

TOWN OF FORESTBURGH, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2015

TOWN OF FORESTBURGH, NEW YORK

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Supervisor and Board Members of
The Town of Forestburgh
Forestburgh, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Forestburgh, New York, as of and for the year ended December 31, 2015, which collectively comprise the Town's basic financial statements, and the related notes to the 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 an opinion 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 of 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 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on the Governmental Activities

The statement of net position does not include the Town's fixed assets and accumulated depreciation and the statement of activities does not include depreciation expense. Accounting principles generally accepted in the United States of America require that fixed assets, accumulated depreciation and depreciation expense be calculated and disclosed in accordance with Government Accounting Standards Board Statement No. 34. The amount by which this departure would affect the statement of net position and statement of activities has not been determined.

The statement of net position does not include a liability for the Town's post-employment health insurance benefits and the statement of activities does not include an expense related to post-employment health insurance benefits earned and expensed for the year ended December 31, 2015. Accounting principles generally accepted in the United States of America require that the liability for post-employment health insurance benefits be calculated and disclosed in accordance with Government Accounting Standards Board Statement No. 45. The amount by which this departure would affect the statement of net position and statement of activities has not been determined.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of not capitalizing and depreciating fixed assets and not reporting the Town's post-employment health insurance benefits as described in the Basis for Qualified Opinion paragraph, the financial statements of the governmental activities present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Forestburgh, New York, as of December 31, 2015, and its changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Forestburgh, New York, as of December 31, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other required supplementary information on pages 33 through 36 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

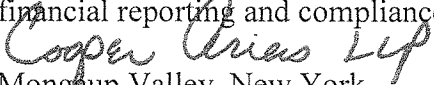
Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Forestburgh, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 March 17, 2016 on our consideration of the Town of Forestburgh, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 of Forestburgh, New York's internal control over financial reporting and compliance.


Mongaup Valley, New York
March 17, 2016

TOWN OF FORESTBURGH, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS	
Current Assets:	
Cash	\$ 579,639
Cash - Restricted	36,922
Accounts Receivable	7,280
Due From Fiduciary Funds	13,747
Due From Other Governments	8,726
Prepaid Expenses	<u>7,314</u>
Total Current Assets	<u>653,628</u>
TOTAL ASSETS	<u>653,628</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>113,640</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>113,640</u>
LIABILITIES	
Accounts Payable	13,505
Due To Other Governments	3,850
Due To ERS	96,491
Unearned Revenues	2,825
Non-Current Liabilities:	
Due Within One Year	26,000
Due Beyond One Year	179,583
Net Pension Liability	<u>52,788</u>
TOTAL LIABILITIES	<u>375,042</u>
NET POSITION	
Restricted	36,922
Unrestricted	<u>355,304</u>
TOTAL NET POSITION	<u>\$ 392,226</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	<u>I PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
FUNCTIONS/PROGRAMS:				
General Government Support	\$ 340,515	\$ 2,717	\$ 500	\$ (337,298)
Public Safety	36,616	6,885	-	(29,731)
Health	1,326	-	-	(1,326)
Transportation	999,613	120,901	86,406	(792,306)
Economic Assistance And Opportunity	1,264	-	-	(1,264)
Culture And Recreation	53,077	40	3,541	(49,496)
Home And Community Services	14,279	800	-	(13,479)
Debt Service	<u>52</u>	<u>-</u>	<u>-</u>	<u>(52)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>1,446,742</u>	<u>131,343</u>	<u>90,447</u>	<u>(1,224,952)</u>
GENERAL REVENUES				
Real Property Taxes				1,144,604
Other Tax Items				15,762
Non-Property Tax Items				6,400
Investment Earnings				508
Sale Of Property And Compensation For Loss				1,447
Miscellaneous Local Sources				25,060
State Aid				<u>160,269</u>
TOTAL GENERAL REVENUES				<u>1,354,050</u>
CHANGE IN NET POSITION				129,098
TOTAL NET POSITION – Beginning Of Year				<u>263,128</u>
TOTAL NET POSITION – End Of Year				<u>\$ 392,226</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>I NON-MAJOR I</u>				
	<u>GENERAL</u> <u>FUND</u>	<u>HIGHWAY</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECT</u> <u>FUND</u>	<u>FIRE</u> <u>DISTRICT</u>	<u>TOTAL</u>
ASSETS					
Cash	\$ 322,973	\$ 256,666	\$ -	\$ -	\$ 579,639
Cash - Restricted	1,922	35,000	-	-	36,922
Accounts Receivable	7,280	-	-	-	7,280
Due From Other Governments	7,278	1,448	-	-	8,726
Due From Other Funds	141,621	-	120,800	-	262,421
Prepaid Expenses	<u>7,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,314</u>
TOTAL ASSETS	<u>\$ 488,388</u>	<u>\$ 293,114</u>	<u>\$ 120,800</u>	<u>\$ -</u>	<u>\$ 902,302</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

I NON-MAJOR I

	<u>GENERAL FUND</u>	<u>HIGHWAY FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>FIRE DISTRICT</u>	<u>TOTAL</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 5,265	\$ 8,240	\$ -	\$ -	\$ 13,505
Due To Other Funds	120,800	127,874	-	-	248,674
Due To Other Governments	3,850	-	-	-	3,850
Due To ERS	34,100	62,391	-	-	96,491
Unearned Revenues	<u>2,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,825</u>
TOTAL LIABILITIES	<u>166,840</u>	<u>198,505</u>	<u>-</u>	<u>-</u>	<u>365,345</u>
FUND BALANCE					
Nonspendable:					
Prepaid Items	7,314	-	-	-	7,314
Restricted:					
Capital	1,922	-	-	-	1,922
Tax Stabilization	-	35,000	-	-	35,000
Assigned:					
Appropriated	110,000	100,000	-	-	210,000
Unappropriated	-	-	120,800	-	120,800
Unassigned	<u>202,312</u>	<u>(40,391)</u>	<u>-</u>	<u>-</u>	<u>161,821</u>
TOTAL FUND BALANCE	<u>321,548</u>	<u>94,609</u>	<u>120,800</u>	<u>-</u>	<u>536,957</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 488,388</u>	<u>\$ 293,114</u>	<u>\$ 120,800</u>	<u>\$ -</u>	<u>\$ 902,302</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET WITH THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Fund Balance – Governmental Funds		\$ 536,957
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Amounts reported for governmental activities in the statement of net position are different because:

Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.

Deferred Outflows of Resources	113,640	
Net Pension Liability	<u>(52,788)</u>	60,852

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Serial Bonds	(130,000)	
Compensated Absences	(7,059)	
Judgments and Claims	<u>(68,524)</u>	<u>(205,583)</u>

Net Position of Governmental Activities		<u>\$ 392,226</u>
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SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

I NON-MAJOR I

	GENERAL FUND	HIGHWAY FUND	CAPITAL PROJECTS FUND	FIRE DISTRICT	TOTAL
REVENUES					
Real Property Taxes	\$ 356,808	\$ 782,796	\$ -	\$ 5,000	\$ 1,144,604
Real Property Tax Items	15,762	-	-	-	15,762
Non-Property Tax Items	6,400	-	-	-	6,400
Departmental Income	2,168	-	-	-	2,168
Intergovernmental Charges	-	120,901	-	-	120,901
Use Of Money And Property	357	151	-	-	508
Licenses And Permits	6,550	-	-	-	6,550
Fines And Forfeitures	1,724	-	-	-	1,724
Sale Of Property And Compensation For Loss	-	1,447	-	-	1,447
Miscellaneous Local Sources	29,101	-	-	-	29,101
State Aid	160,269	86,406	-	-	246,675
TOTAL REVENUES	579,139	991,701	-	5,000	1,575,840
EXPENDITURES					
General Government Support	263,361	-	-	-	263,361
Public Safety	23,333	-	-	5,000	28,333
Health	950	-	-	-	950
Transportation	88,943	688,764	-	-	777,707
Economic Assistance And Opportunity	1,264	-	-	-	1,264
Culture And Recreation	42,962	-	-	-	42,962
Home And Community Services	10,908	-	-	-	10,908
Employee Benefits	146,480	254,218	-	-	400,698
Debt Service:					
Principal	-	25,000	-	-	25,000
Interest	-	625	-	-	625
Capital Outlay	-	-	9,200	-	9,200
TOTAL EXPENDITURES	578,201	968,607	9,200	5,000	1,561,008

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

(Continued)	<u>I NON-MAJOR I</u>				
	<u>GENERAL FUND</u>	<u>HIGHWAY FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>FIRE DISTRICT</u>	<u>TOTAL</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 938	\$ 23,094	\$ (9,200)	\$ -	\$ 14,832
OTHER FINANCING SOURCES Proceeds of Long Term Debt	-	-	130,000	-	130,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	938	23,094	120,800	-	144,832
FUND BALANCE - Beginning Of Year	320,610	71,515	-	-	392,125
FUND BALANCE - End Of Year	<u>\$ 321,548</u>	<u>\$ 94,609</u>	<u>\$ 120,800</u>	<u>\$ -</u>	<u>\$ 536,957</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Total Net Change in Fund Balances – Governmental Funds	\$ 144,832
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Amounts reported for governmental activities in the statement of activities are different because:

(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Employees' Retirement System	66,678
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Repayments of principal on long term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position and are not reported in the statement of activities.

Serial Bonds	25,000
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Proceeds of long-term debt are not reported as revenues in the governmental funds. The proceeds increase liabilities in the statement of net position and have no effect on the statement of activities.

Serial Bonds	(130,000)
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In the statement of activities, long-term liabilities are reported when the liability is incurred regardless of when the payments are due. In the governmental funds, expenditures for these items are reported by the amount of financial resources used (paid).

Compensated Absences	(40)	
Judgments and Claims	<u>22,055</u>	22,015

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Current Year Accrued Interest	-	
Prior Year Accrued Interest	<u>573</u>	<u>573</u>

Change in Net Position of Governmental Activities	<u>\$ 129,098</u>
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SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	AGENCY FUND
ASSETS	
Cash	\$ <u>49,577</u>
TOTAL ASSETS	\$ <u>49,577</u>
LIABILITIES	
Due To Governmental Funds	\$ 13,747
Agency Liabilities	<u>35,830</u>
TOTAL LIABILITIES	\$ <u>49,577</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Town of Forestburgh, New York is governed by its charter, the Town Law, and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations, the Supervisor serves as chief executive officer and the chief fiscal officer. The Town Board consists of the Supervisor and four Councilpersons.

The Town provides the following basic services: general government support, public safety, health, transportation (street and highway maintenance), economic assistance and opportunity, culture and recreation, and home and community services.

All governmental activities and functions performed by the Town of Forestburgh, New York, are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity, except for two fire districts that furnish fire protection to certain areas of the Town.

The financial activities of the Fire Districts are not included in the Town's reporting entity for the following reasons: the furnishings of fire protection in certain areas of the Town is the responsibility of the fire commissioners who constitute the governing board of each district; fire commissioners are elected by the qualified voters living within each district; Fire District operations, including the financing thereof through real property taxation, are carried out at the direction of the Fire Commissioners, and the Town has no managerial oversight or fiscal responsibility thereof. Certain collection activities of the Town Clerk and Town Justice Officers are not included in the Town's reporting entity as prescribed by the Office of the State Comptroller. These collection activities include fees, fines and bail monies which are not recorded by the Town until remitted by the respective Officials to the State of New York and returned to the Town.

B. Basis Of Presentation

1. Town-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the Town as a whole.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These statements include the financial activities of the overall Town, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants. Business type activities are financed by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column.

The Town reports the following major Governmental Funds:

- a. General Fund – The General Fund is the principal operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The major Special Revenue Funds of the Town are as follows:

Highway Fund- The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Capital Projects Fund – These funds are used to account for financial resources to be used for acquisition or construction of major capital facilities.

The Town reports the following non-major Governmental Funds:

- a. Special Revenue Funds

Special Districts Fund – used to account for taxes or other revenues which are raised or received to provide special services to areas that encompass less than the whole Town. The Town reports the following non-major Special District funds:

- a) Fire

Additionally, the Town reports the following fund type:

- a. Fiduciary Fund

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the Town-wide financial statements because their resources do not belong to the Town and are not available to be used.

C. Basis Of Accounting/Measurement Focus

The Town-wide 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 transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Property Taxes

Real property taxes are levied annually no later than December 31, and become a lien on January 1. Taxes are collected during the period January 1 to April 1. Taxes for County purposes are levied together with taxes for Town and special district purposes as a single bill.

The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the Towns.

E. Budgetary Data

1. Budget Policies - The budget policies are as follows:

- a. No later than September 30th, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board. However, the Supervisor is authorized to transfer certain budgeted amounts within departments.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Budgetary controls are established for the capital project funds through resolutions authorizing individual projects which remain in effect for the life of the project.
- e. Budget amounts included in the report for General and Special Revenue Funds have been amended and approved by the Town Board.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances are reported as assigned fund balance in the General Fund.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

F. Property, Plant And Equipment

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds. In the town wide financial statements, fixed assets should be capitalized and depreciated over their estimated useful lives. However, as noted in the auditors' opinion, the Town does not capitalize its fixed assets in accordance with GAAP.

G. Insurance

The Town of Forestburgh participates in a risk sharing pool to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Worker's Compensation Law, to finance liability and risks related to workers' compensation claims. The Town's estimated share of the liability for unbilled and open claims at December 31, 2015 was \$68,524.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

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

For the town-wide statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, all of the compensated absences are considered long-term and, therefore, are not a fund liability. The liability represents a reconciling item between the fund level and town-wide presentations.

I. Equity Classifications

In the Town-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position – reports net position when constraints placed on it are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

In the fund basis statements there are five classifications of fund balance:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town has non-spendable fund balances of \$7,314 for prepaid payroll expenditures in the General Fund as of December 31, 2015.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restricted fund balance. The Town has established the following restricted fund balances as of December 31, 2015:

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Permissive referendum is required for either establishment of the reserve or payments from the reserve. This reserve is accounted for in the General Fund.

Tax Stabilization

Used to finance unanticipated revenue losses, unanticipated expenditures and to lessen or prevent property tax increases in excess of two and one-half percent. The balance of this reserve cannot exceed ten percent of the eligible portion of the annual budget. The reserve is established by a majority vote of the Town Board, subject to a permissive referendum, and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the Highway Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the Town’s highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Town Board is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balances as of December 31, 2015.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances and appropriated fund balance. The Town Board is the decision making authority that can, by resolution, assign fund balance.

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

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classification will be charged.

J. Use Of Estimates

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

K. Cash and Cash Equivalents

For financial statement purposes, the Town considers all highly liquid investments of three months or less as cash equivalents.

L. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

M. New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2015, the Town implemented the following new GASB standards:

GASB 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27.*

GASB 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68.*

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 72 – *Fair Value Measurement and Application*, effective for the year ending December 31, 2016.

GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending December 31, 2016.

GASB 75 – *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, effective for the year ending December 31, 2018.

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

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The second item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town contributions to the pension systems subsequent to the measurement date. The Town reports \$113,640 in deferred outflows of resources related to pensions as of December 31, 2015.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category.

The first arises only under a modified accrual basis of accounting and is reported as unavailable revenues. The second item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension liability and difference during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in pension expense. The Town reports no deferred inflows of resources related to pensions as of December 31, 2015.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENT

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Town-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the Town's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND TOWN-WIDE STATEMENT (Continued)

1. Long-term revenue and expenditure differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities report revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

Capital related differences include the differences between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording on expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – CASH AND INVESTMENTS

The Town's investment policies are governed by state statute. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Repurchase agreements are required to be purchased from banks located within the state and underlying securities must be

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

obligations of the federal government and must have a market value of at least 100 percent of the cost of the repurchase agreement.

The Town's aggregate cash balances include balances not covered by depository insurance at year-end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the Town's name.	<u>\$ 249,867</u>
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NOTE 4 – LIABILITIES

1. Pension Plans

Plan Description

The Town of Forestburgh, New York participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employers' Group Life Insurance Plan (Systems). These are a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds.

The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. For those joining after July 27, 1976 and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. Employees who

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 – LIABILITIES (Continued)

joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), contribute 3% of their salary throughout their active membership.

Employees who joined the Systems on or after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, based on the employees' gross salary.

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2015	\$ 118,086
2014	87,156
2013	91,641

2. Long-Term Debt

Compensated Absences - Represents the value of earned and unused portion of the liability for compensated absences.

Judgments and Claims – Represents the Town's outstanding liability related to the workers' compensation risk sharing pool (See Note 1-G).

Changes

The following is a summary of changes in long-term liabilities for the period ended December 31, 2015.

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Serial Bonds	\$ 25,000	\$ 130,000	\$ 25,000	\$ 130,000	\$ 26,000
Compensated Absences	7,019	40	-	7,059	-
Judgments And Claims	<u>90,579</u>	<u>-</u>	<u>22,055</u>	<u>68,524</u>	<u>-</u>
Total	<u>\$ 122,598</u>	<u>\$ 130,040</u>	<u>\$ 47,055</u>	<u>\$ 205,583</u>	<u>\$ 26,000</u>

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 – LIABILITIES (Continued)

Additions and deletions to judgments and claims and compensated absences are shown net since it is impractical to determine these amounts separately.

Maturity

Long-term debt at December 31, 2015 is comprised of the following individual issues:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 12/31/15</u>
Townwide Reval	2015	2020	2.75%	<u>\$ 130,000</u>

The following is a summary of the Town's future debt service requirements as of December 31, 2015:

<u>YEAR ENDED DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2016	\$ 26,000	\$ 3,575
2017	26,000	2,860
2018	26,000	2,145
2019	26,000	1,430
2020	<u>26,000</u>	<u>715</u>
	<u>\$ 130,000</u>	<u>\$ 10,725</u>

Long-Term Debt Interest

Interest expense on long-term debt consisted of the following:

Interest Paid	\$ 625
Less: Interest Accrued in Prior Year	(573)
Plus: Interest Accrued In Current Year	<u>-</u>
TOTAL EXPENSE	<u>\$ 52</u>

3. Short-Term Debt

The Town had no short term debt activity for the years ended December 31, 2015 or 2014.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 - CONTINGENCIES

A. Federal And New York State Grants

The Town has received grants over the past several years, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. Based on past audits, management believes disallowances, if any, will be immaterial.

B. Litigation

The Town in common with other municipalities, receives numerous notices of tort claims for money damages. Of the claims currently pending none are expected to have a material effect on the financial position of the Town if adversely settled.

The Town is also a defendant in various claims by taxpayers for re-determination of assessed valuation and tax exempt status. The settlement of such claims could result in the payment of refunds by the Town. However, the amount of the possible refunds cannot be determined at the present time and will be funded in the year in which the judgement is made.

NOTE 6 – INTERFUND TRANSACTIONS

Interfund receivables and payables at December 31, 2015 were as follows:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>	<u>INTERFUND EXPENDITURES</u>	<u>INTERFUND REVENUES</u>
General Fund	\$ 141,621	\$ 120,800	\$ -	\$ -
Highway Fund	-	127,874	-	-
Capital Projects Fund	<u>120,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>262,421</u>	<u>248,674</u>	<u>-</u>	<u>-</u>
Agency Fund	<u>-</u>	<u>13,747</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>-</u>	<u>13,747</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 262,421</u>	<u>\$ 262,421</u>	<u>\$ -</u>	<u>\$ -</u>

Interfund receivables and payables, other than between governmental activities and fiduciary activities, are eliminated on the Statement of Net Position. The Town typically loans resources between funds for the purpose of relieving cash flow issues. In addition, transfers are occasionally made to the Capital Projects Fund to finance ongoing projects.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) are included in Note 4-1 to the financial statements.

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

At December 31, 2015, the Town reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the System. The net pension asset/(liability) was measured as of March 31, 2015. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Town.

	<u>ERS</u>
Actuarial valuation date	April 1, 2014
Net pension asset/(liability)	\$ (52,788)
Town's portion of the Plan's total net pension asset/(liability)	0.0015626%

For the year ended December 31, 2015, the Town recognized pension expense of \$49,346 for ERS. At December 31, 2015, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,690	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	9,169	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	6,290	-
Town's contributions subsequent to the measurement date	<u>96,491</u>	<u>-</u>
Total	<u>\$ 113,640</u>	<u>\$ -</u>

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Town contributions subsequent to the measurement date of \$96,491 will be recognized as a reduction of the net pension liability in the year December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>
2016	\$ 4,287
2017	4,287
2018	4,287
2019	4,287
2020	-
Thereafter	-
 TOTAL	 <u>\$ 17,148</u>

Actuarial Assumptions

The total pension liability as of the measurement date was measured by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The valuations used the following significant actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9%
Decrement tables	April 1, 2005-March 31, 2010
	System's Experience
Inflation rate	2.7%

For ERS, annuitant mortality rates are based on April 1, 2005-March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005-March 31, 2010.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

The long term 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 estates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS</u>
Measurement date	March 31, 2015
Asset Type:	
Domestic Equity	7.30%
International Equity	8.55
Real Estate	8.25
Alternative Investments	6.75 - 11.00
Domestic fixed income securities	-
Global fixed income securities	-
Mortgages	4.00
Short-term	2.25

Discount Rate

The discount rate used to calculate the total pension liability was 7.50% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Sensitivity of the Proportionate Share for 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 7.50% for ERS, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

<u>ERS</u>	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ <u>(351,852)</u>	\$ <u>(52,788)</u>	\$ <u>199,697</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>ERS (in thousands)</u>
Valuation date	April 1, 2014
Employers' total pension asset/(liability)	\$ (164,591,504)
Plan Net Position	<u>161,213,259</u>
Employer's net pension asset/(liability)	\$ <u>(3,378,245)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	97.9%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2015 represent the projected employer contribution for the period of April 1, 2015 through December 31, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2015 amounted to \$96,491.

TOWN OF FORESTBURGH, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8 – EVENTS OCCURRING AFTER REPORTING DATE

The Town has evaluated events and transactions that occurred between December 31, 2015 and March 17, 2016 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The Town had a deficit unassigned fund balance of \$40,391 in the Highway Fund as of December 31, 2015. The deficit was caused by appropriating fund balance in the 2016 budget that was not available as of December 31, 2015.

TOWN OF FORESTBURGH, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 356,806	\$ 356,806	\$ 356,808	\$ 2
Real Property Tax Items	5,000	5,000	15,762	10,762
Non-Property Tax Items	6,500	6,500	6,400	(100)
Departmental Income	2,350	2,350	2,168	(182)
Intergovernmental Charges	26,185	26,185	-	(26,185)
Use Of Money And Property	1,000	1,000	357	(643)
Licenses And Permits	4,500	4,500	6,550	2,050
Fines And Forfeitures	8,000	8,000	1,724	(6,276)
Miscellaneous Local Sources	3,850	3,850	29,101	25,251
State Aid	<u>147,481</u>	<u>147,481</u>	<u>160,269</u>	<u>12,788</u>
TOTAL REVENUES	<u>561,672</u>	<u>561,672</u>	<u>579,139</u>	<u>17,467</u>
EXPENDITURES				
General Government Support	335,280	335,280	263,361	71,919
Public Safety	26,955	26,955	23,333	3,622
Health	950	950	950	-
Transportation	93,600	93,600	88,943	4,657
Economic Assistance And Opportunity	3,500	3,500	1,264	2,236
Culture And Recreation	46,700	46,700	42,962	3,738
Home And Community Service	16,700	16,700	10,908	5,792
Employee Benefits	<u>156,487</u>	<u>156,487</u>	<u>146,480</u>	<u>10,007</u>
TOTAL EXPENDITURES	<u>680,172</u>	<u>680,172</u>	<u>578,201</u>	<u>101,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(118,500)	(118,500)	938	119,438
FUND BALANCE – Beginning Of Year	<u>118,500</u>	<u>118,500</u>	<u>320,610</u>	<u>202,110</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,548</u>	<u>\$ 321,548</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
HIGHWAY FUND
YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 782,796	\$ 782,796	\$ 782,796	\$ -
Intergovernmental Charges	118,579	118,579	120,901	2,322
Use Of Money And Property	800	800	151	(649)
Sale of Property And Compensation For Loss	-	-	1,447	1,447
State Aid	<u>100,275</u>	<u>100,275</u>	<u>86,406</u>	<u>(13,869)</u>
TOTAL REVENUES	<u>1,002,450</u>	<u>1,002,450</u>	<u>991,701</u>	<u>(10,749)</u>
EXPENDITURES				
Transportation	822,018	822,018	688,764	133,254
Employee Benefits	249,727	249,727	254,218	(4,491)
Debt Service:				
Principal	30,000	30,000	25,000	5,000
Interest	<u>2,500</u>	<u>2,500</u>	<u>625</u>	<u>1,875</u>
TOTAL EXPENDITURES	<u>1,104,245</u>	<u>1,104,245</u>	<u>968,607</u>	<u>135,638</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(101,795)	(101,795)	23,094	124,889
FUND BALANCE – Beginning Of Year	<u>101,795</u>	<u>101,795</u>	<u>71,515</u>	<u>(30,280)</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,609</u>	<u>\$ 94,609</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED DECEMBER 31, 2015

ERS System - Liability

	<u>2015</u>
The Town's proportion of the net pension liability	0.0015626%
The Town's proportionate share of the net pension liability	\$ 52,788
The Town's covered employee payroll	\$ 409,979
The Town's proportionate share of the net pension liability as a percentage of covered employee payroll	12.88%
Plan Fiduciary net position as a percentage of the total pension liability	97.90%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTION
YEAR ENDED DECEMBER 31, 2015

ERS System

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 118,086	\$ 87,156	\$ 91,641	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in relation to the										
contractually required contribution	<u>118,086</u>	<u>87,156</u>	<u>91,641</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of										
covered employee payroll	26.48%	21.26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS	
Cash	\$ 322,973
Cash - Restricted	1,922
Accounts Receivable	7,280
Due From Other Governments	7,278
Due From Other Funds	141,621
Prepaid Expenses	<u>7,314</u>
TOTAL ASSETS	<u>\$ 488,388</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 5,265
Due To Other Funds	120,800
Due To Other Governments	3,850
Due To ERS	34,100
Unearned Revenues	<u>2,825</u>
TOTAL LIABILITIES	<u>166,840</u>
FUND BALANCE	
Nonspendable:	
Prepaid Items	7,314
Restricted:	
Capital	1,922
Assigned:	
Appropriated	110,000
Unassigned	<u>202,312</u>
TOTAL FUND BALANCE	<u>321,548</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 488,388</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
HIGHWAY FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS	
Cash	\$ 256,666
Cash - Restricted	35,000
Due From Other Governments	<u>1,448</u>
 TOTAL ASSETS	 <u>\$ 293,114</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 8,240
Due To Other Funds	127,874
Due To ERS	<u>62,391</u>
 TOTAL LIABILITIES	 <u>198,505</u>
 FUND BALANCE	
Restricted:	
Tax Stabilization	35,000
Assigned:	
Appropriated	100,000
Unassigned	<u>(40,391)</u>
 TOTAL FUND BALANCE	 <u>94,609</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 293,114</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
SPECIAL DISTRICTS – FIRE PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Real Property Taxes	\$ 5,000	\$ 5,000	\$ -
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>-</u>
EXPENDITURES			
Public Safety	<u>5,000</u>	<u>5,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
CAPITAL PROJECTS FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS	
Due From Other Funds	\$ <u>120,800</u>
TOTAL ASSETS	\$ <u>120,800</u>
LIABILITIES AND FUND BALANCE	
TOTAL LIABILITIES	\$ <u> -</u>
FUND BALANCE	
Assigned:	
Unappropriated	<u>120,800</u>
TOTAL FUND BALANCE	<u>120,800</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>120,800</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF FORESTBURGH, NEW YORK
 CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEAR ENDED DECEMBER 31, 2015

TOTAL REVENUES	\$ <u> -</u>
EXPENDITURES	
Capital Outlay	<u> 9,200</u>
TOTAL EXPENDITURES	<u> 9,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,200)
OTHER FINANCING SOURCES	
Proceeds Of Long Term Debt	<u> 130,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	120,800
FUND BALANCE – Beginning Of Year	<u> -</u>
FUND BALANCE – End Of Year	<u>\$ 120,800</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To The Supervisor and Town Board
Of The Town of Forestburgh
Forestburgh, New York

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Forestburgh, New York as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Forestburgh, New York's basic financial statements and have issued our report thereon dated March 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Forestburgh, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Forestburgh, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Forestburgh, New York's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material

weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described below to be a significant deficiency in internal control:

Management does not possess the necessary training required to prepare the Town's financial statements in accordance with accounting principles generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Forestburgh, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Cooper Arias" followed by a stylized flourish.

Mongaup Valley, New York
March 17, 2016