



**Town of North Greenbush**  
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**TOWN OF NORTH GREENBUSH**  
**ANNUAL FINANCIAL SUMMARY AS OF DECEMBER 31, 2020**

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 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:

<b><u>Bank</u></b>	<b><u>Balance 12/31/19</u></b>	<b><u>Interest Income</u></b>
Key Bank (Public Now Fund)	\$1,685,585	\$1,066
Pioneer Commercial Bank (Money Market)	\$4,441,844	\$9,479
Pioneer Commercial Bank (Checking)	\$1,160,314	
<b>Total</b>	<b>\$7,287,743</b>	<b>\$10,545</b>

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, 2020 Town Bank Reconciliation balance of \$7,287,743 was adjusted for \$113,546 of outstanding checks not cashed and \$422 in credits leaving a general ledger reconciled balance of \$7,174,620 and which is in balance with the 2020 audited financial statement.

The annual percentage bank interest yield for 2019 was 0.1% for the Town's Key Bank account and 0.05% 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.

**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, 2020, the Town Fund Balance totaled \$8,235,132. Of that amount, the Tax Stabilization Fund Balance totals \$1,715,774 (\$1,597,870 in the General Fund and \$117,904 in the Highway Fund), \$255,339 in Greenspace Funds, \$28,118 in Police Asset Forfeiture Funds and \$1,773,011 in Capital Project funds for the town 20% share of the Route 4 Highway Improvement Project.

**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 taxpayers who receive the benefit of the project or the equipment. In 2020, the town paid \$1,598,119 in principal and interest payments to satisfy annual debt payments as follows: General Fund paid \$106,352; Highway Fund paid \$183,950; Water Fund paid \$1,223,340; and Sewer Fund paid \$74,477. The town continues to pay down debt services principal and interest obligations at the rate of approximately 14.85% per year.

As of December 31, 2020, the total debt service principal balance was \$10,746,378 for BOND and BAN obligations and the related interest expense was \$2,652,555 for a total payoff of \$13,398,393.

Type	Principal Balance	Interest Rate	Purpose
BAN	\$ 455,311	0.78% Interest	Water District #3 Ext 12
BOND	\$10,105,000	1% to 6.75%	Water/Sewer projects, etc.
BOND (thru C/Renss)	\$ 186,037	\$0	Water District 5B
<b>Total</b>	<b>\$10,746,378</b>		

Over the next 3 years, \$517,080 of annual debt service payments will be retired as follows:

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
<b>Total</b>	<b>\$517,080 of debt service to be retired</b>

During the next 2 years the town will also incur additional annual debt service for the town share of the Route 4 Highway Improvement Vehicle and Pedestrian Improvement Project and the Route 43 Drinking Water Improvement Grant project. The Town Board has authorized a combination of fund balance and traffic mitigation fees to offset debt service requirements for the Route 4 Highway Improvement Project and the issuance of a bond for \$1m in addition to the use of \$444,000 of fund balance fund balance for the Route 43 Water Project. Both projects are expected to be completed in 2022.

In summary, by 2023 the town will have retired \$517,080 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 which continues to decline each year with payoff is at 13.67% (down from 14.21% in 2019). The Town was last rated in January 2021 by Standards and Poor's who reaffirmed its "AA" rating 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 continues to comply with the required annual filing of financial audit reports (AUD) with the State Comptroller's Office and its independent review of the financial summary and statement conducted by Cusack and Company, LLC for the fiscal year ending December 31, 2020. Those reports, once approved by the Town Board, will be available on the Town website. For 2020, the town collected \$11,687,778 in revenues and spent \$10,502,493. The cash position of the town increased by \$1,185,285 for 2020 bringing the total town fund balance to \$8,235,102 of which \$2,002,231 is restricted. 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 have kept general and highway fund property taxes very stable for the last 10 years. Fortunately, the town has never adopted a budget that exceeded the 2% Tax Cap and at the end of each year has been able to replenish its fund balance which ensures continued fiscal and operational stability. For the 2021 Tax Year the Town Board adopted a budget that was \$148,294 below the allowable Tax Cap according to the following calculations:

Tax Levied Prior Year	\$5,576,995
Tax Base Growth Factor	x1.0285
Total	\$5,735,939
PILOTs Receivable Prior Year	+\$447,042
Total	\$6,182,981
Allowable Levy Growth Factor	x1.0156
Total	\$6,279.436
PILOTs Receivable Current Year	-\$447,042
Police Retirement Exclusion	+\$32,923
Available Carryover from Prior Year	+\$88,579
Allowable Tax Cap Levy	\$5,953,896
Adopted Tax Cap Levy in 2021 Budget	\$5,805,602
<b><u>Tax Levy Over (Under) Tax Cap</u></b>	<b><u>(\$148,294)</u></b>

NOTE: PILOT is Payment in Lieu of Taxes

Finally, residents often ask what percentage of their property taxes are paid to the town, county and school district each year. On average, based on the recently adopted budgets, for every \$1.00 of property tax paid thru the tax levy \$0.05 is paid to the Town General Fund, \$0.05 is paid to the Town Highway Fund, \$0.24 cents is paid to the County and NYS Mandates and \$0.66 cents is paid to the School District.

Respectfully,



Anthony J. Germano  
Comptroller

Cf: Town Board Members