funding Methodology and Actuarial Assumptions

The assets available for benefits totaled \$1,628,892, and the actuarial present value of accrued benefits was \$2,008,968 at December 31, 2017, for a funding percentage of 81%, or unfunded benefits of \$380,076. However, the Plan has an unfunded liability for separately amortized costs for the 2010 program amendments in the amount of \$532,623, which will be amortized over the next thirteen years.

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Cost method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments	5.0%
Tables used for:	
Post-Entitlement Age mortality	RP-2014 Male Mortality Table without projection
Pre-Entitlement Age mortality*	RP-2014 Mortality Table without Projection for calculation of Pre-EA Self-insured death benefit only
Pre-Entitlement Age disability*	None
Pre-Entitlement Age withdrawal*	None
Pre-Entitlement Age service credit accruals	100%

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

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.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Award Programs - Continued

Fiduciary Investment and Control - Continued

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 Awards 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 Craig Relyea of Penflex, Inc. Mr. Relyea 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 9, 2018.

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, \$77,970 as of December 31, 2017, are not covered by SIPC, but are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2017.

Contributions

New York State General Municipal Law Section 219(d) requires the Town to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution is 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, 2016, was paid in February 2018, with interest. A summary of the sponsor's required contribution for program year ended December 31, 2017, and scheduled to be paid in February 2018 and 2019, is as follows:

	2019	2018
Fuller Road	\$ 30,088	\$ 19,278
Shaker Road	49,356	54,687
Maplewood	19,706	18,732
Latham	-	167,602
	\$ 99,150	\$ 260,299

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

Assets Held in Trust

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

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

	December 31, 2017		
	Fair Value	Cost	% Total Cost
Cash and cash equivalents	\$ 77,970	\$ 77,970	2.5%
Equities			
United States	722,947	563,683	18.3%
International	574,759	458,010	14.8%
Fixed income securities			
Corporate obligations	1,619	1,492	0.0%
Mutual funds	1,345,486	1,313,698	42.5%
Mixed asset securities			
Mutual funds	675,043	672,601	21.8%
	\$ 3,397,824	\$ 3,087,454	100.0%

As summary of the financial activity of the LOSAP plan for the year ended December 31, 2017 is as follows.

	Fuller Road	Maplewood	Shaker Road	Latham	Total
Additions					
Town contributions	\$ 30,867	\$ 20,491	\$ 51,922	\$ 202,054	\$ 305,334
Interest and earnings	19,547	6,266	31,695	53,980	111,488
Net increase in the fair value of investments	46,456	14,930	75,362	129,205	265,953
Investment fees	(3,436)	(1,135)	(5,581)	(9,530)	(19,682)
	93,434	40,552	153,398	375,709	663,093
Deductions					
Benefits	26,987	39,461	54,180	156,694	277,322
Administrative fees	4,187	3,606	5,139	6,682	19,614
	31,174	43,067	59,319	163,376	296,936
Change in net assets held in trust	62,260	(2,515)	94,079	212,333	366,157
Net assets held in trust, <i>beginning of year</i>	591,053	233,029	990,177	1,584,161	3,398,420
Net assets held in trust, <i>end of year</i>	\$ 653,313	\$ 230,514	\$ 1,084,256	\$ 1,796,494	\$ 3,764,577

The net assets above include a receivable for the contribution to the benefit trust.

The LOSAP pension liability for the defined contribution plans equal the net assets held in trust at December 31, 2017 of \$1,968,083.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

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

At December 31, 2017, the Town's LOSAP pension liability was \$2,566,107. The LOSAP pension liability was measured and was determined by an actuarial valuation as of as of December 31, 2016.

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

Service cost	\$	73,478
Interest		88,318
Differences between expected and actual experience in the measurement		8,087
Changes of assumptions or other inputs		(196,797)
Benefit payments		<u>(186,879)</u>
Net change in LOSAP pension liability		(213,793)
LOSAP pension liability, <i>beginning of year</i>		<u>2,779,900</u>
LOSAP pension liability, <i>end of year</i>	\$	<u><u>2,566,107</u></u>

For the year ended December 31, 2017, the Town had defined benefit LOSAP pension expense of \$142,406 on the accrual basis of accounting.

At December 31, 2017, 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	\$ 6,963	\$ -
Change in assumptions	-	169,464
Benefit payments and administrative expenses made subsequent to the measurement date	<u>163,376</u>	<u>-</u>
Total	<u><u>\$ 170,339</u></u>	<u><u>\$ 169,464</u></u>

The amount of deferred outflows of resources resulting from benefit payments and administrative expenses made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2018.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

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

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,

2018	\$ (26,210)
2019	(26,210)
2020	(26,210)
2021	(26,210)
2022	(26,210)
Thereafter	<u>(31,451)</u>
	<u>\$ (162,501)</u>

Actuarial Assumptions

The LOSAP pension liability at December 31, 2017 was determined by using an actuarial valuation as of December 31, 2016. Significant actuarial assumptions used in the December 31, 2016 valuation, were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.25%
Salary Scale	None assumed
Investment rate of return	3.71%, net of investment expenses
Mortality	RP-2014 Male Mortality Table, without projection for mortality improvement

Discount Rate

The discount rate used to calculate the LOSAP pension liability was 3.71%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 11 - Volunteer Firefighter Service Awards Programs - Continued

Sensitivity of the LOSAP Pension Liability to the Discount Rate Assumption

The following presents the Town's LOSAP pension liability, as of the December 31, 2016 measurement date, calculated using the discount rate of 3.71%, as well as what the Town's LOSAP pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate:

	1% Decrease (2.71%)	Current Assumption (3.71%)	1% Increase (4.71%)
LOSAP pension liability	<u>\$ 2,973,630</u>	<u>\$ 2,566,107</u>	<u>\$ 2,236,427</u>

Note 12 - Postemployment Benefits Other Than Pensions

Plan Description - 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.

Funding Policy - Contribution requirements also are negotiated between the Town and union representatives. The Town contributes a percent of the cost of current-year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2017, the Town contributed \$3,218,426 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$923,792 for the year ended December 31, 2017.

Annual OPEB Cost and Net OPEB Obligation - The Town's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation to the Plan:

Annual required contribution	\$ 13,881,990
Interest on net OPEB obligation	1,787,211
Adjustments to annual required contribution	<u>(4,283,636)</u>
Annual OPEB cost	11,385,565
Contributions made	(3,218,426)
Net OPEB obligation, <i>beginning of year</i>	<u>51,063,169</u>
Net OPEB obligation, <i>end of year</i>	<u>\$ 59,230,308</u>

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 12 - Postemployment Benefits Other Than Pensions - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and two previous years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	\$ 11,385,565	28.30%	\$ 59,230,308
12/31/2016	10,805,230	27.90%	51,063,169
12/31/2015	10,336,242	26.90%	43,268,519

Funded Status and Funding Progress - As of December 31, 2017, the actuarial accrued liability for benefits was \$108,835,950, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$35,122,719, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 310%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Rates of decrement due to retirement based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.

Marital Status - It is assumed that 70% of retirees will be married at the time of retirement, with the male spouse assumed to be approximately three years older than the female.

Mortality - Life expectancies were based on RPH-2014 Mortality Table for Health Annuitants, sex distinct, with generational mortality.

Turnover - Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 12 - Postemployment Benefits Other Than Pensions - Continued

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of medical blended trend rates. A rate of 8.5% initially, reduced to an ultimate rate of 4% after ten years, was used.

Health Insurance Premiums - 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of 3.5% was used. In addition, a projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2017 is 15 years.

Note 13 - 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 \$1,227,177 at December 31, 2017 and are included in other liabilities within the Workers' Compensation Internal Service Fund.

Workers' compensation liabilities per fund for 2017 were:

	Balance January 1, 2017	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2017
General Fund	\$ 1,049,999	\$ 82,874	\$ (393,672)	\$ 739,201
Highway Fund	552,504	60,812	(373,727)	239,589
Non-major Funds	4,218	(5,713)	1,495	-
Environmental Services Department	184,219	-	(41,754)	142,465
Pure Waters Department	203,735	(52,824)	(140,868)	10,043
Latham Water Department	451,947	146,572	(502,640)	95,879
Total	<u>\$ 2,446,622</u>	<u>\$ 231,721</u>	<u>\$ (1,451,166)</u>	<u>\$ 1,227,177</u>

Note 14 - 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, 2017 that is related to retention of low income senior housing. The taxes abated during 2017 amounted to \$81,641.

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, 2017, there is only one active tax abatement agreement through the IDA, which is a property tax abatement for a senior citizen housing community. The taxes abated during 2017 amounted to \$77,757.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 15 - Commitments and Contingencies

a. Grant Programs

The Town participates in several 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.

b. Construction Commitments

The Town has active construction and infrastructure improvement projects as of December 31, 2017. These projects include various sewer pump station and water plant, pump station, and storage improvement projects. At year-end, the Town's commitments with contractors are as follows:

Project	Total Commitment	Remaining Commitment
Capital Projects		
Town pool filtration system improvements	\$ 340,193	\$ 13,998
Pure Waters Department		
Lishakill Pump Station improvements	3,243,834	145,206
Wolf Road Pump Station improvements	1,540,300	323,976
Mohawk View Treatment Plant improvements	1,145,547	721,441
Latham Water Department		
River Road Highlift Pump Station improvements	842,774	101,621
Osborne Round Tank and Standpipe improvements	1,972,600	14,000
Newtonville Tank improvements	753,090	369,000
Stony Creek Reservoir dam rehabilitation	368,141	22,866
Mohawk View Treatment Plant wetland remediation	451,413	100,803
	<u>\$ 10,657,892</u>	<u>\$ 1,812,911</u>

c. Litigation

Various suits and claims against the Town are presently pending involving claims for personal injury, tax appeals, and miscellaneous other cases. The Town is self-insured for up to \$1,000,000 for general liability claims. The Town purchases commercial insurance for claims in excess of the self-insured amount. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Of the pending or threatened litigation as of December 31, 2017, certain cases are covered by insurance: the remainder is self-insured for which the Town has designated a portion of the fund balance of the General, Highway, other non-major governmental, and a judgment and claims liability has been recognized. In the opinion of the Town attorney, after considering all relevant facts, including discussions with outside counsel in certain instances, such litigation will not in the aggregate have a material adverse effect on the financial position, results of operations, or cash flows of the Town. The Town estimates the cost of these matters and records a liability for claims if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. At December 31, 2017, the Town recorded a reserve for judgments and claims of \$24,495 in the Governmental Funds and \$68,017 in the Proprietary Funds.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 15 - Commitments and Contingencies - Continued

c. Litigation - Continued

Changes in the Town's claim liability amount during 2017 were:

Fund	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
General Fund	\$ 20,846	\$ 55,093	\$ (74,925)	\$ 1,014
Highway	5,288	15,048	-	20,336
Other non-major	3,093	55,054	(55,002)	3,145
Pure Water	24,912	15,102	(9,213)	30,801
Latham Water	29,606	15,110	(7,500)	37,216
Total	<u>\$ 83,745</u>	<u>\$ 155,407</u>	<u>\$ (146,640)</u>	<u>\$ 92,512</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.

The Latham Water Department has an active wetland remediation project ongoing related to mercury contamination at the Mohawk View Water Treatment Plant. The total estimated cost of the project, including remediation and ongoing monitoring, is estimated to be approximately \$400,000, of which \$351,000 was incurred during 2015, \$15,000 was incurred during 2016, and approximately \$2,500 was incurred in 2017. The balance is included in accrued expenses on the Latham Water Department's statement of net position. Annual wetland review and reporting is required through December 31, 2018.

Note 16 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits ("OPEB") plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 16 - Accounting Standards Issued But Not Yet Implemented- Continued

GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statement No. 67, No. 68 and No. 73* (GASB 82). GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement 83, Certain Asset Retirement Obligations (GASB 83). GASB 83 requires a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets to recognize a liability and a corresponding deferred outflow of resources. Statement 83 is effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017* (GASB 85). The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans

The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 16 - Accounting Standards Issued But Not Yet Implemented- Continued

GASB Statement No. 86, *Certain Debt Extinguishments* (GASB 86). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases* (GASB 87). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB 88). This statement improves the information that is disclosed in notes to financial statements related to debt. Additionally, it clarifies which liabilities should be included when disclosing information related to debt and defines debt for disclosure purposes. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89). This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests* (GASB 90). This statement clarifies the accounting and financial reporting requirements for a majority equity interest in an organization that remains legally separate after acquisition. Under GASB 90, a government entity should report its majority equity interest in a legally separate organization as an investment if that equity interest meets the GASB's definition of an investment. In many instances, a majority equity interest that meets the definition of an investment should be measured using the equity method. GASB 90 also establishes guidance for remeasuring assets and liabilities of wholly acquired governmental organizations that remain legally separate. That guidance brings the reporting of those acquisitions in line now with existing standards that apply to acquisitions that do not remain legally separate. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Town of Colonie, New York

Notes to Financial Statements December 31, 2017

Note 16 - Accounting Standards Issued But Not Yet Implemented- Continued

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

Note 17 - Subsequent Events

- a. The Town fully repaid the revenue anticipation notes outstanding at December 31, 2017, including \$15,456 of accrued interest, when they matured in January 2018.
- b. Bond anticipation note 2017 was issued on March 15, 2018 in the amount of \$12,558,000, matures in March 2019 and bears interest at an effective rate of 1.65%. It was issued to refinance \$2,871,200 of existing bond anticipation notes Series 2017 and provide financing for the purchase of capital equipment and construction/improvement of capital facilities in the amount of \$9,687,000.
- c. Public Improvement Serial Bond 2018 was issued on March 15, 2018 in the amount of \$18,150,000, which will mature annually on March 15, 2019 through 2036 and bears interest at an effective rate of 2.97%. It was issued to refinance \$15,950,000 of existing bond anticipation note Series 2017 and provide financing for construction/improvement of capital facilities in the amount of \$2,200,000.

Town of Colonie, New York

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

	Year Ended December 31, 2017					
	2017 Adopted Budget	2017 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2017 Actual	Variance With Actual vs. Modified Positive (Negative)	2018 Adopted Budget
REVENUES						
Real property taxes and tax items	\$ 19,168,608	\$ 19,168,608	\$ -	\$ 19,190,792	\$ 22,184	\$ 19,845,180
Sales and use tax	10,943,240	11,368,240	425,000	11,692,117	323,877	10,839,851
Departmental income	6,578,220	6,593,220	15,000	6,637,093	43,873	6,908,938
Intergovernmental charges	222,000	222,000	-	157,482	(64,518)	227,000
Interest and use of property	1,409,608	1,409,608	-	1,574,395	164,787	1,526,200
Licenses and permits	72,600	72,600	-	68,514	(4,086)	69,500
Fines and forfeitures	1,150,000	1,150,000	-	849,241	(300,759)	1,100,000
Sale of property and compensation for loss	35,750	35,750	-	62,807	27,057	42,750
Miscellaneous	33,365	33,365	-	38,913	5,548	33,429
Interfund revenues	3,188,000	3,188,000	-	2,377,156	(810,844)	3,188,000
State aid	2,813,800	2,813,800	-	2,908,577	94,777	2,813,800
Federal aid	-	-	-	193,176	193,176	-
Interfund transfers	3,100,000	3,100,000	-	2,800,000	(300,000)	2,950,000
Total revenues	<u>48,715,191</u>	<u>49,155,191</u>	<u>440,000</u>	<u>48,550,263</u>	<u>(604,928)</u>	<u>49,544,648</u>
EXPENDITURES						
General government support	7,693,216	7,693,216	-	7,398,966	294,250	7,765,575
Public safety	15,444,700	15,279,700	(165,000)	15,237,566	42,134	15,379,977
Health	4,121,894	4,136,894	15,000	4,136,003	891	4,249,319
Transportation	666,753	666,753	-	557,825	108,928	567,301
Economic assistance and opportunity	2,000	2,000	-	333	1,667	2,000
Culture and recreation	4,146,626	4,146,626	-	3,852,140	294,486	4,165,934
Home and community services	142,042	142,042	-	135,317	6,725	138,742
Employee benefits	14,369,500	14,794,500	425,000	14,790,213	4,287	15,162,400
Debt service	2,128,460	2,293,460	165,000	2,293,247	213	2,113,400
Total expenditures	<u>48,715,191</u>	<u>49,155,191</u>	<u>440,000</u>	<u>48,401,610</u>	<u>753,581</u>	<u>49,544,648</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 148,653</u></u>	<u><u>\$ 148,653</u></u>	<u><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, 2017					
	2017 Adopted Budget	2017 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2017 Actual	Variance With Actual vs. Modified Positive (Negative)	2018 Adopted Budget
REVENUES						
Sales and use tax	\$ 9,585,579	\$ 9,585,579	\$ -	\$ 9,585,579	\$ -	\$ 9,762,738
Departmental income	5,000	355,000	350,000	355,513	513	5,000
Intergovernmental charges	4,000	4,000	-	11,363	7,363	4,208
Interest and use of property	1,000	1,000	-	13,462	12,462	11,000
Licenses and permits	4,000	4,000	-	3,400	(600)	4,000
Sale of property and compensation for loss	45,000	45,000	-	34,526	(10,474)	47,500
Miscellaneous	11,892	11,892	-	4,992	(6,900)	5,000
State aid	563,100	563,100	-	609,395	46,295	563,100
Federal aid	-	259,000	259,000	259,931	931	-
Total revenues	<u>10,219,571</u>	<u>10,828,571</u>	<u>609,000</u>	<u>10,878,161</u>	<u>49,590</u>	<u>10,402,546</u>
EXPENDITURES						
Transportation	5,609,560	6,123,560	514,000	6,012,801	110,759	5,746,356
Employee benefits	2,301,800	2,396,800	95,000	2,395,063	1,737	2,345,250
Debt service	2,308,211	2,308,211	-	2,304,536	3,675	2,310,940
Total expenditures	<u>10,219,571</u>	<u>10,828,571</u>	<u>609,000</u>	<u>10,712,400</u>	<u>116,171</u>	<u>10,402,546</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 165,761</u></u>	<u><u>\$ 165,761</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

Town of Colonie, New York

Required Supplementary Information - Other Postemployment Benefits - Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a)/c)</u>
12/31/17	<u>\$ -</u>	<u>\$ 108,835,950</u>	<u>\$ 108,835,950</u>	<u>0.00%</u>	<u>\$ 35,122,719</u>	<u>310%</u>
12/31/15	<u>\$ -</u>	<u>\$ 93,211,013</u>	<u>\$ 93,211,013</u>	<u>0.00%</u>	<u>\$ 34,804,599</u>	<u>268%</u>
12/31/13	<u>\$ -</u>	<u>\$ 57,578,521</u>	<u>\$ 57,578,521</u>	<u>0.00%</u>	<u>\$ 33,835,815</u>	<u>170%</u>
12/31/11	<u>\$ -</u>	<u>\$ 60,936,469</u>	<u>\$ 60,936,469</u>	<u>0.00%</u>	<u>\$ 34,657,021</u>	<u>176%</u>
12/31/09	<u>\$ -</u>	<u>\$ 46,244,157</u>	<u>\$ 46,244,157</u>	<u>0.00%</u>	<u>\$ 34,783,377</u>	<u>133%</u>

Town of Colonie, New York

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
New York State and Local Employees' Retirement System			
Town's proportion of the net pension liability	0.0966159%	0.0990777%	0.0997614%
Town's proportionate share of the net pension liability	\$ 9,078,249	\$ 15,902,253	\$ 3,370,185
Town's covered-employee payroll	\$ 25,536,062	\$ 25,446,349	\$ 26,548,015
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.55%	62.49%	12.69%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%
New York State and Local Police and Fire Retirement System			
Town's proportion of the net pension liability	0.3790816%	0.3725068%	0.3797182%
Town's proportionate share of the net pension liability	\$ 7,857,042	\$ 11,029,134	\$ 1,045,211
Town's covered-employee payroll	\$ 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	72.78%	105.44%	9.59%
Plan fiduciary net position as a percentage of the total pension liability	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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
New York State and Local Employees' Retirement System										
Contractually required contribution	\$4,786,602	\$4,833,902	\$5,692,677	\$5,851,485	\$5,754,801	\$5,128,227	\$4,934,048	\$3,026,457	\$2,210,160	\$2,223,241
Contributions in relation to the contractually required contribution	4,786,602	4,833,902	5,692,677	5,851,485	5,754,801	5,128,227	4,934,048	3,026,457	2,210,160	2,223,241
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	25,536,062	25,446,349	26,548,015	24,847,159	24,829,042	25,408,353	26,990,499	27,527,758	26,414,837	26,908,752
Contribution as a percentage of covered-employee payroll	18.7%	19.0%	21.4%	23.5%	23.2%	20.2%	18.3%	11.0%	8.4%	8.3%
New York State and Local Police and Fire Retirement System										
Contractually required contribution	\$3,597,056	\$3,585,133	\$3,510,652	\$3,913,624	\$3,835,842	\$3,385,540	\$3,027,083	\$2,471,081	\$2,109,293	\$2,450,209
Contributions in relation to the contractually required contribution	3,597,056	3,585,133	3,510,652	3,913,624	3,835,842	3,385,540	3,027,083	2,471,081	2,109,293	2,450,209
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	10,795,982	10,460,438	10,901,149	10,161,966	10,034,899	9,433,133	9,639,197	9,510,819	9,264,178	8,882,929
Contribution as a percentage of covered-employee payroll	33.3%	34.3%	32.2%	38.5%	38.2%	35.9%	31.4%	26.0%	22.8%	27.6%

See Independent Auditor's Report.

Town of Colonie, New York

Required Supplementary Information - Schedule of Changes in LOSAP Pension Liability

	2017
Length of Service Award Program pension liability	
Service cost	\$ 73,478
Interest on the LOSAP pension liability	88,318
Differences between expected and actual experience in the measurement of the LOSAP pension liability	8,087
Changes of assumptions or other inputs	(196,797)
Benefit payments	(186,879)
Net change in LOSAP pension liability	(213,793)
LOSAP pension liability, <i>beginning of year</i>	2,779,900
LOSAP pension liability, <i>end of year</i>	\$ 2,566,107
Town's covered-employee payroll	Not Applicable
Town's LOSAP pension liability as a percentage of its covered-employee payroll	Not Applicable

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

Changes in assumptions and other inputs - The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was 3.71% and 3.20% as of December 31, 2017 and 2016, respectively.

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

Town of Colonie, New York

Supplementary Information - Non-major Governmental Funds

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

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

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

Town of Colonie, New York

Supplementary Information - Combining Balance Sheet Non-major Governmental Funds

December 31, 2017

	Nonmajor Funds						Total Non-Major Governmental Funds	
	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District		Water District
ASSETS								
Cash and cash equivalents	\$ 161,865	\$ 950,719	\$ 154,927	\$ 42,067	\$ -	\$ 14,514	\$ 9,614	\$ 1,333,706
Cash and cash equivalents, restricted	168,670	160,000	21,126	-	77,970	-	-	427,766
Investments, restricted	-	-	-	-	3,319,854	-	-	3,319,854
State and Federal aid receivables	-	68,466	4,509	-	-	-	-	72,975
Due from other governments	791,579	-	-	-	-	-	-	791,579
Other accounts receivable, net	49,553	19,124	-	-	-	-	-	68,677
Due from other funds	-	-	288,119	-	-	-	-	288,119
Other assets	-	-	-	-	8,564	-	-	8,564
Total assets	<u>\$ 1,171,667</u>	<u>\$ 1,198,309</u>	<u>\$ 468,681</u>	<u>\$ 42,067</u>	<u>\$ 3,406,388</u>	<u>\$ 14,514</u>	<u>\$ 9,614</u>	<u>\$ 6,311,240</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ 9,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,704
Accrued liabilities	71,407	-	27,547	-	1,260	-	-	100,214
Other liabilities	13,880	79,834	-	-	-	-	-	93,714
Due to other governments	287,196	-	179,498	-	-	-	-	466,694
Due to other funds	265,290	1,285	-	-	-	2,708	-	269,283
Unearned revenue	110,564	-	24,952	-	-	-	-	135,516
Total liabilities	<u>748,337</u>	<u>90,823</u>	<u>231,997</u>	<u>-</u>	<u>1,260</u>	<u>2,708</u>	<u>-</u>	<u>1,075,125</u>
DEFERRED INFLOWS OF RESOURCES								
Revenue earned but unavailable	-	19,058	-	-	-	-	-	19,058
FUND BALANCE								
Restricted	-	80,165	-	-	3,405,128	-	-	3,485,293
Committed, assigned, and unassigned	423,330	1,008,263	236,684	42,067	-	11,806	9,614	1,731,764
Total fund balance	<u>423,330</u>	<u>1,088,428</u>	<u>236,684</u>	<u>42,067</u>	<u>3,405,128</u>	<u>11,806</u>	<u>9,614</u>	<u>5,217,057</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,171,667</u>	<u>\$ 1,198,309</u>	<u>\$ 468,681</u>	<u>\$ 42,067</u>	<u>\$ 3,406,388</u>	<u>\$ 14,514</u>	<u>\$ 9,614</u>	<u>\$ 6,311,240</u>

See Independent Auditor's Report.

Town of Colonie, New York

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

Year Ended December 31, 2017

Nonmajor Funds

	General, Outside Village	Community Development Special Grant	Library	Drainage District	Fire Protection District	Refuse and Garbage District	Water District	Debt Service	Total Non-Major Governmental Funds
REVENUES									
Real property taxes and tax items	\$ -	\$ -	\$ 2,659,085	\$ -	\$ 4,240,251	\$ 33,600	\$ 14,000	\$ -	\$ 6,946,936
Sales and use tax	2,686,048	-	-	-	-	-	-	-	2,686,048
Departmental income	337,055	94,582	40,225	-	-	-	-	-	471,862
Investment income and use of property	1,036	3,854	2,846	-	377,441	-	-	-	385,177
Licenses and permits	1,058,866	-	-	-	-	-	-	-	1,058,866
Miscellaneous	3,562	-	47,788	-	-	-	-	-	51,350
State aid	561,654	-	23,679	-	-	-	-	-	585,333
Federal aid	-	3,050,631	-	-	-	-	-	-	3,050,631
Total revenues	<u>4,648,221</u>	<u>3,149,067</u>	<u>2,773,623</u>	<u>-</u>	<u>4,617,692</u>	<u>33,600</u>	<u>14,000</u>	<u>-</u>	<u>15,236,203</u>
EXPENDITURES									
General government support	263,819	-	-	-	-	-	-	-	263,819
Public safety	1,317,579	-	-	-	3,962,000	-	-	-	5,279,579
Health	4,399	-	-	-	-	-	-	-	4,399
Transportation	798,925	-	-	-	-	-	-	-	798,925
Culture and recreation	-	-	1,960,501	-	-	-	-	-	1,960,501
Home and community services	972,303	3,037,175	-	-	-	32,500	14,576	-	4,056,554
Employee benefits	1,274,475	31,521	718,786	-	277,322	-	-	-	2,302,104
Debt service, principal	-	-	50,100	3,000	-	-	-	-	53,100
Debt service, interest	-	-	6,282	-	-	-	-	-	6,282
Total expenditures	<u>4,631,500</u>	<u>3,068,696</u>	<u>2,735,669</u>	<u>3,000</u>	<u>4,239,322</u>	<u>32,500</u>	<u>14,576</u>	<u>-</u>	<u>14,725,263</u>
OTHER FINANCING SOURCES (USES)									
Proceeds from issuance of serial bonds	-	-	-	-	-	-	-	6,424,000	6,424,000
Premium on issuance of debt	-	-	-	-	-	-	-	746,143	746,143
Payment to escrow agent	-	-	-	-	-	-	-	(7,170,143)	(7,170,143)
Sale of property and compensation for loss	-	-	22,274	-	-	-	-	-	22,274
Total other financing sources	<u>-</u>	<u>-</u>	<u>22,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,274</u>
NET CHANGE IN FUND BALANCE	<u>16,721</u>	<u>80,371</u>	<u>60,228</u>	<u>(3,000)</u>	<u>378,370</u>	<u>1,100</u>	<u>(576)</u>	<u>-</u>	<u>533,214</u>
FUND BALANCE, beginning of year, as originally reported	406,609	1,008,057	176,456	45,067	-	10,706	10,190	-	1,657,085
Effect of adoption of GASB 73	-	-	-	-	3,026,758	-	-	-	3,026,758
FUND BALANCE, beginning of year, as restated	<u>406,609</u>	<u>1,008,057</u>	<u>176,456</u>	<u>45,067</u>	<u>3,026,758</u>	<u>10,706</u>	<u>10,190</u>	<u>-</u>	<u>4,683,843</u>
FUND BALANCE, end of year	<u>\$ 423,330</u>	<u>\$ 1,088,428</u>	<u>\$ 236,684</u>	<u>\$ 42,067</u>	<u>\$ 3,405,128</u>	<u>\$ 11,806</u>	<u>\$ 9,614</u>	<u>\$ -</u>	<u>\$ 5,217,057</u>

See Independent Auditor's Report.