

TOWN OF PLATTSBURGH, NEW YORK

Basic Financial Statements  
Supplementary Information and  
Independent Auditors' Report

December 31, 2016

# TOWN OF PLATTSBURGH, NEW YORK

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## INDEPENDENT AUDITORS' REPORT

Town Board and Supervisor  
Town of Plattsburgh, 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 Plattsburgh, New York (the Town), as of and for the year ended December 31, 2016 and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Basis for Disclaimer of Opinions on the Water, Sewer and Water/Sewer Administration Governmental Funds and the Statement of Activities

The prior year's audited financial statements of the Water, Sewer and Water/Sewer Administration Funds included asset account balances that were unaudited. Because the beginning of the year asset balances were not audited by the predecessor auditors, we were unable to obtain proper audit evidence for the revenue of these funds.

### Disclaimer of Opinions

Because of the significance of the matter described in the "Basis for Disclaimer of Opinions on the Water, Sewer, and Water/Sewer Administration Governmental Funds and the Statement of Activities" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds of the Water, Sewer and Water/Sewer Administration Governmental Funds or the Statement of Activities for the Town of Plattsburgh, New York. Accordingly, we do not express an opinion on these financial statements.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general, capital projects and highway funds and the aggregate remaining fund information for the Town of Plattsburgh, New York, as of December 31, 2016, and the respective changes in financial position of the general fund, capital projects fund, highway fund and the aggregate remaining funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and additional information on pages 42 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

The combining and individual nonmajor fund financial statements on pages 50 and 51 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2017, on our consideration of the Town of Plattsburgh, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
May 19, 2017

## TOWN OF PLATTSBURGH, NEW YORK

### Management's Discussion and Analysis

December 31, 2016

As management of the Town of Plattsburgh (the Town), this narrative is an overview and analysis of the financial activities of the Town for the year ended December 31, 2016. This material is presented here in conjunction with additional information that the Town has furnished in the financial statement that follows this narrative.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of 2016 by \$37,911,953; an increase of \$861,956 from 2015.
- At the close of the current year, the Town's funds reported a total ending fund balance of \$11,204,850, an increase of \$1,908,396 from the previous year. Approximately 86.5% is available for spending at the government's discretion (assigned-unappropriated and unassigned fund balance).
- At the end of the current year, the unassigned fund balance for the General Fund was \$1,494,193 for 2016. This represents a \$190,440 increase from 2015.
- The Town's total long-term debt increased by \$1,218,120 during the current year which consists of other postemployment benefits, net pension liability - proportionate share, bonds payable - long-term portion and compensated absences.

#### **Overview of the Financial Statements**

The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the Town's fiscal positions through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the understanding of the financial condition of the Town.

#### **Basic Financial Statements**

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long term information about the Town's financial status. The next statements are fund financial statements. These statements focus on the activities of the individual parts of the Town's government.

The next section of the basic financial statements are the notes. The notes to financial statements help explain the information contained in the statements.

TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole. The two government-wide statements report the Town's net position and how it has changed from the previous year. Net position is the difference between the total assets, deferred outflows of resources, liabilities and deferred inflows of resources. Measuring net position is one way to gauge the financial condition of the Town.

The government-wide financial statements are on pages 12 and 13 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Town uses fund accounting to ensure and reflect compliance with finance related legal requirements such as General Statutes or Laws. All funds of the Town can be divided into two categories: governmental funds or fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual method of accounting that provides a short term spending focus. As a result, the governmental fund financial statements give a detailed short term view that helps determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities reported in the government-wide financial statements and the fund financial statements is described in two reconciliations that are part of the basic financial statements.

The Town adopts an annual budget for its General Fund as required by General Statutes. The budget is a legally adopted document that incorporates input from the citizens, the management of the Town and the decisions of the Town Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting in the same format and classifications as the legal budget document.



TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

The statement shows five columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual revenues, expenditures and the ending balances; 4) the encumbered charges; and 5) the difference between the final budget and the actual revenues or expenditures.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 20 through 41 of this report.

**Government-wide Financial Analysis**

Statement of Net Position

	<u>2016</u>	<u>2015</u>
Current assets	\$ 12,807,915	11,440,392
Capital assets, net	<u>35,954,739</u>	<u>37,024,639</u>
Total assets	<u>48,762,654</u>	<u>48,465,031</u>
Deferred outflows	<u>1,969,947</u>	<u>532,963</u>
Total assets and deferred outflows	\$ <u>50,732,601</u>	<u>48,997,994</u>
Current liabilities	2,236,360	2,878,729
Long-term liabilities	<u>10,263,041</u>	<u>9,044,921</u>
Total liabilities	<u>12,499,401</u>	<u>11,923,650</u>
Deferred inflows	<u>321,247</u>	<u>24,347</u>
Net position:		
Net investment in capital assets	29,980,496	29,912,752
Restricted	9,200,831	-
Unrestricted	<u>(1,269,374)</u>	<u>7,137,245</u>
Total net position	<u>37,911,953</u>	<u>37,049,997</u>
Total liabilities, deferred inflows and net position	\$ <u>50,732,601</u>	<u>48,997,994</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$37,911,953 as of December 31, 2016. The Town's net position increased by \$861,956 for the year ended December 31, 2016. However, the largest portion (79.1%) of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities.

TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

Several aspects of the Town's financial operations that positively influenced the total unrestricted governmental net assets are:

- Sales tax revenues continue to remain steady due to economic growth in the Town.
- Continued low cost of debt due to the current interest rate structure.
- Review by the Town Board of all expenditures to control unnecessary spending, including financial analysis of the town funds.

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds focus is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements in the upcoming years. Specifically, unassigned fund balance can be useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the Town. At the end of the current year, the unassigned fund balance of the General Fund was \$1,494,193. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents 45.8% of the total General Fund expenditures.

At December 31, 2016, the governmental funds of the Town reported a combined fund balance of \$11,204,850; a 17.0% increase over 2015. The change in fund balance is primarily due to a decrease in capital expenditures.

General Fund budgetary highlights: During the year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts; and 3) increases in appropriations that become necessary to maintain services.

**Capital Assets and Debt Administration**

The Town's net investment in capital assets for its governmental activities as of December 31, 2016 total \$29,980,496. These assets include buildings, roads, land, machinery, equipment, park facilities and vehicles. Major transactions during the year include improvements in the Water and Sewer Districts and continuing road paving projects.

	<u>Capital Assets, Net</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 1,018,024	1,018,024
Construction in progress	182,806	780,411
Building and infrastructure	32,945,269	33,523,554
Furniture and equipment	<u>1,808,640</u>	<u>1,702,650</u>
Total capital assets, net	\$ <u>35,954,739</u>	<u>37,024,639</u>

TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

As of December 31, 2016 the Town had total bonded debt outstanding of \$4,809,243, a decrease in debt when compared to the end of 2015 of \$590,145. The general statutes limit the amount of general obligation debt that the Town can issue up to seven percent of the total assessed value taxable property located within that government's boundaries. The legal debt limit for the Town in 2016 was \$76,974,185.

	<u>Outstanding Debt</u>	
	<u>2016</u>	<u>2015</u>
Serial bonds outstanding	\$ 4,809,243	5,399,388
BANs outstanding	<u>1,165,000</u>	<u>1,712,500</u>
Total outstanding debt	\$ <u>5,974,243</u>	<u>7,111,888</u>

Below is a comparative statement of the activities for the Town's years ended 2016 and 2015.

	<u>Statement of Activities</u>	
	<u>2016</u>	<u>2015</u>
Functions and programs:		
Program revenues:		
Charges for services	\$ 3,075,079	2,750,287
Operating grant and contributions	379,084	41,867
Capital grants and contributions	<u>183,936</u>	<u>170,151</u>
	<u>3,638,099</u>	<u>2,962,305</u>
Program expenses:		
General government support	4,284,139	2,715,023
Public safety	38,313	26,744
Health	634,042	659,600
Transportation	2,810,773	2,311,052
Economic assistance and development	40,161	31,458
Culture and recreation	275,585	192,865
Home and community services	2,736,066	2,531,915
Employee benefits	-	2,257,074
Interest	<u>133,815</u>	<u>145,422</u>
Total expenses	<u>(10,952,894)</u>	<u>(10,871,153)</u>
Total functions and programs	<u>(7,314,795)</u>	<u>(7,908,848)</u>

TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

	<u>2016</u>	<u>2015</u>
General revenue:		
Real property taxes and related tax items	\$ 4,080,213	4,014,119
Non-property tax items	3,807,035	3,782,538
Use of money and property	34,180	22,176
Sale of property and compensation for loss	181,945	-
Miscellaneous	73,378	803,746
State sources	<u>-</u>	<u>279,885</u>
Total general revenue	<u>8,176,751</u>	<u>8,902,464</u>
Change in net position	861,956	993,616
Net position at beginning of year	37,049,997	36,191,228
Adjustment to net position	<u>-</u>	<u>(134,847)</u>
Net position at end of year	<u>\$ 37,911,953</u>	<u>37,049,997</u>

**Economic Factors and Next Year's Budget and Rates**

Budget highlights for the year ended December 31, 2016:

- Actual revenue in the general fund was \$111,177 more than budgeted mainly due to state aid.
- General government support expenditures in the general fund were \$139,269 less than budgeted due to several small factors.
- Employee benefits in the general fund were \$78,794 less budgeted due to retirement and health insurance costs being less than anticipated.

Governmental Activities: Economic development in the Town continues to expand providing for economic growth in the Town. The Town is experiencing growth in both the residential and commercial sectors which will have a positive change in the Town's assessed property values. Sales tax revenues which make up a significant portion of the general fund revenues and a moderate portion of the highway revenues are expected to decrease slightly due to a weaker Canadian dollar. State Aid is expected to remain constant. Property taxes in the special districts continue to be supplemented with PILOT payments from Saranac Power Partners. The Highway Fund will continue to fund expenditures with a highway Town-wide real property tax and sales tax revenues. The Town will use these revenues to keep programs currently in place running.

Health insurance rates, NYS Retirement System employer contributions, fuel costs, road salt and the improvement and maintenance of infrastructure will be the major factors in any increases in the budget.

TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

On June 5, 2015, the Towns of Plattsburgh and Ellenburg were contacted by representatives of the State of New York's Division of Cemeteries, indicating that Whispering Maples Memorial Gardens, Inc. (Whispering Maples) had been declared abandoned by the state.

Whispering Maples includes a crematory and stand-alone mausoleum in the Town of Ellenburg and a stand-alone Mausoleum in the Town of Plattsburgh.

This abandonment occurred because there was no longer a board of trustees sufficient to conduct the business of the cemetery and that the financial condition prevented its operation for the benefit of the lot owners. Previously, the State Cemetery Board had removed two cemetery trustees by state order which eliminated a quorum necessary for the cemetery to operate. Another not-for-profit cemetery was also solicited to take over operations but those efforts failed to materialize.

Under state law, abandoned cemeteries become the wards of the municipalities in which they are located.

The New York State Division of Cemeteries indicated that Whispering Maples was immediately being turned over to the two towns. Town representatives immediately reached out to the Association of Towns for guidance and assistance in this matter.

Plattsburgh and Ellenburg made it clear from the beginning that their stated priority was to protect the families that had invested in Whispering Maples as well as to protect the taxpayers of the towns.

The consultation with the Association of Towns provided some direction and assisted the communities in engaging the professional services of a firm that specializes in cemetery administration and abandonment.

Consultants were immediately engaged to assist the towns in this situation. The towns, working with professional staff, immediately began discussions and meetings with state officials which ultimately led to legal action to provide the towns some breathing room so that they could examine the condition of the cemetery operations and the overall financial situation of the cemetery. Working with the Office of the Attorney General, the towns directed that a time of receivership should be implemented to provide for a proper and acceptable transfer of Whispering Maples to the towns. The consultant retained by the towns began to interview individuals for the post of a court appointed receivership. This person would review and manage operations of Whispering Maples and make recommendations relative to the ultimate transfer to the towns. The towns were appreciative of and supported the court appointment of Connie Goedert, Town of Queensbury Cemetery Superintendent, to the post of temporary receiver of the organization. She had agreed to serve at no pay.

TOWN OF PLATTSBURGH, NEW YORK  
Management's Discussion and Analysis, Continued

To date (May 2017) Ms. Goedert, continues working with retained consultants, is updating the organization's structure and planning for the transition to the towns. As part of this process, an application is being filed with the state's abandoned cemetery fund to allow the towns to apply for a grant of funds to enact significant and comprehensive repair of the mausoleums. Additionally, thanks to the support and efforts of Senator Betty Little and Assemblywoman Billy Jones, a state budget designation has been secured.

There is still a great deal of work being conducted in advance for the transition. With the assistance of the Office of the New York State Attorney General, the court appointed state receivership (Ms. Goedert) of Whispering Maples has been extended. This extension allows a thoughtful and thorough transition of the mausoleums to town control and will allow for the detailed application for funds for the restoration of these facilities.

**Requests for Information**

This report is designed to provide an overview of the Town of Plattsburgh's finances for those with an interest in this area. Questions concerning any of the information should be direct to Patrick Bowen, Finance Manager, 151 Banker Road, Plattsburgh, New York 12901 or call 518-562-6825.

TOWN OF PLATTSBURG, NEW YORK  
Statement of Net Position - Governmental Activities  
December 31, 2016

Assets:

Current assets:

Cash - unrestricted	\$ 10,858,589
Receivables:	
Due from fiduciary fund	291
State and Federal aid	24,474
Due from other governments	1,238,903
Other	577,682
Prepaid expenses	<u>107,976</u>
Total current assets	<u>12,807,915</u>

Capital assets:

Land	1,018,024
Buildings	6,019,647
Equipment and furniture	6,289,726
Infrastructure	68,630,678
Construction in progress	<u>182,806</u>
	82,140,881
Less accumulated depreciation	<u>(46,186,142)</u>
Capital assets, net	<u>35,954,739</u>
Total assets	<u>48,762,654</u>

Deferred outflows of resources - pensions 1,969,947

Liabilities and net position:

Current liabilities:

Accounts payable	281,520
Accrued liabilities	134,517
Due to other governments	59,373
Bonds payable - current portion	595,950
Bond anticipation notes	<u>1,165,000</u>
Total current liabilities	<u>2,236,360</u>

Long-term liabilities:

Other postemployment benefits	3,430,649
Net pension liability-proportionate share	1,902,958
Bonds payable - long-term portion	4,213,293
Compensated absences	<u>716,141</u>
Total long-term liabilities	<u>10,263,041</u>

Total liabilities 12,499,401

Deferred inflows of resources - pensions 321,247

Net position:

Net investment in capital assets	29,980,496
Restricted	9,200,831
Unrestricted	<u>(1,269,374)</u>
Total net position	<u>\$ 37,911,953</u>

See accompanying notes to financial statements.

TOWN OF PLATTSBURG, NEW YORK  
Statement of Activities  
Year ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net Revenue</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>(Expense) and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
Governmental activities:					
General government support	\$ 4,284,139	429,978	350,072	-	(3,504,089)
Public safety	38,313	-	-	-	(38,313)
Health	634,042	-	-	-	(634,042)
Transportation	2,810,773	71,281	-	183,936	(2,555,556)
Economic assistance and development	40,161	-	16,500	-	(23,661)
Culture and recreation	275,585	20,793	3,153	-	(251,639)
Home and community services	2,736,066	2,553,027	9,359	-	(173,680)
Interest	<u>133,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(133,815)</u>
Total governmental activities	<u>\$ 10,952,894</u>	<u>3,075,079</u>	<u>379,084</u>	<u>183,936</u>	<u>(7,314,795)</u>
General revenue:					
					4,080,213
					3,807,035
					34,180
					181,945
					<u>73,378</u>
					<u>8,176,751</u>
					861,956
					<u>37,049,997</u>
					<u>\$ 37,911,953</u>

See accompanying notes to financial statements.



TOWN OF PLATTSBURG, NEW YORK  
Balance Sheet - Governmental Funds  
December 31, 2016

	Major Special Revenue						Nonmajor Special Revenue	Total Governmental Funds
	General	Capital Projects	Highway	Water/Sewer Administration & Ambulance	Sewer	Water		
Assets:								
Cash - unrestricted	\$ 888,051	1,406,249	839,152	1,213,747	2,936,008	2,844,666	730,716	10,858,589
Receivables:								
Due from other funds	4,791	-	-	73,650	200	-	-	78,641
State and Federal aid	10,474	-	-	-	-	-	14,000	24,474
Due from other governments	810,713	-	246,679	4,976	96,319	80,216	-	1,238,903
Other	182,095	-	-	35,243	216,180	144,164	-	577,682
Prepaid expenses	56,091	-	27,920	22,504	-	-	1,461	107,976
Total assets	<u>\$ 1,952,215</u>	<u>1,406,249</u>	<u>1,113,751</u>	<u>1,350,120</u>	<u>3,248,707</u>	<u>3,069,046</u>	<u>746,177</u>	<u>12,886,265</u>
Liabilities and fund balances:								
Liabilities:								
Accounts payable	52,393	20,619	19,411	84,895	62,271	19,186	22,745	281,520
Accrued liabilities	56,860	-	15,669	12,976	-	-	11,667	97,172
Bond anticipation notes payable	-	1,165,000	-	-	-	-	-	1,165,000
Due to other funds	-	200	-	-	73,650	-	4,500	78,350
Due to other governments	59,373	-	-	-	-	-	-	59,373
Total liabilities	<u>168,626</u>	<u>1,185,819</u>	<u>35,080</u>	<u>97,871</u>	<u>135,921</u>	<u>19,186</u>	<u>38,912</u>	<u>1,681,415</u>
Fund balances (deficits):								
Nonspendable	56,091	-	27,920	22,504	-	-	1,461	107,976
Assigned - appropriated	233,305	60,691	98,530	46,928	162,598	95,898	707,804	1,405,754
Assigned - unappropriated	-	159,739	952,221	1,182,817	2,950,188	2,953,962	-	8,198,927
Unassigned	1,494,193	-	-	-	-	-	(2,000)	1,492,193
Total fund balances	<u>1,783,589</u>	<u>220,430</u>	<u>1,078,671</u>	<u>1,252,249</u>	<u>3,112,786</u>	<u>3,049,860</u>	<u>707,265</u>	<u>11,204,850</u>
Total liabilities and fund balances	<u>\$ 1,952,215</u>	<u>1,406,249</u>	<u>1,113,751</u>	<u>1,350,120</u>	<u>3,248,707</u>	<u>3,069,046</u>	<u>746,177</u>	<u>12,886,265</u>

See accompanying notes to financial statements.

TOWN OF PLATTSBURG, NEW YORK  
 Reconciliation of the Balance Sheet to the Statement of Net Position  
 Governmental Funds  
 December 31, 2016

Total governmental fund balance	\$ 11,204,850
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are included as assets in the government-wide financial statements, net of accumulated depreciation.	35,954,739
Deferred outflows and inflows of resources related to pensions are included in the government-wide financial statements.	1,648,700
Long-term liabilities for bonded debt are included in the government-wide financial statements as liabilities.	(4,809,243)
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements as liabilities.	(37,345)
Long-term liabilities for compensated absences are included in the government-wide financial statements as liabilities.	(716,141)
Long-term liabilities for other postemployment benefits are included in the government-wide financial statements as liabilities.	(3,430,649)
Long-term liabilities for the proportionate share of net pension liability are included in the government-wide financial statements as liabilities.	<u>(1,902,958)</u>
Total net position - end of year	<u><u>\$ 37,911,953</u></u>

See accompanying notes to financial statements.

TOWN OF PLATTSBURG, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended December 31, 2016

	<u>Major Special Revenue</u>						Nonmajor Special Revenue	Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Highway</u>	<u>Water/Sewer Administration &amp; Ambulance</u>	<u>Sewer</u>	<u>Water</u>		
Revenue:								
Real property taxes	\$ 84,807	-	1,088,479	387,750	539,352	1,651,325	328,500	4,080,213
Non-property tax items	2,598,681	-	1,208,354	-	-	-	-	3,807,035
Departmental income	45,365	-	-	74,619	1,207,062	967,085	-	2,294,131
Charges for services	5,598	-	71,281	212,415	-	-	-	289,294
Use of money and property	9,466	2,658	1,331	2,914	6,147	6,493	5,171	34,180
Licenses and permits	92,143	-	-	-	-	70,816	-	162,959
Fines and forfeitures	328,695	-	-	-	-	-	-	328,695
Sale of property and compensation for loss	15	-	6,887	173,610	9,435	-	-	189,947
State aid	362,584	-	183,936	-	-	-	16,500	563,020
Miscellaneous	10,993	-	15,501	10,904	35,980	-	-	73,378
<b>Total revenue</b>	<b>3,538,347</b>	<b>2,658</b>	<b>2,575,769</b>	<b>862,212</b>	<b>1,797,976</b>	<b>2,695,719</b>	<b>350,171</b>	<b>11,822,852</b>
Expenditures:								
General government support	1,565,350	-	-	1,024,043	-	-	18,500	2,607,893
Public safety	26,875	-	-	-	-	-	-	26,875
Health	600	-	-	633,000	-	-	-	633,600
Transportation	79,634	-	1,135,487	-	-	-	146,698	1,361,819
Economic opportunity and development	32,294	-	-	-	-	-	-	32,294
Culture and recreation	158,865	-	-	-	-	-	-	158,865
Home and community services	476,707	-	-	-	801,108	315,830	-	1,593,645
Employee benefits	835,044	-	490,852	466,401	-	-	27,929	1,820,226
Debt service:								
Principal	72,500	60,000	135,000	-	52,118	718,027	100,000	1,137,645
Interest	3,167	-	14,819	-	73,026	36,189	2,912	130,113
Capital outlay	10,212	292,137	519,118	121,875	445	9,775	5,419	958,981
<b>Total expenditures</b>	<b>3,261,248</b>	<b>352,137</b>	<b>2,295,276</b>	<b>2,245,319</b>	<b>926,697</b>	<b>1,079,821</b>	<b>301,458</b>	<b>10,461,956</b>
Excess (deficiency) revenue over expenditures	277,099	(349,479)	280,493	(1,383,107)	871,279	1,615,898	48,713	1,360,896

(Continued)

TOWN OF PLATTSBURG, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances  
Governmental Funds, Continued

	<u>General</u>	<u>Capital Projects</u>	<u>Major Special Revenue</u>				<u>Nonmajor Special Revenue</u>	<u>Total Governmental Funds</u>
			<u>Highway</u>	<u>Water/Sewer Administration &amp; Ambulance</u>	<u>Sewer</u>	<u>Water</u>		
Other financing sources (uses):								
BANS redeemed from appropriations	\$ -	547,500	-	-	-	-	-	547,500
Transfers in	15,000	269,145	2	894,728	24,485	-	-	1,203,360
Transfers out	-	(24,487)	-	(15,000)	(522,921)	(640,952)	-	(1,203,360)
Total other financing sources (uses)	<u>15,000</u>	<u>792,158</u>	<u>2</u>	<u>879,728</u>	<u>(498,436)</u>	<u>(640,952)</u>	<u>-</u>	<u>547,500</u>
Net change in fund balances	292,099	442,679	280,495	(503,379)	372,843	974,946	48,713	1,908,396
Fund balances (deficit) at beginning of year	<u>1,491,490</u>	<u>(222,249)</u>	<u>798,176</u>	<u>1,755,628</u>	<u>2,739,943</u>	<u>2,074,914</u>	<u>658,552</u>	<u>9,296,454</u>
Fund balances at end of year	<u>\$ 1,783,589</u>	<u>220,430</u>	<u>1,078,671</u>	<u>1,252,249</u>	<u>3,112,786</u>	<u>3,049,860</u>	<u>707,265</u>	<u>11,204,850</u>

See accompanying notes to financial statements.

TOWN OF PLATTSBURG, NEW YORK  
 Reconciliation of the Statement of Revenue, Expenditures and Changes in  
 Fund Balances to the Statement of Activities - Governmental Funds  
 Year ended December 31, 2016

Net change in fund balance	\$ 1,908,396
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays reported as expenditures in the governmental fund financial statements are shown as increases in capital assets in the government-wide financial statements.	976,072
Current year debt principal payments reported as expenditures in the governmental fund financial statements are shown as a reduction in debt in the government-wide financial statements.	590,145
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.	(3,702)
Compensated absences are expensed on the government-wide financial statements when earned, whereas in the governmental fund financial statements, an expenditure is reported when compensated absences time is used.	18,435
Other postemployment benefits are expensed on the government-wide financial statements when earned, whereas in the governmental fund financial statements, an expenditure is reported when benefits are paid.	(361,968)
Current year change in proportionate share of net pension liability and related deferred inflows and deferred outflows of resources on the government-wide financial statements is not recognized in governmental funds since it does not provide for current financial resources.	(219,450)
Current year loss on sale of capital assets is reported as an decrease in revenue on the government-wide financial statements and is not recorded on the governmental fund financial statements and the related proceeds are reported as a revenue on the governmental fund financial statements and are not reported on the government-wide financial statements.	(8,002)
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position.	<u>(2,037,970)</u>
Change in net position of governmental activities	<u>\$ 861,956</u>

See accompanying notes to financial statements.

TOWN OF PLATTSBURG, NEW YORK  
Statement of Fiduciary Net Position - Fiduciary Funds  
December 31, 2016

	<u>Agency</u>
Assets:	
Cash	\$ 401,636
Cash - escrow accounts	<u>71,758</u>
Total assets	<u>\$ 473,394</u>
Liabilities:	
Other liabilities	473,103
Due to other funds	<u>291</u>
Total liabilities	<u>\$ 473,394</u>

See accompanying notes to the financial statements.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies

The financial statements of the Town of Plattsburgh, New York (the Town) have been prepared in accordance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles. Certain significant accounting principles and policies utilized by the Town are described below.

(a) Financial Reporting Entity

The Town of Plattsburgh, New York, which was incorporated in 1785, is governed by the town law and other general laws of the State of New York and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the supervisor and five councilors. The supervisor serves as chief executive officer and the chief fiscal officer of the Town.

The following basic services are provided:

Highways and streets  
Water and sewage  
Street lighting  
Culture and recreation  
Planning and zoning  
General administrative services

The reporting entity of the Town is based upon criteria set forth by GASB Statement 14 - "The Financial Reporting Entity." The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Town and any component unit or other organizational entity determined to be includable in the Town's financial reporting entity. The decision to include a potential component unit or other organizational entity in the Town's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. The Town does not have any reportable component units or other organizational entities for the year ended December 31, 2016. The Town is not a component unit of another reporting entity.

(b) Basis of Presentation

(i) Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation, Continued

(i) Government-wide Statements, Continued

transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings. The Town had no proprietary funds for the year ended December 31, 2016.

(ii) 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

General Fund - This is the Town's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Highway Special Revenue - This fund is used to account for revenues and expenditures for highway purposes in accordance with Section 141 of the Highway Law.



TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Water/Sewer Administration & Ambulance Special Revenue Fund - This fund is used to account for revenues and expenditures for the administration of the Town's water and sewer departments as well as the Town's ambulance district.

Sewer Special Revenue - This fund is used to account for taxes or other revenues, which are raised or received to provide sewage disposal services to the Town's residents and businesses.

Water Special Revenue - This fund is used to account for taxes or other revenues, which are raised or received to provide water distribution services to the Town's residents and businesses.

The other funds, which do not meet the major fund criteria, are aggregated and reported as nonmajor Governmental Funds. The following are reported as nonmajor Governmental Funds:

Storm Drainage - This fund is used to account for revenues and expenditures for drainage purposes.

Street Lighting - This fund is used to account for revenues and expenditures for lighting purposes.

Special Grant - This fund is used to account for revenues and expenditures for Community Development Block Grant Funds.

(c) Measurement Focus and Basis of Accounting

(i) Government-wide Financial Statements

The Government-wide and proprietary 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.

(ii) Governmental Fund Financial Statements

The governmental fund financial 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other governmental fund revenues.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Measurement Focus and Basis of Accounting, Continued

(ii) Governmental Fund Financial Statements, Continued

The revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are accrued based on anticipated sales tax revenue due to the Town.

In applying the susceptible-to-accrual concept to state and federal aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

Expenditures are recorded when the related liability is incurred, except for principal and interest on general long-term debt 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) Cash and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand and time deposits and certificates of 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 New York State and its municipalities and school districts.

At December 31, 2016, the carrying amount of the Town's demand and savings deposits was \$11,182,310 and the bank balance was \$11,179,791. Of the bank balance, \$500,000 was covered by Federal depository insurance and \$10,679,791 was covered by collateral held by the pledging bank in the Town's name. There were no uninsured deposits.

Cash balances of \$148,813 is being held by the Environmental Facilities Corporation (EFC) to be used towards outstanding bond issues.

Cash and cash equivalents include cash on hand, demand deposits and short-term investments. The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) Receivables

Receivables are shown gross, with uncollectible amounts written off under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Inventories and Prepaid Items

Purchases of inventorial items are recorded as expenditures at the time of purchase and are considered immaterial in amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

(g) Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$250 to \$1,000 (depending on the asset type) and an estimated useful life of two years or more. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Infrastructure	\$ 1,000	Straight-line	20 - 50 years
Building and improvements	1,000	Straight-line	20 - 40 years
Furniture and equipment	250 - 500	Straight-line	5 - 25 years

(h) Compensated Absences

The Town employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts.

Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16 - "Accounting for Compensated Absences," an accrual for accumulated sick leave calculated using the vesting method is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

(i) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Long-Term Obligations, Continued

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(j) Unearned Revenue

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

(k) Deferred Compensation

Employees of the Town may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

(l) Postemployment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage for retired employees and their dependents. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age and retire under the New York State Employees Retirement System while working for the Town. The cost of providing postretirement benefits is shared between the Town and the retired employee. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents, as an expenditure in the year paid.

(m) Property Taxes

Property taxes are collected solely through the Highway Fund and Special Districts (ambulance, sewer, lighting, water and drainage). The tax rates are determined by dividing each district budgeted amount by its assessment value. Revenues for the Highway Fund are received from all Town residents and revenues for special districts are received from Town residents based on whether a particular service is available in their district. The taxes collected are used strictly to extinguish debt attributable to each district.

Real property taxes are levied annually by the Town no later than January 1. Taxes are collected during the period January 1 to March 31.

Uncollected real property taxes are subsequently enforced by the County in which the Town is located. The County pays an amount representing uncollected real property taxes, transmitted to the County for enforcement, to the Town no later than the following April 1.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Net Position/Fund Balances

Net position in government-wide financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Special revenue funds fund balance is included in restricted net position on the government-wide financial statements.

In the governmental fund financial statements, fund balances, as required by Governmental Accounting Standards Board (GASB) Statement 54, are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of Town law, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by formal action by Town ordinance or resolution.
- Assigned - Amounts that are designated by the Town for a particular purpose but do not meet the criteria to be classified as restricted or committed.
- Unassigned - All amounts not included in other spendable classifications.

The purpose of GASB 54 is to improve the usefulness, including the understandability, of governmental fund balance information by establishing criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

(o) Budgetary Procedures and Accounting

(i) General Budget Policies - No later than September 30<sup>th</sup>, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1<sup>st</sup>. The tentative budget includes proposed expenditures and the proposed means of financing for the general and special revenue funds. After public hearings are conducted to obtain taxpayer comments, but no later than November 20<sup>th</sup>, the Town Board adopts the Town budget. Any revisions that alter total appropriations of any department or fund must be approved by the Town Board. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects, which remain in effect for the life of the project.

(ii) Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Budgetary Procedures and Accounting, Continued

(iii) Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Open encumbrances at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

(p) Deferred Outflows and 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 Town has two items that qualify for reporting in this category.

The first item is related to pensions reported in the 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 period between the Town's contributions and its proportion share of total contributions to the pension system not included in pension expense. Lastly, are the Towns contributions to the pension systems subsequent to the measurement date.

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This is related to pensions reported in the 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 systems not included in the pension expense.

(q) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Impact of Recently Issued Accounting Pronouncements

The GASB has issued Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," which will be effective for the year ending December 31, 2017. This Statement is not expected to have a material effect on the financial statements of the Town.

The GASB has issued Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," which will be effective for the year ending December 31, 2017. This Statement is not expected to have a material effect on the financial statements of the Town.

The GASB has issued Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which will be effective for the year ending December 31, 2018. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Town.

The GASB has issued Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14," which will be effective for the year ending December 31, 2017. This Statement is not expected to have a material effect on the financial statements of the Town.

The GASB has issued Statement No. 81 - "Irrevocable Split - Interest Agreements," which will be effective for the year ending December 31, 2017. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Town.

The GASB has issued Statement No. 82 - "Pension Issues - an Amendment of GASB Statement No. 67, No. 68 and No. 73," which will be effective for the year ending December 31, 2018. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Town.

The GASB has issued Statement No. 83 - "Certain Asset Retirement Obligations," which will be effective for the year ending December 31, 2019. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Town.

The GASB has issued GASB Statement No. 84 - "Fiduciary Activities," which will be effective for the year ending December 31, 2019. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Town.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Impact of Recently Issued Accounting Pronouncements, Continued

The GASB has issued GASB Statement No. 85 - Omnibus 2017," which will be effective for the year ending December 31, 2018. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Town.

(2) Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-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 Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of governmental funds vs. net position of governmental activities: Total fund balances of the Town's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This 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 Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

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

(i) Long-term revenue differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports 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.

(ii) Capital related differences

Capital related differences include the difference 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 an 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.



TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities, Continued

(iii) 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.

(3) Capital Assets

A summary of capital asset balances and activity for the year ended December 31, 2016 is as follows:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,018,024	-	-	1,018,024
Construction in progress	<u>780,411</u>	<u>292,137</u>	<u>(889,742)</u>	<u>182,806</u>
Total nondepreciable, historical cost	<u>1,798,435</u>	<u>292,137</u>	<u>(889,742)</u>	<u>1,200,830</u>
Capital assets, being depreciated:				
Buildings and improvements	6,019,647	-	-	6,019,647
Infrastructure	67,477,235	1,153,443	-	68,630,678
Furniture and equipment	<u>6,064,573</u>	<u>420,234</u>	<u>(195,081)</u>	<u>6,289,726</u>
Total depreciable historical cost	<u>79,561,455</u>	<u>1,573,677</u>	<u>(195,081)</u>	<u>80,940,051</u>
Less accumulated depreciation:				
Buildings, infrastructure and improvements	39,973,328	1,731,728	-	41,705,056
Furniture and equipment	<u>4,361,923</u>	<u>306,242</u>	<u>(187,079)</u>	<u>4,481,086</u>
Total accumulated depreciation	<u>44,335,251</u>	<u>2,037,970</u>	<u>(187,079)</u>	<u>46,186,142</u>
Net depreciable historical cost	<u>35,226,204</u>	<u>(464,293)</u>	<u>(8,002)</u>	<u>34,753,909</u>
Governmental activities capital assets, net	\$ <u>37,024,639</u>	<u>(172,156)</u>	<u>(897,744)</u>	<u>35,954,739</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(3) Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 263,770
Transportation	843,973
Culture and recreation	25,378
Home and community services	<u>904,849</u>
Total	\$ <u>2,037,970</u>

(4) Indebtedness

(a) Long-Term Debt

The following is a summary of changes in long-term debt:

	Balance at December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2016</u>	Amounts due within <u>one year</u>
Serial bonds	\$ 5,399,388	-	590,145	4,809,243	595,950
Compensated absences	<u>734,576</u>	-	<u>18,435</u>	<u>716,141</u>	-
Total	\$ <u>6,133,964</u>	<u>-</u>	<u>608,580</u>	<u>5,525,384</u>	<u>595,950</u>

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

Bonds are comprised of the following:

Serial Bonds

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/16</u>
Champlain Park Water Improvements	3/1981	2/2020	5.000%	\$ 32,000
Cadyville WD Construction	10/1986	10/2025	6.000%	45,000
Treadwell Mills WD Improvements	9/1988	9/2027	6.375%	82,000
Wallace Hill WD #1	1/1997	9/2021	5.750%	50,300
Treadwell Mills WD	1/1997	9/2017	5.750%	4,300
Route #3 SD	1/1997	9/2017	5.750%	9,500
Bluff Point SD	1/1997	9/2017	5.750%	7,000
Bluff Point WD	1/1997	9/2017	5.750%	7,000
Morrisonville WD #1	1/1997	9/2021	5.750%	56,900
Cadyville SD - NYSEFC	11/1998	11/2018	0.000%	8,465
Wallace Hill WD #2 Phase II - NYSEFC	7/2001	5/2031	0.000%	232,185
Wallace Hill SD #3 - NYSEFC	7/2003	7/2033	0.000%	305,278
Cumberland Head WD - NYSEFC	7/2003	7/2022	0.000%	1,824,315

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(4) Indebtedness, Continued

(a) Long-Term Debt, Continued

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/16</u>
Champlain Park Sewer Closure - NYSEFC	10/2010	10/2039	2.132%	1,740,000
Highway Improvements	8/2014	8/2019	2.750%	<u>405,000</u>
Total serial bonds				<u>\$ 4,809,243</u>

The following is a summary of maturing debt service requirements for serial bonds:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 595,950	98,076	694,026
2018	566,757	88,608	655,365
2019	573,329	81,048	654,377
2020	444,136	73,222	517,358
2021	441,942	69,170	511,112
2022-2026	883,013	294,817	1,177,830
2027-2031	559,694	211,749	771,443
2032-2036	464,422	123,552	587,974
2037-2039	<u>280,000</u>	<u>26,007</u>	<u>306,007</u>
	<u>\$ 4,809,243</u>	<u>1,066,249</u>	<u>5,875,492</u>

(b) Bond Anticipation Notes

Liabilities for the bond anticipation notes (BANs) are accounted for in the capital projects fund. BANs must be renewed annually. Generally, BANs issued for assessable improvements may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. General capital purpose BANs must be converted to long-term obligations within five years after the original issue date.

The following is an analysis of BANs outstanding at December 31, 2016:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2016</u>
Pleasant Ridge WD/ River Crossing	1.46%	\$ 100,000	-	100,000	-
Cadyville Park/Street Light Purchase	1.46%	417,500	-	172,500	245,000
Cadyville/M'ville WD	1.37%	460,000	-	200,000	260,000
Moffitt Road Water	1.24%	<u>735,000</u>	-	<u>75,000</u>	<u>660,000</u>
		<u>\$ 1,712,500</u>	<u>-</u>	<u>547,500</u>	<u>1,165,000</u>

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(4) Indebtedness, Continued

(b) Bond Anticipation Notes, Continued

Debt service expenditures are recorded in the fund that benefited from the capital project financed by the bonds or notes, i.e. the general fund or the appropriate special revenue fund.

Interest expense incurred on serial bonds and bond anticipation notes for the year ended December 31, 2016 is as follows:

Interest paid	\$ 130,113
Less interest accrued in the prior year	(33,643)
Plus interest accrued in the current year	<u>37,345</u>
Total expense	\$ <u>133,815</u>

(5) Pension Plans

(a) Plan Descriptions and Benefits Provided

The Town participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The Town also participated in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/gublications/index.ghp](http://www.osc.state.ny.us/retire/gublications/index.ghp) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(5) Pension Plans, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Contributions for the current and two preceding years were equal to 100% of the contributions required, and were as follows:

2016	\$ 437,184
2015	481,977
2014	603,063

(b) Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016 the Town reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. 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 System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Town.

Actuarial measurement date	3/31/2016
Net pension liability	\$ 1,902,958
Town's proportion of the Plan's net pension liability	0.0118562%

For the year ended December 31, 2016, the Town's recognized pension expense of \$765,387 for ERS. At December 31, 2016 the Town's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,616	225,564
Changes of assumptions	507,462	
Net difference between projected and actual earnings on pension plan investments	1,128,939	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	-	95,683
Town's contributions subsequent to the March 31, 2016 measurement date	<u>323,930</u>	<u>-</u>
Total	<u>\$ 1,969,947</u>	<u>321,247</u>

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(5) Pension Plans, Continued

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

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

Year ended	<u>ERS</u>
2017	\$ 336,460
2018	336,460
2019	336,460
2020	315,390
2021	-
Thereafter	-

(c) Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014

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

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(5) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

The long term rate of return on pension plan investments was determined using a build block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each 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>Measurement date</u>	<u>March 31, 2016</u>
Asset type:	
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation - indexed bonds	4.00%

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 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.

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>4,291,033</u>	<u>1,902,958</u>	<u>(114,863)</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(5) Pension Plans, Continued

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)
Measurement date	3/31/2016
Employers' total pension liability	\$ (172,303)
Plan net position	<u>156,253</u>
Employers' net pension liability	\$ <u>(16,050)</u>
Ratio of plan net position to the Employers' total pension liability	90.7%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Retirement contributions as of December 31, 2016 represent the projected employer contribution for the period of April 1, 2016 through March 31, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(h) Deferred Compensation Plan

Employees of the Town of Plattsburgh may elect to participate in the NYS Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

(6) Other Postemployment Benefits

In addition to providing retirement benefits the Town provides certain health insurance benefits to retired employees and their families. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working. Policy has been to account for and fund these benefits on a pay-as-you-go basis.

GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions" which requires the accrual of these liabilities. This statement was implemented as of January 1, 2008. The cost of providing health insurance benefits to retirees during the year ended December 31, 2016 on a pay-as-you-go basis was \$53,327.

(a) Plan Description

The Town administers the plan as a single-employer defined benefit other postemployment benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Town subject to the applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.



TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(6) Other Postemployment Benefits, Continued

(b) Funding Policy

The Town pays for 50% of the cost of the current active employee rate for health care benefits paid to qualified retirees while the retiree pays the remaining 50%. The Town has chosen to fund the healthcare benefits as costs are incurred.

(c) Accounting Policy

The accrual basis of accounting is used. The fair market value of assets is determined by the market value of assets paid by the willing buyer to a willing seller.

(d) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation. The actuarial methods and assumption used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

As of January 1, 2016, an actuarial valuation was performed in which the projected unit credit method was used. As of the December 31, 2016 measurement date, the actuarial assumptions included a 4.00% investment rate of return based on expected earnings on the Town's own investments, and an annual health care cost trend rate of 5.50% (pre-65) and 10.00% (post-65) initially as of December 31, 2016. The 2016 trend rates are reduced by decrements to an ultimate rate of 3.84% to be reached in 2086. All rates included a 2.2% inflation assumption. The unfunded actuarial accrued liability is being amortized using the level dollar method on an open basis. The remaining original amortization period at December 31, 2016 was 24 years.

(e) Annual OPEB cost at December 31, 2016

Annual required contribution (ARC)	\$ 488,697
Adjustment to ARC	(193,524)
Interest on net OPEB obligation	<u>122,747</u>
Annual OPEB cost	417,920
OPEB contributions made during the fiscal year	(55,952)
OPEB obligation at the beginning of year	<u>3,068,681</u>
OPEB obligation at the end of the year	\$ <u><u>3,430,649</u></u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(6) Other Postemployment Benefits, Continued

(f) Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and the two preceding years were:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 417,920	12.18%	3,430,649
2015	672,650	21.92%	3,068,681
2014	634,919	25.71%	2,469,218

(7) Interfund Transactions

The operations of the Town give rise to certain transactions between funds including expenditures and transfers of resources to provide services. These transactions are recorded as interfund revenues, interfund transfers and expenditures in the respective funds.

Individual fund interfund receivable and payable balances at December 31, 2016, arising from these transactions and interfund revenues and expenditures are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General fund	\$ 4,791	-	15,000	-
Capital projects	-	200	269,145	24,487
Major special revenue:				
Highway	-	-	2	-
Water/sewer administration & ambulance	73,650	-	894,728	15,000
Sewer	200	73,650	24,485	522,921
Water	-	-	-	640,952
Nonmajor special revenue	-	4,500	-	-
Total governmental activity	78,641	78,350	1,203,360	1,203,360
Trust and agency	-	291	-	-
Total	\$ <u>78,641</u>	<u>78,641</u>	<u>1,203,360</u>	<u>1,203,360</u>

(8) Commitments and Contingencies

(a) Risk Financing and Related Insurance

The Town of Plattsburgh is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees. These risks are covered by commercial insurance purchased from independent third parties. All claims are routinely turned over to the insurance carriers.

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(8) Commitments and Contingencies, Continued

(b) Litigation

The Town is exposed to various risks of loss arising principally in the normal course of operations. These claims are being handled by the Town's attorneys and insurance companies. In the opinion of the attorneys, the outcome of these claims are either indeterminable, or will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The Town also has open tax certiorari proceedings with a potential liability. The outcome of these proceedings is undeterminable and no provision for loss has been recorded.

(c) Grant Programs

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representative. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

(d) Environmental Concerns

In the normal course of operations, the Town is engaged in activities (i.e. gasoline storage) that are potentially hazardous to the environment. As of December 31, 2016, the Town has not experienced any instances of significant environmental problems.

(e) Encumbrances

The Town has outstanding commitments related to unperformed contracts for goods and services at December 31, 2016 as follows:

General fund	\$ 35,836
Highway fund	730
Capital projects fund	60,691
Water/sewer administration & ambulance fund	<u>46,928</u>
	\$ <u>144,185</u>

(f) Tax Abatements

As of December 31, 2016 the Town abatement programs include abatements on property taxes. All abatement agreements are made by Clinton County Industrial Development Agency (CCIDA), a component unit of the County.

All property tax abatements are performed through Payment in Lieu of Tax (PILOT) agreements made by CCIDA. The PILOT agreements are made to support construction, utilities and housing/hotels. Total taxes abated by CCIDA in each of these categories for the fiscal year ended December 31, 2016 is as follows:

Construction	\$ 110,995
Utilities	114,274
Housing/hotels	36,097

TOWN OF PLATTSBURGH, NEW YORK  
Notes to Financial Statements, Continued

(9) Net Position and Fund Balances

The following is a summary of fund balances at December 31, 2016:

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Major Special Revenue <u>Funds</u>	Nonmajor Special Revenue <u>Funds</u>	<u>Total</u>
Not in spendable form	\$ 56,901	-	50,424	1,461	108,786
Assigned - appropriated:					
Outstanding purchase orders	35,836	60,691	47,658	-	144,185
2017 budget appropriations	197,469	-	356,296	707,804	1,261,569
Assigned - unappropriated	-	159,739	8,039,188	-	8,198,927
Unassigned	<u>1,493,383</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>1,491,383</u>
	<u>\$ 1,783,589</u>	<u>220,430</u>	<u>8,493,566</u>	<u>707,265</u>	<u>11,204,850</u>

The following is a summary of net position at December 31, 2016:

Net investment in capital assets	\$ 29,980,496
Restricted (special revenue funds)	9,200,831
Unrestricted	<u>(1,269,374)</u>
	<u>\$ 37,911,953</u>

(10) Subsequent Events

The Town is currently working with the New York State Division of Cemeteries regarding an abandoned cemetery. Please refer to management's discussion and analysis for further information regarding this subject.

The Town has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

TOWN OF PLATTSBURG, NEW YORK  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year ended December 31, 2016

	Original <u>budget</u>	Final <u>budget</u>	<u>Actual</u>	Variance with final budget positive <u>(negative)</u>
Revenue:				
Real property taxes	\$ 77,366	77,366	84,807	7,441
Non-property tax items	2,646,202	2,646,202	2,598,681	(47,521)
Departmental income	38,000	38,000	45,365	7,365
Charges for services	5,500	5,500	5,598	98
Use of money and property	7,750	7,750	9,466	1,716
Licenses and permits	54,300	54,300	92,143	37,843
Fines and forfeitures	300,000	300,000	328,695	28,695
Sale of property and compensation for loss	-	-	15	15
State aid	295,000	298,052	362,584	64,532
Miscellaneous	15,000	-	10,993	10,993
Total revenue	<u>3,439,118</u>	<u>3,427,170</u>	<u>3,538,347</u>	<u>111,177</u>
Expenditures:				
General government support	1,748,029	1,704,619	1,565,350	139,269
Public safety	31,420	31,620	26,875	4,745
Health	750	750	600	150
Transportation	80,930	80,930	79,634	1,296
Economic opportunity and development	33,120	33,120	32,294	826
Culture and recreation	168,740	170,740	158,865	11,875
Home and community services	378,210	495,377	476,707	18,670
Employee benefits	959,017	913,838	835,044	78,794
Debt service:				
Principal	72,500	72,500	72,500	-
Interest	3,200	3,200	3,167	33
Capital outlay	42,500	64,000	10,212	53,788
Total expenditures	<u>3,518,416</u>	<u>3,570,694</u>	<u>3,261,248</u>	<u>309,446</u>
Excess (deficiency) of revenue over expenditures	<u>(79,298)</u>	<u>(143,524)</u>	<u>277,099</u>	<u>420,623</u>
Other financing sources (uses) - transfers in	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	<u>(79,298)</u>	<u>(128,524)</u>	<u>292,099</u>	<u>420,623</u>
Fund balance at beginning of year	<u>1,491,490</u>	<u>1,491,490</u>	<u>1,491,490</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,412,192</u>	<u>1,362,966</u>	<u>1,783,589</u>	<u>420,623</u>

TOWN OF PLATTSBURG, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - Highway Special Revenue Fund  
Year ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
Revenue:				
Real property taxes	\$ 1,086,332	1,086,332	1,088,479	2,147
Non-property tax items	1,240,100	1,240,100	1,208,354	(31,746)
Charges for services	70,000	70,000	71,281	1,281
Use of money and property	250	250	1,331	1,081
Sale of property and compensation for loss	1,000	1,000	6,887	5,887
State aid	150,000	183,936	183,936	-
Miscellaneous	-	-	15,501	15,501
Total revenue	<u>2,547,682</u>	<u>2,581,618</u>	<u>2,575,769</u>	<u>(5,849)</u>
Expenditures:				
Transportation	1,458,050	1,434,050	1,135,487	298,563
Employee benefits	532,725	532,725	490,852	41,873
Debt service:				
Principal	135,000	135,000	135,000	-
Interest	15,500	15,500	14,819	681
Capital outlay	460,000	559,151	519,118	40,033
Total expenditures	<u>2,601,275</u>	<u>2,676,426</u>	<u>2,295,276</u>	<u>381,150</u>
Excess (deficiency) of revenue over expenditures	<u>(53,593)</u>	<u>(94,808)</u>	<u>280,493</u>	<u>375,301</u>
Other financing sources - transfers in	-	-	2	2
Net change in fund balance	<u>(53,593)</u>	<u>(94,808)</u>	<u>280,495</u>	<u>375,303</u>
Fund balance at beginning of year	<u>798,176</u>	<u>798,176</u>	<u>798,176</u>	<u>-</u>
Fund balance at end of year	<u>\$ 744,583</u>	<u>703,368</u>	<u>1,078,671</u>	<u>375,303</u>

TOWN OF PLATTSBURG, NEW YORK  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Water/Sewer Administration and Ambulance Special Revenue Fund  
 Year ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive <u>(negative)</u>
Revenue:				
Real property taxes	\$ 387,750	387,750	387,750	-
Departmental income	36,500	36,500	74,619	38,119
Charges for services	212,415	212,415	212,415	-
Use of money and property	500	500	2,914	2,414
Sale of property and compensation for loss	190,000	190,000	173,710	(16,290)
Miscellaneous	-	-	10,804	10,804
Total revenue	<u>827,165</u>	<u>827,165</u>	<u>862,212</u>	<u>35,047</u>
Expenditures:				
General government support	1,168,481	1,231,453	1,024,043	207,410
Health	653,000	653,000	633,000	20,000
Employee benefits	559,424	559,424	466,401	93,023
Capital outlay	<u>250,000</u>	<u>355,286</u>	<u>121,875</u>	<u>233,411</u>
Total expenditures	<u>2,630,905</u>	<u>2,799,163</u>	<u>2,245,319</u>	<u>553,844</u>
Excess (deficiency) of revenue over expenditures	<u>(1,803,740)</u>	<u>(1,971,998)</u>	<u>(1,383,107)</u>	<u>588,891</u>
Other financing sources (uses):				
Transfers in	1,787,212	1,787,212	894,728	(892,484)
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources uses	<u>1,772,212</u>	<u>1,772,212</u>	<u>879,728</u>	<u>(892,484)</u>
Net change in fund balance	<u>(31,528)</u>	<u>(199,786)</u>	<u>(503,379)</u>	<u>(303,593)</u>
Fund balance at beginning of year	<u>1,755,628</u>	<u>1,755,628</u>	<u>1,755,628</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,724,100</u></u>	<u><u>1,555,842</u></u>	<u><u>1,252,249</u></u>	<u><u>(303,593)</u></u>

TOWN OF PLATTSBURG, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - Sewer Special Revenue Fund  
Year ended December 31, 2016

	Original <u>budget</u>	Final <u>budget</u>	<u>Actual</u>	Variance with final budget positive <u>(negative)</u>
Revenue:				
Real property taxes	\$ 539,352	539,352	539,352	-
Departmental income	1,247,100	1,247,100	1,207,062	(40,038)
Use of money and property	1,500	1,500	6,147	4,647
Sale of property and compensation for loss	-	-	9,435	9,435
Miscellaneous	<u>96,090</u>	<u>96,090</u>	<u>35,980</u>	<u>(60,110)</u>
Total revenue	<u>1,884,042</u>	<u>1,884,042</u>	<u>1,797,976</u>	<u>(86,066)</u>
Expenditures:				
Home and community services	1,007,450	1,011,960	801,108	210,852
Debt service:				
Principal	112,118	112,118	52,118	60,000
Interest	37,462	73,026	73,026	-
Capital outlay	<u>273,000</u>	<u>23,650</u>	<u>445</u>	<u>23,205</u>
Total expenditures	<u>1,430,030</u>	<u>1,220,754</u>	<u>926,697</u>	<u>294,057</u>
Excess of revenue over expenditures	<u>454,012</u>	<u>663,288</u>	<u>871,279</u>	<u>207,991</u>
Other financing sources (uses):				
Transfers in	-	-	24,485	24,485
Transfers out	<u>(551,552)</u>	<u>(305,507)</u>	<u>(522,921)</u>	<u>(217,414)</u>
Total other financing uses	<u>(551,552)</u>	<u>(305,507)</u>	<u>(498,436)</u>	<u>(192,929)</u>
Net change in fund balance	<u>(97,540)</u>	<u>357,781</u>	<u>372,843</u>	<u>15,062</u>
Fund balance at beginning of year	<u>2,739,943</u>	<u>2,739,943</u>	<u>2,739,943</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,642,403</u>	<u>3,097,724</u>	<u>3,112,786</u>	<u>15,062</u>



TOWN OF PLATTSBURG, NEW YORK  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Water Special Revenue Fund  
 Year ended December 31, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenue:				
Real property taxes	\$ 1,651,325	1,651,325	1,651,325	-
Departmental income	889,000	889,000	967,085	78,085
Use of money and property	2,700	2,700	6,493	3,793
Licenses and permits	<u>68,450</u>	<u>68,450</u>	<u>70,816</u>	<u>2,366</u>
Total revenue	<u>2,611,475</u>	<u>2,611,475</u>	<u>2,695,719</u>	<u>84,244</u>
Expenditures:				
Home and community services	391,165	388,265	315,830	72,435
Debt service:				
Principal	718,027	718,027	718,027	-
Interest	40,263	40,263	36,189	4,074
Capital outlay	<u>140,241</u>	<u>121,141</u>	<u>9,775</u>	<u>111,366</u>
Total expenditures	<u>1,289,696</u>	<u>1,267,696</u>	<u>1,079,821</u>	<u>187,875</u>
Excess of revenue over expenditures	<u>1,321,779</u>	<u>1,343,779</u>	<u>1,615,898</u>	<u>272,119</u>
Other financing uses - transfers out	<u>(1,395,630)</u>	<u>(1,417,630)</u>	<u>(640,952)</u>	<u>776,678</u>
Net change in fund balance	<u>(73,851)</u>	<u>(73,851)</u>	<u>974,946</u>	<u>1,048,797</u>
Fund balance at beginning of year	<u>2,074,914</u>	<u>2,074,914</u>	<u>2,074,914</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,001,063</u>	<u>2,001,063</u>	<u>3,049,860</u>	<u>1,048,797</u>

TOWN OF PLATTSBURG, NEW YORK  
 Required Supplementary Information  
 Schedule of Funding Progress - Other Postemployment Benefits (OPEB)  
 December 31, 2016

Actuarial Valuation <u>date</u>	Actuarial value of <u>assets</u>	Actuarial accrued <u>liability</u>	Unfunded actuarial accrued <u>liability</u>	Funded <u>ratio</u>	Covered <u>payroll</u>	Unfunded actuarial accrued liability as a percentage of covered <u>payroll</u>
December 31, 2016	\$ -	4,154,405	4,154,405	0%	N/A	N/A
December 31, 2015	-	5,816,881	5,816,881	0%	N/A	N/A
December 31, 2014	-	5,326,074	5,326,074	0%	N/A	N/A

TOWN OF PLATTSBURG, NEW YORK  
 Required Supplementary Information  
 Schedule of Town's Proportionate Share of the Net Position Liability  
 Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
The Town's proportion of the net pension liability	0.0118562%	0.1280020%
The Town's proportionate share of the net pension liability	\$ 1,902,958	\$ 432,422
The Town's covered employee payroll	\$ 2,859,793	\$ 3,121,832
The Town's proportionate share of the net pension liability as a percentage of covered employee payroll	66.54%	13.85%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.90%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Town is presenting information for those years for which information is available from the NYS Retirement System.

TOWN OF PLATTSBURG, NEW YORK  
 Required Supplementary Information  
 Schedule of the Town's Pension Contributions  
 Year ended December 31, 2016

	<u>2016</u>	<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>
Contractually required contribution	\$ 437,184	481,977	603,063	605,904	516,950	393,036	283,042	186,002	220,491	232,317
Contribution in relation to the contractually required contribution	<u>437,184</u>	<u>481,977</u>	<u>603,063</u>	<u>605,904</u>	<u>516,950</u>	<u>393,036</u>	<u>283,042</u>	<u>186,002</u>	<u>220,491</u>	<u>232,317</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered employee payroll	\$ 2,859,793	3,121,832	3,006,999	2,888,651	N/A	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered employee payroll	15.29%	15.44%	20.06%	20.98%	N/A	N/A	N/A	N/A	N/A	N/A

TOWN OF PLATTSBURG, NEW YORK  
Other Supplementary Information  
Combining Balance Sheet - Nonmajor Governmental Funds  
December 31, 2016

	<u>Storm Drainage</u>	<u>Street Lighting</u>	<u>Special Grant</u>	<u>Total</u>
Assets:				
Cash - unrestricted	\$ 524,649	203,567	2,500	730,716
State and Federal aid	-	-	14,000	14,000
Prepaid expenses	<u>-</u>	<u>1,461</u>	<u>-</u>	<u>1,461</u>
Total assets	<u>\$ 524,649</u>	<u>205,028</u>	<u>16,500</u>	<u>746,177</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	-	8,745	14,000	22,745
Accrued liabilities	-	11,667	-	11,667
Due to other funds	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>
Total liabilities	<u>-</u>	<u>20,412</u>	<u>18,500</u>	<u>38,912</u>
Fund balances (deficits):				
Nonspendable	-	1,461	-	1,461
Assigned	524,649	183,155	-	707,804
Unassigned	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Total fund balances (deficit)	<u>524,649</u>	<u>184,616</u>	<u>(2,000)</u>	<u>707,265</u>
Total liabilities and fund balances	<u>\$ 524,649</u>	<u>205,028</u>	<u>16,500</u>	<u>746,177</u>

TOWN OF PLATTSBURG, NEW YORK  
Other Supplementary Information  
Combining Statements of Revenue, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended December 31, 2016

	<u>Storm Drainage</u>	<u>Street Lighting</u>	<u>Special Grant</u>	<u>Total</u>
Revenue:				
Real property taxes	\$ 29,500	299,000	-	328,500
Use of money and property	522	4,649	-	5,171
State aid	-	-	16,500	16,500
	<u>30,022</u>	<u>303,649</u>	<u>16,500</u>	<u>350,171</u>
Total revenue				
Expenditures:				
General government support	-	-	18,500	18,500
Transportation	169	146,529	-	146,698
Employee benefits	-	27,929	-	27,929
Debt service:				
Principal	-	100,000	-	100,000
Interest	-	2,912	-	2,912
Capital outlay	-	5,419	-	5,419
	<u>169</u>	<u>282,789</u>	<u>18,500</u>	<u>301,458</u>
Total expenditures				
Net change in fund balances	29,853	20,860	(2,000)	48,713
Fund balances at beginning of year	<u>494,796</u>	<u>163,756</u>	<u>-</u>	<u>658,552</u>
Fund balances (deficit) at end of year	<u>\$ 524,649</u>	<u>184,616</u>	<u>(2,000)</u>	<u>707,265</u>

INDEPENDENT AUDITORS' 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

Town Board and the Supervisor  
Town of Plattsburgh, 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 Plattsburgh, New York (the Town), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Plattsburgh, New York's basic financial statements and have issued our report thereon dated May 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
May 19, 2017



TOWN OF PLATTSBURGH  
Status of Prior Audit Findings  
Year ended December 31, 2016

Finding 15-01

Condition - In 2011, it was discovered that the monthly utility billing interface reports could not be reconciled to the annual utility billing reports. The software company was contacted and they were unable to provide a solution. Since there were no changes or updates to the utility billing system in 2015, it was determined that the system would not provide reliable data for the 2015 year end audit.

Status - The Town continues to search for an adequate replacement to its utility billing software. For the year ended December 31, 2016, management was able to reconcile a detailed listing of utilities receivable to the trial balance. This finding is considered resolved as of December 31, 2016.