

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
AUDIT REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
DECEMBER 31, 2015  
TABLE OF CONTENTS**

		<u>Page</u>
	<b>Independent Auditor’s Report</b>	1 – 2
	<b>Management’s Discussion and Analysis</b>	3 – 15
	<b>Basic Financial Statements</b>	
<u>Statement</u>	Government-Wide Financial Statements:	
1	Statement of Net Position	16
2	Statement of Activities and Changes in Net Position	17
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	18
4	Reconciliation of Governmental Funds Balance Sheets to the Statement of Net Position	19
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
6	Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	21
7	Statement of Fiduciary Net Position	22
	<b>Notes to Financial Statements</b>	23 – 54
	<b>Required Supplemental Information</b>	
<u>Schedule</u>		
1	Schedule of Revenues and Expenditures Compared to Budget - General Fund	55
2	Schedule of Revenues and Expenditures Compared to Budget - Highway Fund	56
3	Schedule of Revenues and Expenditures Compared to Budget - Water Fund	57
4	Schedule of Revenues and Expenditures Compared to Budget - Sewer Fund	58
5	Schedule of Funding Progress for the Retiree Health Plan	59
6	Schedule of Town’s Proportionate Share of the Net Pension Liability	60
7	Schedule of Town Contributions	61

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
DECEMBER 31, 2015  
TABLE OF CONTENTS**

<u>Schedule</u>	<b>Other Supplementary Information</b>	
8	Non-Major Governmental Funds Combining Balance Sheets	62
9	Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
10	Net Investment in Capital Assets	64
11	Statement of Indebtedness	65
	 Independent Auditor's 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	      66-67
	 Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	      68-69
	Schedule of Expenditures of Federal Awards	70
	Notes to the Schedule of Expenditures of Federal Awards	71
	 Schedule of Findings and Questioned Costs	 72-73



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## INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members  
of the Town Board  
Town of New Windsor  
New Windsor, 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 New Windsor, as of and for the year ended December 31, 2015, and the related notes to the 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 of 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 accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

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

**Change in Accounting Principle**

As described in Note 1 to the financial statements, the Town implemented Governmental Accounting Standards Board Statements No. 68 and 71, which improve the usefulness of pension information and enhance its value for assessing accountability and interperiod equity by requiring recognition of a net pension asset or liability and a more comprehensive measure of pension expense. Our opinion is not modified with respect to that matter.

**Other Matters****Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of town's proportionate share of the net pension liability, and the schedule of town contributions on pages 3 through 15 and 55 through 61 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 New Windsor's basic financial statements. The other supplemental information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplemental information and the Schedule of Expenditures of Federal Awards are the responsibility of management and was 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 other supplemental information is 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 9, 2016 on our consideration of the Town's internal control over financial reporting and out 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 the audit performed in accordance with *Government Auditing Standards* in considering Town of New Windsor's internal control over financial reporting and compliance.



Montgomery, New York  
May 9, 2016

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

The following is a discussion and analysis of the Town of New Windsor's financial performance for the year ended December 31, 2015. The Town of New Windsor discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

**HIGHLIGHTS**

**Financial Highlights:**

- The assets of the Town of New Windsor exceeded its liabilities at the close of the 2015 year by \$36,988,431.
- As of the close of the current year, the Town of New Windsor's governmental funds reported combined ending fund balances of \$18,223,684 a decrease of \$1,531,652 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the General Fund was \$5,507,561 at 35.58% of the total General Fund expenditures.
- The Town of New Windsor's total outstanding debt decreased by \$1,479,031(11.69%) during the current year.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD & A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Town's most significant funds.
- The *government fund statements* tell how basic services such as water and sewer were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of MD & A highlights the structure and contents of each of the statements.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**Figure A-1** Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as highway water and sewer	Instances in which the Town administrators resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits.
Required financial statements	- Statement of net position - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it changed. Net position, the difference between the Town's assets and liabilities, is one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Town's activities are shown as governmental activities. Most of the Town's basic services are included here, such as water and sewer services (home and community services), road maintenance (transportation), and administration (general governmental support). Property taxes and charges for services finance most of these activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The Town establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

The Town has two kinds of funds:

- **Governmental Funds:** Most of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (Statement 4 and Statement 6) have been added to explain the relationship (or differences) between them.
- **Fiduciary Funds-Agency Funds:** The Town acts in an agency capacity for assets that are ultimately transferred to others, such as payroll withholdings. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town's net position at the year end is \$36,988,431. This is a \$773,890 decrease over last year's net position of \$37,762,321. The following table provides a summary of the Town's net position:

**Figure A-2**

<i>Condensed Statement of Net Position</i>			<b>Total Dollar Change</b>
	<b>2015</b>	<b>2014</b>	<b>2015 -2014</b>
Current Assets	\$ 26,153,134	\$ 27,782,341	\$ (1,629,207)
Capital Assets	45,091,908	43,707,542	1,384,366
Deferred Outflows	2,224,875	1,599,039	625,837
<b>Total Assets</b>	<b>73,469,917</b>	<b>73,088,922</b>	<b>380,995</b>
Long-Term Debt Outstanding	28,461,389	25,839,815	2,621,574
Other Liabilities	8,020,097	9,486,786	(1,466,689)
<b>Total Liabilities</b>	<b>36,481,486</b>	<b>35,326,601</b>	<b>1,154,885</b>
<b>Total Net Position</b>	<b>\$ 36,988,431</b>	<b>\$ 37,762,321</b>	<b>\$ (773,890)</b>

**TOWN OF NEW WINDSOR**  
**NEW WINDSOR, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**SUMMARY OF CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

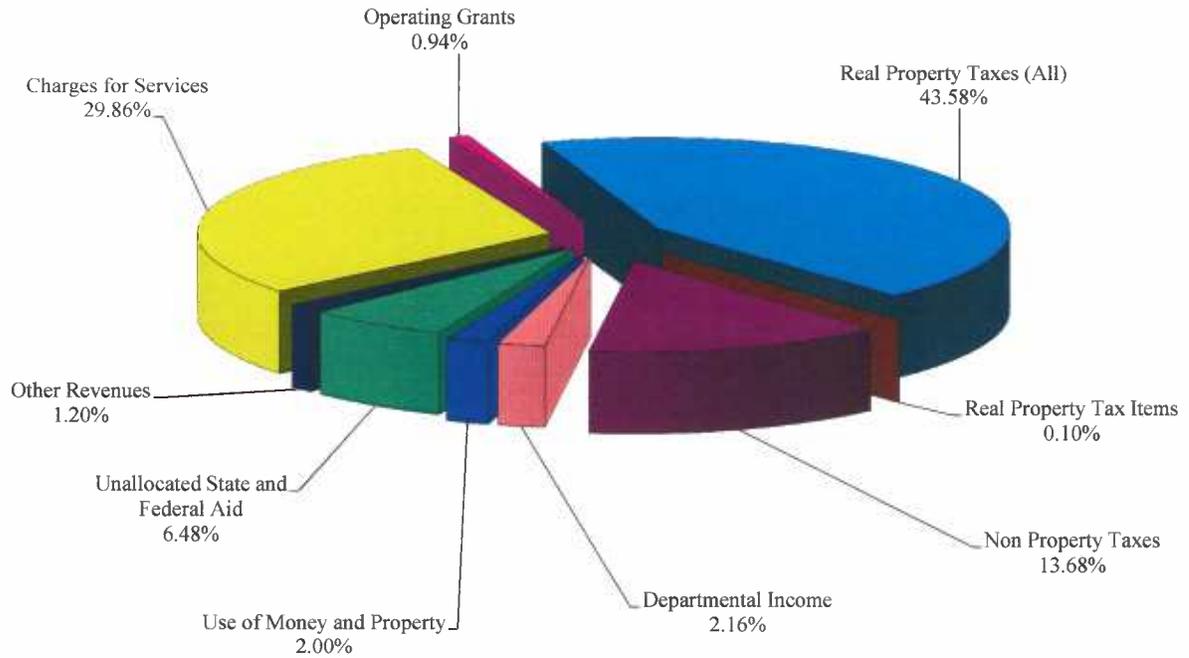
FIGURE A-3

	2015		2014		S Change	% Change
	Amount	%	Amount	%		
<b>REVENUES</b>	<b>(Chart Figure A-4)</b>					
<b>PROGRAM REVENUES</b>						
Charges for Services	\$ 9,763,734	29.86%	\$ 9,622,529	30.54%	\$ 141,205	1.47%
Operating Grants	306,441	0.94%	291,081	0.92%	15,360	5.28%
<b>GENERAL REVENUES</b>						
Real Property Taxes	14,245,643	43.58%	13,818,759	43.86%	426,884	3.09%
Real Property Tax Items	31,800	0.10%	31,400	0.10%	400	1.27%
Non Property Taxes	4,473,227	13.68%	4,414,906	14.01%	58,321	1.32%
Departmental Income	707,271	2.16%	714,498	2.27%	(7,227)	-1.01%
Use of Money and Property	652,346	2.00%	788,821	2.50%	(136,475)	-17.30%
Unallocated State and Federal Aid	2,117,837	6.48%	1,272,487	4.04%	845,350	66.43%
Other Revenues	391,006	1.20%	555,388	1.76%	(164,382)	-29.60%
<b>TOTAL REVENUES</b>	<b>32,689,305</b>	<b>100.00%</b>	<b>31,509,869</b>	<b>100.00%</b>	<b>1,179,436</b>	<b>3.74%</b>
<b>EXPENDITURES</b>	<b>(Chart Figure A-5)</b>					
General Government	3,020,516	9.04%	3,991,971	11.45%	(971,455)	-24.34%
Public Safety	5,883,197	17.58%	5,717,952	16.40%	165,245	2.89%
Health	389,241	1.16%	376,936	1.08%	12,305	3.26%
Transportation	2,478,052	7.41%	2,156,900	6.19%	321,152	14.89%
Economic Assistance and Opportunity	178,691	0.53%	171,653	0.49%	7,038	4.10%
Culture and Recreation	427,126	1.28%	526,021	1.51%	(98,895)	-18.80%
Home and Community Services	7,600,968	22.71%	8,121,490	23.30%	(520,522)	-6.41%
Interest on Debt	316,751	0.95%	308,081	0.88%	8,670	2.81%
Employee Benefits	8,591,526	25.67%	9,097,149	26.10%	(505,623)	-5.56%
Depreciation	4,577,127	13.68%	4,393,480	12.60%	183,647	4.18%
<b>TOTAL EXPENDITURES</b>	<b>33,463,195</b>	<b>100.00%</b>	<b>34,861,633</b>	<b>100.00%</b>	<b>(1,398,438)</b>	<b>-4.01%</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (773,890)</b>		<b>\$ (3,351,764)</b>		<b>\$ 2,577,874</b>	

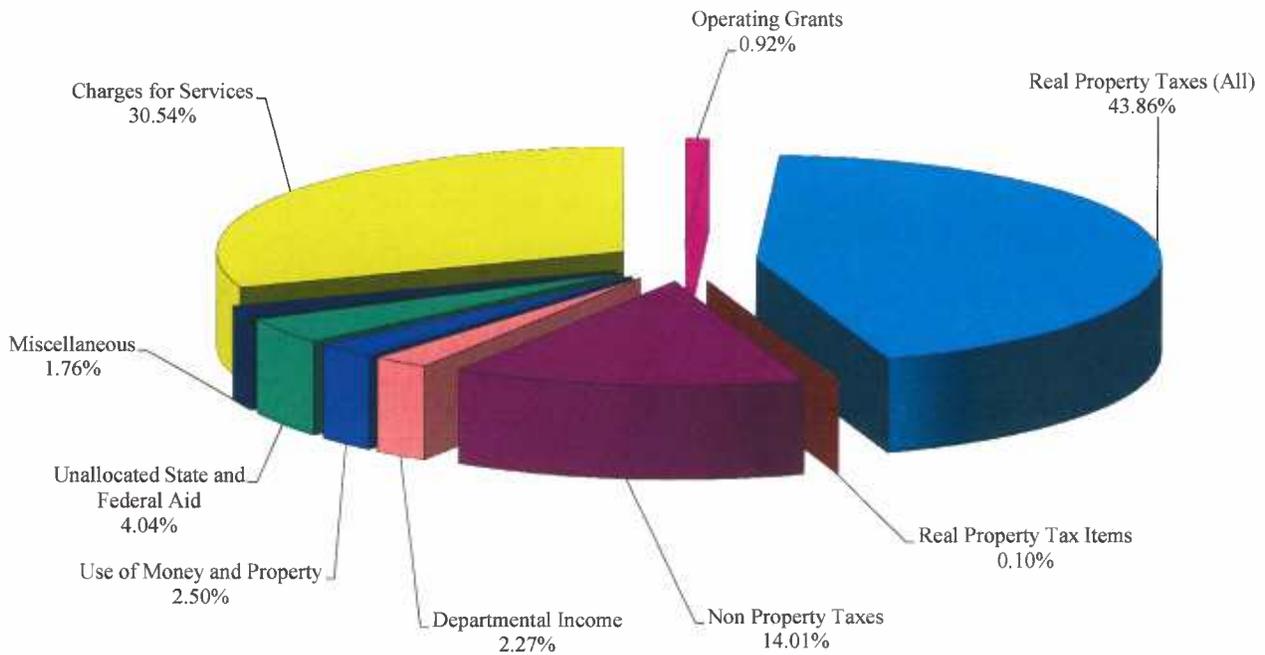
**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

Figure A-4

**SOURCES OF REVENUES FOR YEAR 2015**

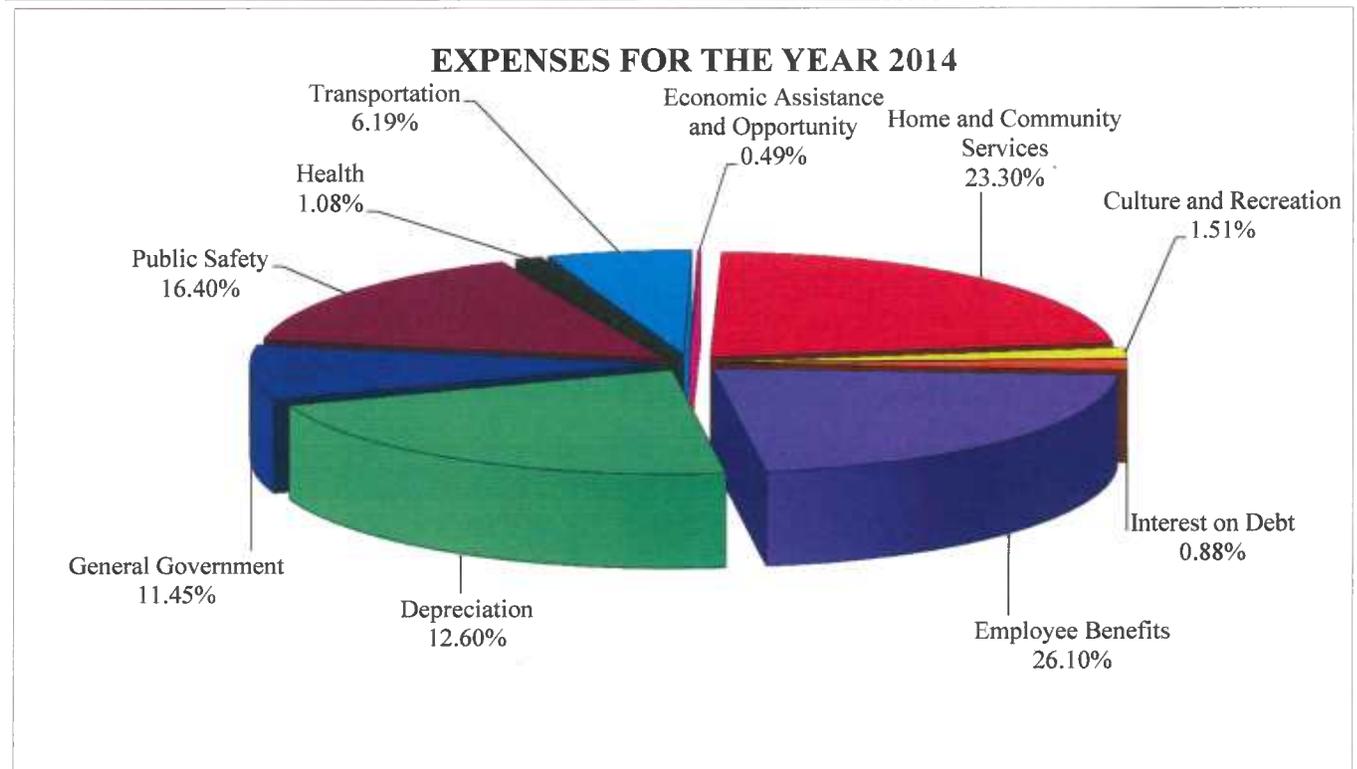
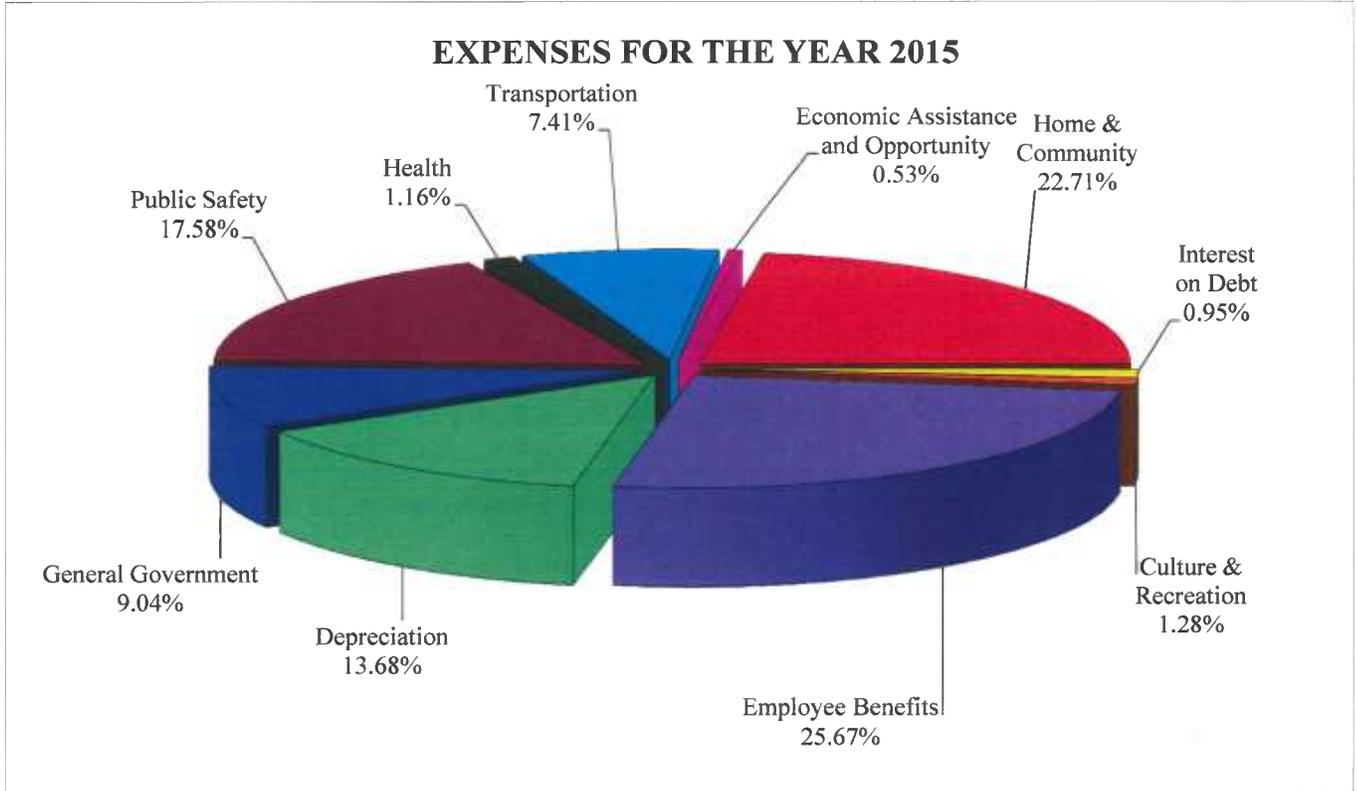


**SOURCES OF REVENUES FOR YEAR 2014**



**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**Figure A-5**

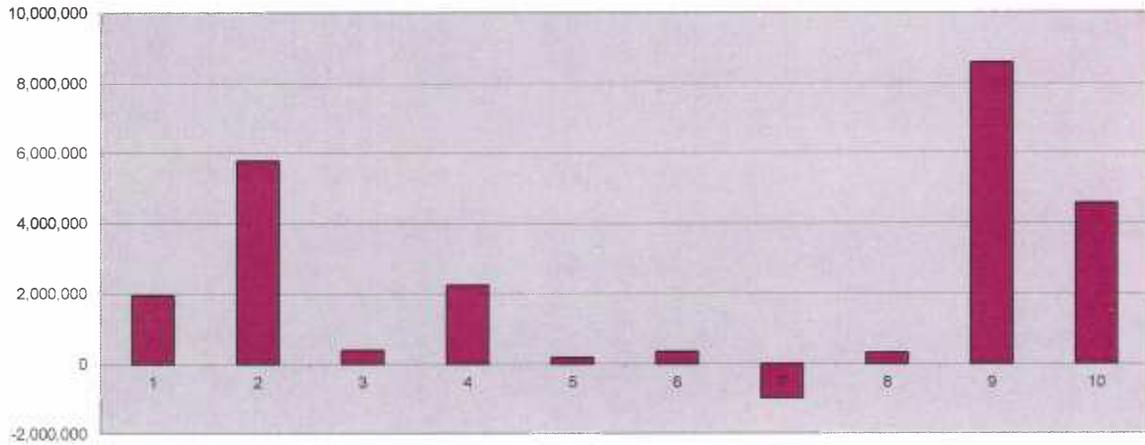


**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

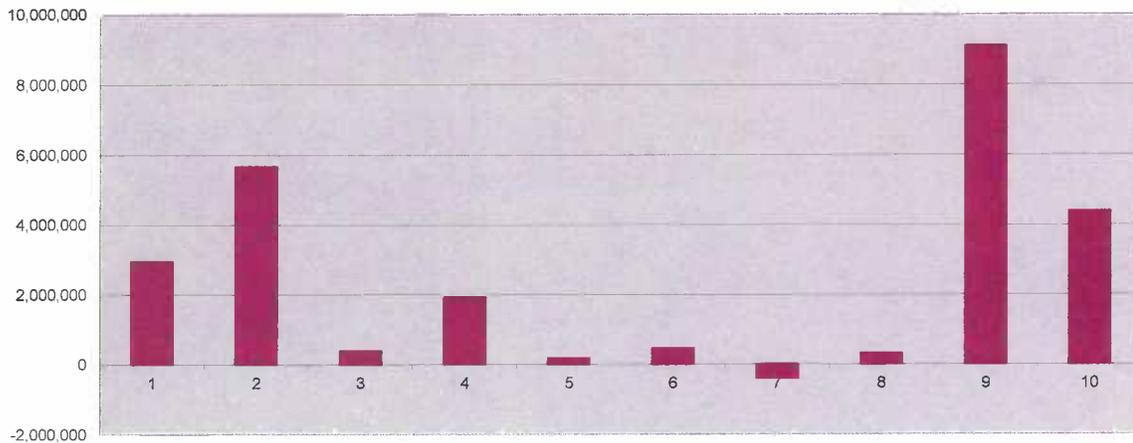
Figure A-6

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
1 General Government	\$ 3,020,516	\$ 1,948,136	\$ 3,991,971	\$ 2,938,067
2 Public Safety	5,883,197	5,777,358	5,717,952	5,662,886
3 Health	389,241	389,241	376,936	376,936
4 Transportation	2,478,052	2,240,640	2,156,900	1,928,572
5 Economic Assistance and Opportunity	178,691	178,691	171,653	171,653
6 Culture and Recreation	427,126	358,097	526,021	463,268
7 Home and Community Services	7,600,968	(984,547)	8,121,490	(392,069)
8 Interest on Debt	316,751	316,751	308,081	308,081
9 Employee Benefits	8,591,526	8,591,526	9,097,149	9,097,149
10 Depreciation	4,577,127	4,577,127	4,393,480	4,393,480
<b>Total Costs</b>	<b>\$ 33,463,195</b>	<b>\$ 23,393,020</b>	<b>\$ 34,861,633</b>	<b>\$ 24,948,023</b>

**NET COSTS 2015**



**NET COSTS 2014**



**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**Figure A-6 (Continued)**

Total costs of services provided by the Town (Figure A-6) for the years ended December 31, 2015 and 2014 were \$33,463,195 and \$34,861,633, respectively. These charges in 2015 were offset by grants and contributions of \$306,441 and charges for services of \$9,763,734, resulting in net cost of services of \$23,393,020. This is a \$1,555,003 decrease over last year's net costs of \$24,948,023.

The Town's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Town consist of the General Fund, Highway Fund, Water Fund, Sewer Fund, Capital Fund and Debt Service Fund. The total fund balances allocated between restricted and unassigned is as follows:

**Figure A-7**

	<b>December 31, 2015</b>	
	Restricted	Unassigned
General Fund	\$ 0	\$ 5,507,561
Highway Fund	831,129	0
Water Fund	5,749,854	0
Sewer Fund	3,346,564	0
Capital Fund	0	(1,279,898)
Debt Service Fund	3,064,966	0
Non-Major Funds	1,003,508	0
Total	\$ 13,996,021	\$ 4,227,663

	<b>December 31, 2014</b>	
	Restricted	Unassigned
General Fund	\$ 0	\$ 5,359,340
Highway Fund	886,884	0
Water Fund	5,579,664	0
Sewer Fund	3,439,508	0
Capital Fund	526,388	0
Debt Service Fund	3,064,298	0
Non-Major Funds	899,253	0
Total	\$ 14,395,995	\$ 5,359,340

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Town revised the General Fund budgets to reflect additional changes in budgeted revenues and expenditures. Actual revenues were more than revised budget estimates by \$485,579 and actual expenditures were less than budgeted expenditures by \$206,559. Figure A-8 summarizes the General Funds original and revised budgets, actual revenues and expenditures and the variances for the year ended December 31, 2015.

**Figure A-8**

Condensed Budgetary Comparison General Fund	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real Property Taxes	\$ 7,049,523	\$ 7,049,523	\$ 7,049,523	\$ 0
Non Property Taxes	4,451,300	4,451,300	4,505,027	53,727
State and Federal Aid	769,500	769,500	920,403	150,903
All Other	3,269,530	3,269,530	3,550,479	280,949
<b>Total Revenues</b>	<b>15,539,853</b>	<b>15,539,853</b>	<b>16,025,432</b>	<b>485,579</b>
<b>OTHER SOURCES</b>				
Operating Transfers In	566,200	566,200	22,282	
<b>Total Revenues and Other Sources</b>	<b>\$ 16,106,053</b>	<b>\$ 16,106,053</b>	<b>\$ 16,047,714</b>	
<b>EXPENDITURES</b>				
General Government Support	\$ 3,651,795	\$ 3,907,435	\$ 3,886,255	\$ 21,180
Public Safety	5,885,466	6,007,601	5,997,226	10,375
Transportation	329,100	299,933	299,933	0
Economic Assistance and Opportunity	53,600	179,991	178,691	1,300
Culture & Recreation	752,200	492,229	474,296	17,933
Home & Community Service	379,400	272,838	272,018	820
Employee Benefits	4,634,730	4,526,264	4,371,313	154,951
<b>Total Expenditures</b>	<b>\$ 15,686,291</b>	<b>\$ 15,686,291</b>	<b>\$ 15,479,732</b>	<b>\$ 206,559</b>
<b>OTHER USES</b>				
Operating Transfers Out	419,762	419,762	419,760	
<b>Total Expenditures and Other Uses</b>	<b>\$ 16,106,053</b>	<b>\$ 16,106,053</b>	<b>\$ 15,899,492</b>	

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**CAPITAL ASSETS**

The Town records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Town's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in the current year's Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Town is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Town has maintained detailed, separate records of infrastructure additions since 2003. The Town has elected to include infrastructure additions since 2003 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Town's investment in capital resources.

In 2015, the Town expended \$5,961,492 on capital additions. Figure A-9 reflects the changes in net capital assets.

**Figure A-9**

Changes in Net Capital Assets	Governmental Activities		Total Dollar Change
	2015	2014	2015 - 2014
Land/Construction in Progress	\$ 4,397,692	\$ 4,397,692	\$ -
Buildings	7,324,665	7,943,098	(618,433)
Machinery and Equipment	1,578,165	1,914,089	(335,924)
Infrastructure	31,791,386	29,452,663	2,338,723
<b>Totals</b>	<b>\$ 45,091,908</b>	<b>\$ 43,707,542</b>	<b>\$ 1,384,365</b>

Major Additions included in 2015:

Buildings	\$ 70,593
Machinery and Equipment	241,913
Infrastructure	5,648,986
Total	<u>\$ 5,961,492</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

**DEBT ADMINISTRATION**

Long Term Debt, decreased by \$1,589,031 during 2015. The Town's long term debt at the end of the year was \$5,411,466 as compared to \$7,000,497 at the end of last year.

The Town's liability for compensated absences increased by \$123,490 during 2015.

Under the implementation standards of GASB 45, the Town was required to recognize \$19,844,659 as other postemployment benefits obligation at year end.

Under the implementation standards of GASB 68, the Town was required to recognize \$985,402 as a Net Pension Liability – Proportionate Share at year end.

Detailed information regarding the Town's long-term liabilities is presented in more detail in the current year's notes to the financial statements. Figure A-10 reflects the changes for 2015.

**Figure A-10**

Long-Term Liabilities	Governmental Activities		Total Dollar Change
	2015	2014	2015 - 2014
Serial Bonds	\$ 4,557,562	\$ 5,833,150	\$ (1,275,588)
Installment Loans	853,904	1,167,347	(313,443)
Net Pension Liability - Proportionate Share	985,402	1,371,287	(385,885)
Other Postemployment Benefits	19,844,659	16,742,945	3,101,714
Compensated Absences	2,219,863	2,096,373	123,490
<b>Totals</b>	<b>\$ 28,461,390</b>	<b>\$ 27,211,102</b>	<b>\$ 1,250,288</b>

**FINANCIAL CONTACT**

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact Jack Finnegan Town Comptroller, Town of New Windsor, 555 Union Avenue, New Windsor, New York, 12553.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

**ASSETS**

Cash and Cash Equivalents	\$ 24,096,480
Accounts Receivable	2,056,654
Capital Assets, Net	<u>45,091,908</u>
 Total Assets	 <u>71,245,042</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	<u>2,224,875</u>
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**LIABILITIES**

## Current Liabilities:

Accounts Payable	723,213
Bond Anticipation Notes Payable	5,760,000
Due to Employees' Retirement System	1,446,235
Accrued Interest Payable	90,648

## Long-Term Liabilities:

## Due and Payable Within One Year:

Bonds Payable	1,275,897
Installment Loans	319,303

## Due and Payable More Than One Year:

Bonds Payable	3,281,665
Installment Loans	534,601
Net Pension Liability - Proportionate Share	985,402
Other Postemployment Benefits	19,844,659
Compensated Absences	<u>2,219,863</u>

Total Liabilities	<u>36,481,486</u>
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**NET POSITION**

Net Investment in Capital Assets	33,920,442
Restricted	13,996,021
Unassigned	<u>(10,928,032)</u>
 Total Net Position	 <u><u>\$ 36,988,431</u></u>

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Revenue			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities:				
General Government	\$ (5,430,923)	\$ 1,072,380	\$ 0	\$ (4,358,543)
Public Safety	(12,618,323)	105,839	0	(12,512,484)
Health	(389,241)	0	0	(389,241)
Transportation	(4,163,598)	0	237,412	(3,926,186)
Economic Assistance and Opportunity	(178,691)	0	0	(178,691)
Culture and Recreation	(675,635)	0	69,029	(606,606)
Home and Community Services	(9,690,033)	8,585,515	0	(1,104,518)
Interest on Debt	(316,751)	0	0	(316,751)
Total Primary Government	\$ (33,463,195)	\$ 9,763,734	\$ 306,441	(23,393,020)

**GENERAL REVENUES**

Real Property Taxes	14,245,643
Real Property Tax Items	31,800
Non Property Taxes	4,473,227
Departmental Income	707,271
Use of Money and Property	652,346
Intergovernmental Charges	148,604
Unallocated State and Federal Aid	2,117,837
Sale of Property and Compensation for Loss	116,793
Miscellaneous	125,609
<b>Total General Revenues</b>	<b>22,619,130</b>
Change in Net Position	(773,890)

Net Position - Beginning (As Restated)  
 Net Position - Ending

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	General	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 5,687,506	\$ 973,820	\$ 5,538,957	\$ 3,239,773	\$ 6,669,968	\$ 100	\$ 1,111,354	\$ 23,221,478
Cash in Special Reserves	0	0	0	0	875,000	0	0	875,000
Accounts Receivable, Net	1,107,784	43,986	594,601	252,977	0	0	57,306	2,056,654
Due from Other Funds	0	0	0	0	485,546	3,550,412	0	4,035,958
Total Assets	\$ 6,795,290	\$ 1,017,806	\$ 6,133,558	\$ 3,492,750	\$ 8,030,514	\$ 3,550,512	\$ 1,168,660	\$ 30,189,090
<b>LIABILITIES</b>								
Accounts Payable	\$ 179,403	\$ 40,234	\$ 298,277	\$ 146,186	\$ 0	\$ 0	\$ 59,113	\$ 723,213
Due to Other Funds	0	0	0	0	3,550,412	485,546	0	4,035,958
Due to Employees' Retirement System	1,108,326	146,443	85,427	0	0	0	106,039	1,446,235
Bond Anticipation Notes Payable	0	0	0	0	5,760,000	0	0	5,760,000
Total Liabilities	1,287,729	186,677	383,704	146,186	9,310,412	485,546	165,152	11,965,406
<b>FUND BALANCES</b>								
Restricted	0	831,129	5,749,854	3,346,564	0	3,064,966	1,003,508	13,996,021
Unassigned	5,507,561	0	0	0	(1,279,898)	0	0	4,227,663
Total Fund Balances	5,507,561	831,129	5,749,854	3,346,564	(1,279,898)	3,064,966	1,003,508	18,223,684
Total Liabilities and Fund Balances	\$ 6,795,290	\$ 1,017,806	\$ 6,133,558	\$ 3,492,750	\$ 8,030,514	\$ 3,550,512	\$ 1,168,660	\$ 30,189,090

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE  
SHEETS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 23,221,478	\$ 0	\$ 2	\$ 23,221,480
Restricted Cash	875,000	0	0	875,000
Due from Other Funds	4,035,958	0	(4,035,958)	0
Accounts Receivable, Net	2,056,654	0	0	2,056,654
Capital Assets, Net	0	45,091,908	0	45,091,908
Total Assets	<u>30,189,090</u>	<u>45,091,908</u>	<u>(4,035,956)</u>	<u>71,245,042</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	0	2,224,875	0	2,224,875
Total Assets and Deferred Outflows of Resources	<u>\$ 30,189,090</u>	<u>\$ 47,316,783</u>	<u>\$ (4,035,956)</u>	<u>\$ 73,469,917</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 723,213	\$ 0	\$ 0	\$ 723,213
Accrued Liabilities	0	90,648	0	90,648
Bond Anticipation Notes Payable	5,760,000	0	0	5,760,000
Bonds Payable	0	4,557,562	0	4,557,562
Installment Loans Payable	0	853,904	0	853,904
Due to Other Funds	4,035,958	0	(4,035,958)	0
Due to Employees' Retirement System	1,446,235	0	0	1,446,235
Net Pension Liability - Proportionate Share	0	985,402	0	985,402
Other Postemployment Benefits	0	19,844,659	0	19,844,659
Compensated Absences	0	2,219,863	0	2,219,863
Total Liabilities	<u>11,965,406</u>	<u>28,552,038</u>	<u>(4,035,958)</u>	<u>36,481,486</u>
Total Fund Balances/Net Position	<u>18,223,684</u>	<u>18,764,745</u>	<u>2</u>	<u>36,988,431</u>
Total Liabilities and Fund Balances	<u>\$ 30,189,090</u>	<u>\$ 47,316,783</u>	<u>\$ (4,035,956)</u>	<u>\$ 73,469,917</u>

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Real Property Taxes	\$ 7,049,523	\$ 3,684,915	\$ 1,064,015	\$ 192,128	\$ 0	\$ 0	\$ 2,255,062	\$ 14,245,643
Real Property Tax Items	31,800	0	0	0	0	0	0	31,800
Non Property Tax Items	4,473,227	0	0	0	0	0	0	4,473,227
Departmental Income	908,249	0	5,841,996	2,420,929	0	0	232,218	9,403,392
Intergovernmental Charges	0	13,959	0	134,645	0	0	0	148,604
Use of Money and Property	633,685	2,957	3,337	3,496	22	6,862	1,987	652,346
Licenses and Permits	174,948	0	0	0	0	0	0	174,948
Fines and Forfeitures	892,665	0	0	0	0	0	0	892,665
Sale of Property and								
Compensation for Loss	31,759	64,725	20,309	0	0	0	0	116,793
Miscellaneous	85,873	7,851	6,902	2,092	1,253	0	11,057	115,028
Interfund Revenues	823,300	85,352	0	0	0	0	0	908,652
State and Federal Aid	920,403	237,412	0	0	1,266,463	0	0	2,424,278
<b>Total Revenues</b>	<b>16,025,432</b>	<b>4,097,171</b>	<b>6,936,559</b>	<b>2,753,290</b>	<b>1,267,738</b>	<b>6,862</b>	<b>2,500,324</b>	<b>33,587,376</b>
<b>EXPENDITURES</b>								
General Government Support	3,886,256	0	5,548	0	0	0	0	3,891,804
Public Safety	5,997,226	0	0	0	3,977	0	0	6,001,203
Health	0	0	0	0	0	0	389,241	389,241
Transportation	299,933	2,433,569	0	0	29,744	0	0	2,763,246
Economic Assistance and Opportunity	178,691	0	0	0	0	0	0	178,691
Culture and Recreation	474,296	0	0	0	0	0	0	474,296
Home and Community Service	272,018	0	5,037,450	2,283,912	4,055,323	0	1,377,261	13,025,964
Employee Benefits	4,371,313	1,113,596	431,490	0	0	0	585,134	6,501,533
Debt Service	0	0	0	0	0	4,043,630	0	4,043,630
<b>Total Expenditures</b>	<b>15,479,733</b>	<b>3,547,165</b>	<b>5,474,488</b>	<b>2,283,912</b>	<b>4,089,044</b>	<b>4,043,630</b>	<b>2,351,636</b>	<b>37,269,608</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
BANS Redeemed from Appropriations	0	0	0	0	2,140,000	0	0	2,140,000
Premium on Obligations	0	0	0	0	0	10,581	0	10,581
Operating Transfers In	22,282	0	1,089,252	853,059	405,000	4,043,630	0	6,413,223
Operating Transfers Out	(419,760)	(605,761)	(2,381,132)	(1,415,381)	(1,529,980)	(16,776)	(44,433)	(6,413,223)
<b>Total Financing Sources and (Uses)</b>	<b>(397,479)</b>	<b>(605,761)</b>	<b>(1,291,880)</b>	<b>(562,322)</b>	<b>1,015,020</b>	<b>4,037,435</b>	<b>(44,433)</b>	<b>2,150,581</b>
Net Change in Fund Balances	148,221	(55,755)	170,191	(92,944)	(1,806,286)	667	104,255	(1,531,652)
Fund Balances-Beginning	5,359,340	886,884	5,579,663	3,439,508	526,388	3,064,299	899,253	19,755,335
Fund Balances-Ending	\$ 5,507,561	\$ 831,129	\$ 5,749,854	\$ 3,346,564	\$ (1,279,898)	\$ 3,064,966	\$ 1,003,508	\$ 18,223,684

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
RECONCILIATION OF GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
<b>REVENUES</b>						
Real Property Taxes	\$ 14,245,643	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,245,643
Real Property Tax Items	31,800	0	0	0	0	31,800
Non Property Tax Items	4,473,227	0	0	0	0	4,473,227
Departmental Income	9,403,392	0	0	0	0	9,403,392
Intergovernmental Charges	148,604	0	0	0	0	148,604
Use of Money and Property	652,346	0	0	0	0	652,346
Licenses and Permits	174,948	0	0	0	0	174,948
Fines and Forfeitures	892,665	0	0	0	0	892,665
Sale of Property and Compensation for Loss	116,793	0	0	0	0	116,793
Miscellaneous	115,028	0	0	0	0	115,028
Interfund Revenues	908,652	0	0	0	(908,652)	0
State and Federal Aid	2,424,278	0	0	0	0	2,424,278
Total Revenues	<u>33,587,376</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(908,652)</u>	<u>32,678,724</u>
<b>EXPENDITURES</b>						
General Government Support	3,891,804	22,605	837,803	0	678,711	5,430,923
Public Safety	6,001,203	63,159	2,340,978	0	4,212,983	12,618,323
Health	389,241	0	0	0	0	389,241
Transportation	2,763,246	15,806	585,858	0	798,688	4,163,598
Economic Assistance and Opportunity	178,691	0	0	0	0	178,691
Culture and Recreation	474,296	2,330	86,376	0	112,633	675,635
Home and Community Service	13,025,964	19,590	726,112	0	(4,081,633)	9,690,033
Employee Benefits	6,501,533	2,089,993	0	0	(8,591,526)	0
Capital Outlay	0	0	(5,961,492)	0	5,961,492	0
Debt Service	4,043,630	2,153	0	(3,729,031)	0	316,752
Total Expenditures	<u>37,269,608</u>	<u>2,215,636</u>	<u>(1,384,365)</u>	<u>(3,729,031)</u>	<u>(908,652)</u>	<u>33,463,195</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,682,232)</u>	<u>(2,215,636)</u>	<u>1,384,365</u>	<u>3,729,031</u>	<u>0</u>	<u>(784,471)</u>
<b>OTHER SOURCES AND USES:</b>						
Operating Transfers In	6,413,223	0	0	0	(6,413,223)	0
Operating Transfers Out	(6,413,223)	0	0	0	6,413,223	0
Premium on Obligations	10,581	0	0	0	0	10,581
Bond Anticipation Notes Redeemed from Appropriations	2,140,000	0	0	(2,140,000)	0	0
Total Other Sources	<u>2,150,581</u>	<u>0</u>	<u>0</u>	<u>(2,140,000)</u>	<u>0</u>	<u>10,581</u>
Net Changes for the Year	<u>\$ (1,531,652)</u>	<u>\$ (2,215,636)</u>	<u>\$ 1,384,365</u>	<u>\$ 1,589,031</u>	<u>\$ 0</u>	<u>\$ (773,890)</u>

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2015**

	Agency Funds
<b>ASSETS</b>	
Cash	<u>\$ 1,435,450</u>
Total Assets	<u><u>\$ 1,435,450</u></u>
<b>LIABILITIES</b>	
Guaranty and Bid Deposits	\$ 365,097
Road Opening Deposits	36,252
Planning Escrow	181,114
Other Agency Liabilities	<u>852,987</u>
Total Liabilities	<u><u>\$ 1,435,450</u></u>

See notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of New Windsor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities.
- Fund financial statements that focus on the major funds.

**A. Financial Reporting Entity**

The Town of New Windsor was established in 1763, is governed by the Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for the overall operation, the Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following principal services: police protection, transportation (streets and highways), recreation, planning and zoning, general administration, public improvements, water and sewer and other home and community services.

All governmental activities and functions performed for the Town of New Windsor are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Financial Reporting Entity (Continued)**

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Town of New Windsor.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entities general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

**B. Basis of Presentation**

1. 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 transactions. Government activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. 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 each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

Governmental funds are identified as general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

The Town of New Windsor reports the following Governmental Funds:

Major Funds

1. General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Debt Service Fund, which accounts for the Town's resources accumulated and payments made for principal and interest on long-term debt.
3. Capital Fund, which accounts for proceeds from long-term borrowing and other resources to be used for capital projects.
4. Special Revenue Funds  
Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

- a. Highway Fund, used to record the transactions to maintain Town roadways.
- b. Water Fund, used to record the transactions for the operation of the water system.
- c. Sewer Fund, used to record the transactions for the operation of the sewer plant.

Non-Major Funds

1. Garbage Fund, used to account for the operation of the Town's garbage service.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

2. Ambulance Fund, used to account for the operation of the Town's ambulance service.

The Town reports the following fiduciary funds:

1. Agency Fund: Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

**C. Measurement Focus and Basis of Accounting**

The Government-Wide 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 the 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.

The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

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

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Property Taxes**

Real property taxes are levied annually no later than January 1, and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for Town and special Town purposes as a single bill. The towns and special Towns receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the towns.

**E. Budgetary Data**

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

- a. No later than October 5, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis 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 prior year.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Investments**

The Town of New Windsor's investment policies are governed by State statutes. In addition, the Town of New Windsor has its own written investment policy. Town of New Windsor's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The supervisor is authorized to use demand account and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

**G. Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

**H. Due To/From Other Funds**

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

**I. Inventories and Prepaid Items**

Purchases of inventoriable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

**J. Capital Assets**

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets (Continued)**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to January 2003, governmental funds' capital assets were accounted for in the general fixed assets account group. Currently, governmental units are required to account for all capital assets, including infrastructure in the government wide statements prospectively from the date of implementation of GASB 34.

Retroactive reporting of all major general infrastructure assets is encouraged but not required. Effective January 1, 2003, the Town elected to report all major general infrastructure assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 Years
Machinery and Equipment	5 - 50 Years
Infrastructure	15 - 40 Years

**K. Compensatory Absences**

Employees covered by the CSEA union contract accrue sick leave at the rate of 15 days per year and may accumulate such time up to a total of 185 days. Employees who terminate with fewer than 5 years of service are not paid for any accumulated sick leave. Employees with from 5-9 years of service are paid for 50% of their accumulated sick time. Employees with 10 or more years of service are paid for 100% of their time. Employees hired prior to December 15, 1982 receive any of the previously described compensatory time at their current rate of pay.

Those employees hired subsequent to December 14, 1982 are paid at the rate at which the sick time was earned. Sick time is used on the F.I.F.O. basis.

Employees covered by the P.B.A. contract accrue sick leave at the rate of 15 days per year and may accumulate such time up to a total of 200 days. Employees who terminate with fewer than 10 full years of service receive no pay for accumulated sick time. Employees with 10 years or more of service receive 100% of their sick time at their current rate of pay.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Insurance**

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**M. Health Care Post Retirement**

The Town has a health care post retirement policy for police officers and C.S. employees. The Town shall pay 90% of the premium cost for individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town shall pay 90% of the cost for individual health insurance cost plus 75% of the difference in premium cost between individual and dependent family coverage.

**N. 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 government has one item that qualifies for reporting in this category. This is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town contributions to the pension systems (PFRS and ERS 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. The Town has one item that qualifies for reporting in this category. This item is related to pensions reported in the town – wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (ERS and PFRS System) and difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Long-Term Obligations**

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures.

**P. Equity Classification**

**1. Government-wide Statements**

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

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

**2. Funds Statements**

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

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Equity Classification (Continued)**

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

Assigned: Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

**Q. Restricted Resources**

When expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

**R. Interfund Transfers**

The operations of the Town gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for inter-fund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

**S. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives on long-lived assets.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. New Accounting Standards**

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

- GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for the year ending December 31, 2015.
- GASB Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending December 31, 2015.
- GASB Statement 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, effective for the year ending December 31, 2015
- GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for the year ending December 31, 2015

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which improves financial reporting by state and local governments for pensions. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Town has implemented Statement 68 as required.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, which establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations, includes a variety of transactions referred to as merger, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The Town has implemented Statement 69 as required.

GASB has issued Statement 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, which will improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. This Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend non-exchange financial guarantees and by those governments that receive non-exchange financial guarantees. It will also enhance the information disclosed about a government's obligations and risk exposure from extending nonfinancial guarantees. The Town has implemented Statement 70 as required.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. New Accounting Standards (continued)**

GASB has issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions* and the amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This Statement amends Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Town has implemented Statement 70 as required.

**NOTE II. 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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Government Funds.

**A. 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.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position. The differences are as follows:

- (1) The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 194,983,235
Accumulated Depreciation	<u>(149,891,328)</u>
Capital Assets, Net	<u>\$ 45,091,908</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:  
(continued)

- (2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2015	\$ <u>90,648</u>
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- (3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	\$ 4,557,562
Installment Loans Payable	853,904
Other Postemployment Benefits	19,844,659
Compensated Absences	<u>2,219,863</u>
	<u>\$ 27,475,988</u>

- (4) In the Statement of Net Position, a liability is recognized for the Town's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the Town participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the Town's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at December 31, 2015 were as follows:

Deferred Outflows of Resources – Pensions	\$ 2,224,875
Net Pension Liability, Proportionate Share (ERS & PFRS)	<u>(985,402)</u>
	<u>\$ 1,239,473</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The amounts shown below represent these differences as follows:

- 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.
- 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.
- 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.
- Pension Plan transaction differences occur as a result of changes in the Town’s proportion of the collective net pension asset/liability and differences between the Town’s contributions and its proportionate share of the total contributions to the pension systems.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Government Fund Statements and the change in net position reported in the Statement of Activities.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (continued)

Explanation of Differences between Governmental Funds Operating Statement  
And the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources:

Total revenues reported in governmental funds \$ 33,587,376

In the governmental funds, intergovernmental charges and interfund revenues are recorded. However, for the entity wide statements, these revenues have been eliminated to minimize the double counting of internal transactions. (908,652)

Total revenues of governmental activities in the Statement of Activities \$ 32,678,724

Total Expenditures/Expenses:

Total expenditures reported in governmental funds \$ 37,269,608

In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences increased during the year by \$123,490. Other postemployment benefits earned exceeded the amount paid by \$3,101,713. 3,225,203

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$5,961,492 were more than depreciation of \$4,577,127 in the current year. (1,384,365)

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (continued)

Explanation of Differences between Governmental Funds Operating Statement  
And the Statement of Activities and Changes in Net Position (continued)

Total Expenditures/Expenses: (continued)

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is more than the interest payable last year. 2,153

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not affect the Statement of Activities. (3,729,031)

(Increases) decreases in proportionate share of net pension asset/ liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (PFRS of \$618,812 and ERS of \$392,909) (Schedule 6). (1,011,721)

In the governmental funds, intergovernmental charges and interfund revenues are recorded. However, for the entity wide statements, these revenues have been eliminated to minimize the double counting of internal transactions. (908,652)

Total Expenses of Governmental Activities \$ 33,463,195

**NOTE III. DETAIL NOTES ON ALL FUNDS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

**A. CASH**

The Town of New Windsor's investment policies are governed by State statutes, as previously described in these Notes. The depository bank places approved pledged securities for safekeeping and trust with the Town's agent bank in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**A. CASH (continued)**

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized.

Total financial institution (bank) balances at December 31, 2015, per the bank, are categorized as follows:

	1	2	3
Governmental & Agency Funds	\$26,728,896	\$ 0	\$ 0

**B. INTERFUND ACTIVITY**

Interfund balances and activity for the year ended December 31, 2015, were as follows:

	Interfund		Interfund	
	Receivables	Payables	Transfer In	Transfer Out
General Fund	\$ 0	\$ 0	\$ 22,282	\$ 419,760
Highway Fund	0	0	0	605,761
Water Fund	0	0	1,089,252	2,381,132
Sewer Fund	0	0	853,059	1,415,381
Capital Fund	485,546	3,550,412	405,000	1,529,980
Debt Service	3,550,412	485,546	4,043,630	16,776
Refuse Fund	0	0	0	44,433
Ambulance Fund	0	0	0	0
	<u>\$4,035,958</u>	<u>\$ 4,035,958</u>	<u>\$6,413,223</u>	<u>\$ 6,413,223</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**C. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2015, were as follows:

	Beginning Balance	Additions	Disposals and Reclassi- fications	Ending Balance
<u>Governmental Activities</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets that are not Depreciated:				
Land	\$ 4,397,692	\$ 0	\$ 0	\$ 4,397,692
Total Not Depreciated	<u>4,397,692</u>	<u>0</u>	<u>0</u>	<u>4,397,692</u>
Capital Assets that are being Depreciated:				
Buildings	33,716,284	70,593	0	33,786,877
Machinery and Equipment	11,652,739	241,913	(47,816)	11,846,836
Infrastructure	139,302,844	5,648,986	0	144,951,830
Total Depreciated	<u>184,671,867</u>	<u>5,961,492</u>	<u>(47,816)</u>	<u>190,585,543</u>
Less Accumulated Depreciation:				
Buildings	25,773,186	689,026	0	26,462,212
Machinery and Equipment	9,738,650	577,837	(47,816)	10,268,671
Infrastructure	109,850,181	3,310,264	0	113,160,445
Total Accumulated Depreciation	<u>145,362,017</u>	<u>4,577,127</u>	<u>(47,816)</u>	<u>149,891,328</u>
Total Historical Cost, Net	<u>\$ 43,707,542</u>	<u>\$ 1,384,365</u>	<u>\$ 0</u>	<u>\$ 45,091,908</u>

Depreciation was charged to governmental functions as follows:

General Government Support	\$ 837,803
Public Safety	2,340,978
Transportation	585,858
Culture and Recreation	86,376
Home and Community Services	<u>726,112</u>
Total Depreciation Expense	<u>\$ 4,577,127</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES**

**1. Short-Term Debt**

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12-month period thereafter. For short-term financing, the Town of New Windsor redeems (pays down) one-fifth (1/5) of the original BAN borrowing.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of December 31, 2015 there were three outstanding BAN's for \$5,760,000.

Interest on short-term debt for the year was composed of:

Interest paid	\$ 58,194
Less interest accrued - prior year	(5,514)
Plus interest accrued - current year	<u>25,027</u>
Total Interest Expense	<u>\$ 77,707</u>

**2. Long-Term Debt**

**Bonds and Installment Loans:**

The Town of New Windsor borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers.

At December 31, 2015, the total principal indebtedness outstanding of the Town of New Windsor aggregated \$5,411,466.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 256,405
Less interest accrued - prior year	(82,982)
Plus interest accrued - current year	<u>65,622</u>
Total Interest Expense	<u>\$ 239,045</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**2. Long-Term Debt (continued)**

Long-term liability balances and activity for the year are summarized below:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid/ Redeemed</u>	<u>Ending Balance</u>
Serial bonds	\$ 5,833,150	\$ 0	\$ 1,275,588	\$ 4,557,562
Installment Loans	1,167,347	0	313,443	853,904
Other liabilities:				
Other postemployment				
Benefits	16,742,945	3,101,714	0	19,844,659
Compensated absences	<u>2,096,373</u>	<u>123,490</u>	<u>0</u>	<u>2,219,863</u>
Total long-term liabilities	<u>\$ 25,839,815</u>	<u>\$ 3,225,204</u>	<u>\$1,589,031</u>	<u>\$27,475,988</u>

Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>
2016	1,595,200	199,935
2017	1,311,647	150,554
2018	985,883	107,037
2019	670,863	66,950
2020	447,156	39,293
2021	<u>400,717</u>	<u>19,226</u>
	<u>\$ 5,411,466</u>	<u>\$ 582,995</u>

**3. Postemployment Benefits**

The Town provides post employment health insurance coverage to retired employees and spouses (in the case of spousal coverage) in accordance with the provisions of various employment contracts.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**3. Postemployment Benefits (continued)**

The Town implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the year ended December 31, 2008. This required the Town to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The Town recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended December 31, 2015, the Town recognized \$212,231 for its share of insurance premiums for currently enrolled retirees.

The Town has obtained an actuarially rolled forward valuation report as of December 31, 2015 which indicates that the total liability for other post-employment benefits is \$24,248,810.

**Plan Description:** The healthcare plan (HP) is a single-employer defined benefit healthcare plan administered by the Town. The HP provides health insurance to eligible retirees and their spouses if the employee has twenty years of employment with the Town and retires from the Town with a pension from New York State Police and Fire Retirement System or the New York State Employees Retirement System.

**Funding Policy:** The contribution requirements of Plan members and the Town are established by the Town. The required contribution is based on projected pay-as-you-go financing requirements. For the 2015 year, the Town contributed \$212,231 to the plan, the total amount for current premiums. For retirees who were covered by CSEA Local 1000 AFSCME agreement, the Town pays 90% of the premium cost for individual health insurance coverage and the retired employees pays 10% of the premium cost of individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town pays the sum of 90% of the premium cost for individual health insurance coverage plus 75% of the difference in premium cost between individual and dependent family coverage. For retirees who were covered by the Patrolmen's Benevolent Association of New Windsor, New York, Inc. agreement, the Town pays 90% of the premium cost for individual health insurance coverage and the retired employees pays 10% of the premium cost of individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town pays the sum of 90% of the premium cost for individual health insurance coverage plus 85% of the difference in premium cost between individual and dependent family coverage

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**3. Postemployment Benefits (continued)**

Annual OPEB Cost and Net OPEB Obligation: The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to HP:

Annual required contribution	\$3,026,061
Interest on net OPEB obligation	287,884
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	3,313,945
Contributions made	(212,231)
Increase in net OPEB obligation	3,101,714
Net OPEB obligation - beginning of year	16,742,945
Net OPEB obligation - end of year	\$ 19,844,659

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 3,313,945	6.40%	\$ 3,101,714
12/31/2014	\$ 3,096,434	9.35%	\$ 2,806,973
12/31/2013	\$ 3,029,561	7.01%	\$ 2,817,330

Funded Status and Funding Progress: As of December 31, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$24,248,810, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$24,248,810. The covered payroll (annual payroll of active employees covered by the plan) was \$10,707,018, and the ratio of the UAAL to the covered payroll was 226.48%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**3. Postemployment Benefits (continued)**

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

The following assumptions were made:

Mortality: Life expectancies were based on the 1994 sex distinct Group Annuity Mortality Table.

Discount Rate: 5% compounded annually.

Turnover: Terminations other than for death or retirement will occur in the future in accordance with The U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System.

Disability: No terminations of employment due to disability. Retirees resulting from disability were factored into our determination of age retirement.

Retirement Age: Active employees, on average, will receive their benefits when eligible but no earlier than age 55.

Spousal Coverage: Married employees will remain married through Medicare age.

Healthcare Cost Inflation: Healthcare gross costs will increase at an annual rate of 7% for Pre-Medicare medical benefits and 5% for Post-Medicare medical benefits.

Administration Expenses: Approximately 2% is included in the annual healthcare costs to administer the retiree claims.

Amortization Period: 30 years. The remaining amortization period at December 31, 2015 is 22 years.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS.**

**Plan Description**

The Town of New Windsor participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

**Funding Policy**

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. The Town's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2015	\$ 1,015,516	\$ 1,585,705
2014	1,008,391	1,123,660
2013	1,044,717	1,118,710

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS. (continued)**

Town contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on December 15, 2005) over a 10 year period, with an 8.00% interest factor added. Local governments were given the option to prepay this liability. The Town elected to prepay this liability.

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

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

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	3/31/2015	3/31/2015
Net Pension Asset/(Liability)	\$ (681,163)	\$ (304,239)
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0201632%	0.1105281%

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS. (continued)**

For the year ended December 31, 2015, the Town's recognized pension expense of \$620,826 for ERS and the actuarial value \$803,064 for PFRS. At December 31, 2015 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 21,805	\$ 36,689	\$ 58,494
Changes of Assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	118,309	102,143	220,452
Changes in proportion and difference between the District's contributions and proportionate share of contributions	17,467	487,909	505,376
District's contributions subsequent to the measurement date	<u>761,637</u>	<u>678,916</u>	<u>1,440,553</u>
Total	<u>\$ 919,218</u>	<u>\$ 1,305,657</u>	<u>\$ 2,224,875</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS. (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, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2016	\$ 39,395	\$ 130,455
2017	39,395	130,455
2018	39,395	130,455
2019	39,395	130,455
Thereafter	-	104,920

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 valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation Rate	2.7%	2.7%
Projected Salary Increases	4.90%	6.00%
Projected Cost of Living Adjustments	1.4%	1.4%
Investment Rate of Return	7.5% compounded annually, net of investment expenses	7.5% compounded annually, net of investment expenses
Decremets	Actuarial experience study for the period April 1, 2005 to March 31, 2010	Actuarial experience study for the period April 1, 2005 to March 31, 2010
Mortality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS. (continued)**

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

For ERS and PFRS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS & PFRS	
	March 31, 2015	
	Target	Long-term
	Allocation	expected real
		rate of return
<u>Asset Class:</u>		
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return Strategies	3%	6.75%
Opportunistic Portfolio	3%	8.60%
Real Assets	3%	8.65%
Bonds and Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation-indexed bonds	2%	4.00%
Total	100%	

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS. (continued)**

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% for ERS and PFRS. 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.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5% for ERS and PFRS, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5% for ERS and PFRS) or 1-percentage-point higher (8.5% for ERS and PFRS) than the current rate:

ERS	1% Decrease 6.50%	Current Assumption 7.50%	1% Increase 8.50%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (4,540,245)	\$ (681,163)	\$ 2,576,859
PFRS	1% Decrease 6.50%	Current Assumption 7.50%	1% Increase 8.50%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(4,050,783)	(304,239)	2,835,591

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE III. DETAIL NOTES ON ALL FUNDS (continued)**

**D. LIABILITIES (continued)**

**4. PENSION PLANS. (continued)**

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurements dates were as follows:

Measurement Date	(Dollars in Thousands)	
	ERS March 31, 2015	PFRS March 31, 2015
Employers' total pension asset/(liability)	\$ (164,591,504)	\$ (28,474,417)
Plan net position	161,213,259	28,199,157
Employer's net pension asset/(liability)	\$ (3,378,245)	\$ (275,260)
Ratio of plan net position to the employers' total pension asset/(liability)	97.95%	99.00%

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2015 represent the projected employer contributions for the period of April 1, 2015 through December 31, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2015 amounted to \$1,440,553.

**E. FUND BALANCE**

**Restricted:**

The Town has the following reserves recorded on its books as of December 31, 2015:

Reserve for Bonded Debt	\$ <u>3,064,966</u>
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**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE IV. CHANGES IN ACCOUNTING PRINCIPLE.**

For the fiscal year ended December 31, 2015, the Town implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the Town to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State Police and Fire's and Employee's Retirement Systems. The implementation of the Statements also requires the Town to report a deferred outflow and/or inflow for the effect of the net change in the Town's proportion of the collective net pension asset and/or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also, included as a deferred outflow is the Town contributions to the pension systems subsequent to the measurement date. See Note III for financial statement impact of implementation of the Statements.

**NOTE V. COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; Workers' Compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that in prior years.

**B. CONTINGENCIES**

**Compliance with Grant Programs**

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

**NOTE VI. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 9, 2016, the date these financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE VII. RESTATEMENT OF NET POSITION**

For the year ended December 31, 2015, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of a deferred outflow of resources and liability related to the Town’s Participation in the New York State Police and Fire and Employees’ retirement systems as of December 31, 2014. The Town’s net position has been restated as follows:

Net Position beginning of year, as previously stated	\$ 37,534,569
GASB Statement No. 68 Implementation:	
Beginning System Liability – PFRS	(460,139)
Beginning System Liability – ERS	(911,148)
Beginning Deferred Outflow of Resources for Contributions	
Subsequent to Measurement Date:	
Employee’s Retirement System	756,294
Police and Fire’s Retirement System	<u>842,745</u>
Net Position beginning of year, as restated	<u>\$ 37,762,321</u>

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real Property Taxes	\$ 7,049,523	\$ 7,049,523	\$ 7,049,523	\$ 0
Real Property Tax Items	33,000	33,000	31,800	(1,200)
Non-Property Tax Items	4,418,300	4,418,300	4,473,227	54,927
Departmental Income	803,830	803,830	908,249	104,419
Use of Money and Property	531,000	531,000	633,685	102,685
Licenses and Permits	120,600	120,600	174,948	54,348
Fines and Forfeitures	920,000	920,000	892,665	(27,335)
Sale of Property and Compensation for Loss	16,000	16,000	31,759	15,759
Miscellaneous	438,100	438,100	85,873	(352,227)
Interfund Revenues	440,000	440,000	823,300	383,300
State Aid	694,500	694,500	836,086	141,586
Federal Aid	75,000	75,000	84,317	9,317
Total Revenues	<u>15,539,853</u>	<u>15,539,853</u>	<u>16,025,432</u>	<u>\$ 485,579</u>
<b>OTHER SOURCES</b>				
Operating Transfers In	<u>566,200</u>	<u>566,200</u>	<u>22,282</u>	
Total Revenues and Other Sources	<u>\$ 16,106,053</u>	<u>\$ 16,106,053</u>	<u>\$ 16,047,714</u>	
<b>EXPENDITURES</b>				
General Government Support	\$ 3,651,795	\$ 3,907,435	\$ 3,886,255	\$ 21,180
Public Safety	5,885,466	6,007,601	5,997,226	10,375
Transportation	329,100	299,933	299,933	0
Economic Assistance and Opportunity	53,600	179,991	178,691	1,300
Culture and Recreation	752,200	492,229	474,296	17,933
Home and Community Services	379,400	272,838	272,018	820
Employee Benefits	4,634,730	4,526,264	4,371,313	154,951
Total Expenditures	<u>15,686,291</u>	<u>15,686,291</u>	<u>15,479,732</u>	<u>\$ 206,559</u>
<b>OTHER USES</b>				
Operating Transfers Out	<u>419,762</u>	<u>419,762</u>	<u>419,760</u>	
Total Expenditures and Other Uses	<u>\$ 16,106,053</u>	<u>\$ 16,106,053</u>	<u>\$ 15,899,492</u>	

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-  
HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Adjusting Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real Property Taxes	\$ 3,684,915	\$ 3,684,915	\$ 3,684,915	\$ 0
Intergovernmental Charges	14,000	14,000	13,959	(41)
Use of Money and Property	5,600	5,600	2,957	(2,643)
Sale of Property and Compensation for Loss	22,000	26,256	64,725	38,469
Interfund Revenues	110,000	110,000	85,352	(24,648)
Miscellaneous	2,000	2,000	7,851	5,851
State and Federal Aid	157,000	237,000	237,412	412
Total Revenues	<u>3,995,515</u>	<u>4,079,771</u>	<u>4,097,171</u>	<u>\$ 17,400</u>
<b>OTHER SOURCES</b>				
Operating Transfers In	17,400	17,400	0	
Appropriated Fund Balance	0	59,202	0	
Total Revenues and Other Sources	<u>\$ 4,012,915</u>	<u>\$ 4,156,373</u>	<u>\$ 4,097,171</u>	
<b>EXPENDITURES</b>				
Transportation	\$ 2,258,743	\$ 2,434,201	\$ 2,433,569	\$ 632
Employee Benefits	1,148,411	1,116,411	1,113,596	2,815
Total Expenditures	<u>3,407,154</u>	<u>3,550,612</u>	<u>3,547,165</u>	<u>\$ 3,447</u>
<b>OTHER USES</b>				
Operating Transfers Out	605,761	605,761	605,761	
Total Expenditures and Other Uses	<u>\$ 4,012,915</u>	<u>\$ 4,156,373</u>	<u>\$ 4,152,926</u>	

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-  
WATER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real Property Taxes	\$ 1,064,016	\$ 1,064,016	\$ 1,064,015	\$ (1)
Departmental Income	5,984,579	5,984,579	5,841,996	(142,583)
Use of Money and Property	4,200	4,200	3,337	(863)
Sale of Property and Compensation for Loss	7,000	7,000	20,309	13,309
Miscellaneous	4,708	4,708	6,902	2,194
Total Revenues	7,064,503	7,064,503	6,936,559	<u>\$ (127,944)</u>
<b>OTHER SOURCES</b>				
Operating Transfers In	1,089,252	1,089,252	1,089,252	
Total Revenues and Other Sources	<u>\$ 8,153,755</u>	<u>\$ 8,153,755</u>	<u>\$ 8,025,811</u>	
<b>EXPENDITURES</b>				
General Governmental Support	\$ 6,000	\$ 6,000	\$ 5,548	\$ 452
Home and Community Services	5,189,900	5,189,900	5,037,450	152,450
Employee Benefits	467,386	467,386	431,490	35,896
Total Expenditures	5,663,286	5,663,286	5,474,488	<u>\$ 188,798</u>
<b>OTHER USES</b>				
Operating Transfers Out	2,490,469	2,490,469	2,381,132	
Total Expenditures and Other Uses	<u>\$ 8,153,755</u>	<u>\$ 8,153,755</u>	<u>\$ 7,855,620</u>	

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-  
SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real Property Taxes	\$ 192,128	\$ 192,128	\$ 192,128	\$ 0
Departmental Income	2,440,590	2,440,590	2,420,929	(19,661)
Intergovernmental Charges	59,600	124,377	134,645	10,268
Use of Money and Property	4,000	4,000	3,496	(504)
Miscellaneous	10,114	10,114	2,092	(8,022)
Total Revenues	<u>2,706,432</u>	<u>2,771,209</u>	<u>2,753,290</u>	<u>\$ (17,919)</u>
<b>OTHER SOURCES</b>				
Operating Transfers In	117,650	848,650	853,059	
Appropriated Fund Balance	<u>0</u>	<u>204,223</u>	<u>0</u>	
Total Revenues and Other Sources	<u>\$ 2,824,082</u>	<u>\$ 3,824,082</u>	<u>\$ 3,606,349</u>	
<b>EXPENDITURES</b>				
Home and Community Services	\$ 2,212,800	\$ 2,312,800	\$ 2,283,912	<u>\$ 28,888</u>
<b>OTHER USES</b>				
Operating Transfers Out	<u>611,282</u>	<u>1,511,282</u>	<u>1,415,381</u>	
Total Expenditures and Other Uses	<u>\$ 2,824,082</u>	<u>\$ 3,824,082</u>	<u>\$ 3,699,293</u>	

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2014	\$0	\$ 25,237,831	\$ 25,237,831	0%	\$10,325,685	244.42%
12/31/2011	\$0	\$ 19,745,778	\$ 19,745,778	0%	\$ 9,210,501	214.38%
12/31/2008	\$0	\$ 15,158,018	\$ 15,158,018	0%	\$ 9,142,739	165.79%

In accordance with GASB Statement 45, the Town is required to have an actuarial valuation done triennially. Rolled over valuations are prepared for the years that full actuarial valuations are not completed.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

NYSERS Pension Plan  
Last 10 Fiscal Years\*

	<u>3/31/2015</u>	<u>3/31/2014</u>
District's proportion of the net pension asset/(liability)	0.0201632%	0.0201632%
District's propoortionate share of the net pension asset/(liability)	(681,163)	(911,148)
District's covered-employee payroll	5,232,355	4,969,006
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-13.02%	-18.34%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	97.15%

NYSPFRS Pension Plan  
Last 10 Fiscal Years\*

	<u>3/31/2015</u>	<u>3/31/2014</u>
District's proportion of the net pension asset/(liability)	0.110528%	0.110528%
District's propoortionate share of the net pension asset/(liability)	(304,239)	(460,139)
District's covered-employee payroll	5,474,663	5,356,679
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-5.56%	-8.59%
Plan fiduciary net position as a percentage of the total pension liability	99.00%	98.50%

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See accompanying notes to financial statements.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF TOWN CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

NYSERS Pension Plan Last 10 Fiscal Years*		
	3/31/2015	3/31/2014
Contractually required contribution	\$ 1,008,391	\$ 1,044,717
Contributions in relation to the contractually required contribution	1,008,391	1,044,717
Contribution deficiency (excess)	\$ -	\$ -
Covered Employee Payroll	5,232,355	4,969,006
Contributions as a percentage of its covered-employee payroll	19.27%	21.02%

NYSPFRS Pension Plan Last 10 Fiscal Years*		
	3/31/2015	3/31/2014
Contractually required contribution	\$ 1,585,705	\$ 1,123,660
Contributions in relation to the contractually required contribution	1,585,705	1,123,660
Contribution deficiency (excess)	\$ -	\$ -
Covered Employee Payroll	5,474,663	5,356,679
Contributions as a percentage of its covered-employee payroll	28.96%	20.98%

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See accompanying notes to financial statements.

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NON- MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
DECEMBER 31, 2015**

	Refuse and Garbage	Ambulance	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 886,628	\$ 224,726	\$ 1,111,354
Accounts Receivable, Net	57,306	0	57,306
Total Assets	<u>\$ 943,934</u>	<u>\$ 224,726</u>	<u>\$ 1,168,660</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 57,651	\$ 1,462	\$ 59,113
Due to Employees' Retirement System	106,039	0	106,039
Total Liabilities	<u>163,690</u>	<u>1,462</u>	<u>165,152</u>
<b>FUND BALANCES</b>			
Restricted	780,244	223,264	1,003,508
Total Fund Balances	<u>780,244</u>	<u>223,264</u>	<u>1,003,508</u>
Total Liabilities and Fund Balances	<u>\$ 943,934</u>	<u>\$ 224,726</u>	<u>\$ 1,168,660</u>

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Refuse and Garbage	Ambulance	Total Non-Major Governmental Funds
<b>REVENUES</b>			
Real Property Taxes	\$ 1,850,962	\$ 404,100	\$ 2,255,062
Departmental Income	232,218	0	232,218
Use of Money and Property	1,478	509	1,987
Miscellaneous	9,436	1,621	11,057
Total Revenues	<u>2,094,094</u>	<u>406,230</u>	<u>2,500,324</u>
<b>EXPENDITURES</b>			
Home and Community Service	1,377,261	0	1,377,261
Health	0	389,241	389,241
Employee Benefits	585,134	0	585,134
Total Expenditures	<u>1,962,395</u>	<u>389,241</u>	<u>2,351,636</u>
<b>OTHER USES</b>			
Operating Transfers Out	<u>44,433</u>	<u>0</u>	<u>44,433</u>
TOTAL EXPENDITURES AND OTHER USES	<u>2,006,828</u>	<u>389,241</u>	<u>2,396,069</u>
Net Change in Fund Balances	87,266	16,989	104,255
Fund Balances-Beginning	<u>692,978</u>	<u>206,275</u>	<u>899,253</u>
Fund Balances-Ending	<u>\$ 780,244</u>	<u>\$ 223,264</u>	<u>\$ 1,003,508</u>

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Capital Assets, Net		\$ 45,091,908
Deduct:		
Bond Anticipation Notes Payable	\$ 5,760,000	
Short-Term Portion of Installment Loans	319,303	
Long-Term Portion of Installment Loans	534,601	
Short-Term Portion of Bonds Payable	1,275,897	
Long-Term Portion of Bonds Payable	<u>3,281,665</u>	
		<u>11,171,466</u>
Net Investment in Capital Assets		<u><u>\$ 33,920,442</u></u>

See accompanying notes to financial statements

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
STATEMENT OF INDEBTEDNESS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Date of Issue	Maturity	Rate	Outstanding Year	Issued Year	Amount Transferred to BAN	Paid Year	Outstanding Year	Interest Paid The Year	Amount of Accrued Interest 12/31/2015
<b>BOND ANTICIPATION</b>										
<b>NOTES PAYABLE</b>										
Highway Garage and St Anne's	01/15/14	01/15/15	0.56%	\$ 1,000,000	0	\$ 850,000	\$ 150,000	\$ 0	\$ 5,600	\$ 0
2015 Series C (Federally Taxable)	12/30/14	12/30/16	1.52%	1,625,000	0	0	425,000	1,200,000	22,344	50
2015 Series B (Tax Exempt)	12/30/14	12/30/16	0.84%	3,025,000	500,000	0	1,565,000	1,960,000	30,250	45
FEMA Butternut	01/15/15	01/15/16	1.00%	0	2,600,000	0	0	2,600,000	0	24,932
				<u>5,650,000</u>	<u>3,100,000</u>	<u>850,000</u>	<u>2,140,000</u>	<u>5,760,000</u>	<u>58,194</u>	<u>25,027</u>
<b>SERIAL BONDS</b>										
Special Revenue Funds										
Consolidated Water	1996	2016	5.25%	350,000	0	0	175,000	175,000	14,109	1,510
Water Districts	1998	2018	4.55%	900,000	0	0	225,000	675,000	41,963	11,275
Water Districts	1998	2018	0.00%	23,150	0	0	5,588	17,562	0	0
Public Improvements	2001	2021	4.54%	2,550,000	0	0	350,000	2,200,000	123,000	29,280
Public Improvements	2004	2019	3.75%	1,410,000	0	0	320,000	1,090,000	53,420	15,342
EFC Water and Sewer	2012	2016	0.00%	600,000	0	0	200,000	400,000	0	0
Total Serial Bonds				<u>5,833,150</u>	<u>0</u>	<u>0</u>	<u>1,275,588</u>	<u>4,557,562</u>	<u>232,492</u>	<u>57,408</u>
Highway Vehicle	2010	2018	3.14%	228,755	0	0	54,564	174,191	7,183	2,053
Vehicles	2011	2018	2.87%	100,479	0	0	23,998	76,481	3,068	643
Various Equipment	2013	2016	1.21%	225,593	0	0	112,120	113,473	2,723	938
Heavy Duty Vehicles	2013	2020	1.81%	269,220	0	0	42,881	226,339	4,875	2,043
2014 Vehicles	2014	2021	1.85%	343,300	0	0	79,880	263,420	6,064	2,537
Total Installment Loans				<u>1,167,347</u>	<u>0</u>	<u>0</u>	<u>313,443</u>	<u>853,904</u>	<u>23,913</u>	<u>8,214</u>
Total Long-Term Debt				<u>\$ 12,650,497</u>	<u>\$ 3,100,000</u>	<u>\$ 850,000</u>	<u>\$ 3,729,031</u>	<u>\$ 11,171,466</u>	<u>\$ 314,599</u>	<u>\$ 90,648</u>

See accompanying notes to financial statements



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**INDEPENDENT AUDITOR’S 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**

To the Supervisor and Members  
 of the Town Board  
 Town of New Windsor  
 New Windsor, New York

We have audited, in accordance with the 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 Town of New Windsor, as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise Town of New Windsor’s basic financial statements and have issued our report thereon dated May 9, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of New Windsor’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of New Windsor’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town of New Windsor’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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Town of New Windsor'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mugent + Haussler, P.C.*

Montgomery, New York  
May 9, 2016



**Nugent & Haeussler, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Supervisor and Members  
of the Town Board  
Town of New Windsor  
New Windsor, New York

**Report on Compliance for Each Major Federal Program**

We have audited Town of New Windsor compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of New Windsor's major federal programs for the year ended December 31, 2015. Town of New Windsor's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Town of New Windsor's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of New Windsor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of New Windsor's compliance.

### **Opinion of Each Major Federal Program**

In our opinion, Town of New Windsor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

### **Report on Internal Control Over Compliance**

Management of Town of New Windsor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of New Windsor's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of New Windsor's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal awards Required by the Uniform Guidance**

We have audited the financial statements of Town of New Windsor as of and for the year ended December 31, 2015, and have issued our report thereon dated May 9, 2016, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Montgomery, New York  
May 9, 2016

**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed-through New York State:			
Natural Resource Conservation Service (NRCS)	10.923	N/A	\$ <u>160,875</u>
Total Passed-through New York State			<u>160,875</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>160,875</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed-through County of Orange:			
Energy Efficient Community Block Grant	81.128	N/A	<u>75,311</u>
Total Passed-through County of Orange			<u>75,311</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>75,311</u>
<u>DHSES (DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES)</u>			
Passed-through New York State:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4020	827,083
Total Passed-through New York State			<u>827,083</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>827,083</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 1,063,269</u>

The accompanying notes are an integral part of the schedule.

TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Town, which is described in Note 1 to the Town's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The Town's policy is not to charge federal award programs with indirect costs.

Matching costs (the Town's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Town's financial reporting system.

NOTE 2. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the Town's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.



**TOWN OF NEW WINDSOR  
NEW WINDSOR, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**SECTION III - FEDERAL AWARD FINDINGS**

**A. Significant Deficiencies in Internal Control**

There were no findings relating to the major federal award as required to be reported in accordance with the Uniform Guidance.

**B. Compliance Findings**

There were no findings relating to the major federal award as required to be reported in accordance with the Uniform Guidance.