

TOWN OF MAMAKATING, NEW YORK

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

TOWN OF MAMAKATING, NEW YORK
TABLE OF CONTENTS
DECEMBER 31, 2015

<u>DESCRIPTION:</u>	<u>PAGE(S)</u>
Independent Accountant’s Report.....	1
 <u>FINANCIAL STATEMENTS:</u>	
Combined Balance Sheet – Regulatory Basis - All Fund Types and Account Groups	2-3
Combined Statements of Revenues, Expenditures and Changes in Fund Equity – Regulatory Basis - All Governmental Fund Types.....	4-5
Combined Statements of Revenues, Expenditures and Encumbrances – Regulatory Basis - Budget and Actual – General Fund Townwide and Outside Village.....	6-7
Combined Statements of Revenues, Expenditures and Encumbrances – Regulatory Basis - Budget and Actual – Highway Fund Townwide and Outside Village	8-9
Notes to the Financial Statements.....	10-24



INDEPENDENT ACCOUNTANT'S REPORT

To the Supervisor and
Members of the Town Board
Town of Mamakating, New York
2948 Route 209
Wurtsboro, New York 12790

Management is responsible for the accompanying financial statements-regulatory basis as listed in the table of contents, of the Town of Mamakating, New York, as of December 31, 2015, and for the year then ended, and the related notes to the financial statements which collectively comprise the Town's basic financial statements – regulatory basis. I have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Committee of the AICPA. I did not audit or review the accompanying financial statements and nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, or provide any form of assurance on these financial statements.

As described in Note A-3, these financial statements are prepared using accounting practices prescribed by the State of New York to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which practices differ from accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Robert Schuff', written in a cursive style.

Port Jervis, New York
March 15, 2016

**TOWN OF MAMAKATING, NEW YORK
 COMBINED BALANCE SHEET-REGULATORY BASIS-
 ALL FUND TYPES AND SUPPLEMENTAL SCHEDULES
DECEMBER 31, 2015**

	GOVERNMENTAL FUND TYPES			
	GENERAL		HIGHWAY	
	TOWNWIDE	OUTSIDE VILLAGE	TOWNWIDE	OUTSIDE VILLAGE
ASSETS				
Cash and cash equivalents	\$ 958,957	\$ 359,843	\$ 582,965	\$ 281,117
Cash, special reserves	155,846	-	11,224	-
Accounts receivable	121,075	85,290	-	453
Prepaid expenses	36,706	8,591	22,649	10,153
Due from other funds	15,682	2,714	84,985	-
State and federal aid receivable	36,662	-	-	149,546
Due from other governments	-	-	-	-
Amount to be provided for payment of:				
Compensated absence obligation	-	-	-	-
Net retirement system liability	-	-	-	-
Total Assets	1,324,928	456,438	701,823	441,269
DEFERRED OUTFLOWS	-	-	-	-
Total Assets and Deferred outflows	\$ 1,324,928	\$ 456,438	\$ 701,823	\$ 441,269
 LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 102,302	\$ 17,144	\$ 9,987	\$ 6,093
Accrued liabilities	561	-	-	-
Due to other funds	-	-	-	74,268
Other liabilities	-	-	-	-
Compensated absence obligation	-	-	-	-
Net retirement system liability	-	-	-	-
Total Liabilities	102,863	17,144	9,987	80,361
DEFERRED INFLOWS	-	-	-	-
FUND EQUITY				
Fund balance:				
Nonspendable:				
Prepaid expenses	36,706	8,591	22,649	10,153
Restricted:				
Capital reserve	-	-	11,224	-
Parkland fees	93,516	-	-	-
Assigned:				
Subsequent year's expenditures	165,000	-	125,892	100,000
Assigned unappropriated fund balance	62,330	430,703	532,071	250,755
Unassigned fund balance	864,513	-	-	-
Investment in non-current government assets	-	-	-	-
Total fund equity	1,222,065	439,294	691,836	360,908
Total Liabilities Deferred Inflows and Fund Equity	\$ 1,324,928	\$ 456,438	\$ 701,823	\$ 441,269

See Independent Accountant's Report

<u>GOVERNMENTAL FUND TYPES</u>			<u>FIDUCIARY FUND TYPE</u>	<u>SUPPLEMENTAL SCHEDULES</u>		<u>TOTALS (MEMORANDUM ONLY)</u>
<u>SPECIAL REVENUE</u>	<u>STREET LIGHTING</u>	<u>REFUSE</u>	<u>TRUST & AGENCY</u>	<u>NON- CURRENT ASSETS</u>	<u>NON- CURRENT LIABILITIES</u>	
\$ 11,059	\$ 17,948	\$ 38,608	\$ 119,585	\$ -	\$ -	\$ 2,370,082
-	-	-	-	-	-	167,070
-	-	-	-	-	-	206,818
-	-	-	-	-	-	78,099
-	-	-	-	-	-	103,381
-	-	-	-	-	-	186,208
-	-	-	-	-	452,919	452,919
-	-	-	-	-	219,713	219,713
<u>11,059</u>	<u>17,948</u>	<u>38,608</u>	<u>119,585</u>		<u>672,632</u>	<u>3,784,290</u>
-	-	-	-	<u>277,692</u>	-	<u>277,692</u>
<u>\$ 11,059</u>	<u>\$ 17,948</u>	<u>\$ 38,608</u>	<u>\$ 119,585</u>	<u>\$ 277,692</u>	<u>\$ 672,632</u>	<u>\$ 4,061,982</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,526
-	-	-	-	-	-	561
11,059	1,188	5,849	11,017	-	-	103,381
-	-	-	108,568	-	-	108,568
-	-	-	-	-	452,919	452,919
-	-	-	-	-	210,969	210,969
<u>11,059</u>	<u>1,188</u>	<u>5,849</u>	<u>119,585</u>		<u>663,888</u>	<u>1,011,924</u>
-	-	-	-	-	8,744	8,744
-	-	-	-	-	-	78,099
-	-	-	-	-	-	11,224
-	-	-	-	-	-	93,516
-	-	-	-	-	-	390,892
-	16,760	32,759	-	-	-	1,325,378
-	-	-	-	-	-	864,513
-	-	-	-	<u>277,692</u>	-	<u>277,692</u>
<u>-</u>	<u>16,760</u>	<u>32,759</u>	<u>-</u>	<u>277,692</u>	<u>-</u>	<u>3,041,314</u>
<u>\$ 11,059</u>	<u>\$ 17,948</u>	<u>\$ 38,608</u>	<u>\$ 119,585</u>	<u>\$ 277,692</u>	<u>\$ 672,632</u>	<u>\$ 4,061,982</u>

TOWN OF MAMAKATING, NEW YORK
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY-
REGULATORY BASIS-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	GOVERNMENTAL FUND TYPES			
	GENERAL		HIGHWAY	
	TOWNWIDE	OUTSIDE VILLAGE	TOWNWIDE	OUTSIDE VILLAGE
REVENUES				
Real property taxes	\$ 1,268,310	\$ 153,796	\$ 1,348,867	\$ 1,246,907
Real property tax items	160,426	-	-	-
Non property tax items	71,787	-	-	-
Departmental income	167,540	315,312	291,903	-
Intergovernmental charges	-	35,943	-	-
Use of money and property	55,333	-	1,985	-
Licenses and permits	9,925	-	-	-
Fines and forfeitures	393,682	-	-	-
Sale of property and compensation for loss	733	-	53,121	9,723
Miscellaneous local sources	59,165	14,325	486	24,241
State aid	202,001	-	4,727	395,723
Interfund transfers	801,197	-	-	-
Total Revenues	3,190,099	519,376	1,701,089	1,676,594
EXPENDITURES				
General government support	1,245,597	-	-	-
Public safety	68,678	128,444	-	-
Health	47,820	5,456	-	-
Transportation	125,739	-	1,627,982	1,287,053
Economic assistance and opportunity	31,355	-	-	-
Culture and recreation	453,071	-	-	-
Home and community services	62,133	275,683	-	-
Employee benefits	464,194	101,380	166,224	338,599
Interfund Transfers	-	-	801,197	-
Total Expenditures	2,498,587	510,963	2,595,403	1,625,652
Excess (deficiency) of revenues over expenditures	691,512	8,413	(894,314)	50,942
Fund Equity, December 31, 2014	530,553	430,881	1,552,715	284,749
Prior period adjustment (Note D)	-	-	33,435	25,217
Fund Equity, December 31, 2014 - restated	530,553	430,881	1,586,150	309,966
Fund Equity, December 31, 2015	\$ 1,222,065	\$ 439,294	\$ 691,836	\$ 360,908

See Independent Accountant's Report

GOVERNMENTAL FUND TYPES

FIRE PROTECTION	LIGHTING	REFUSE	TOTALS (MEMORANDUM ONLY)
\$ 161,175	\$ 12,630	\$ 71,000	\$ 4,262,685
-	-	-	160,426
-	-	-	71,787
-	-	-	774,755
-	-	-	35,943
-	-	-	57,318
-	-	-	9,925
-	-	-	393,682
-	-	-	63,577
-	-	-	98,217
-	-	-	602,451
-	-	-	801,197
<u>161,175</u>	<u>12,630</u>	<u>71,000</u>	<u>7,331,963</u>
-	-	-	1,245,597
161,175	-	-	358,297
-	-	-	53,276
-	12,986	-	3,053,760
-	-	-	31,355
-	-	-	453,071
-	-	70,808	408,624
-	-	-	1,070,397
-	-	-	801,197
<u>161,175</u>	<u>12,986</u>	<u>70,808</u>	<u>7,475,574</u>
-	(356)	192	(143,611)
-	17,116	32,567	2,848,581
-	-	-	58,652
-	17,116	32,567	2,907,233
<u>\$ -</u>	<u>\$ 16,760</u>	<u>\$ 32,759</u>	<u>\$ 2,763,622</u>

TOWN OF MAMAKATING, NEW YORK
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND ENCUMBRANCES -
REGULATORY BASIS-BUDGET AND ACTUAL
GENERAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	GENERAL FUND - TOWNWIDE		
	REVISED		VARIANCE
REVENUES	BUDGET	ACTUAL	FAVORABLE
			(UNFAVORABLE)
Real property taxes	\$ 1,268,310	\$ 1,268,310	\$ -
Real property tax items	218,000	160,426	(57,574)
Non property tax items	61,000	71,787	10,787
Departmental income	168,502	167,540	(962)
Intergovernmental charges	-	-	-
Use of money and property	48,601	55,333	6,732
Licenses and permits	10,000	9,925	(75)
Fines and forfeitures	375,000	393,682	18,682
Sale of property and compensation for loss	-	733	733
Miscellaneous local sources	34,065	59,165	25,100
State aid	181,009	202,001	20,992
Interfund transfers	-	801,197	801,197
Total Revenues	2,364,487	3,190,099	825,612
Appropriation of prior year's fund balance	285,336	-	(285,336)
 Total Revenues and Appropriation of Prior Year's Fund Balance	 2,649,823	 3,190,099	 540,276
 EXPENDITURES			
General government support	1,326,489	1,245,597	80,892
Public safety	70,493	68,678	1,815
Health	47,820	47,820	-
Transportation	127,902	125,739	2,163
Economic assistance and opportunity	31,356	31,355	1
Culture and recreation	464,769	453,071	11,698
Home and community services	62,734	62,133	601
Employee benefits	518,260	464,194	54,066
Total Expenditures	2,649,823	2,498,587	151,236
 Excess of revenues and appropriation of prior year's fund balance and other sources over expenditures	 \$ -	 \$ 691,512	 \$ 691,512

See Independent Accountant's Report

<u>GENERAL FUND - OUTSIDE VILLAGE</u>		
<u>REVISED</u>		<u>VARIANCE</u>
<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
		<u>(UNFAVORABLE)</u>
\$ 153,796	\$ 153,796	\$ -
-	-	-
-	-	-
306,032	315,312	9,280
33,543	35,943	2,400
-	-	-
-	-	-
-	-	-
-	-	-
-	14,325	14,325
-	-	-
-	-	-
493,371	519,376	26,005
41,525	-	(41,525)
<u>534,896</u>	<u>519,376</u>	<u>(15,520)</u>
131,185	-	131,185
-	128,444	(128,444)
5,457	5,456	1
-	-	-
-	-	-
-	-	-
288,282	275,683	12,599
109,972	101,380	8,592
<u>534,896</u>	<u>510,963</u>	<u>23,933</u>
<u>\$ -</u>	<u>\$ 8,413</u>	<u>\$ 8,413</u>

TOWN OF MAMAKATING, NEW YORK
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND ENCUMBRANCES -
REGULATORY BASIS-BUDGET AND ACTUAL
HIGHWAY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	HIGHWAY FUND - TOWNWIDE		
	REVISED		VARIANCE
REVENUES	BUDGET	ACTUAL	FAVORABLE
			(UNFAVORABLE)
Real property taxes	\$1,348,867	\$1,348,867	\$ -
Real property tax items	-	-	-
Non property tax items	-	-	-
Departmental income	195,000	291,903	96,903
Intergovernmental charges	-	-	-
Use of money and property	1,000	1,985	985
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Sale of property and compensation for loss	22,197	53,121	30,924
Miscellaneous local sources	-	486	486
State aid	-	4,727	4,727
Federal aid	-	-	-
Total Revenues	1,567,064	1,701,089	134,025
Appropriation of prior year's fund balance	1,075,491	894,314	(181,177)
Total Revenues and Appropriation of Prior Year's Fund Balance	2,642,555	2,595,403	(47,152)
EXPENDITURES AND ENCUMBRANCES			
General government support	-	-	-
Public safety	-	-	-
Health	-	-	-
Transportation	1,651,789	1,627,982	23,807
Economic assistance and opportunity	-	-	-
Culture and recreation	-	-	-
Home and community services	-	-	-
Employee benefits	189,568	166,224	23,344
Interfund transfer	801,198	801,197	1
Total Expenditures and Encumbrances	2,642,555	2,595,403	47,152
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	\$ -	\$ -	\$ -

See Independent Accountant's Report

HIGHWAY FUND - OUTSIDE VILLAGE		
REVISED		VARIANCE
BUDGET	ACTUAL	FAVORABLE
		(UNFAVORABLE)
\$ 1,246,907	\$ 1,246,907	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	9,723	9,723
-	24,241	24,241
287,000	395,723	108,723
-	-	-
<u>1,533,907</u>	<u>1,676,594</u>	<u>142,687</u>
<u>263,801</u>	<u>-</u>	<u>(263,801)</u>
<u>1,797,708</u>	<u>1,676,594</u>	<u>(121,114)</u>
-	-	-
-	-	-
-	-	-
1,431,430	1,287,053	144,377
-	-	-
-	-	-
-	-	-
366,278	338,599	27,679
-	-	-
<u>1,797,708</u>	<u>1,625,652</u>	<u>172,056</u>
<u>\$ -</u>	<u>\$ 50,942</u>	<u>\$ 50,942</u>

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

NOTE A - Summary of Accounting Policies

The Town of Mamakating, New York ("the Town") was incorporated on March 7, 1788, under the provisions of the State of New York. The Town operates under a Town Board form of government, consisting of a Supervisor and four Councilmen/women. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer of the Town.

The Town provides the following services: highway maintenance, planning, zoning, building and safety inspection, fire protection, lighting, trash removal, and culture and recreation.

The financial statements of the Town have been prepared in conformity with the basis of accounting required by the New York State Comptroller's Office and described in the Uniform System of Accounts published by that office. It is a basis of accounting other than accounting principles generally accepted in the United States of America and more further explained in Note A 3.

1. The Reporting Entity

The Town, for financial purposes, includes all of the funds and account groups relevant to the operations of the Town of Mamakating, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

2. Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two fund types and two account groups, as follows:

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

GOVERNMENTAL FUND TYPES

The accounting and reporting treatment applied to assets and liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fund

The General Fund – Townwide is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue funds include General Fund – Part-Town, which accounts for resources affecting the Town outside a village, Highway, Lighting, Refuse, and Community Development.

Capital Projects Fund

This fund is used to account for financial resources to be provided for the acquisition and construction of major capital facilities.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

FIDUCIARY FUND TYPE

Trust and Agency Fund

Trust and Agency Fund is used to account for assets held by the Town in a trustee capacity, or as an agent for individuals, other governments, and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trusts are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

NON-CURRENT GOVERNMENTAL ASSETS AND LIABILITIES

Accounting control and accountability for fixed assets and long-term liabilities are provided for by maintaining schedules of Non-current Governmental Assets and Liabilities. These schedules are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of the results of operations.

Non-current Governmental Assets

The Town does not currently maintain a Schedule of Non-current Governmental Assets.

Non-current Governmental Liabilities

Long-term liabilities expected to be financed from governmental fund types are accounted for in the Schedule of Non-current Governmental Liabilities, not in the governmental funds. They are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. The Town currently has no liabilities which are required to be reported in the Schedule of Non-current Liabilities.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

3. Regulatory Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts, and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Under the Uniform System of Accounts prescribed by the New York State Comptroller's Office all governmental funds are accounted for using the "modified accrual basis" of accounting. Their revenues are recognized when they become measurable and available as net current assets. The period of availability is generally defined as including sixty days following the end of the fiscal year. However, grant revenues are recognized when the reimbursable expenditure is incurred. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the "modified accrual basis" of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are generally not accrued; and (2) principal and interest on general long-term debt which is recognized when due; and (3) expenditures for most inventory-type items which are recognized at time of purchase.

4. Budgets

The Town employs a formal budgetary accounting system as required by law. During the year, a budget was adopted and modified by the Town Board for the General Funds Town-wide and Town Outside Village, and Highway Funds Town-wide and Town Outside Village. However, for the Capital Projects Fund, budgets are established at the project level and continue until the project is completed. Any budgets, which include appropriations of fund balance, show expenditures exceeding revenues. Unused appropriations of the annually budgeted funds lapse at the end of the year.

5. 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 as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as assigned fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

6. Cash and Investments

Cash includes amounts in demand and time deposits, as well as short-term investments. State statutes and the Town's own investment policy govern the investment policies of the Town. The Town may invest its funds in banks or trust companies authorized to do business in the State of New York, as well as investing in obligations of the U.S. Treasury, U.S. Agencies, and obligations of the State of New York and its political subdivisions.

Demand and time deposits and repurchase agreements not covered by Federal Deposit Insurance, must be collateralized by the financial institutions with investments governed under state statutes. All of the Town's deposits were covered by Federal Deposit Insurance, or were collateralized with securities held by a third party custodian as of December 31, 2015.

7. Accumulated Compensated Absences

Sick Pay: All regular full-time employees are eligible to be compensated for sick time, which accrues at 8 hours per month, up to a maximum of 1,152 hours. At any December after the second full year of employment an employee may cash in unused sick days at a rate of 66.7% of their current rate, providing the employee leaves 64 hours to carry over.

Vacation: All regular full-time employees are eligible to take compensated vacation time after completing one year of service. The amount of vacation time is based on length of service and may be taken in the calendar year after it is earned. Depending on the length of service, an employee may earn up to 20 vacation days during a year, and carryover a maximum of 40 days.

In governmental funds, the cost of vacation and sick leave is generally recognized when payments are made to employees. As of December 31, 2015 the total amount of accumulated unpaid compensated absences was \$452,919. The portion of this amount which will be paid in the future is not known, therefore no liability for such payments has been recorded.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

8. Pension Plans

Plan Description

The Town of Mamakating participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the 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, Governor Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

The Systems are 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. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town of Mamakating is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2015	<u>\$310,028</u>
2014	<u>\$302,736</u>
2013	<u>\$300,958</u>

The Town's contributions made to the Systems were equal to, or exceeded, the contributions required for each year.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

8. Pension Plans, (Continued)

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

At December 31, 2015 the Town reported a liability of \$210,969 for its proportionate share of the net pension liability. This amount is recorded as a long-term liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2015, the Town's proportion was .0062449 percent of the Employers' Retirement System liability, which is the initial determination as this is the initial year for implementation of GASB 68.

For the year ended December 31, 2015, the Town recognized pension expense of \$310,028. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience Changes of Assumptions	\$6,753	\$ 0
Net difference between projected and actual earnings on pension plan investments	36,643	0
Changes in proportion and differences between LG contributions and proportionate share of contributions	0	8,744
LG contributions subsequent to the measurement date	234,296	0
Total	<u>\$277,692</u>	<u>\$ 8,744</u>

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

8. Pension Plans, (Continued)

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

\$234,296 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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:

Year ended December 31:

2016	\$8,663
2017	\$8,663
2018	\$8,663
2019	\$8,663
2020	\$ 0

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Interest rate	7.5%
Salary scale	
ERS	4.9
Decrement tables	April 1, 2005 – March 31, 2010 System's Experience
Inflation rate	2.7%

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

8. Pension Plans, (Continued)

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

Annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System’s experience with adjustments for mortality improvements based on MP-2014. The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

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 of 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, 2015 are summarized below.

Long Term Expected Rate of Return 2015

Asset Type	Long Term Expected Real Rate
Domestic Equity	7.3
International Equity	8.55
Private Equity	11.0
Real Estate	8.25
Absolute Return	6.75
Opportunistic Portfolio	8.60
Real Asset	8.65
Bonds, Cash & Mortgages	4.00
Inflation Indexed Bonds	4.00

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

8. Pension Plans, (Continued)

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

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 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net ERS pension liability	\$ 1,406,199	\$ 210,969	\$(798,101)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows:

(Dollars in Thousands)			
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 164,591,504	28,474,417	193,065,921
Plan net position	\$(161,213,259)	(28,199,157)	(189,412,416)
Employers' net pension liability	\$ 3,378,245	275,260	3,653,505
Ration of plan net position to the employers' total pension liability	97.9%	99.0%	98.1%

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

9. Post Employment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired Town employees, their dependents, and their survivors.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as expenditure in the year paid. For the year of 2015, \$73,743 was paid on behalf of 13 retirees and recorded as expenditures in the General and Highway Funds.

10. Property Taxes

The Town submits an approved budget to the Sullivan County Commissioner of Finance by December 5th of the previous year. The County then establishes the warrant for the year which is due and payable on or about January 1 of each year. The Town collects the taxes on behalf of the Town and County without penalty through February 28th and with penalties and interest through August 31st. The Town's portion of the taxes are collected and transferred prior to the County's portion. Therefore, the Town receives its entire tax, leaving the unpaid taxes to be collected by Sullivan County.

11. Insurance

The Town of Mamakating assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Workers' compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. The Town of Mamakating participates in a Sullivan County sponsored workers compensation insurance pool. After the Town submits its adopted budget, the County increases the Town's tax levy by the amount of the Workers Compensation premiums and chargebacks. The Town's share of premiums and chargebacks for 2015 was \$210,038 and has not been reflected in the Town's financial statements.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

12. Budget and Actual Comparison

Budget and Actual Comparisons are presented for the General Funds Town-wide and Part-town, and Highway Funds Town-wide and Town Outside Village, which reflect budgeted and actual amounts for funds with material and legally authorized (appropriated) budgets

13. Fund Balance

Fund balance is classified into five different classifications: non-spendable, restricted, committed, assigned, and unassigned which focus on the constraints imposed on resources in governmental funds, rather than on availability for appropriation.

Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and principal of endowments.

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

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint.

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

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

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

14. Restricted Fund Balance (formerly reserved fund balance)

The Town records indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amounts of the restricted fund balance used by the Town:

Restricted Fund Balance - General Fund	
Park Midland Account (Parkland Fees)	\$ 93,516
Total Restricted Fund Balance - General Fund	<u>\$ 93,516</u>

Restricted Fund Balance - Highway Fund	
Highway Construction Capital Reserve	\$ 11,224
Total Restricted Fund Balance - Highway Fund	<u>\$ 11,224</u>

15. Use of Estimates

The preparation of financial statements in conformity with the basis of accounting required by the New York State Comptroller's Office requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

16. Subsequent Events

The Town has evaluated subsequent events for disclosure and/or recognition in the financial statements through March 15, 2016, the date on which the financial statements were available to be issued.

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE A - Summary of Accounting Policies, (Continued)

17. Total Columns on Combined Statements

Total Columns on the Combined Statements - Overviews are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - Interfund Receivables and Payables

The following is a summary of amounts due from and due to other funds as of December 31, 2015:

<u>FUND</u>	<u>RECEIVABLE</u>	<u>PAYABLE</u>
General Fund - Townwide	\$ 15,682	\$ -
General Fund - Outside Village	2,714	-
Highway Fund - Townwide	84,985	-
Highway Fund - Outside Village	-	74,268
Special Revenue - Community Development	-	11,059
Street Lighting	-	1,188
Refuse	-	5,849
Trust and Agency	-	11,017
Total	<u>\$ 103,381</u>	<u>\$ 103,381</u>

TOWN OF MAMAKATING, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)
DECEMBER 31, 2015

NOTE C- Commitments and Contingent Liabilities

1. Lawsuits and Claims

The Town is a defendant in various lawsuits and tax certiorari cases. The ultimate outcome of these cases and lawsuits is not determinable as of the report date.

NOTE D- Prior Period Adjustments

During the course of completing the 2015 financial statements, management became aware of certain adjustments that needed to be made as follows:

Highway – Town-wide – A December 31, 2013 adjusting journal entry to Accounts Payable was not reversed in 2014, resulting in a net increase to opening Fund Balance of \$33,435;

Highway – Part-town – A December 31, 2013 adjusting journal entry to Accounts Payable was not reversed in 2014, resulting in a net increase to opening Fund Balance of \$25,217.