



Town of North Greenbush
Anthony J. Germano, Comptroller
2 Douglas Street
Wynantskill, New York 12198
Tel: (518) 283-3525
Fax: (518) 283-5010

TOWN OF NORTH GREENBUSH
ANNUAL FINANCIAL SUMMARY AS OF DECEMBER 31, 2018

This summary highlights the status of several areas of the Town of North Greenbush financial operation including town banking, fund balance, debt service and required financial reporting. It is intended to be used as a management tool for the Town Board and also serves to provide transparency on the town fiscal operation and status.

BANKING AND DESIGNATED DEPOSITORIES: The Town Board adopted "Town Investment Policy" applies to all money and other financial resources available for deposit and investment by the Town of North Greenbush. The objective of this policy is to: conform to all applicable Federal, State and other legal requirements (legality); adequately safeguard principal (safety); provide sufficient liquidity to meet all operating requirements; and, obtain a reasonable rate of return (yield) on deposited monies.

There are two (2) Town Board designated depositories in three separate bank accounts for town operating funds:

<u>Bank</u>	<u>Balance 12/31/18</u>	<u>Interest Income</u>
Key Bank (Public Now Fund)	\$1,202,728	\$ 878
Pioneer Commercial Bank (Money Market)	\$ 4,345,753	\$16,201
<u>Pioneer Commercial Bank (Checking)</u>	<u>\$ 23,941</u>	<u>N/A</u>
Total	\$5,572,422	\$17,079

Cash bank balances are collateralized by FDIC Insurance, Federal Home Loan Bank irrevocable letter of credit and pooled securities in accordance with town investment policy.

The December 31, 2018 Town Bank Reconciliation balance of \$5,572,422 was adjusted for \$31,653 of outstanding checks not cashed and unexpended petty cash, leaving a general ledger reconciled balance of \$5,490,970 which is in balance with the 2018 audited financial statement.

The annual percentage bank interest yield for 2018 was 0.15% for the Town's Key Bank account and 0.30% for the Town's Pioneer Commercial account. Key and Pioneer provide the town with numerous services and benefits for the deposited balances. Some of those significant services include:

- Secure scanning of checks received by the town for deposit, rather than the need for making in-bank deposits;
- Secure on-line banking services for account status, historical banking needs, wire transfers and alerts to secure transactions;
- Capital Expenditure Credit line to purchase needed equipment;
- Verification of outstanding checks and reconciliation services;
- Ability to promptly borrow funds for start-up capital projects; and
- The collection of property taxes by Pioneer Bank.

In addition to Key and Pioneer the Town Board designated the following other banks for investment: M&T, HSBC, Trustco Bank and JP Morgan Chase.

FUND BALANCE STATUS: The Town Board has implemented Governmental Accounting Standards Board (GASB) 54 criteria for Fund Balance reporting in their adopted "Fund Balance Policy". That policy targets unassigned fund balance to be at least 12%, and no more than 17% of expenditures, which would completely sustain the town to cover at least 2 months of operating expenditures. The Town Board has authorized balances in excess of 17% to be assigned for other specific purposes or used to stabilize property taxes.

As of December 31, 2018 the Town Fund Balance totaled \$5,540,968. Of that amount, the Tax Stabilization Fund Balance totals \$1,163,181 (\$1,104,927 in the General Fund and \$58,254 in the Highway Fund). These "rainy day" monies could be used by the Town Board to offset property taxes if so determined for eligible unanticipated expenses that may arise.

I will continue to examine alternatives for investing cash on-hand such as the NY Choice Full Flex Liquid Investment Program which is currently providing 2.35% interest on deposits of \$1 million or more.

DEBT SERVICE ANALYSIS: In carrying out its responsibilities for delivering municipal services (road, highway, water and sewer infrastructure, equipment, etc.) the town secures short and long term borrowing thru the issuance of Bank Anticipation Notes (BAN), the sale of BONDS or the use of a "lease-to-own" credit line on its bank assets to purchase necessary equipment. The proceeds to pay for these debt service expenses are collected thru the tax levy by those tax payers who receive the benefit of the project or the equipment. In 2018, the town paid \$1,716,984 in principal and interest payments to satisfy annual debt payments as follows: General Fund paid \$106,968; Highway Fund paid \$204,041; Water Fund paid \$1,284,958; and Sewer Fund paid \$121,017.

As of December 31, 2018 the total principal balance was \$13,193,109 for BOND and BAN obligations and the related interest expense was \$3,416,923 for a total payoff of \$15,906,923, as follows:

Type	Principal Balance	Interest Rate	Purpose
BAN	\$ 502,098	1.53% Interest	Water District #3 Ext 12
BOND	\$12,490,000	1% to 6.75%	Water/Sewer projects, etc.
BOND (thru C/Renss)	\$ 201,011	\$0	Water District 5B
Total	\$13,193,109		

In 2018, \$85,623 of debt service was retired for the Snyder's Lake Sewer District and Water District #2 improvement projects. Over the next 4 years, \$567,080 of annual principal and interest debt payments will be retired as follows:

2019	\$ 50,000 for Sewer #4, Sewer #5 and Highway
2021	\$101,055 for Water Districts #'s 6, 10 and 11
2022	\$295,000 for Water District #12
	\$ 99,000 for Sewer #4 and Main Avenue School
2023	\$ 22,025 for Sewer #8
Total	\$567,080 of debt service retired

Over the next 2-3 years the town will also incur additional annual debt service for the town share of the Route 4 Corridor vehicle and pedestrian improvement project, the Route 43 Drinking Water Improvement Grant project and the expected purchase of the Lake Meadows now privately owned water system. As necessary, the town is reviewing the need to issue Bond Anticipatory Notes (BAN) for these projects thru at least 2022 and then consolidate the remaining debt for a Bond Sale thereafter. The Town Board has also authorized a combination of fund balance and traffic mitigation fees to offset debt service requirements for these projects.

In summary, by 2023 the town will have retired \$567,080 of the annual debt service payments tax burden to property owners. This will also reduce the town's debt service proportion to collected revenues, which is a measure analyzed by Bond Rating Firms. Our current debt service proportion is at 16.48% (down from 17.6% in 2017) and is considered above the average. The Town was last rated by Standards and Poor's in 2016 and received an upgrade of 2 notches to "AA" as a result of solid budgetary performance and flexibility with fund balance, sound management practices and a very strong local economy. Overall the "AA" rating signifies that the Town has a very strong capacity to meet its financial commitments.

REQUIRED FINANCIAL REPORTING: The town is in compliance with the required financial annual filing of financial audit reports (AUD) with the State Comptroller's Office and had an independent review of the financial summary and statement conducted by Cusack and Company, LLC for the fiscal year ending December 31, 2018. Those reports, once approved by the Town Board, will be available on the Town website. For 2018, the town collected \$11,244,988 in revenues and spent \$10,418,438. The cash position of the town increased by \$826,550 for 2018 bringing the total town fund balance to \$5,685,894. The town will use a portion of this fund balance to offset the required matching share of the grant monies received for road, pedestrian and water infrastructure improvements, which will lower the annual debt service associated with these necessary projects and save interest payments which would be paid by taxpayers.

Each year, in concert with the budget preparation, the town must report to the NYS Comptroller's Office how the adopted budget will relate to the New York State Property Tax Cap Law. The Law, with some exceptions, limits the amount local governments and most school districts can increase property taxes. As part of the budget process, local governments may increase property taxes by the lower of either a 2% percent tax increase or a tax increase equal to the rate of inflation. The Town continues to work diligently to increase services for town residents while reducing operating costs and maximizing revenue sources which kept general and highway fund property taxes "flat" for 10 years. For the 2019 Tax Year the town was able to adopt a budget that decreased the general fund tax levy rate by 2% which followed a 3% tax levy rate reduction in 2018. At the same time, the town has been able to replenish its fund balance, ensuring continued fiscal and operational stability. .

The Town's 2018 Tax Cap filing (for the 2019 approved town budget) was \$238,836 below the allowable Tax Cap according to the following calculations:

Tax Levied Prior Year	\$5,504,260
Tax Base Growth Factor	1.0143
PILOTS Receivable Prior Year	\$441,606
Allowable Levy Growth Factor	1.02
PILOTS Receivable Current Year	\$441,568
Available Carryover from Prior Year	\$84,310
Total Levy Limit (before Adj/Exc)	\$5,787,810
Allowable Tax Cap levy	\$5,787,810
Adopted Tax Cap Levy in 2019 Budget	\$5,548,974
Tax Levy Over (Under) Tax Cap	(\$238,836)

NOTE: PILOT is Payment in Lieu of Taxes

Finally, attached is information showing how property tax dollars paid in 2019 are distributed to the town, county and school district. Out of each dollar collected thru the tax levy, 4.91 cents goes to the Town General Fund, 5.71 cents goes to the Town Highway Fund, 27.30 cents goes to the County and NYS Mandates and 62.08 cents goes to the School Districts.

Respectfully,

Anthony J. Germano
Comptroller

Cf: Town Board Members

Where do your tax dollars go?

