



Town of Ramapo, New York

Financial Report

December 31, 2016

Town of Ramapo, New York

Financial Report

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Independent Auditor's Report

The Honorable Supervisor and Town Board
of the Town of Ramapo, New York
Ramapo, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ramapo, New York (Town) as of and for the year ended December 31, 2016, 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Investigations

As discussed in Note 12 to the financial statements, the Town was subject to investigations regarding past improper financial reporting practices. Our opinions are not modified with respect to this matter.

Ramapo Local Development Corporation

As discussed in Note 1a, the Ramapo Local Development Corporation (Corporation) is economically dependent upon the Town to fund its operations. The Town has also guaranteed repayment of the Corporation's revenue bonds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the information listed under required supplementary information in the accompanying table of contents 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 supplementary 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 July 12, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
July 12, 2019



Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

The following Management's Discussion and Analysis (MD&A) is required supplementary information to the Town of Ramapo, New York's (Town) financial statements. It provides a narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016.

These management comments, written as of June 7, 2019, also provide the benefit of perspective on certain developments after December 31, 2016, which, while they occurred subsequent to the close of the fiscal year, are nevertheless relevant to the reader's understanding of the Town's fiscal condition at that date.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which have the following components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements.

The MD&A is designed to assist the reader in focusing on significant matters, provide an overview of the Town's finances, identify material changes from the original budget and highlight individual fund matters. Financial information is summarized in order to provide an understanding of the Town's financial condition. The following financial statements, notes and required supplementary information should be reviewed in conjunction with the MD&A.

Litigation and Settlement

As more fully described in Note 12, the Town and the Ramapo Local Development Corporation (RLDC) were charged by the Securities and Exchange Commission ("SEC") with fraudulent misrepresentation in their financial statements for the year ended December 31, 2014 and in certain public financial disclosures in prior periods.

On November 17, 2017, the Town and the RLDC reached a settlement with the SEC having consented to the appointment of an independent financial consultant and certain other undertakings. The settlement did not require any payment of fines by or any other financial assessments to the Town or the RLDC.

Financial Highlights for the Year Ended December 31, 2016

- On the December 31, 2016, the government-wide financial statement, the aggregate liabilities and deferred inflows of resources of the Town exceed its assets and deferred outflows of resources by approximately \$8.9 million resulting in a negative net position.
- This negative government-wide net position results primarily from the required recognition of the actuarially calculated long-term other postemployment benefit liabilities approximating \$62.8 million and deferred pension contribution payables of approximately \$21.5 million at December 31, 2016.
- During 2016 the total fund deficit of the General Fund increased by approximately \$3.0 million from negative \$8.7 million to negative \$11.7 million.
- The Town's total governmental fund balance increased approximately \$2.6 million from \$7.3 million to \$9.9 million as of December 31, 2016.
- During 2016, the Town's governmental activities transferred land recorded at \$2.0 million to its enterprise fund (RLDC), to be held for sale or redevelopment.
- Additionally, the Town's general fund incurred approximately \$1.1 million dollars of operations costs on behalf of the RLDC. These costs are reported as an operating transfer out in the general fund and an operating transfer in for the enterprise fund financial statements.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Overview of the Financial Statements

The financial statements in this report include:

- Government-wide financial statements for the Town and its blended component unit, the RLDC, which is reported as a major enterprise fund;
- Fund level financial statements for all of the Town's governmental and enterprise funds; and
- Footnote disclosures providing key information relevant to the Town's financial statements.

Additionally, the Town presents:

- Required supplementary information regarding budgetary comparison schedules, pension and other post-employment benefit obligations and
- Other supplementary information, including combining sub-fund financial statements and budgetary schedules.

An overview of each of the statements included in the Town's financial statements is as follows:

Government-wide Financial Statements

- The Government-wide Financial Statements are designed to provide a broad overview of the Town's financial activities in a comprehensive manner similar to the financial reports of a private sector business.
- These statements provide both long-term and short-term information about the Town's overall financial position.
- The Statement of Net Position presents all of the Town's current and long-term assets, its current and long-term liabilities as well as the total of deferred inflows and deferred outflows of resources at the end of the year.
- The Statement of Activities presents a summary of all aspects of financial activity that, when aggregated, result in the increase or decrease in the net position of the Town during the year.
- All changes in net position are reported on a full accrual basis: revenues, expenses, and the related assets and liabilities are recorded as soon as the underlying event giving rise to the change occurs.
- The full accrual basis requires the recognition of revenue and expenses in the current year for items that will result in cash inflows and outflows in future years, such as the actuarially calculated long-term liability for pension benefits which will be paid out over future periods.
- The Statement of Activities distinguishes "governmental activities" which are supported by property taxes, non-property taxes and intergovernmental activities from "program activities" which recover a portion of their costs through user fees and charges (i.e., the Town's summer camp programs).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related laws and regulations. The diverse operations of the Town are accounted for in three types of funds: governmental, proprietary and fiduciary.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Governmental Funds

The Town maintains the following individual governmental funds, each with a unique tax base: General Fund, Town Outside Villages Fund, Highway Fund, Special Districts (including Lighting, Water, Refuse, Sewer, Fire Protection and Ambulance Districts), Police Fund, Debt Service Fund and Capital Projects Fund. All of these funds are considered to be major funds.

Fund accounting measures the current financial resources of each fund following the modified accrual basis. The measurement focus is on the near-term inflows and outflows of spendable resources as well as the balance of spendable resources available at the end of the fiscal year. Balance sheets at the fund level present only current assets and current liabilities.

The Town adopts annual budgets for each governmental fund. Comparisons of the actual results to the annual budgets are included within the required supplemental information herein.

Proprietary Funds

The Town reports two types of proprietary funds, an enterprise fund and two internal service funds: 1) the General Liability Claims Fund and 2) the Workers' Compensation Benefits Fund. Proprietary funds are reported on the accrual basis of accounting using the economic resources measurement focus.

The Town's enterprise fund consists of the RLDC, which was formed in 2008 by the New York State Legislature under the provisions of Section 1411 of the Not-for-Profit Corporation Law for purposes of fostering creation, retention and expansion of jobs and economic opportunities in the Town. The RLDC constructed and operates the Palisades Credit Union Park, which hosts the Rockland Boulders baseball team, concerts and ice skating in the winter.

The internal service funds account for the cost of insurance coverage as well as the annual claims paid for general liability judgments and workers' compensation cases. The source of funding for internal service funds is provided by transfers-in from various governmental funds. Each year, the cost for general liability claims and workers' compensation claims in each of the individual government funds is estimated. Cash is transferred to the internal service funds so that a centralized payment can be made. In addition, a long-term liability is recorded at year end based on an independent actuarial calculation of the liabilities associated with the existing general liability and workers compensation cases.

Fiduciary Funds

The Town maintains only one fiduciary fund: the Agency Fund. This fund is used to account for funds on deposit with the Town on a custodial basis.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Government-wide Financial Analysis

The following is a condensed statement of government-wide net position for the Town at December 31:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Noncapital assets						
Cash and cash equivalents	\$ 20,279,462	\$ 18,330,542	\$ 2,002	\$ 1,011,019	\$ 20,281,464	\$ 19,341,561
Receivables, net	4,270,332	4,558,013	106,872	511,584	4,377,204	5,069,597
Internal balances	140,898	-	(140,898)	-	-	-
Other	86,600	86,600	2,040,585	-	2,127,185	86,600
Total noncapital assets	<u>24,777,292</u>	<u>22,975,155</u>	<u>2,008,561</u>	<u>1,522,603</u>	<u>26,785,853</u>	<u>24,497,758</u>
Capital assets	<u>167,261,519</u>	<u>176,412,184</u>	<u>39,338,396</u>	<u>40,525,204</u>	<u>206,599,915</u>	<u>216,937,388</u>
Total assets	<u>192,038,811</u>	<u>199,387,339</u>	<u>41,346,957</u>	<u>42,047,807</u>	<u>233,385,768</u>	<u>241,435,146</u>
Deferred outflows of resources						
	<u>45,719,310</u>	<u>6,934,136</u>	<u>692,153</u>	<u>719,815</u>	<u>46,411,463</u>	<u>7,653,951</u>
Liabilities						
Due within one year						
	28,905,968	29,042,490	958,765	874,965	29,864,733	29,917,455
Due in more than one year	<u>230,301,660</u>	<u>207,504,121</u>	<u>25,089,785</u>	<u>25,730,776</u>	<u>255,391,445</u>	<u>233,234,897</u>
Total liabilities	<u>259,207,628</u>	<u>236,546,611</u>	<u>26,048,550</u>	<u>26,605,741</u>	<u>285,256,178</u>	<u>263,152,352</u>
Deferred inflows of resources						
	<u>3,394,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,394,086</u>	<u>-</u>
Net position						
Net investment in capital assets	57,421,175	60,862,906	14,385,764	14,974,243	71,806,939	75,837,149
Restricted	1,578,136	960,377	-	-	1,578,136	960,377
Unrestricted deficits	<u>(83,842,904)</u>	<u>(92,048,419)</u>	<u>1,604,796</u>	<u>1,187,638</u>	<u>(82,238,108)</u>	<u>(90,860,781)</u>
Total net position	<u>\$ (24,843,593)</u>	<u>\$ (30,225,136)</u>	<u>\$ 15,990,560</u>	<u>\$ 16,161,881</u>	<u>\$ (8,853,033)</u>	<u>\$ (14,063,255)</u>

The governmental activities noncapital assets increased by \$1.8 million. This was a result of the aggregate increase in cash in the Special District Fund of \$2.8 million offset by a reduction of \$1 million in the cash balance of the Capital Fund due to outlays for capital items during the year. The governmental capital assets declined by \$9.1 million. This resulted from the transfer of \$2 million of land to the RLDC plus the recording of depreciation on these assets during the year offset by capital asset additions.

Deferred outflows of resources and deferred inflows of resources increased during 2016 by approximately \$38.8 million and \$3.4 million, respectively. These changes were primarily related to reporting requirements of the Town's proportionate share of the New York State and Local Retirement System's net pension liability. Deferred outflows and inflows will be recognized as adjustments to expenses in future periods.

Long-term liabilities include general obligation bonds, compensated absences, self-insurance claims payable, landfill post-closure obligations, pension and other post-employment benefit obligations. The value of the Town's proportionate net pension liability and other postemployment benefits obligations are determined by the State of New York and an independent actuary, respectively.

Total liabilities increased by \$22.7 million in 2016. Significant components of this change include the Town's long-term debt, which decreased by approximately \$10.0 million, while the net pension liability, other postemployment benefits liability (OPEB) and claims payable increased by \$21.4 million, \$9.4 million, and \$3.8 million, respectively. The net change in the Town's retirement incentives and other pension obligations payable was a decrease of approximately \$1.0 million. Changes in long-term liabilities are reported in Note 7.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Government-wide Financial Analysis - Continued

The following is a government-wide statement of changes in net position for December 31:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 16,907,942	\$ 17,860,018	\$ 735,471	\$ 3,775,763	\$ 17,643,413	\$ 21,635,781
Operating grants and contributions	304,768	368,993	-	-	304,768	368,993
Capital grants and contributions	528,833	1,379,500	-	-	528,833	1,379,500
General revenues						
Taxes	84,107,525	79,826,218	-	-	84,107,525	79,826,218
Other	7,360,129	6,038,201	2,386	4,361	7,362,515	6,042,562
Total revenues	<u>109,209,197</u>	<u>105,472,930</u>	<u>737,857</u>	<u>3,780,124</u>	<u>109,947,054</u>	<u>109,253,054</u>
Expenses						
General governmental support	16,662,318	18,622,850	-	-	16,662,318	18,622,850
Public safety	37,390,088	52,045,496	-	-	37,390,088	52,045,496
Health	8,064,580	7,718,583	-	-	8,064,580	7,718,583
Transportation	8,491,690	9,264,102	-	-	8,491,690	9,264,102
Economic opportunity and development	521,616	546,942	-	-	521,616	546,942
Culture and recreation	13,619,012	15,846,841	-	-	13,619,012	15,846,841
Home and community services	11,345,352	11,158,894	-	-	11,345,352	11,158,894
Interest on long-term debt	4,583,402	4,834,317	-	-	4,583,402	4,834,317
Ramapo LDC	-	-	4,058,774	4,301,478	4,058,774	4,301,478
Total expenses	<u>100,678,058</u>	<u>120,038,025</u>	<u>4,058,774</u>	<u>4,301,478</u>	<u>104,736,832</u>	<u>124,339,503</u>
Transfers	<u>(3,149,596)</u>	<u>(979,908)</u>	<u>3,149,596</u>	<u>979,908</u>	<u>-</u>	<u>-</u>
Change in net position	5,381,543	(15,545,003)	(171,321)	458,554	5,210,222	(15,086,449)
Net position, beginning of year as restated	<u>(30,225,136)</u>	<u>(14,680,133)</u>	<u>16,161,881</u>	<u>15,703,327</u>	<u>(14,063,255)</u>	<u>1,023,194</u>
Net position, end of year	<u>\$ (24,843,593)</u>	<u>\$ (30,225,136)</u>	<u>\$ 15,990,560</u>	<u>\$ 16,161,881</u>	<u>\$ (8,853,033)</u>	<u>\$ (14,063,255)</u>

During 2016, governmental program revenues decreased by approximately \$1.9 million, due to decreases in grants, insurance recoveries, and the recoupment of intra-governmental charges. Total governmental general revenues increased by approximately \$5.6 million to \$91.5 million as of December 31, 2016. The primary driver of this increase was real property taxes, which increased \$4.3 million year over year. Other increases include mortgage tax receipts, and gains on sales of real property.

Total governmental expenses in 2016 decreased by approximately \$19.4 million. The decrease is primarily related to pension related costs related to the recording of the long-term liability for the past service costs associated with the 2015 change in the police force pension plan. This plan amendment resulted in accrued costs during 2015 of \$14.0 million. Other expenses decreased proportionately amongst the Town's various functions, except for home and community services, which remained relatively flat.

The business-type activities reflect the results of operations of the RLDC. Revenues from the final phase of condominium sales in 2015 were \$2.6 million. Rental revenues decreased by approximately \$300,000, and there were no property asset sales in 2016 resulting in a total decrease in revenue of \$3 million.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with legal and finance-related requirements. Accounting at the fund level provides information about near-term inflows, outflows and balances of spendable resources. An operating budget in each fund is adopted by the Town Board each year. The annual budget is comprised of estimations of program revenues and expenditures which then forms the basis for the amount of taxes levied to provide adequate funds to provide general government support, public safety, health and transportation services as well as culture, recreation, home and community services.

The fund balance at the end of the year in each fund is a measure of the resources remaining after all revenues of the current year are recorded and all expenditures of the current year are paid or recorded as payable at the end of the year. These remaining resources, if positive, are often referred to as the "rainy day fund" that is available if needed in the following year.

The General Fund is an indicator of the overall financial health of the Town. The cost of general government support is accounted for in the General Fund and the resources of the General Fund (excluding any amounts specifically restricted by law or board resolution) are available for any and all general claims and liabilities of the Town.

The Town Outside Village Fund ("TOV" also referred to as the "Part Town" or "Unincorporated Ramapo") is used to account for those support services that are unrelated to the villages within the Town. Expenditures in this fund primarily encompass the cost of building, planning and zoning services.

The Police Fund captures the cost of providing police protection and public safety services in all parts of the Town except for two villages which have their own police force.

The Highway Fund is used to account for the cost of snow and brush removal as well as road repair and maintenance for all of the roads within the boundaries of the Part Town.

Special Districts include separate funds used to account for the costs associated with providing specific services to benefited areas. Districts within the Town include funds to account for the cost of street lights, refuse and recycling services in the Part Town, sewer costs in the benefited areas and ambulance services provided on a Town-wide basis. The resources within the Special Districts funds are assigned to the specific purposes of each district and, therefore, are not available for the general claims or liabilities of the Town.

The Debt Service and Capital Projects Funds are used to account for the current cash flows associated with debt funding. Debt service payments are budgeted in the operating funds and then transferred into the Debt Service Fund for payment. When short-term debt such as BANs are issued they are initially recorded in the Capital Projects Fund. These short-term liabilities are replaced with the long-term liability recorded in the government-wide statement of net position once the long-term bonds are issued. The fund balance at the end of the year represents bond funds available to be expended for future capital projects.

The Town's governmental funds as presented in the balance sheet, reported a combined fund balance of approximately \$9.9 million, of which \$8.2 million is restricted for public safety, debt service and capital projects. Included in this year's surplus is a total excess of revenues over expenditures of \$5.1 million. This excess was offset by total other finance uses of \$2.4, for a total increase in fund balance of \$2.6. Other financing uses consists of transfers to the Town's internal service funds and enterprise fund.

During 2016, the Town's General Fund's fund balance decreased by approximately \$3.0 million to a deficit of \$11.7 million. As described later in the budget highlights section, there were a number of revenues overbudgeted, and the Town was unable to commensurately reduce expenditures. The most significant fluctuation represents interfund revenues, which were \$2.0 million below budget based due to expenditure allocation methodology changes. It should be noted that this \$2 million shortfall in the General Fund directly benefits the Town's other governmental funds, specifically the Police Fund and Special Districts, both of which showed positive surpluses during 2016.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Financial Analysis of the Town's Funds - Continued

In 2015, the TOV Fund's fund balance decreased by approximately \$113 thousand. Actual results varied from budget by \$26 thousand. The TOV's expenditures exceeded revenues by \$38 thousand, and an additional \$75 thousand was reported as operating transfers for debt service and internal service fund charges. The total deficit increased to \$210 thousand as of December 31, 2016.

The Police Fund's final 2016 budget called for the use of approximately \$131 thousand in fund balance, while actual activity resulted in an increase in fund balance from \$773 thousand to \$2.6 million. Public safety continues to be the largest component of the Town's activities, representing 35% of total 2016 expenditures.

The Town's Highway Fund reported an \$86 thousand increase in fund balance, primarily due to lower than budgeted operating transfers out. The actual results were favorable to a planned deficit of \$3 thousand. The Town's Highway Fund reported a total fund balance deficit of \$863 thousand as of December 31, 2016.

The combined Special Districts' fund operated favorably compared to budget by generating approximately \$1.2 million in incremental revenues and coming in approximately \$860 thousand under budget with expenditures. Total fund balance increased by approximately \$4.7 million to \$12.2 million at December 31, 2016. The 2015 combined Special Districts' fund balance increased \$5.2 million, resulting in a two-year cumulative increase in fund balance of \$9.9 million.

General Fund Budgetary Highlights

The following schedule presents a summarized comparison of the General Fund's final budget compared to actual results.

	December 31, 2016		
	Final Budget	Actual	Variance
Total revenues	\$ 38,416,170	\$ 35,411,873	\$ (3,004,297)
Expenditures			
General government	16,803,585	15,706,605	1,096,980
Culture and recreation	10,929,458	10,023,362	906,096
Other program areas	1,134,627	1,061,440	73,187
Debt service	524,000	524,000	-
Total expenditures	29,391,670	27,315,407	2,076,263
Excess (deficiency) of revenues over expenditures	9,024,500	8,096,466	(928,034)
Other financing uses, net	(9,105,183)	(11,103,908)	(1,998,725)
Operating deficit	\$ (80,683)	\$ (3,007,442)	\$ (2,926,759)

The Town's actual revenues fell approximately 8% below budgeted revenues. Significant budget fluctuations include interfund revenues, which were approximately \$2.0 lower than budgeted. Additionally, the Town overbudgeted for operating transfers in by \$1.9 million. The Town's General Fund fell short on budgeted departmental income and sales of property and compensation for losses.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

General Fund Budgetary Highlights - Continued

The Town was able to reduce actual expenses by approximately \$2.1 million when compared to the final budget, which help offset the almost \$5 million in overbudgeted resources.

Capital Assets and Debt Administration

Capital assets include land, land improvements, buildings and improvements, machinery and equipment and infrastructure. Currently the Town has no material capital projects in process. The Town's investment in capital assets (net of accumulated depreciation) is \$206,599,915 at December 31, 2016.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Capital assets						
Land	\$ 40,333,786	\$ 42,374,371	4,872,658	5,014,530	\$ 45,206,444	\$ 47,388,901
Land improvements	25,491,938	27,652,411	23,043,393	23,714,323	48,535,331	51,366,734
Buildings and improvements	50,116,026	53,039,348	3,084,298	3,458,304	53,200,324	56,497,652
Machinery and equipment	4,397,233	4,512,558	8,338,047	8,338,047	12,735,280	12,850,605
Infrastructure	46,922,536	48,833,496	-	-	46,922,536	48,833,496
Total capital assets, net	\$ 167,261,519	\$ 176,412,184	\$ 39,338,396	\$ 40,525,204	\$ 206,599,915	\$ 216,937,388

In past years, the Town obtained long-term financing in the form of general obligation bonds to help finance the acquisition of capital assets. Additionally, the Town has guaranteed the bonds issued by its blended component unit, the RLDC.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Long-term debt						
Bonds payable	\$ 114,710,000	\$ 124,670,000	\$ 23,495,000	\$ 24,035,000	\$ 138,205,000	\$ 148,705,000
Plus unamortized premium	220,242	304,837	2,149,785	2,235,776	2,370,027	2,540,613
Less unamortized discount	(52,801)	(58,216)	-	-	(52,801)	(58,216)
Total long-term debt, net	\$ 114,877,441	\$ 124,916,621	\$ 25,644,785	\$ 26,270,776	\$ 140,522,226	\$ 151,187,397

The New York State Constitution limits the amount of indebtedness of any municipality to seven percent of the recent five-year average full value of taxable real property of the municipality. The aggregate of short-term, long-term and guaranteed debt of the Town at December 31, 2016 is less than 20% of its constitutional debt limit.

Detailed information regarding capital assets and the related short-term and long-term debt is presented in Notes 4, 5 and 6.

Macroeconomic Factors

The Town is the eight largest in New York State with a land area of approximately 61 square miles and a U.S. Census Bureau 2017 estimate population of 137,510.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2016

Macroeconomic Factors - Continued

For the year ended December 31, 2016 and through the present time, the macroeconomic fundamentals of the Town have been stable. Economic highlights are as follows:

- Median value of owner-occupied housing units (2013-2017) - \$417,300 (U.S. Census Bureau)
- Median household income in 2017 dollars (2013-2017) - \$69,245 (U.S. Census Bureau)
- Annual average unemployment rates among the lowest in New York State: 2015 - 4.2%, 2016 - 3.8%, 2017 - 4.0%, 2018 - 3.3% (New York State Department of Labor).
- Ranked as the safest city in New York State based on crime statistics per capita in 2017 (Safehome.org)
- Stable taxable assessed property valuation of \$1.6 billion (2015-2018).

Requests for Information

Questions or comments concerning any of the information in the report should be addressed to Town Supervisor, Town of Ramapo, 237 Route 59, Suffern, NY 10901

Town of Ramapo, New York

Government-Wide Financial Statements Statement of Net Position

	December 31, 2016		Total Primary Government
	Governmental Activities	Business-Type Activity	
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,590,950	\$ 2,002	\$ 10,592,952
Cash and cash equivalents, restricted	9,688,512	-	9,688,512
Receivables			
Accounts, net	2,833,499	106,872	2,940,371
Due from other governments	1,204,692	-	1,204,692
Internal balances	140,898	(140,898)	-
Due from agency fund	232,141	-	232,141
Prepaid expenses	86,600	-	86,600
Property held for sale or redevelopment	-	2,040,585	2,040,585
Total current assets	<u>24,777,292</u>	<u>2,008,561</u>	<u>26,785,853</u>
NONCURRENT ASSETS			
Capital assets			
Non-depreciable	40,333,786	8,338,047	48,671,833
Depreciable, net	126,927,733	31,000,349	157,928,082
Total assets	<u>192,038,811</u>	<u>41,346,957</u>	<u>233,385,768</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, pensions	45,659,089	-	45,659,089
Deferred loss on refunding	60,221	692,153	752,374
Total deferred outflows of resources	<u>45,719,310</u>	<u>692,153</u>	<u>46,411,463</u>
Total assets and deferred outflows of resources	<u>237,758,121</u>	<u>42,039,110</u>	<u>279,797,231</u>
LIABILITIES			
Accounts payable and accrued expenses	12,009,535	85,980	12,095,515
Other liabilities	583,764	-	583,764
Bond anticipation note payable	1,535,000	-	1,535,000
Unearned revenues	74,156	-	74,156
Accrued interest payable	1,226,198	317,785	1,543,983
Non-current liabilities			
Due within one year	13,477,315	555,000	14,032,315
Due in more than one year			
Bonds payable	105,102,326	25,089,785	130,192,111
Compensated absences	5,520,016	-	5,520,016
Claims and judgments payable	11,447,144	-	11,447,144
Landfill closure costs	962,840	-	962,840
Pollution remediation	159,790	-	159,790
Net pension liability	24,959,627	-	24,959,627
Retirement incentives and other pension obligations payable	19,397,975	-	19,397,975
Other postemployment benefits liability	62,751,942	-	62,751,942
Total liabilities	<u>259,207,628</u>	<u>26,048,550</u>	<u>285,256,178</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges, pensions	3,394,086	-	3,394,086
Total liabilities and deferred inflows of resources	<u>262,601,714</u>	<u>26,048,550</u>	<u>288,650,264</u>
NET POSITION			
Net investment in capital assets	57,421,175	14,385,764	71,806,939
Restricted for			
Law enforcement	251,414	-	251,414
Debt service	1,326,722	-	1,326,722
Unrestricted (deficit)	<u>(83,842,904)</u>	<u>1,604,796</u>	<u>(82,238,108)</u>
Total net position (deficit)	<u>\$ (24,843,593)</u>	<u>\$ 15,990,560</u>	<u>\$ (8,853,033)</u>

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activity	Total
			Grants and Contributions	Grants and Contributions			
Primary Government							
Governmental Activities							
General governmental support	\$ 16,662,318	\$ 2,483,697	\$ 8,500	\$ -	\$ (14,170,121)	\$ -	\$ (14,170,121)
Public safety	37,390,088	159,099	256,218	-	(36,974,771)	-	(36,974,771)
Health	8,064,580	4,773,964	-	2,342	(3,288,274)	-	(3,288,274)
Transportation	8,491,690	3,044,904	-	526,491	(4,920,295)	-	(4,920,295)
Economic opportunity and development	521,616	-	-	-	(521,616)	-	(521,616)
Culture and recreation	13,619,012	4,260,883	-	-	(9,358,129)	-	(9,358,129)
Home and community services	11,345,352	2,185,395	40,050	-	(9,119,907)	-	(9,119,907)
Interest on long-term debt	4,583,402	-	-	-	(4,583,402)	-	(4,583,402)
Total Governmental Activities	100,678,058	16,907,942	304,768	528,833	(82,936,515)	-	(82,936,515)
Business-Type Activity	4,058,774	735,471	-	-	-	(3,323,303)	(3,323,303)
Total Primary Government	<u>\$ 104,736,832</u>	<u>\$ 17,643,413</u>	<u>\$ 304,768</u>	<u>\$ 528,833</u>	<u>(82,936,515)</u>	<u>(3,323,303)</u>	<u>(86,259,818)</u>
GENERAL REVENUES							
Real property taxes					83,081,687	-	83,081,687
Other property tax items							
Payment in lieu of taxes					804,634	-	804,634
Interest and penalties on real property taxes					221,204	-	221,204
Non-property taxes							
Franchise fees					430,215	-	430,215
Non-property distribution from Rockland County					1,973,565	-	1,973,565
Use of money and property					1,378,247	-	1,378,247
Gain on sale of real property					221,624	-	221,624
Other New York State and Rockland County taxes					3,219,784	-	3,219,784
Other revenues					136,694	2,386	139,080
Total general revenues					91,467,654	2,386	91,470,040
TRANSFERS					(3,149,596)	3,149,596	-
CHANGE IN NET POSITION					5,381,543	(171,321)	5,210,222
NET POSITION, <i>beginning of year</i>					(30,225,136)	16,161,881	(14,063,255)
NET POSITION, <i>end of year</i>					<u>\$ (24,843,593)</u>	<u>\$ 15,990,560</u>	<u>\$ (8,853,033)</u>

See accompanying Notes to Financial Statements.

Town of Ramapo, New York
Fund Financial Statements
Balance Sheet - Governmental Funds

December 31, 2016

	General	Town Outside Villages	Police	Highway	Special Districts	Debt Service	Capital Projects	Eliminations	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 932,251	\$ 152,276	\$ 5,134,189	\$ 436,279	\$ 3,488,568	\$ -	\$ -	\$ -	\$ 10,143,563
Cash and cash equivalents, restricted	-	-	251,414	-	-	1,325,928	8,111,170	-	9,688,512
Accounts receivable, net	718,521	189,754	10,400	10,950	1,836,639	-	38,500	-	2,804,764
Due from other governments	756,574	93,068	184,424	170,626	-	-	-	-	1,204,692
Due from fiduciary fund	25,964	3,622	197,179	4,176	600	-	-	-	231,541
Due from other funds	6,082,603	1,278,629	6,261,878	921,360	8,284,499	1,752,770	-	(24,440,841)	140,898
Total assets	\$ 8,515,913	\$ 1,717,349	\$ 12,039,484	\$ 1,543,391	\$ 13,610,306	\$ 3,078,698	\$ 8,149,670	\$ (24,440,841)	\$ 24,213,970
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 1,183,622	\$ 25,460	\$ 100,311	\$ 162,410	\$ 415,392	\$ -	\$ 29,945	\$ -	\$ 1,917,140
Accrued liabilities	2,230,047	219,381	6,643,140	706,178	258,072	-	-	-	10,056,818
Due to other governments	83,820	-	-	400,000	375	-	-	-	484,195
Due to other funds	16,634,793	1,632,572	2,651,768	1,138,150	727,545	1,751,976	12,628	(24,440,841)	108,591
Bond anticipation notes payable	-	-	-	-	-	-	1,535,000	-	1,535,000
Unearned revenues	74,156	-	-	-	-	-	-	-	74,156
Deposits payable	49,608	49,961	-	-	-	-	-	-	99,569
	20,256,046	1,927,374	9,395,219	2,406,738	1,401,384	1,751,976	1,577,573	(24,440,841)	14,275,469
Fund balances									
Restricted	-	-	251,414	-	-	1,326,722	6,572,097	-	8,150,233
Assigned	246,850	4,155	2,392,851	5,000	12,208,922	-	-	-	14,857,778
Unassigned	(11,986,983)	(214,180)	-	(868,347)	-	-	-	-	(13,069,510)
Total fund balances	(11,740,133)	(210,025)	2,644,265	(863,347)	12,208,922	1,326,722	6,572,097	-	9,938,501
Total liabilities and fund balances	\$ 8,515,913	\$ 1,717,349	\$ 12,039,484	\$ 1,543,391	\$ 13,610,306	\$ 3,078,698	\$ 8,149,670	\$ (24,440,841)	\$ 24,213,970

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

	<u>December 31, 2016</u>
Total fund balances in the fund financial statements for the governmental funds.	\$ 9,938,501
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	167,261,519
Internal service funds are used by management to charge the costs of workers' compensation and general liabilities to individual governmental funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	(11,618,709)
Deferred outflows of resources related to deferred losses on refunding bonds are not reported in the funds.	60,221
The valuation of pension obligations can result in changes in actuarial assumptions, differences between expected and actual experiences, differences between projected and actual investment earnings and changes in proportion, and differences between employer contributions and proportionate share of contributions. These items are reported as deferred outflows and deferred inflows of resources:	
Deferred outflows of resources	45,659,089
Deferred inflows of resources	(3,394,086)
Long-term liabilities that are not due and payable in the current period are not reported in the fund financial statements:	
Accrued interest payable	(1,226,198)
Bonds payable	(114,877,441)
Compensated absences	(6,133,016)
Landfill closure costs	(1,112,840)
Pollution remediation	(159,790)
Retirement incentives and other pension obligations	(21,529,274)
Other postemployment benefits liability	(62,751,942)
Net pension liability	(24,959,627)
Net position of governmental activities	<u>\$ (24,843,593)</u>

Town of Ramapo, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended December 31, 2016

	General	Town Outside Villages	Police	Highway	Special Districts	Debt Service	Capital Projects	Eliminations	Total Governmental Funds
REVENUES									
Real property taxes	\$ 14,942,003	\$ 715,740	\$ 40,078,757	\$ 8,776,889	\$ 18,201,875	\$ -	\$ -	\$ -	\$ 82,715,264
Other property tax items	748,693	-	277,145	-	-	-	-	-	1,025,838
Non-property tax items	1,973,565	366,423	-	-	-	-	-	-	2,339,988
Departmental income	8,018,484	382,447	22,644	-	4,857,155	-	-	-	13,280,730
Intergovernmental charges	-	93,349	7,425	2,241,085	-	-	-	-	2,341,859
Use of money and property	1,216,774	94,559	18,810	3,057	6,624	26,246	-	-	1,366,070
Licenses and permits	7,181	741,101	-	-	-	-	-	-	748,282
Fines and forfeitures	951,294	-	15,992	-	-	-	-	-	967,286
Sale of property and compensation for loss	646,085	84,024	4,753	1,936	-	785,586	-	-	1,522,384
Miscellaneous	38,245	16,897	212,831	3,009	-	6,696	226,472	-	504,150
State aid	3,270,676	-	36,529	191,900	-	-	102,108	-	3,601,213
Federal aid	-	-	6,858	-	-	-	6,011	-	12,869
Interfund revenues	3,598,873	-	-	-	-	-	-	(3,598,873)	-
Total revenues	35,411,873	2,494,540	40,681,744	11,217,876	23,065,654	818,528	334,591	(3,598,873)	110,425,933
EXPENDITURES									
General government support	15,706,605	-	-	-	448,442	2,792	-	-	16,157,839
Public safety	143,012	-	39,500,470	-	-	-	-	(2,354,793)	37,288,689
Health	-	-	-	-	8,085,997	-	-	-	8,085,997
Transportation	137,474	-	-	6,644,400	-	-	-	(63,083)	6,718,791
Economic opportunity and development	523,000	-	-	-	-	-	-	-	523,000
Culture and recreation	10,023,362	-	-	-	-	-	-	-	10,023,362
Home and community services	257,954	2,532,848	-	-	8,627,238	-	-	(1,180,997)	10,237,043
Debt service, principal	465,000	-	-	-	-	9,960,000	-	(465,000)	9,960,000
Debt service, interest	59,000	-	-	-	-	5,001,088	-	-	5,060,088
Capital outlay	-	-	-	-	-	-	1,317,877	-	1,317,877
Total expenditures	27,315,407	2,532,848	39,500,470	6,644,400	17,161,677	14,963,880	1,317,877	(4,063,873)	105,372,686
Excess (deficiency) of revenues over expenditures	8,096,466	(38,308)	1,181,274	4,573,476	5,903,977	(14,145,352)	(983,286)	465,000	5,053,247
OTHER FINANCING SOURCES (USES)									
BAN redeemed from appropriation	-	-	-	-	-	-	465,000	(465,000)	-
Operating transfers in	600,000	-	-	-	-	14,842,445	-	(15,442,445)	-
Operating transfers out	(11,703,908)	(74,562)	(407,784)	(4,487,733)	(1,182,507)	-	-	15,442,445	(2,414,049)
Total other financing sources (uses)	(11,103,908)	(74,562)	(407,784)	(4,487,733)	(1,182,507)	14,842,445	465,000	(465,000)	(2,414,049)
NET CHANGE IN FUND BALANCE	(3,007,442)	(112,870)	773,490	85,743	4,721,470	697,093	(518,286)	-	2,639,198
FUND BALANCE, beginning of year	(8,732,691)	(97,155)	1,870,775	(949,090)	7,487,452	629,629	7,090,383	-	7,299,303
FUND BALANCE, end of year	\$ (11,740,133)	\$ (210,025)	\$ 2,644,265	\$ (863,347)	\$ 12,208,922	\$ 1,326,722	\$ 6,572,097	\$ -	\$ 9,938,501

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

		<u>Year Ended December 31, 2016</u>
Net change in fund balances shown for total governmental funds	\$	2,639,198
This amount differs from the change in net position shown in the statement of activities because of the following:		
Capital outlays are reported as expenditures and the sale of capital assets is recorded as revenue in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period:		
Capital expenditures	1,206,163	
Dispositions, net	(1,216,736)	
Transfer to Local Development Corporation	(2,040,585)	
Depreciation expense	(7,099,507)	(9,150,665)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Principal paid on bonds	9,960,000	
Amortization of loss on refunding bonds and issuance premium	79,180	10,039,180
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Pension related deferred outflows and inflows represent long-term activity and are not reported in the funds:		
Compensated absences	471,981	
Landfill closure costs	75,260	
Accrued interest payable	457,728	
Deferred outflows of resources - loss on refunding	(60,222)	
Pollution remediation	(159,790)	
Net pension liability, net of deferrals	14,077,680	
Retirement incentives and other pension obligations	963,384	
Other postemployment benefits liability	(9,355,207)	6,470,814
The net operating deficit of the internal service funds is reported within governmental activities.		(4,616,984)
Change in net position of governmental activities		\$ 5,381,543

Town of Ramapo, New York

Statement of Net Position - Proprietary Funds

	December 31, 2016	
	Enterprise Fund	Governmental Activities
	Local Development Corporation	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,002	\$ 447,387
Accounts receivable	106,872	28,735
Due from fiduciary fund	-	600
Due from governmental funds	-	108,591
Prepaid expenses	-	86,600
Property held for sale or redevelopment	2,040,585	-
	2,149,459	671,913
NONCURRENT ASSETS		
Capital assets		
Non-depreciable	8,338,047	-
Depreciable, net	31,000,349	-
	39,338,396	-
DEFERRED OUTFLOWS OF RESOURCES	692,153	-
Total assets and deferred outflows of resources	42,180,008	671,913
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	85,980	35,577
Due to general fund	140,898	-
Interest payable	317,785	-
Bonds payable, current	555,000	-
Claims payable, current	-	793,627
Judgments payable, current	-	14,274
	1,099,663	843,478
NONCURRENT LIABILITIES		
Bonds payable, net of current portion	25,089,785	-
Claims payable, net of current portion	-	11,142,144
Judgments payable, net of current portion	-	305,000
Total liabilities	26,189,448	12,290,622
NET POSITION		
Net investment in capital assets	14,385,764	-
Unrestricted	1,604,796	(11,618,709)
Total net position	\$ 15,990,560	\$ (11,618,709)

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	Year Ended December 31, 2016	
	Enterprise Fund	Governmental Activities
	Local Development Corporation	Internal Service
OPERATING REVENUES		
Charges for services	\$ 735,471	\$ 1,305,037
Insurance recoveries	-	299,407
Total operating revenues	735,471	1,604,444
OPERATING EXPENSES		
General and administrative	24,964	565,766
Salaries and employee benefits	423,428	-
Concerts and events	398,577	-
Professional fees	111,167	-
Utilities	374,780	-
Repairs and maintenance	383,953	-
Real estate taxes	120,501	-
Depreciation	1,186,808	-
Claims	-	4,850,980
Judgments	-	805,987
Total operating expenses	3,024,178	6,222,733
Operating loss	(2,288,707)	(4,618,289)
NONOPERATING REVENUES (EXPENSES)		
Interest income	2,386	1,305
Interest expense	(1,034,596)	-
Total nonoperating revenues (expenses)	(1,032,210)	1,305
OTHER FINANCING SOURCE		
Contribution from the Town of Ramapo	3,149,596	-
CHANGE IN NET POSITION	(171,321)	(4,616,984)
NET POSITION, <i>beginning of year</i>	16,161,881	(7,001,725)
NET POSITION, <i>end of year</i>	\$ 15,990,560	\$ (11,618,709)

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2016	
	Business-type Activities	Governmental Activities
	Local Development Corporation	Internal Service
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from providing services	\$ 1,140,183	\$ 1,575,709
Cash paid for contractual expenses	(1,199,519)	(2,488,969)
Cash paid for personal services and employee benefits	(423,428)	-
	(482,764)	(913,260)
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES		
Contribution from the Town of Ramapo	1,109,011	-
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond repayments	(540,000)	-
Interest payments	(1,097,650)	-
	(1,637,650)	-
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income received	2,386	1,304
Net decrease in cash and cash equivalents	(1,009,017)	(911,956)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,011,019	1,359,343
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,002	\$ 447,387
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (2,288,707)	\$ (4,618,289)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	1,186,808	-
Changes in operating assets and liabilities		
Accounts receivable	404,712	(28,735)
Due to general fund	140,898	-
Due from fiduciary fund	-	(600)
Accounts payable and accrued expenses	73,525	(30,025)
Claims and judgements payable	-	3,764,389
	\$ (482,764)	\$ (913,260)

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Statement of Assets and Liabilities - Fiduciary Funds

	<u>December 31, 2016</u>
	<u>Agency Fund</u>
ASSETS	
Cash and equivalents, restricted	\$ 2,410,194
Accounts receivable	<u>80,792</u>
	<u>\$ 2,490,986</u>
LIABILITIES	
Due to other funds	\$ 232,141
Deposits payable	<u>2,258,845</u>
Total liabilities	<u>\$ 2,490,986</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies

The Town of Ramapo, New York (Town) was established in 1791 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as the chief executive officer, and the Town Comptroller serves as the chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town conform to accounting principles generally accepted in the United State of America (U.S. GAAP) as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

a. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the Town, b) organizations for which the Town is financially accountable, and c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Town for financial reporting purposes, management has considered various separate legal entities as potential component units. The following organization is included in the Town's reporting entity as a blended component unit:

The Ramapo Local Development Corporation (RLDC) was formed in 2008 by the New York State Legislature under the provisions of Section 1411 of the Not-for-Profit Corporation Law for purposes of fostering the creation, retention and expansion of jobs and economic opportunities in the Town. Additionally, the Corporation is authorized to construct, acquire, rehabilitate and improve facilities for use by others in the Town. In 2017, the Town Board became the Board of the RLDC.

The RLDC is reported as a major enterprise fund in the Town's financial statements. The RLDC issues stand-alone financial statements that can be obtained from its administrative office at the address indicated below:

Ramapo Local Development Corporation
237 Route 59
Suffern, New York 10901

The RLDC's revenues and cash flows from operations are not sufficient to meet its debt service requirements and day-to-day cash needs. The RLDC is dependent upon the Town for liquidity in the form of inter-organization loans. During 2016, the Town transferred property to the RLDC to be held for sale or redevelopment. In addition, the Town incurs administrative and operational costs on behalf of the RLDC, which are reflected as interfund transfers between funds. In September 2017, the Town began making all debt service payments on the RLDC's outstanding bonds, which the Town has guaranteed. The Town's support of the RLDC is critical to its operations and financial condition.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies

b. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Town at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses or individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise fund and the internal service fund are charges to customers for services. Operating expenses for the enterprise fund and the internal service fund include the cost of services, administrative expenses, depreciation and amortization costs, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

c. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains internal service and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with U.S. GAAP, as follows:

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Fund Financial Statements - Continued

Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds. The Town has no non-major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Special Revenue Funds - The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The following are the Town's special revenue funds:

Town Outside Villages Fund - The Town Outside Villages Fund is used to account for transactions which by statute affect only those areas outside the boundaries of the Villages located within the Town. The major revenues of this fund are real property taxes, non-property taxes, departmental income and licenses and permits.

Police Fund - The Police Fund is used to account for police services provided to residents of the Town other than those residing in two villages that maintain their own police department. The major revenue of the Police Fund is real property taxes.

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenues of the Highway Fund are real property taxes, intergovernmental charges and state aid. The Highway Fund is broken down between Town-Wide Highway and Town Outside Villages Highway. Expenditures for repairs and improvements to highways outside the boundaries of the Villages located within the Town are accounted for in the Town Outside Villages Highway Fund.

Special Districts Fund - The Special Districts Fund is used to account for the operation and maintenance of the Town's water, ambulance, sewer, street lighting, refuse and garbage and fire protection districts. The major revenues of this fund are real property taxes and departmental income.

Proprietary Funds - Proprietary funds include the Town's enterprise fund and internal service fund. The enterprise fund is used to report the RLDC. Internal service funds are used to account for operations that provide services to other departments or agencies of the government, or other governments, on a cost reimbursement basis. The Town has established its Workers' Compensation Fund and General Liability Fund as internal service funds.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

c. Fund Financial Statements - Continued

Fiduciary Fund - (not included in government-wide financial statements) - The fiduciary fund is used to account for assets held by the Town in an agency capacity on behalf of others. The agency fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if collected within sixty days of the fiscal year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims, compensated absences, and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting.

e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, and certificates of deposit with original maturities of three months or less.

The Town's investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements, and obligations of New York State or its political subdivisions. The Town has no investments as of December 31, 2016.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

- e. *Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued*

Cash and Equivalents - Continued

Collateral is required for demand deposit accounts, time deposit accounts, and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold its deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies, and obligations of the State and its municipal and Town subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town discloses deposits exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution, or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2016.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, police, highway and special districts taxes, which are due January 1st and payable without penalty to January 31st. The Town retains the total amount of town, police, highway and special districts taxes from the total collection and returns the balance to Rockland County.

Other Receivables - Other receivables include accounts receivable and amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as services are provided or as specific program expenditures/expenses are incurred. An allowance for doubtful accounts of \$430,498 is recorded in the Consolidated Ambulance District, which is part of the Special Districts Fund.

Interfund Transactions - During the course of operations, the Town processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts in governmental funds, if any, are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. *Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued*

Property Held for Sale or Redevelopment - As of December 31, 2016, the Town's governmental activities have no property held for sale or redevelopment. The RLDC values property held for sale or redevelopment at the lower of cost or net realizable value. When property is transferred from the Town's governmental activities, cost represents the Town's carrying value at the time of transfer.

Capital Assets - Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and enterprise fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair value at the time received.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town includes all such items regardless of their acquisition date or amount. The Town estimated the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives is not capitalized.

The Town's capitalization threshold is \$10,000. All reported capital assets, except land and construction in progress, if any, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Life in Years</u>
Land improvements	20
Buildings and improvements	20 - 25
Machinery and equipment	5 - 20
Infrastructure	20 - 65

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenues received in advance and/or amounts from grants received before the eligibility requirements have been met. Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Deferred Outflows/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 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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

- e. *Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued*

Deferred Outflows/Inflows of Resources - Continued

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has reported deferred outflows of resources of \$60,221 and \$692,153 for deferred costs on refunding bonds in the governmental activities and business-type activities statements of net position, respectively. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred costs of refunding are being amortized on a straight-line basis and is reported as a component of interest expense.

Pension related deferred outflows of resources and deferred inflows of resources are described in Note 8.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term liabilities consist of bonds payable, compensated absences, claims payable, landfill closure costs, pollution remediation, retirement incentives and other pension obligations payable, other post-employment benefits liability and the net pension liability.

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

Compensated Absences - Compensated absences are payments to employees for accumulated time such as paid vacation, paid holiday, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Town and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Town and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Town uses the vesting method to calculate the compensated absences amount. The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. Expenditures are recognized in the governmental funds as payments come due each period.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued

Claims Payable - The Internal Service Fund reflects workers' compensation and general liability claim liabilities which are based upon actuarial estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actuarial historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience. Note 7b provides additional detail related to the Town's workers' compensation and general liability claim liabilities.

Landfill Closure Costs - In November 1997, the Town closed and capped its only landfill. State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the site for thirty years after closure. The amount reported as landfill closure costs of \$1,112,840 at December 31, 2016 represents the estimated post-closure liability, based on 100% use of the landfill's capacity. Actual cost may differ due to inflation, changes in technology, or changes in regulations.

Pollution Remediation - The Environmental Protection Agency (EPA) notified the Town of certain lead pollution within the Town's only landfill. The costs associated with the remediation of this lead pollution as required by the EPA are estimated to be \$159,790 at December 31, 2016. Actual results could differ from those estimates.

Pensions - The Town is a participating member in the New York State and Local Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (collectively, the "System"). Employees in ERS and PFRS permanent positions are required to enroll in the System, while employees in ERS part-time or seasonal positions have the option of enrolling. The System is a cost-sharing, multiple employer, public employee defined benefit retirement system. The impact on the Town's financial position and results of operation due to its participation in the System is more fully disclosed in Note 8a.

Retirement Incentives and Other Pension Obligations Payable - New York State, at various times, will enact laws which allow local employers to defer a portion of their retirement bill and enact laws authorizing local governments to make available various retirement incentive programs and amortize certain contributions. Note 8b provides detail of the programs with which the Town has elected to participate.

Other Post-employment Benefits Liability - The Town recognizes in its financial statements the impact of other post-employment benefits, principally employer funded health care costs. The impact of the Town's financial position and results of operations associated with other postemployment benefits is more fully disclosed in Note 9.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. *Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued*

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvements of these assets, reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the Town or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the Town not restricted for any project or other purpose.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable - This category includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted - This category is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws, or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed - This category is reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned - This category represents amounts constrained only by the Town's intent to be used for a specified purpose but are not restricted or committed in any manner.

Unassigned - This category represents the residual amount after all other classifications have been established for the General Fund. Other governmental funds cannot report a positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted or committed for those purposes.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued

Fund Balance - Continued

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

f. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to assign a portion of the applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Town Outside Villages, Police, Highway, and Special District Funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

g. Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

h. Adoption of New Accounting Standards

GASB Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. . Adoption of this accounting standard did not significantly impact the Town's financial statements.

GASB Statement No. 76, Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement identifies the hierarchy of U.S. GAAP in the context of governmental financial reporting. Adoption of this accounting standard did not significantly impact the Town's financial statements.

GASB Statement No. 77, Tax Abatement Disclosures. This statement requires governmental organizations that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The Town implemented provisions of this accounting standard, see Note 11d.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Adoption of New Accounting Standards - Continued

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of GASB Statement No. 68. Adoption of this accounting standard did not significantly impact the Town's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Adoption of this accounting standard did not significantly impact the Town's financial statements.

i. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through July 12, 2019, the date the financial statements were available to be issued.

In April 2017, the RLDC entered into a transaction for the sale of its property held for sale or redevelopment located at 301 Pomona Road with a developer who intends to build a 485,000 square foot mixed-use development, including a hotel, retail and residential space. At this time, the buyer made a down payment of \$1.1 million. The total potential sales price of approximately \$5.8 million is subject to downward adjustment based on the approved amount of square feet of the development. If the approval is less, the price will decrease proportionally. In addition, the buyer intends to grant to the RLDC participation in 10% of profits on the buyer's resale of the property after return of capital, expenses of the development and a 6% return on the equity of the buyer. If the buyer does not resell the property within 10 years, the RLDC has an option that would monetize its profit share based on a formula. As of the date of the financial statements, no square footage approvals have been obtained, and the profit share agreement is unsigned and in draft form.

Note 2 - Stewardship, Compliance, and Accountability

a. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) During August and September of each year, the various department heads and the Supervisor develop a detailed preliminary budget for review by the Board.
- b) Between the 5th and 10th of October, the Town Board reviews the preliminary budget and, any changes resulting from the review are reflected in the tentative budget, which is then subject to review in a public hearing on or before December 10th.
- c) Public comments are taken and reviewed by the Board, and further changes may be made.
- d) Within five days after the hearing, the Town Board adopts the budget in final form as prescribed by Law.
- e) If required, transfers between appropriation amounts at the function level require approval of the board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriation also require board approval. Appropriations lapse at the end of the year except that outstanding encumbrances are re-appropriated in the succeeding year.

Budgeted amounts are as originally adopted, or as amended by the Town Board.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 2 - Stewardship, Compliance, and Accountability - Continued

b. Property Tax Limitation

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 (Tax Levy Limitation Law). This applies to all local governments. The Tax Levy Limitation Law became permanent as part of the 2019/2020 New York State budget. With some exceptions, the Tax Levy Limitation Law limits the amount local governments can increase property taxes to the lower of two percent (2%), or the rate of inflation. On an annual basis, local governments are responsible for reporting to the New York State Office of the State Comptroller (OSC) the information necessary to calculate their tax levy limit and whether they plan to stay with the tax cap. Local government boards must pass a local law or resolution by at least sixty percent (60%) vote to override the tax cap.

c. Real Property Tax Assessment and Collection Procedures

Real property taxes are levied annually no later than December 31st and are recognized as revenue January 1st of the year for which they are levied. The Town Assessor's responsibilities are independent and distinct from those of the Town Receiver of Taxes. The Town assessment rolls are used for the levy of property taxes by the Town, the two school districts within the Town, the County of Rockland, New York, the Rockland County Solid Waste Management Authority (RCSWMA) and the special districts based upon a single tax bill.

The Receiver of Taxes collects all real property taxes for the Town, Rockland County, Town Special Districts, RCSWMA and School Districts located within the Town of Ramapo. The Receiver of Taxes collects the general property taxes in January. Payments can be made upon receipt of the tax bill through January 31st without penalty. If payment is made after January 31st, there is a 1% penalty through February 28th. If payment is made after February 28th, there is a 2% penalty through March 31st. After March 31st, unpaid tax bills are turned over to the Rockland County Commissioner of Finance for collection.

d. Fund Deficits

The following governmental funds reflect deficits a December 31, 2016:

<u>Fund</u>	<u>Deficit Amount</u>
Governmental Funds	
General Fund	\$ 11,740,133
Town Outside Villages Fund	210,025
Highway Fund	863,347
Proprietary Fund	
Workers' Compensation	11,724,124

The Worker's Compensation Fund deficit is attributable to the accrual of claims including incurred but not reported claims, which will be satisfied in subsequent years.

The Town is developing a plan to address the governmental funds' deficits in the ensuing years, which may include budgetary measures, realignment of property tax rates and disposition of property determined to be surplus.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 3 - Interfund Balances

a. *Due From/To Other Funds*

The balances reflected as due from/to other funds at December 31, 2016 were as follows:

Due from Other Funds	Due to Other Funds										
	General	Town Outside Village	Police	Highway	Special Districts	Capital Projects	Debt Service	Total Governmental	Fiduciary	Enterprise (RLDC)	Total
General	\$ -	\$ 1,632,572	\$ 2,651,768	\$ 975,950	\$ 681,415	\$ -		\$ 5,941,705	\$ 25,964	\$ 140,898	\$ 6,108,567
Town Outside Villages	1,235,489	-	-	-	40,612	2,528		1,278,629	3,622	-	1,282,251
Police	6,094,160	-	-	162,200	5,518	-		6,261,878	197,179	-	6,459,057
Highway	389,466	-	-	-	-	1,894	530,000	921,360	4,176	-	925,536
Special Districts	7,055,111	-	-	-	-	7,412	1,221,976	8,284,499	600	-	8,285,099
Debt Service	1,751,976	-	-	-	-	794		1,752,770	-	-	1,752,770
Total Governmental	16,526,202	1,632,572	2,651,768	1,138,150	727,545	12,628	1,751,976	24,440,841	231,541	140,898	24,813,280
Internal Service	108,591	-	-	-	-	-	-	108,591	600	-	109,191
Total	<u>\$ 16,634,793</u>	<u>\$ 1,632,572</u>	<u>\$ 2,651,768</u>	<u>\$ 1,138,150</u>	<u>\$ 727,545</u>	<u>\$ 12,628</u>	<u>\$ 1,751,976</u>	<u>\$ 24,549,432</u>	<u>\$ 232,141</u>	<u>\$ 140,898</u>	<u>\$ 24,922,471</u>

The outstanding balances between funds result predominately from payments made by certain funds on behalf of other funds. New York State Municipal Law, Section 9-a, states cash advances must be repaid as soon as moneys are available, but not later than the close of the fiscal year in which the advance is made. The above interfund balances are in excess of one-year old and are not currently in compliance with the above mentioned law.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 3 - Interfund Balances - Continued

b. Interfund Transfers

Interfund transfers are defined as the flow of assets (such as cash or goods and services) between funds of the Town without equivalent flows of assets in return and without a requirement for repayment. Interfund transfers for the year ended December 31, 2016 are as follows:

Transfers from Other Funds	Transfers to Other Funds					Total
	General	Town Outside Village	Police	Highway	Special Districts	
General	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000
Debt Service	10,157,802	45,532	173,636	4,084,557	380,918	14,842,445
Total Governmental	<u>10,157,802</u>	<u>45,532</u>	<u>173,636</u>	<u>4,084,557</u>	<u>980,918</u>	<u>15,442,445</u>
Internal Service	437,094	29,030	234,148	403,176	201,589	1,305,037
Enterprise (RLDC)	1,109,012	-	-	-	-	1,109,012
Total	<u>\$ 11,703,908</u>	<u>\$ 74,562</u>	<u>\$ 407,784</u>	<u>\$ 4,487,733</u>	<u>\$ 1,182,507</u>	<u>\$ 17,856,494</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due; and 2) move funds to the internal service funds as a source for applicable payments and 3) move resources to the enterprise fund (RLDC) for expenditures incurred on the RLDC's behalf.

c. Interfund Revenues

The Town's General Fund charges certain governmental funds for direct costs incurred, including motor vehicle repairs and maintenance and gasoline. In addition, the general fund charges costs for administrative services including finance, payroll, information technology, purchasing, tax assessment and collection, building and ground maintenance, legal and town hall overhead. These interfund charges are developed using actual departmental costs incurred, as adjustments for non-allocable items under State Law, or items specifically related to the General Fund. The pool of allocable costs is charged to respective funds based on their estimated usage.

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2016 is as follows:

	Governmental Activities			Balance, December 31, 2016
	Balance, January 1, 2016	Additions	Retirements and Transfers	
Capital assets not being depreciated				
Land	\$ 42,374,371	\$ -	\$ 2,040,585	\$ 40,333,786
Capital assets being depreciated				
Land improvements	41,060,837	117,650	-	41,178,487
Buildings and improvements	71,680,060	286,662	1,452,058	70,514,664
Machinery and equipment	15,031,203	801,851	-	15,833,054
Infrastructure	67,272,173	-	-	67,272,173
Total capital assets being depreciated	<u>195,044,273</u>	<u>1,206,163</u>	<u>1,452,058</u>	<u>194,798,378</u>
Less accumulated depreciation for				
Land improvements	(13,408,426)	(2,278,123)	-	(15,686,549)
Buildings and improvements	(18,640,712)	(1,993,248)	(235,322)	(20,398,638)
Machinery and equipment	(10,518,645)	(917,176)	-	(11,435,821)
Infrastructure	(18,438,677)	(1,910,960)	-	(20,349,637)
Total accumulated depreciation	<u>(61,006,460)</u>	<u>(7,099,507)</u>	<u>(235,322)</u>	<u>(67,870,645)</u>
Total capital assets being depreciated, net	<u>134,037,813</u>	<u>(5,893,344)</u>	<u>1,216,736</u>	<u>126,927,733</u>
Total capital assets, net	<u>\$ 176,412,184</u>	<u>\$ (5,893,344)</u>	<u>\$ 3,257,321</u>	<u>\$ 167,261,519</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 4 - Capital Assets - Continued

	Business-Type Activities			Balance, December 31, 2016
	Balance, January 1, 2016	Additions	Retirements	
Capital assets being depreciated				
Land improvements	\$ 5,674,882	\$ -	\$ -	\$ 5,674,882
Buildings	26,837,206	-	-	26,837,206
Machinery and equipment	4,217,650	-	-	4,217,650
Total capital assets being depreciated	<u>36,729,738</u>	<u>-</u>	<u>-</u>	<u>36,729,738</u>
Less accumulated depreciation				
Land improvements	(660,352)	(141,872)	-	(802,224)
Buildings	(3,122,883)	(670,930)	-	(3,793,813)
Machinery and equipment	(759,346)	(374,006)	-	(1,133,352)
Total accumulated depreciation	<u>(4,542,581)</u>	<u>(1,186,808)</u>	<u>-</u>	<u>(5,729,389)</u>
Total capital assets being depreciated, net	<u>32,187,157</u>	<u>(1,186,808)</u>	<u>-</u>	<u>31,000,349</u>
Capital assets not being depreciated				
Land and land improvements	<u>8,338,047</u>	<u>-</u>	<u>-</u>	<u>8,338,047</u>
Total capital assets, net	<u>\$ 40,525,204</u>	<u>\$ (1,186,808)</u>	<u>\$ -</u>	<u>\$ 39,338,396</u>

With the governmental activities, land improvements and buildings include approximately \$19.3 million and \$8.2 million, respectively, funded by the Town in connection with the construction of the professional baseball stadium owned and operated by the RDLC.

Depreciation expense on capital assets of the governmental activities is charged to the Town's functions and programs as follows:

General government support	\$ 351,032
Public safety	200,161
Transportation	1,790,694
Home and community services	<u>1,135,422</u>
Total depreciation expense	<u>\$ 3,477,309</u>

Note 5 - Accrued Liabilities

Accrued liabilities with the governmental funds consist of pension contributions payable, payroll and other employee benefits. Amounts by fund at December 31, 2016 are as follows:

Purpose	General	Town Outside Villages	Police	Highway	Special Districts	Total
Payroll and employee benefits	<u>\$ 2,230,047</u>	<u>\$ 219,381</u>	<u>\$ 6,643,140</u>	<u>\$ 706,178</u>	<u>\$ 258,072</u>	<u>\$ 10,056,818</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Notes 6 - Bond Anticipation Notes Payable

Bond anticipation notes (BANs) are accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. BANs issued for capital purposes must be converted to long-term obligations within five years after the original issue date or be repaid. The changes in the Town's BANs were as follows:

Purpose	Issue Date	Interest Rate	Original Issue Amount	Balance January 1, 2016	Issued	Redemptions	Balance December 31, 2016
<i>Capital Projects Fund</i>							
Various projects	February 2015	2.95%	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Various projects	February 2016	2.95%	1,535,000	-	1,535,000	-	1,535,000
				<u>\$ 2,000,000</u>	<u>\$ 1,535,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,535,000</u>

Interest expenditure on the modified accrual basis was \$59,000 for the year ended December 31, 2016 and was recorded in the General Fund. Interest expense on the accrual basis was \$46,823 and recorded to the government-wide financial statements.

Note 7 - Long-Term Liabilities

The changes in the Town's long-term liabilities are as follows:

	Balance January 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2016	Due Within One Year
Long-term debt					
Bonds payable	\$ 124,670,000	\$ -	\$ 9,960,000	\$ 114,710,000	\$ 9,760,000
Plus unamortized premium on bonds	304,837	-	84,595	220,242	20,530
Less unamortized discount on bonds	(58,216)	-	(5,415)	(52,801)	(5,415)
	<u>124,916,621</u>	<u>-</u>	<u>10,039,180</u>	<u>114,877,441</u>	<u>9,775,115</u>
Other noncurrent liabilities					
Compensated absences	6,604,997	188,519	660,500	6,133,016	613,000
Claims and judgments payable	8,490,656	5,098,178	1,333,789	12,255,045	807,901
Landfill closure costs	1,188,100	195,188	270,448	1,112,840	150,000
Pollution remediation	-	220,360	60,570	159,790	-
Net pension liability	3,585,997	43,741,136	22,367,506	24,959,627	-
Retirement incentives and other pension obligations payable	22,492,658	989,311	1,952,695	21,529,274	2,131,299
Other postemployment benefits liability	53,396,735	13,396,721	4,041,514	62,751,942	-
Total other noncurrent liabilities	<u>95,759,143</u>	<u>63,829,413</u>	<u>30,687,022</u>	<u>128,901,534</u>	<u>3,702,200</u>
Total governmental activities	<u>\$ 220,675,764</u>	<u>\$ 63,829,413</u>	<u>\$ 40,726,202</u>	<u>\$ 243,778,975</u>	<u>\$ 13,477,315</u>

The changes in the RLDC long-term liabilities were as follows:

	Balance January 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2016	Due Within One Year
Bonds payable	\$ 24,035,000	\$ -	\$ 540,000	\$ 23,495,000	\$ 555,000
Plus unamortized premium on bonds	2,235,776	-	85,991	2,149,785	-
	<u>\$ 26,270,776</u>	<u>\$ -</u>	<u>\$ 625,991</u>	<u>\$ 25,644,785</u>	<u>\$ 555,000</u>

Each governmental fund's liability for compensated absences, claims payable, landfill closure costs, retirement incentives and other pension obligations and other post-employment benefit obligations is liquidated by the respective fund. The Town's indebtedness for bonds is satisfied by the Debt Service Fund, which is funded by the General and Special Revenue Funds.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 7 - Long-Term Liabilities - Continued

a. Bonds Payable

The Town's bonds payable at December 31, 2016 are comprised of the following individual issues:

Purpose	Issue Year	Original Issue Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2016
Serial Bonds:					
Public Improvements (Series A)	2006	\$ 12,050,000	3.750 - 4.000%	August 2021	\$ 4,875,000
Public Improvements (Series B)	2006	10,000,000	4.375 - 4.500%	May 2036	8,170,000
Public Improvements (Series A-1)	2008	8,050,000	4.000 - 4.500%	September 2030	4,730,000
Public Improvements (Series A-2)	2008	11,935,000	4.000 - 4.500%	September 2030	10,115,000
Public Improvements (Series B)	2008	15,000,000	4.500 - 5.625%	September 2023	8,420,000
Public Improvements (Series A)	2010	12,000,000	2.000 - 3.000%	September 2022	6,450,000
Public Improvements (Series A)	2012	19,330,000	2.000 - 3.000%	November 2025	16,760,000
Public Improvements (Series A)	2013	1,000,000	2.000 - 3.500%	March 2028	830,000
Refunding Bonds	2013	11,245,000	2.000 - 5.000%	March 2034	7,515,000
Public Improvements (Series A)	2014	2,495,000	4.000%	May 2024	2,075,000
Public Improvements (Series B)	2015	33,345,000	3.000 - 4.125%	May 2028	31,780,000
Public Improvements (Series B)	2015	5,000,000	3.000 - 5.000%	May 2026	4,630,000
Refunding Bonds	2015	8,440,000	2.000 - 3.750%	May 2026	7,780,000
New York Environmental Facilities Corporation Bonds:					
Public Improvements Refunding Bonds	2015	230,000	3.529 - 4.129%	October 2034	160,000
Torne Valley Refunding Bonds	2015	440,000	3.808 - 4.569%	May 2034	420,000
					<u>\$ 114,710,000</u>

Included in the original issue amount are approximately \$38.9 million of bonds whose proceeds were used to finance land improvements and buildings associated with the RDLC's professional baseball stadium, of which \$23.1 million remain outstanding as of December 31, 2016.

Interest expenditure on the Town's bonds payable was \$5,001,088 for the year ended December 31, 2016 and was recorded in the Debt Service Fund. Interest expense was \$4,583,402 for the year ended December 31 2016, and was recorded to the government-wide financial statements.

Future principal and interest due on the Town's bonds payable is as follows:

	Principal	Interest	Total
For the year ending December 31,			
2017	\$ 9,760,000	\$ 4,056,278	\$ 13,816,278
2018	9,220,000	3,728,612	12,948,612
2019	9,480,000	3,434,037	12,914,037
2020	9,385,000	3,123,380	12,508,380
2021	9,730,000	2,799,208	12,529,208
2022 through 2026	38,395,000	9,205,871	47,600,871
2027 through 2031	20,495,000	3,227,720	23,722,720
2032 through 2036	8,245,000	705,505	8,950,505
	<u>\$114,710,000</u>	<u>\$ 30,280,611</u>	<u>\$144,990,611</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 7 - Long-Term Liabilities - Continued

a. Bonds Payable - Continued

The RLDC's bonds payable at December 31, 2016 is comprised of the following issuance:

Purpose	Issue Year	Original Issue Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2016
Baseball Stadium - Refunding Bonds	2013	\$25,000,000	March 2041	2.000 - 5.000%	\$ 23,495,000

Interest expense on RLDC bonds payable was \$1,034,596 for the year ended December 31, 2016.

Future principal and interest due on the RLDC's bonds payable is as follows:

	Principal	Interest	Total
For the year ending December 31,			
2017	\$ 555,000	\$ 1,089,550	\$ 1,644,550
2018	575,000	1,072,900	1,647,900
2019	590,000	1,055,650	1,645,650
2020	605,000	1,037,950	1,642,950
2021	625,000	1,019,800	1,644,800
2022 through 2026	3,470,000	4,763,500	8,233,500
2027 through 2031	4,370,000	3,852,980	8,222,980
2032 through 2036	5,585,000	2,645,250	8,230,250
2037 through 2041	7,120,000	1,102,250	8,222,250
	<u>\$ 23,495,000</u>	<u>\$ 17,639,830</u>	<u>\$ 41,134,830</u>

Repayment of the RLDC's bonds has been guaranteed by the full faith and credit of the Town.

b. Claims Payable

The Town is self-insured for workers' compensation claims up to \$900,000 per incident with an aggregate of \$2,000,000. A commercial policy is maintained for claims in excess of \$600,000 per occurrence. The workers' compensation insurance claims liability incurred is based on an analysis prepared by management, with the assistance of a third-party administrator and is based on historical trends.

The Town maintains a general liability insurance policy with a deductible of \$50,000 per occurrence subject to an annual maximum deductible of \$200,000. The general liability insurance claims liability incurred is based on an analysis based on historical trends.

The remaining claims liability incurred but not reported of workers' compensation claims and general liability is based on an evaluation performed by an independent actuary.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 7 - Long-Term Liabilities - Continued

b. Claims Payable - Continued

The following is a summary of the changes in claims liability of the Town's internal service funds:

	Year Ended December 31, 2016		
	Workers' Compensation Benefits	General Liability Claims	Total
Balance, January 1, 2016	\$ 8,354,114	\$ 136,542	\$ 8,490,656
Provision for claims and claims adjustment expenses	4,814,018	298,344	5,112,362
Less claims and claims adjustment expenses paid	(1,232,361)	(115,612)	(1,347,973)
Balance, December 31, 2016	\$ 11,935,771	\$ 319,274	\$ 12,255,045

Note - 8 Pension Plans

Plan Description and Benefits Provided

The Town participates in the New York State and Local Employee's Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as the New York State and Local Retirement System (System). The System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plans - Continued

Contributions

Most members of the System who joined on or before July 26, 1976 are enrolled in a noncontributory plan. Members of the System who joined after July 26, 1976 are enrolled in a contributory plan which requires a 3% contribution of their salary. As a result of Article 19 of the NYSRSSL, eligible Tier 3 and Tier 4 employees with a membership date after July 26, 1976 who have ten or more years of membership or credited service with the System are not required to contribute. Generally, members of the System may retire at 55; however, members of Tiers 2, 3, 4, and 5 will receive a reduced benefit if they retire before 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits, and employees with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. The full benefit age for Tier 6 is 63 for System members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. The contribution rate varies from 3% to 6% depending on salary. Members are required to contribute for all years of service. The average contribution rate for ERS and PFRS for the System's fiscal year ended March 31, 2016 was approximately 14.8% and 23.3% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	<u>ERS</u>	<u>PFRS</u>
2016	\$ 3,243,464	\$ 6,095,546
2015	3,530,832	4,473,420
2014	3,244,108	3,776,621

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

At December 31, 2016, the Town reported a liability of \$24,959,627 in the governmental activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2016, the Town's proportion was 0.0724094% in the Employee Retirement System and 0.4504787% in the Police and Fire Retirement System.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plans - Continued

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

For the year ended December 31, 2016, the Town recognized pension expense of \$11,972,248. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,728	\$ 1,377,584	\$ 119,627	\$ 2,016,502
Changes of assumptions	3,099,213	-	5,749,845	-
Net differences between projected and actual investment earnings on pension plan investments	6,894,756	-	7,474,711	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	741,013	-	13,352,985	-
Contributions subsequent to the measurement date	2,696,170	-	5,472,041	-
Total	\$ 13,489,880	\$ 1,377,584	\$ 32,169,209	\$ 2,016,502

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS	Total
Year ending December 31,			
2017	\$ 2,403,028	\$ 5,382,511	\$ 7,785,539
2018	2,403,028	5,382,511	7,785,539
2019	2,403,028	5,382,511	7,785,539
2020	2,207,042	5,278,435	7,485,477
2021	-	3,254,698	3,254,698
Total	\$ 9,416,126	\$ 24,680,666	\$ 34,096,792

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plans - Continued

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5 percent
Salary Scale	
ERS	3.8 percent, indexed by service
PFRS	4.5 percent, indexed by service
Investment rate of return, including inflation	7.0 percent, compounded annually, net of expenses
Cost of living adjustments	1.3 percent
Decrement	Based on FY 2010 - 2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on the April 1, 2010 to March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute Return Strategies	3.00%	6.75%
Opportunistic funds	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-indeed bonds	2.00%	4.00%
	<u>100.00%</u>	

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plans - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.0%, and the impact on the net pension liability (asset) of using a discount rate that is 1.0% higher or lower than the current rate:

ERS		
	Current Discount	
1% Decrease (6.0%)	(7.0%)	1% Increase (8.0%)
\$ 26,206,567	\$ 11,621,912	\$ (701,499)

PFRS		
	Current Discount	
1% Decrease (6.0%)	(7.0%)	1% Increase (8.0%)
\$ 29,791,190	\$ 13,337,715	\$ (453,862)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan net position	(156,253,265)	(27,386,940)	(183,640,205)
Employers' net pension liability	\$ 16,050,279	\$ 2,960,787	\$ 19,011,066
Ratio of plan net position to the employers' total pension liability	90.7%	90.2%	90.6%

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note - 8 Pension Plans - Continued

Retirement Incentives and Other Pension Obligations

For the years ended December 31, 2011 - 2016, the Town elected to defer the maximum allowable ERS and PFRS retirement contribution under Chapter 57 of the Laws of 2010 of the State of New York. The law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for ten years, including a rate of interest annually set by the New York State Comptroller, subject to the following stipulations:

- For State fiscal year 2010 - 2011, the amount in excess of the graded rate of 9.5% of employee's covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

In 2015, the Town negotiated certain concessions with its Police and Benevolent Association for the new collective bargaining agreement with its police force members. As part of the negotiation, the Town entered into an agreement with the New York State and Local Retirement System (NYSLRS) to change its PFRS member benefits from Section 38-1 benefits to Section 38-e. Because of this agreement with NYSLRS, the increased benefits resulted in a past service credit cost liability of \$14,046,494 which will be repaid over 10 years. The current year cost and balance are reflected in the table below.

The following table shows the amounts due for each year's deferral incentive program and the amortization thereto:

	Balance January 1, 2016	Current Year Deferral	Current Year Amortization	Balance December 31, 2016	Due Within One Year
Deferred retirement bill					
2016/17 ERS invoice	\$ -	\$ 468,758	\$ -	\$ 468,758	\$ 33,730
2015/16 ERS invoice	1,255,493	-	86,918	1,168,575	89,795
2014/15 ERS invoice	1,417,158	-	107,835	1,309,323	111,609
2013/14 ERS invoice	1,533,993	-	129,197	1,404,796	134,055
2012/13 ERS invoice	1,017,005	-	132,726	884,279	136,708
2011/12 ERS invoice	528,700	-	80,210	448,490	83,219
	<u>5,752,349</u>	<u>468,758</u>	<u>536,886</u>	<u>5,684,221</u>	<u>589,116</u>
2016/17 PFRS invoice	-	520,553	-	520,553	37,457
2015/16 PFRS invoice	838,212	-	58,029	780,183	59,950
2014/15 PFRS invoice	1,389,630	-	105,739	1,283,891	109,441
2013/14 PFRS invoice	1,198,837	-	100,969	1,097,868	104,765
2012/13 PFRS invoice	916,516	-	119,613	796,903	123,199
2011/12 PFRS invoice	254,226	-	38,570	215,656	40,015
	<u>4,597,421</u>	<u>520,553</u>	<u>422,920</u>	<u>4,695,054</u>	<u>474,827</u>
Total retirement bill	10,349,770	989,311	959,806	10,379,275	1,063,943
Past service cost liability 2016 PFRS	12,142,888	-	992,889	11,149,999	1,067,356
Total retirement incentives and other pension obligations	<u>\$ 22,492,658</u>	<u>\$ 989,311</u>	<u>\$ 1,952,695</u>	<u>\$ 21,529,274</u>	<u>\$ 2,131,299</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plans - Continued

Retirement Incentives and Other Pension Obligations - Continued

Future principal and interest due on retirement incentives and other pension obligations is as follows:

	Principal	Interest	Total
For the year ending December 31,			
2017	\$ 2,131,299	\$ 1,186,974	\$ 3,318,273
2018	2,247,311	1,070,962	3,318,273
2019	2,370,561	947,713	3,318,274
2020	2,501,535	816,738	3,318,273
2021	2,640,759	677,513	3,318,272
2022 through 2026	9,243,421	1,225,750	10,469,171
2027 through 2028	394,388	14,273	408,661
	\$ 21,529,274	\$ 5,939,923	\$ 27,469,197

Note 9 - Other Postemployment Benefits

In addition to providing pension benefits, the Town provides certain healthcare benefits for retired employees through a single employer defined benefit plan. The benefits include medical/prescription, Medicare Part B, dental and vision. Substantially all of the Town's employees may be eligible for these benefits when they reach normal retirement age while working for the Town. The cost of retiree health care benefits are recognized as an expense/expenditure as claims are paid. The Town, as administrator of the Plan, does not issue a separate report.

The number of participants of the Plan as of January 1, 2015, the most recent actuarial valuation date, is as follows:

	Active	Retirees	Total
Male	232	146	378
Female	80	55	135
Total	312	201	513

There have been no significant changes in the number of employees or the types of coverage since that date.

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to 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 2016, the amount actually contributed to the Plan and changes in the Town's net OPEB obligation to the Plan:

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits - Continued

Annual required contribution and OPEB expense	\$ 13,987,236
Interest on net OPEB obligation	2,135,870
Adjustment to ARC	(2,726,385)
Annual OPEB cost	13,396,721
Contributions made	(4,041,514)
Increase in net OPEB obligation	9,355,207
Net OPEB liability, <i>beginning of year</i>	53,396,735
Net OPEB liability, <i>end of year</i>	\$ 62,751,942

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended December 31, 2016, 2015 and 2014 are as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	\$ 13,396,721	30.17%	\$ 62,751,942
12/31/2015	12,778,187	32.75%	53,396,735
12/31/2014	12,223,133	29.56%	44,803,696

As of December 31, 2016, the actuarial accrued liability for benefits was \$159,751,294, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$33,244,973, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 480.53%.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits - Continued

The following assumptions were made:

Actuarial cost method	Projected Unit Cost
Interest rate	4.00%
Medical trend rate	9.00%
Ultimate medical trend rate	5.00%
Annual payroll increase	2.50%
Year ultimate trend rates reached	2024

Note 10 - Fund Balance

A summary of the Town's governmental fund balance as of December 31, 2016 is as follows:

	Town Outside						Debt Service	Capital Projects	Total
	General	Villages	Police	Highway	Special Districts	-			
Restricted									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,326,722	\$ -	\$ 1,326,722	
Capital projects	-	-	-	-	-	-	6,572,097	6,572,097	
Law enforcement	-	-	251,414	-	-	-	-	251,414	
Total restricted	<u>-</u>	<u>-</u>	<u>251,414</u>	<u>-</u>	<u>-</u>	<u>1,326,722</u>	<u>6,572,097</u>	<u>8,150,233</u>	
Assigned									
Encumbrances									
General government	246,850	4,155	-	-	-	-	-	251,005	
Public safety	-	-	500,190	-	-	-	-	500,190	
Home and community service	-	-	-	-	28,380	-	-	28,380	
Transportation	-	-	-	5,000	-	-	-	5,000	
Specific use									
Public safety	-	-	1,892,661	-	-	-	-	1,892,661	
Consolidated water district	-	-	-	-	2,417,919	-	-	2,417,919	
Consolidated ambulance district	-	-	-	-	3,082,380	-	-	3,082,380	
Consolidated sewer district	-	-	-	-	3,078,702	-	-	3,078,702	
Street lighting district	-	-	-	-	2,138,873	-	-	2,138,873	
Refuse and garbage district	-	-	-	-	1,224,948	-	-	1,224,948	
Combined fire district	-	-	-	-	237,720	-	-	237,720	
Total assigned	<u>246,850</u>	<u>4,155</u>	<u>2,392,851</u>	<u>5,000</u>	<u>12,208,922</u>	<u>-</u>	<u>-</u>	<u>14,857,778</u>	
Unassigned									
Fund balance (deficit)	<u>(11,986,983)</u>	<u>(214,180)</u>	<u>-</u>	<u>(868,347)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,069,510)</u>	
Total fund balances	<u>\$ (11,740,133)</u>	<u>\$ (210,025)</u>	<u>\$ 2,644,265</u>	<u>\$ (863,347)</u>	<u>\$ 12,208,922</u>	<u>\$ 1,326,722</u>	<u>\$ 6,572,097</u>	<u>\$ 9,938,501</u>	

Note 11 - Commitments and Contingencies

a. Litigation and Contingencies

In January of 2019, the Town entered into a Settlement Agreement (Settlement) with Rockland County and the Board of Commissioners of the Rockland County Sewer District No. 1 (RCSO) to resolve a financial dispute that arose over the advancement of funds to the Town for future services to be provided. Under the Settlement, the Town is required to pay the first \$400,000 of all monies borrowed, used, or otherwise expensed by RCSO or the County, for the Hillburn Advanced Waste Water Treatment Plan Project. The Town has no obligation for services or to provide funds in an amount over \$400,000. The funds were received by the Highway Fund in 2012; a corresponding accrued liability in the amount of \$400,000 has been recorded at December 31, 2016.

The Town is involved in certain suits and claims arising from a variety of sources. Excluding the Settlement, it is the opinion of counsel and management that any liabilities that arise from such actions would be covered by the Town's self-insured workers' compensation and general liability programs, or by the Town's independent insurance carrier, and would not result in losses that would materially affect the financial position of the Town or the results of its operations.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 11 - Commitments and Contingencies - Continued

b. Grantor Agencies

Amounts received or receivable from grantor agencies could be subject to audit and adjustment by the grantor agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amount, if any, to be immaterial.

c. Tax Abatements

The Town negotiates property tax abatement agreements on an individual basis. The Town has tax abatement agreements, as well as negotiated payment in lieu of tax (PILOT) agreements. The impact of these agreements is not material to the Town's finances.

Note 12 - Other Matters

Securities and Exchange Commission Investigation

On April 14, 2016, the Securities and Exchange Commission ("SEC") filed a complaint and jury demand against the Town, the RLDC, the former Town Supervisor and President of the RLDC, the former Executive Director of the RLDC, the Town Attorney and the former Deputy Finance Director in connection with fraudulent misrepresentations and omissions about the financial condition of the Town and RLDC in connection with security offerings made by the Town and RLDC between September 2010 and September 2015. According to the claim, the defendants attempted to mask the deterioration and inflate the General Fund in order to facilitate bond offerings.

In a parallel action on the same date, the U.S. Attorney's Office for the Southern District of New York announced an indictment charging the former Town Supervisor and President of the RLDC, and the former Executive Director of the RLDC with 22 counts of conspiracy, securities fraud and wire fraud. According to the indictment, the defendants lied about the Town's and RLDC's financial conditions in order to ensure successful sales of municipal bonds issued by the Town and RLDC and to get better ratings on those bonds so that the Town and the RLDC would be required to pay less interest on the bonds.

On March 7, 2017, the former Executive Director of the RLDC pled guilty to securities fraud and conspiracy and was sentenced on January 2, 2018 to probation and a fine of \$20,000.

On May 19, 2017, the former Town Supervisor and President of the RLDC was found guilty by a federal jury of 20 counts of conspiracy, securities fraud and wire fraud and was thus dismissed from his positions.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 12 - Other Matters - Continued

Securities and Exchange Commission Investigation - Continued

On November 29, 2017, the Town and the RLDC entered into a final judgment with the SEC which permanently enjoins the Town and RLDC from violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and, additionally, imposes undertakings on the Town and RLDC as follows:

- a) Requiring the Town and RLDC to retain an independent consultant (IC) with municipal finance experience appointed by the Court to review and recommend improvements to the Town's and RLDC's financial reporting procedures and controls, as well as the Town's and the RLDC's municipal securities offerings disclosure policies and procedures, to require the Town and RLDC to adopt any such recommendations, and for the IC to review and assess the sufficiency of the Town's and RLDC's implementation of the IC's recommendations for two full fiscal years thereafter;
- b) Requiring the Town and RLDC, for fiscal years 2017, 2018, and 2019, to retain an independent auditing firm, not unacceptable to the SEC staff, to conduct audits of the Town's and the RLDC's annual financial statements for those fiscal years; and
- c) Requiring that, for a period of three years from the date of the entry of the Judgment, the Town and RLDC may not participate in the offer and sale of any municipal securities for which the Town and RLDC are issuers or obligated persons unless the Town and RLDC have, prior to each such offering retained an Independent Disclosure Counsel (IDC) not unacceptable to the SEC staff and which are also unaffiliated with the bond counsel retained for such offering. The IDC shall participate in the preparation of the disclosure document for the offering, assist the Town and RLDC in performing a reasonable investigation concerning the accuracy and completeness of that disclosure document, and render an opinion to the effect that, during its work, nothing came to its attention that would cause it to believe that the disclosure document contains, as of the date of the opinion, any untrue statement of a material fact or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, including the disclosure therein of the terms of the Judgment in this case.

The Town has been complying with all aspects of the Judgment through the date of these financial statements.

On December 13, 2017, the former Town Supervisor and President of the RLDC was sentenced to 30 months in prison and fined \$75,000.

On June 6, 2018, the SEC obtained final Judgments against the former Executive Director of the RLDC, the Town Attorney and the former Deputy Finance Director. The Judgment permanently enjoins the former Executive Director of the RLDC, the Town Attorney and the former Deputy Finance Director from violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The final Judgments also order the former Deputy Finance Director to pay \$10,000 in civil penalties and the Town Attorney to pay \$25,000 in civil penalties and require the Deputy Finance Director and Town Attorney to resign from their employment with Ramapo, New York and prohibit them, for five and seven years, respectively, from being employed by Ramapo. The Deputy Finance Director and Town Attorney consented to their respective final judgments without admitting or denying the allegations in the SEC's complaint.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 12 - Other Matters - Continued

Securities and Exchange Commission Investigation - Continued

The former Executive Director of the RLDC previously pled guilty to criminal charges in the parallel criminal case brought by the U.S. Attorney's Office for the Southern District of New York. The SEC also obtained lifetime bars prohibiting them from participating in municipal bond offerings.

On November 15, 2018, a federal court prohibited the former Town Supervisor and President of the RLDC from participating in offerings of municipal securities and ordered him to pay \$327,000 in civil penalties in a fraud action brought by the Securities and Exchange Commission.

All litigation related to the above is considered settled.

Ramapo Building Inspector

On February 1, 2017, the Chief Building Inspector (CBI) employed by the Town was indicted on 188 counts of various crimes including grand larceny, official misconduct, tampering with public records, and falsifying records related to various building permits. The CBI allegedly undercharged contractors for building permits between October 2014 and March 2016 denying the taxpayers of the Town the full revenue that was due to the Town.

On July 31, 2017, the CBI pled guilty and received three to five years of probation. The Town Board accepted the resignation of the CBI and New York State appointed a monitor to oversee the Town's Building Department.

Note 13 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. This statement established requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB Statement No. 68), as well as for the assets accumulated for purposes of providing those pensions. In addition, this statement established requirements for defined contributions pensions that are not within the scope of GASB Statement No. 68. The requirements of this statement are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, Blending Requirements for Certain Component Units. This statement provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The requirements of this statement are effective for fiscal years beginning after June 15, 2016.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 13 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this statement is to address certain issues that have been raised with respect to GASB Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end, which are effective for reporting periods beginning after March 31, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflow of resources for asset retirement obligations. This statement required that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This statement addresses accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources -resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2016

Note 13 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines-of-credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests*. This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information about component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations, noting that issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

Management has not estimated the extent of the potential impact, if any, of these statements on the Town's financial statements.

Town of Ramapo, New York

Required Supplementary Information - Schedule of Funding Progress - Other Postemployment Benefits December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified 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)
1/1/2016	\$ -	\$ 159,751,294	\$ 159,751,294	0.00%	\$ 33,244,973	480.53%
1/1/2014	-	147,340,413	147,340,413	0.00%	33,256,412	443.04%
1/1/2012	-	127,473,730	127,473,730	0.00%	31,704,869	402.06%

Town of Ramapo, New York

Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability December 31, 2016

	2016	2015	2014
New York State and Local Employees' Retirement System			
Town's proportion of the net pension liability	0.0724094%	0.0714912%	0.0714912%
Town's proportionate share of the net pension liability	\$11,621,912	\$ 2,415,148	\$ 3,230,588
Town's covered-employee payroll	\$19,436,160	\$ 18,729,889	\$ 18,276,639
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.80%	12.89%	17.68%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%	97.15%
	2016	2015	2014
New York State and Local Police and Fire Retirement System			
Town's proportion of the net pension liability	0.4504787%	0.4253619%	0.4253619%
Town's proportionate share of the net pension liability	\$13,337,715	\$ 1,170,849	\$ 1,770,822
Town's covered-employee payroll	\$18,029,520	\$ 17,787,619	\$ 16,948,516
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.98%	6.58%	10.45%
Plan fiduciary net position as a percentage of the total pension liability	90.24%	99.03%	98.48%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Town of Ramapo, New York

Required Supplementary Information Schedule of Pension Contributions December 31, 2016

	2016	2015	2014
New York State and Local Employees' Retirement System			
Contractually required contribution	\$ 3,243,464	\$ 3,530,832	\$ 3,244,108
Contributions in relation to the contractually required contribution	\$ 3,243,464	3,848,926	3,244,108
Contribution deficiency (excess)		318,094	-
Town's covered-employee payroll	\$ 19,436,160	\$ 18,729,889	\$ 18,276,639
Contributions as a percentage of covered-employee payroll	16.69%	18.85%	17.75%
New York State and Local Police and Fire Retirement System			
Contractually required contribution	\$ 6,095,546	\$ 4,473,420	\$ 3,776,621
Contributions in relation to the contractually required contribution	\$ 6,095,546	\$ 4,473,420	\$ 3,776,621
Contribution deficiency (excess)	-	-	-
Town's covered-employee payroll	\$ 18,029,520	\$ 17,787,619	\$ 16,948,516
Contributions as a percentage of covered-employee payroll	33.81%	25.15%	22.28%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Town of Ramapo, New York

Required Supplementary Information - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - General Fund

	Year Ended December 31, 2016			
	2016 Adopted Budget	2016 Modified Budget	2016 Actual	Variance With Actual vs. Modified Positive (Negative)
REVENUES				
Real property taxes	\$ 14,861,017	\$ 14,861,017	\$ 14,942,003	\$ 80,986
Other property tax items	520,000	520,000	748,693	228,693
Non-property tax items	1,995,000	1,995,000	1,973,565	(21,435)
Departmental income	9,352,013	9,352,013	8,018,484	(1,333,529)
Use of money and property	901,000	901,000	1,216,774	315,774
Licenses and permits	6,000	6,000	7,181	1,181
Fines and forfeitures	900,000	900,000	951,294	51,294
Sale of property and compensation for loss	1,857,000	1,857,000	646,085	(1,210,915)
Miscellaneous	55,089	55,089	38,245	(16,844)
State aid	2,341,583	2,341,583	3,270,676	929,093
Interfund revenues	5,627,468	5,627,468	3,598,873	(2,028,595)
Total revenues	38,416,170	38,416,170	35,411,873	(3,004,297)
EXPENDITURES				
General government support	16,763,385	16,803,585	15,706,605	1,096,980
Public safety	280,000	280,000	143,012	136,988
Transportation	142,934	142,934	137,474	5,460
Economic opportunity and development	579,800	579,800	523,000	56,800
Culture and recreation	10,888,150	10,929,458	10,023,362	906,096
Home and community services	131,893	131,893	257,954	(126,061)
Debt service, principal	465,000	465,000	465,000	-
Debt service, interest	59,000	59,000	59,000	-
Total expenditures	29,310,162	29,391,670	27,315,407	2,076,263
Excess (deficiency) of revenues over expenditures	9,106,008	9,024,500	8,096,466	(928,034)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,500,000	2,500,000	600,000	(1,900,000)
Operating transfers out	(11,605,183)	(11,605,183)	(11,703,908)	(98,725)
Total other financing sources (uses)	(9,105,183)	(9,105,183)	(11,103,908)	(1,998,725)
NET CHANGE IN FUND BALANCE	825	(80,683)	(3,007,442)	(2,926,759)
FUND BALANCE, <i>beginning of year</i>	(8,732,691)	(8,732,691)	(8,732,691)	-
FUND BALANCE, <i>end of year</i>	\$ (8,731,866)	\$ (8,813,374)	\$ (11,740,133)	\$ (2,926,759)

Town of Ramapo, New York

Required Supplementary Information - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Town Outside Villages Fund

	Year Ended December 31, 2016			Variance With Actual vs. Modified Positive (Negative)
	2016 Adopted Budget	2016 Modified Budget	2016 Actual	
REVENUES				
Real property taxes	\$ 708,701	\$ 708,701	\$ 715,740	\$ 7,039
Non-property tax items	360,000	360,000	366,423	6,423
Departmental income	398,325	398,325	382,447	(15,878)
Intergovernmental charges	135,600	135,600	93,349	(42,251)
Use of money and property	112,000	112,000	94,559	(17,441)
Licenses and permits	700,000	700,000	741,101	41,101
Sale of property and compensation for loss	75,000	75,000	84,024	9,024
Miscellaneous	18,511	18,511	16,897	(1,614)
Total revenues	2,508,137	2,508,137	2,494,540	(13,597)
EXPENDITURES				
Home and community services	2,520,075	2,520,075	2,532,848	(12,773)
Excess (deficiency) of revenues over expenditures	(11,938)	(11,938)	(38,308)	(26,370)
OTHER FINANCING USES				
Operating transfers out	(74,562)	(74,562)	(74,562)	-
NET CHANGE IN FUND BALANCE	(86,500)	(86,500)	(112,870)	(26,370)
FUND BALANCE, <i>beginning of year</i>	(97,155)	(97,155)	(97,155)	-
FUND BALANCE, <i>end of year</i>	\$ (183,655)	\$ (183,655)	\$ (210,025)	\$ (26,370)

Town of Ramapo, New York

Required Supplementary Information - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Police Fund

	Year Ended December 31, 2016			Variance With Actual vs. Modified Positive (Negative)
	2016 Adopted Budget	2016 Modified Budget	2016 Actual	
REVENUES				
Real property taxes	\$ 39,950,897	\$ 39,950,897	\$ 40,078,757	\$ 127,860
Other property tax items	280,000	280,000	277,145	(2,855)
Departmental income	20,658	20,658	22,644	1,986
Intergovernmental charges	4,000	4,000	7,425	
Use of money and property	40,000	40,000	18,810	(21,190)
Fines and forfeitures	13,792	13,792	15,992	2,200
Sale of property and compensation for loss	-	-	4,753	4,753
Miscellaneous	15,780	15,780	212,831	197,051
State aid	21,591	21,591	36,529	14,938
Federal aid	7,000	7,000	6,858	(142)
Total revenues	40,353,718	40,353,718	40,681,744	324,601
EXPENDITURES				
Public safety	40,019,994	40,164,910	39,500,470	664,440
Excess of revenues over expenditures	333,724	188,808	1,181,274	(339,839)
OTHER FINANCING USES				
Operating transfers out	(319,932)	(319,932)	(407,784)	87,852
NET CHANGE IN FUND BALANCE	13,792	(131,124)	773,490	(251,987)
FUND BALANCE, <i>beginning of year</i>	1,870,775	1,870,775	1,870,775	-
FUND BALANCE, <i>end of year</i>	\$ 1,884,567	\$ 1,739,651	\$ 2,644,265	\$ (251,987)

Town of Ramapo, New York

Required Supplementary Information - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Highway Fund

	Year Ended December 31, 2016			Variance With Actual vs. Modified Positive (Negative)
	2016 Adopted Budget	2016 Modified Budget	2016 Actual	
REVENUES				
Real property taxes	\$ 8,804,986	\$ 8,804,986	\$ 8,776,889	\$ (28,097)
Intergovernmental charges	2,031,647	2,031,647	2,241,085	209,438
Use of money and property	4,400	4,400	3,057	(1,343)
Licenses and permits	45,000	45,000	-	(45,000)
Sale of property and compensation for loss	-	-	1,936	1,936
Miscellaneous	-	-	3,009	3,009
State aid	455,000	455,000	191,900	(263,100)
Total revenues	11,341,033	11,341,033	11,217,876	(123,157)
EXPENDITURES				
Transportation	6,757,820	6,760,524	6,644,400	116,124
Excess (deficiency) of revenues over expenditures	4,583,213	4,580,509	4,573,476	(7,033)
OTHER FINANCING USES				
Operating transfers out	(4,583,213)	(4,583,213)	(4,487,733)	95,480
NET CHANGE IN FUND BALANCE	-	(2,704)	85,743	88,447
FUND BALANCE, <i>beginning of year</i>	(949,090)	(949,090)	(949,090)	-
FUND BALANCE, <i>end of year</i>	\$ (949,090)	\$ (951,794)	\$ (863,347)	\$ 88,447

Town of Ramapo, New York

Required Supplementary Information - Schedule of Revenues, Expenditures, and Change in Fund Balance Budget and Actual - Special Districts Fund

	Year Ended December 31, 2016			Variance With Actual vs. Modified Positive (Negative)
	2016 Adopted Budget	2016 Modified Budget	2016 Actual	
REVENUES				
Real property taxes	\$ 18,118,635	\$ 18,118,635	\$ 18,201,875	\$ 83,240
Departmental income	3,760,171	3,760,171	4,857,155	1,096,984
Use of money and property	-	-	6,624	6,624
Total revenues	21,878,806	21,878,806	23,065,654	1,186,848
EXPENDITURES				
General government support	685,818	685,818	448,442	237,376
Health	8,873,866	8,873,866	8,085,997	787,869
Home and community services	8,460,023	8,461,866	8,627,238	(165,372)
Total expenditures	18,019,707	18,021,550	17,161,677	859,873
Excess of revenues over expenditures	3,859,099	3,857,256	5,903,977	326,975
OTHER FINANCING USES				
Operating transfers out	(381,992)	(381,992)	(1,182,507)	800,515
NET CHANGE IN FUND BALANCE	3,477,107	3,475,264	4,721,470	1,127,490
FUND BALANCE, <i>beginning of year</i>	7,487,452	7,487,452	7,487,452	-
FUND BALANCE, <i>end of year</i>	\$ 10,964,559	\$ 10,962,716	\$ 12,208,922	\$ 1,127,490

Town of Ramapo, New York

Supplementary Information - Special Revenue Fund - Combining Balance Sheet - Special Districts

	December 31, 2016						
	Consolidated Water District	Consolidated Ambulance District	Sewer District	Street Lighting District	Refuse and Garbage District	Fire Protection Districts	Total
ASSETS							
Cash and cash equivalents	\$ 479,001	\$ 1,123,271	\$ 756,670	\$ 742,186	\$ 149,720	\$ 237,720	\$ 3,488,568
Accounts receivable, net	-	1,831,959	4,680	-	-	-	1,836,639
Due from fiduciary fund	-	-	600	-	-	-	600
Due from other funds	2,100,313	241,124	2,940,580	1,524,821	1,477,661	-	8,284,499
Total assets	<u>\$ 2,579,314</u>	<u>\$ 3,196,354</u>	<u>\$ 3,702,530</u>	<u>\$ 2,267,007</u>	<u>\$ 1,627,381</u>	<u>\$ 237,720</u>	<u>\$ 13,610,306</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 109	\$ 58,655	\$ 37,439	\$ 12,516	\$ 306,673	\$ -	\$ 415,392
Accrued liabilities	26,765	5,212	226,095	-	-	-	258,072
Due to other governments	-	375	-	-	-	-	375
Due to other funds	134,521	49,732	331,914	115,618	95,760	-	727,545
Total liabilities	161,395	113,974	595,448	128,134	402,433	-	1,401,384
FUND BALANCES							
Assigned	2,417,919	3,082,380	3,107,082	2,138,873	1,224,948	237,720	12,208,922
Total liabilities and fund balances	<u>\$ 2,579,314</u>	<u>\$ 3,196,354</u>	<u>\$ 3,702,530</u>	<u>\$ 2,267,007</u>	<u>\$ 1,627,381</u>	<u>\$ 237,720</u>	<u>\$ 13,610,306</u>

Town of Ramapo, New York

Supplementary Information - Special Revenue Fund - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Districts

Year Ended December 31, 2016

	<u>Consolidated Water District</u>	<u>Consolidated Ambulance District</u>	<u>Sewer District</u>	<u>Street Lighting District</u>	<u>Refuse and Garbage District</u>	<u>Fire Protection Districts</u>	<u>Total</u>
REVENUES							
Real property taxes	\$ 3,477,678	\$ 5,163,831	\$ 4,081,174	\$ 1,486,958	\$ 3,306,374	\$ 685,860	\$ 18,201,875
Departmental income	-	4,773,964	83,191	-	-	-	4,857,155
Use of money and property	1,984	-	2,058	1,118	1,464	-	6,624
Total revenues	<u>3,479,662</u>	<u>9,937,795</u>	<u>4,166,423</u>	<u>1,488,076</u>	<u>3,307,838</u>	<u>685,860</u>	<u>23,065,654</u>
EXPENDITURES							
General government support	-	-	-	-	-	448,442	448,442
Health	-	8,085,997	-	-	-	-	8,085,997
Home and community services	2,318,162	-	2,813,187	599,640	2,896,249	-	8,627,238
Total expenditures	<u>2,318,162</u>	<u>8,085,997</u>	<u>2,813,187</u>	<u>599,640</u>	<u>2,896,249</u>	<u>448,442</u>	<u>17,161,677</u>
Excess of revenues over expenditures	1,161,500	1,851,798	1,353,236	888,436	411,589	237,418	5,903,977
OTHER FINANCING USES							
Operating transfers out	-	(600,000)	(582,507)	-	-	-	(1,182,507)
Net change in fund balance	1,161,500	1,251,798	770,729	888,436	411,589	237,418	4,721,470
FUND BALANCE, beginning of year	<u>1,256,419</u>	<u>1,830,582</u>	<u>2,336,353</u>	<u>1,250,437</u>	<u>813,359</u>	<u>302</u>	<u>7,487,452</u>
FUND BALANCE, end of year	<u>\$ 2,417,919</u>	<u>\$ 3,082,380</u>	<u>\$ 3,107,082</u>	<u>\$ 2,138,873</u>	<u>\$ 1,224,948</u>	<u>\$ 237,720</u>	<u>\$ 12,208,922</u>

Town of Ramapo, New York

Supplementary Information - Special Revenue Fund - Combining Balance Sheet - Highway Fund

	December 31, 2016		
	Town-Wide Highway	Outside Village Highway	Total
ASSETS			
Cash and cash equivalents	\$ 127,856	\$ 308,423	\$ 436,279
Accounts receivable	-	10,950	10,950
Due from other governments	85,874	84,752	170,626
Due from fiduciary fund	1,921	2,255	4,176
Due from other funds	214,559	706,801	921,360
	\$ 430,210	\$ 1,113,181	\$ 1,543,391
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 149,372	\$ 13,038	\$ 162,410
Accrued liabilities	388,874	317,304	706,178
Due to other governments	-	400,000	400,000
Due to other funds	1,047,548	90,602	1,138,150
Total liabilities	1,585,794	820,944	2,406,738
FUND BALANCES			
Unassigned	(1,155,584)	292,237	(863,347)
	\$ 430,210	\$ 1,113,181	\$ 1,543,391

Town of Ramapo, New York

Supplementary Information - Special Revenue Fund - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Highway Fund

	Year Ended December 31, 2016		
	Town-Wide Highway	Town - Outside Village Highway	Total
REVENUES			
Real property taxes	\$ 3,403,231	\$ 5,373,658	\$ 8,776,889
Intergovernmental	329,441	1,911,644	2,241,085
Use of money and property	912	2,145	3,057
Miscellaneous	-	3,009	3,009
Sale of property and compensation for loss	-	1,936	1,936
State aid	-	191,900	191,900
Total revenues	3,733,584	7,484,292	11,217,876
EXPENDITURES			
Transportation	3,623,611	3,020,789	6,644,400
Excess of revenues over expenditures	109,973	4,463,503	4,573,476
OTHER FINANCING USES			
Operating transfers out	(209,652)	(4,278,081)	(4,487,733)
Net change in fund balance	(99,679)	185,422	85,743
FUND BALANCE, <i>beginning of year</i>	(1,055,905)	106,815	(949,090)
FUND BALANCE, <i>end of year</i>	\$ (1,155,584)	\$ 292,237	\$ (863,347)

Town of Ramapo, New York

Supplementary Information - Special Revenue Fund - Fire Protection Districts - Combining Balance Sheet

December 31, 2016					
	Park Crest	Ramapo #1	Ramapo #2	Johnsontown Road	Total
ASSETS					
Cash and cash equivalents	\$ 30	\$ 102	\$ 237,562	\$ 26	\$ 237,720
FUND BALANCES					
Assigned	\$ 30	\$ 102	\$ 237,562	\$ 26	\$ 237,720

Town of Ramapo, New York

Supplementary Information - Special Revenue Fund - Fire Protection Districts - Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Year Ended December 31, 2016				
	Park Crest	Ramapo #1	Ramapo #2	Johnsontown Road	Total
REVENUES					
Real property taxes	\$ 5,918	\$ 100,506	\$ 571,435	\$ 8,001	\$ 685,860
EXPENDITURES					
General government support	5,917	100,500	334,025	8,000	448,442
Net change in fund balance	1	6	237,410	1	237,418
FUND BALANCE, <i>beginning of year</i>	29	96	152	25	302
FUND BALANCE, <i>end of year</i>	\$ 30	\$ 102	\$ 237,562	\$ 26	\$ 237,720

Town of Ramapo, New York

Supplementary Information - Internal Service Funds - Combining Statement of Net Position

	December 31, 2016		
	Internal Service Funds		
	Workers' Compensation	General Liability	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 85,364	\$ 362,023	\$ 447,387
Accounts receivable	28,735	-	28,735
Prepaid expense	86,600	-	86,600
Due from fiduciary fund	-	600	600
Due from governmental funds	35,000	73,591	108,591
Total current assets	235,699	436,214	671,913
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	24,052	11,525	35,577
Claims payable, current	793,627	-	793,627
Judgments payable, current	-	14,274	14,274
Total current liabilities	817,679	25,799	843,478
NONCURRENT LIABILITIES			
Claims payable, net of current portion	11,142,144	-	11,142,144
Judgments payable, net of current portion	-	305,000	305,000
Total liabilities	11,959,823	330,799	12,290,622
NET POSITION			
Unrestricted	\$ (11,724,124)	\$ 105,415	\$ (11,618,709)

Town of Ramapo, New York

Supplementary Information - Internal Service Funds - Combining Statement of Revenues, Expenses and Changes in Net Position

	Year Ended December 31, 2016		
	Internal Service Funds		
	Workers' Compensation	General Liability	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ 1,305,037	\$ 1,305,037
Insurance recoveries	299,407	-	299,407
Total operating revenues	299,407	1,305,037	1,604,444
OPERATING EXPENSES			
Administrative expenses	262,504	303,262	565,766
Claims	4,850,980	-	4,850,980
Judgments	-	805,987	805,987
Total operating expenses	5,113,484	1,109,249	6,222,733
Operating income (loss)	(4,814,077)	195,788	(4,618,289)
NONOPERATING REVENUES			
Interest income	734	571	1,305
CHANGE IN NET POSITION	(4,813,343)	196,359	(4,616,984)
NET DEFICIT, <i>beginning of year</i>	(6,910,781)	(90,944)	(7,001,725)
NET POSITION (DEFICIT), <i>end of year</i>	\$ (11,724,124)	\$ 105,415	\$ (11,618,709)

Town of Ramapo, New York

Supplementary Information - Internal Service Funds - Combining Statement of Cash Flows

	Year Ended December 31, 2016		
	Internal Service Funds		
	Workers' Compensation	General Liability	Total
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Cash received from providing services	\$ 270,672	\$ 1,305,037	\$ 1,575,709
Cash paid for contractual expenses	(1,509,293)	(979,676)	(2,488,969)
	(1,238,621)	325,361	(913,260)
NET CASH PROVIDED BY INVESTING ACTIVITIES			
Interest income	734	570	1,304
	(1,237,887)	325,931	(911,956)
Net increase (decrease) in cash and cash equivalents			
	(1,237,887)	325,931	(911,956)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,323,251	36,092	1,359,343
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 85,364	\$ 362,023	\$ 447,387
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (4,814,077)	\$ 195,788	\$ (4,618,289)
Changes in assets and liabilities			
Accounts receivable	(28,735)	-	(28,735)
Due from fiduciary fund	-	(600)	(600)
Accounts payable and accrued expenses	22,534	(52,559)	(30,025)
Claims and judgments payable	3,581,657	182,732	3,764,389
	\$ (1,238,621)	\$ 325,361	\$ (913,260)



**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**

The Honorable Supervisor and Town Board
of the Town of Ramapo, New York
Ramapo, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ramapo, New York (Town) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2016-001, 2016-002, and 2016-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Responses to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

BST & CO. CPAs, LLP

Albany, New York
July 12, 2019



Town of Ramapo, New York

Schedule of Findings and Responses Year Ended December 31, 2016

Section II - Financial Statement Findings - Continued

2016-002 Monitoring of Financial Reporting Processes - Continued

Condition and cause: For the fiscal year ended December 31, 2016, the Town's internal control structure was not properly designed, and therefore, not operating effectively. The Town Board failed to adequately monitor the internal control structure of the Town's finance department, which has resulted in material errors and delayed financial statements.

Effect or potential effect: Without adequate oversight and monitoring procedures, multiple material weaknesses and significant deficiencies have been identified. Material adjusting journal entries are required to prepare the Town's financial statements in accordance with U.S. GAAP, and financial reporting has been significantly delayed.

Recommendation: We recommend that members of the Town Board implement internal controls to effectively monitor the design and operating effectiveness of internal controls over financial reporting.

View of responsible officials and planned corrective actions: In July of 2016 the Supervisor appointed a qualified Director of Finance/Controller ("DOF") to implement procedures to enhance the internal control structure and to increase the level of Board oversight. During the last half of 2016 and through 2017, the DOF provided updates to the Supervisor and Board members from time to time and as requested. In addition, the Board commissioned financial analysis reports regarding most of the budget units in the Parks and Recreation department and also regarding overall expenditures for utilities and communications. These studies resulted in the outsourcing of the golf course which resulted in a \$1.1 million annual savings and the streamlining of utility and communication costs resulting in an annual savings in excess of \$100,000. In 2018, monthly Board reporting was implemented, and the extent of monthly reporting was expanded in 2019.

2016-003 Budgeting Practices

Criteria: On an annual basis, the Town should develop a sound budget for each governmental fund that takes into consideration reasonable and conservative revenue and expense projections.

Condition: In reviewing the budgetary comparison schedules in the required supplementary section, we noted material variances between budgeted revenues and expenditures from the original and modified budget to the actual results. The Town's General Fund overbudgeted revenues by approximately \$2.5 million and overbudgeted other financing sources (uses) by approximately \$2.0 million. While expenses favored positively by approximately \$2.1 million, the net impact was a general fund deficit of \$2.4 million.

Cause: The Town lacked appropriate financial oversight to help ensure a balanced budget. In addition, the Town regularly bypasses its purchase order (PO) process within the financial reporting system. Failure to utilize a PO process may preclude the finance department from tracking actual costs and ensuring projects are not overspent.

Effect or potential effect: Failure to conservatively budget revenues has resulted in adverse financial conditions. Additionally, failure to adequately monitor the Town's budget has resulted in a number of overspent appropriations across the various governmental funds.

Town of Ramapo, New York

Schedule of Findings and Responses Year Ended December 31, 2016

Section II - Financial Statement Findings - Continued

2016-003 Budgeting Practices - Continued

Recommendation: The Town should place more emphasis on accurately developing its annual budget. We recommend the Town take a more conservative approach to estimating its revenue figures. Additionally, the Town must adequately monitor its spending to identify overspent appropriations. The Town should pass resolutions to either authorize the spending of fund balance, or transfer appropriations from other line items, in order to fund the overspent appropriation. Finally, the Town should adhere to a PO process that is only bypassed for emergency items.

View of responsible officials and planned corrective actions: The operating budget for 2016 was determined by the Budget Officer and passed by Board resolution in November of 2015. In July of 2016 the Supervisor appointed a qualified Director of Finance/Controller ("DOF") to assist in improvements to budgeting policies and practices. Improvements were implemented in the preparation of the 2017 budget especially in the area of administrative allocations and budgeting for major expenditures in the Highway Fund. In 2018, budgeting policies and procedures were revamped with the objective of achieving best practices in all areas of budgeting. Budgeting of "one off" revenues was eliminated, and contingency reserves were established in line with the Guidelines of the New York Office of the State Controller.