



Town of Ramapo, New York

Financial Report

December 31, 2017

Town of Ramapo, New York

Financial Report

December 31, 2017

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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, 2017, 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, 2017, 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 Matters

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.

Other Supplementary Information - Continued

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 October 30, 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
October 30, 2019



Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

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, 2017.

These management comments, written as of October 25, 2019, also provide the benefit of perspective on certain developments after December 31, 2017, 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 (Corporation) 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 Corporation 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 Corporation.

Financial Highlights for the Year Ended December 31, 2017

- On the December 31, 2017 government-wide financial statement, the aggregate liabilities and deferred inflows of resources of the primary government exceed its assets and deferred outflows of resources by approximately \$13.2 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 \$72.2 million and deferred pension contribution payables of approximately \$20.5 million at December 31, 2017.
- During 2017 the total fund deficit of the General Fund increased by approximately \$2.1 million from negative \$11.7 million to negative \$13.9 million.
- The Town's total governmental fund balance increased approximately \$4.5 million from \$9.9 million to \$14.4 million as of December 31, 2017.
- The Town's general fund incurred approximately \$1.2 million of operating costs on behalf of the Corporation, comprising \$955 thousand and \$277 thousand of operating costs and debt service costs, respectively. These costs are reported as a contribution from the general fund to the enterprise fund financial statements.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

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 Corporation, 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, 2017

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 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 Corporation, 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 Corporation 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, 2017

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	
	2017	2016	2017	2016	2017	2016
Assets						
Noncapital assets						
Cash and cash equivalents	\$ 28,247,938	\$ 20,279,462	\$ 12,944	\$ 2,002	\$ 28,260,882	\$ 20,281,464
Receivables, net	4,167,265	4,270,332	204,636	106,872	4,371,901	4,377,204
Internal balances	150,000	140,898	(150,000)	(140,898)	-	-
Other	86,600	86,600	2,040,585	2,040,585	2,127,185	2,127,185
Total noncapital assets	<u>32,651,803</u>	<u>24,777,292</u>	<u>2,108,165</u>	<u>2,008,561</u>	<u>34,759,968</u>	<u>26,785,853</u>
Capital assets	162,500,246	167,261,519	38,151,588	39,338,396	200,651,834	206,599,915
Total assets	<u>195,152,049</u>	<u>192,038,811</u>	<u>40,259,753</u>	<u>41,346,957</u>	<u>235,411,802</u>	<u>233,385,768</u>
Deferred outflows of resources	<u>31,732,673</u>	<u>45,719,310</u>	<u>664,491</u>	<u>692,153</u>	<u>32,397,164</u>	<u>46,411,463</u>
Liabilities						
Due within one year	31,484,609	28,905,968	2,265,381	958,765	33,749,990	29,864,733
Due in more than one year	218,863,324	230,301,660	24,342,803	25,089,785	243,206,127	255,391,445
Total liabilities	<u>250,347,933</u>	<u>259,207,628</u>	<u>26,608,184</u>	<u>26,048,550</u>	<u>276,956,117</u>	<u>285,256,178</u>
Deferred inflows of resources	<u>4,128,373</u>	<u>3,394,086</u>	<u>-</u>	<u>-</u>	<u>4,128,373</u>	<u>3,394,086</u>
Net position (deficit)						
Net investment in capital assets	62,949,175	57,421,175	13,812,285	14,385,764	76,761,460	71,806,939
Restricted	263,820	1,578,136	-	-	263,820	1,578,136
Unrestricted deficits	<u>(90,804,579)</u>	<u>(83,842,904)</u>	<u>503,775</u>	<u>1,604,796</u>	<u>(90,300,804)</u>	<u>(82,238,108)</u>
Total net position (deficit)	<u>\$ (27,591,584)</u>	<u>\$ (24,843,593)</u>	<u>\$ 14,316,060</u>	<u>\$ 15,990,560</u>	<u>\$ (13,275,524)</u>	<u>\$ (8,853,033)</u>

The governmental activities noncapital assets increased by \$7.9 million. The increase in noncapital assets is primarily cash and cash equivalents, driven by a total governmental funds' surplus of \$4.5 million, property taxes collected in advance of the lien date of \$1.4 million, and increases of accounts payable and accrued liabilities of \$2.0 million. Capital assets decreased \$4.8 million driven by depreciation expense of \$5.4 million offset by additions of \$686 thousand. The changes in deferred outflows of resources is entirely related to net pension liability reporting provided by the New York State and Local Retirement System (System).

Long-term liabilities include general obligation bonds, compensated absences, self-insurance claims and judgments payable, landfill closure costs, pension and other postemployment benefit obligations. The value of the Town's proportionate net pension liability and other postemployment benefits (OPEB) obligations are determined by the System and an independent actuary, respectively. Total long-term liabilities decreased by approximately \$11.2 million. Of this change, the net pension liability decreased by \$9.4 million, the majority of which was offset by changes in deferred outflows. Additionally, the Town retired \$9.8 million in bonds payable during 2017. These decreases were offset by the Town's OPEB obligation, which increased \$9.5 million. Of the \$9.5 million increase in OPEB, approximately \$8.4 million represents amortization of the total liability. During 2017, the Town elected to amortize pension contributions of \$1.1 million over future reporting periods, while repaying \$2.1 million to the retirement system for past contribution amortizations.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 16,508,166	\$ 16,907,942	\$ 553,077	\$ 735,471	\$ 17,061,243	\$ 17,643,413
Operating grants and contributions	366,832	304,768	-	-	366,832	304,768
Capital grants and contributions	646,438	528,833	-	-	646,438	528,833
General revenues						
Taxes	90,449,983	84,107,525	-	-	90,449,983	84,107,525
Other	5,861,502	7,360,129	72	2,386	5,861,574	7,362,515
Total revenues	<u>113,832,921</u>	<u>109,209,197</u>	<u>553,149</u>	<u>737,857</u>	<u>114,386,070</u>	<u>109,947,054</u>
Expenses						
General governmental support	19,510,591	13,072,979	-	-	19,510,591	13,072,979
Public safety	43,714,581	39,738,643	-	-	43,714,581	39,738,643
Health	9,701,822	8,064,580	-	-	9,701,822	8,064,580
Transportation	11,152,132	8,554,606	-	-	11,152,132	8,554,606
Economic opportunity and development	633,519	521,616	-	-	633,519	521,616
Culture and recreation	13,933,753	13,619,012	-	-	13,933,753	13,619,012
Home and community services	12,679,128	12,523,220	-	-	12,679,128	12,523,220
Interest on long-term debt	4,023,073	4,583,402	-	-	4,023,073	4,583,402
Ramapo LDC	-	-	3,459,962	4,058,774	3,459,962	4,058,774
Total expenses	<u>115,348,599</u>	<u>100,678,058</u>	<u>3,459,962</u>	<u>4,058,774</u>	<u>118,808,561</u>	<u>104,736,832</u>
Contributions	<u>(1,232,313)</u>	<u>(3,149,596)</u>	<u>1,232,313</u>	<u>3,149,596</u>	-	-
Change in net position (deficit)	(2,747,991)	5,381,543	(1,674,500)	(171,321)	(4,422,491)	5,210,222
Net position (deficit), beginning 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>
Net position (deficit), end of year	<u>\$ (27,591,584)</u>	<u>\$ (24,843,593)</u>	<u>\$ 14,316,060</u>	<u>\$ 15,990,560</u>	<u>\$ (13,275,524)</u>	<u>\$ (8,853,033)</u>

During 2017, the government-wide program revenues remained relatively consistent at \$17.5 million compared to \$17.7 million in 2016. Decreases in charges for services of \$400 thousand was primarily driven by intergovernmental service revenues, which decreased \$267 thousand. Total tax revenues increased by \$6.3 million during 2017, the majority of which was property taxes. Other revenues decreased \$1.5 million, of which \$800 thousand represented an easement sale and \$642 thousand for the sale of property, neither of which occurred in 2017.

The primary government total expenses increased approximately \$14.7 million, which was entirely driven by changes in the Town's net pension liability and deferred outflows and inflows of resources. The impact of pension accounting on the accrual basis of accounting adversely affected the primary government's net position \$3.8 million in 2017, compared to positive effect of \$14.1 million in 2016, a year over year fluctuation of \$17.9 million. Absent the changes for pension accounting, the primary government's total expenses decreased \$3.2 million.

The business-type activities reflect the results of operations of the Corporation. Revenues and corresponding expenses have decreased due to a planned reduction in events, including the ice skating rink. The Corporation's two largest expense items are depreciation of \$1.2 million and interest of \$1.0 million. The Corporation required a \$1.2 million contribution from the Town to help finance operations and a portion of debt service costs, comprising \$955 thousand and \$277 thousand of operating costs and debt service costs, respectively.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

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 bond anticipation notes (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 \$14.4 million, of which \$6.9 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 \$7.5 million. This excess was offset by total other finance uses of \$3.0, for a total increase in fund balance of \$4.5 million. Other financing uses consist of transfers to the Town's internal service funds, and contributions to the Town's enterprise fund.

During 2017, the Town's General Fund's fund balance decreased by approximately \$2.1 million to a deficit of \$13.9 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 \$1.9 million below budget due to expenditure allocation methodology changes. It should be noted that this \$1.9 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 2017.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the Town's Funds - Continued

In 2017, the TOV Fund's fund balance increased by approximately \$525 thousand. TOV's actual revenues were \$178 thousand under budget while total expenditures and other financing uses were \$703 thousand below budget. As a result of 2017 activities, the TOV has a positive fund balance of \$315 thousand compared to a deficit of \$210 thousand in the prior year.

The Police Fund's final 2017 budget called for the use of approximately \$500 thousand in fund balance, while actual activity resulted in an increase in fund balance of \$4.4 million from \$2.6 million to \$7.0 million. Public safety continues to be the largest component of the Town's activities, representing 35.73% of total 2017 expenditures.

The Town's Highway Fund reported a \$416 thousand decrease in fund balance. Factors causing the decline were lower than budgeted state and Federal aid of \$282 thousand and higher than expected expenditures and other financing uses of \$115 thousand.

The combined fund balance of the Special Districts' fund operated favorably compared to budget by generating approximately \$1.2 million in incremental revenues and coming in approximately \$2.3 million under budget with expenditures. Total combined fund balance increased by approximately \$2.3 million to \$12.2 million at December 31, 2016. The 2015 and 2016 combined Special Districts' fund balance increased \$5.2 million and \$2.3 million, resulting in a three-year cumulative increase in fund balance of \$12.2 million.

General Fund Budgetary Highlights

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

	Year Ended December 31, 2017		
	Final Budget	Actual	Variance
Total revenues	\$ 40,708,342	\$ 36,508,360	\$ (4,199,982)
Expenditures			
General government	16,774,513	16,434,256	340,257
Culture and recreation	11,430,192	9,846,631	1,583,561
Other program areas	1,330,805	1,159,624	171,181
Debt service	510,157	535,157	(25,000)
Total expenditures	30,045,667	27,975,668	2,069,999
Excess (deficiency) of revenues over expenditures	10,662,675	8,532,692	(2,129,983)
Other financing uses	(10,909,524)	(10,648,683)	260,841
Operating deficit	\$ (246,849)	\$ (2,115,991)	\$ (1,869,142)

The Town's actual revenues fell approximately \$4.2 million, or 10% below budgeted revenues. The major fluctuations from the final budget include interfund revenues, which were approximately \$1.9 million lower than budgeted and the sale of property, which was \$2.0 million lower than expected.

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

General Fund Budgetary Highlights - Continued

The Town was able to reduce actual expenditures and other financing uses by approximately \$2.3 million when compared to the final budget, which help offset the almost \$4.2 million in overbudgeted resources.

Capital Assets and Debt Administration

Capital assets include land, land improvements, buildings and improvements, machinery and equipment and infrastructure. During 2017 the Town had no material capital projects in process. The primary government's investment in capital assets (net of accumulated depreciation) is \$200,651,834 at December 31, 2017.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Capital assets						
Land	\$ 40,333,786	\$ 40,333,786	\$ 4,872,658	\$ 4,872,658	\$ 45,206,444	\$ 45,206,444
Land improvements	23,831,922	25,491,938	8,196,175	8,338,047	32,028,097	33,829,985
Buildings and improvements	49,225,322	50,116,026	22,372,463	23,043,393	71,597,785	73,159,419
Machinery and equipment	4,075,392	4,397,233	2,710,292	3,084,298	6,785,684	7,481,531
Infrastructure	45,033,824	46,922,536	-	-	45,033,824	46,922,536
Total capital assets, net	\$ 162,500,246	\$ 167,261,519	\$ 38,151,588	\$ 39,338,396	\$ 200,651,834	\$ 206,599,915

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 Corporation.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Long-term debt						
Bonds payable	\$ 104,950,000	\$ 114,710,000	\$ 22,940,000	\$ 23,495,000	\$ 127,890,000	\$ 138,205,000
Plus unamortized premium	199,712	220,242	2,063,794	2,149,785	2,263,506	2,370,027
Less unamortized discount	(47,386)	(52,801)	-	-	(47,386)	(52,801)
Total long-term debt, net	\$ 105,102,326	\$ 114,877,441	\$ 25,003,794	\$ 25,644,785	\$ 130,106,120	\$ 140,522,226

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, 2017 is less than 15% of its constitutional debt limit.

Detailed information regarding capital assets and the related short-term and long-term debt is presented in Notes 4, 6 and 7.

Macroeconomic Factors

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

Town of Ramapo, New York

Management's Discussion and Analysis December 31, 2017

Macroeconomic Factors - Continued

For the year ended December 31, 2017 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, 2017		Total Primary Government
	Governmental Activities	Business-Type Activity	
CURRENT ASSETS			
Cash and cash equivalents	\$ 20,347,520	\$ 12,944	\$ 20,360,464
Cash and cash equivalents, restricted	7,900,418	-	7,900,418
Receivables			
Accounts, net	2,290,221	204,636	2,494,857
Due from other governments	1,703,006	-	1,703,006
Internal balances	150,000	(150,000)	-
Due from agency fund	174,038	-	174,038
Prepaid expenses	86,600	-	86,600
Property under sales contracts	-	2,040,585	2,040,585
Total current assets	<u>32,651,803</u>	<u>2,108,165</u>	<u>34,759,968</u>
NONCURRENT ASSETS			
Capital assets			
Non-depreciable	40,333,786	8,338,047	48,671,833
Depreciable, net	<u>122,166,460</u>	<u>29,813,541</u>	<u>151,980,001</u>
Total assets	<u>195,152,049</u>	<u>40,259,753</u>	<u>235,411,802</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, pensions	31,732,673	-	31,732,673
Deferred loss on refunding	-	664,491	664,491
Total deferred outflows of resources	<u>31,732,673</u>	<u>664,491</u>	<u>32,397,164</u>
Total assets and deferred outflows of resources	<u>226,884,722</u>	<u>40,924,244</u>	<u>267,808,966</u>
LIABILITIES			
Accounts payable and accrued expenses	13,615,241	128,780	13,744,021
Other liabilities	1,897,213	-	1,897,213
Bond anticipation note payable	1,045,000	-	1,045,000
Deposits under sales contract	-	1,162,681	1,162,681
Unearned revenues	100,403	-	100,403
Accrued interest payable	1,103,751	312,929	1,416,680
Non-current liabilities			
Due within one year	13,723,001	660,991	14,383,992
Due in more than one year			
Bonds payable	95,867,211	24,342,803	120,210,014
Compensated absences	4,955,703	-	4,955,703
Claims and judgments payable	10,752,684	-	10,752,684
Landfill closure costs	1,377,312	-	1,377,312
Pollution remediation	54,610	-	54,610
Net pension liability	15,501,895	-	15,501,895
Retirement incentives and other pension obligations payable	18,144,713	-	18,144,713
Other postemployment benefits liability	72,209,196	-	72,209,196
Total liabilities	<u>250,347,933</u>	<u>26,608,184</u>	<u>276,956,117</u>
DEFERRED INFLOWS OF RESOURCES			
Real property taxes received in advance of lien date	1,393,475	-	1,393,475
Deferred charges, pensions	<u>2,734,898</u>	<u>-</u>	<u>2,734,898</u>
Total liabilities and deferred inflows of resources	<u>4,128,373</u>	<u>-</u>	<u>4,128,373</u>
Total liabilities and deferred inflows of resources	<u>254,476,306</u>	<u>26,608,184</u>	<u>281,084,490</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	62,949,175	13,812,285	76,761,460
Restricted for			
Law enforcement	261,593	-	261,593
Debt service	2,227	-	2,227
Unrestricted (deficit)	<u>(90,804,579)</u>	<u>503,775</u>	<u>(90,300,804)</u>
Total net position (deficit)	<u>\$ (27,591,584)</u>	<u>\$ 14,316,060</u>	<u>\$ (13,275,524)</u>

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position (Deficit)		
	Expenses	Operating		Capital	Governmental Activities	Business-Type Activity	Total
		Charges for Services	Grants and Contributions	Grants and Contributions			
Primary Government							
Governmental Activities							
General governmental support	\$ 19,510,591	\$ 2,389,193	\$ -	\$ 5,074	\$ (17,116,324)	\$ -	\$ (17,116,324)
Public safety	43,714,581	99,451	366,832	-	(43,248,298)	-	(43,248,298)
Health	9,701,822	4,777,057	-	-	(4,924,765)	-	(4,924,765)
Transportation	11,152,132	3,098,271	-	641,364	(7,412,497)	-	(7,412,497)
Economic opportunity and development	633,519	-	-	-	(633,519)	-	(633,519)
Culture and recreation	13,933,753	3,975,849	-	-	(9,957,904)	-	(9,957,904)
Home and community services	12,679,128	2,168,345	-	-	(10,510,783)	-	(10,510,783)
Interest on long-term debt	4,023,073	-	-	-	(4,023,073)	-	(4,023,073)
Total Governmental Activities	115,348,599	16,508,166	366,832	646,438	(97,827,163)	-	(97,827,163)
Business-Type Activity	3,459,962	553,077	-	-	-	(2,906,885)	(2,906,885)
Total Primary Government	<u>\$ 118,808,561</u>	<u>\$ 17,061,243</u>	<u>\$ 366,832</u>	<u>\$ 646,438</u>	<u>(97,827,163)</u>	<u>(2,906,885)</u>	<u>(100,734,048)</u>
GENERAL REVENUES							
Real property taxes					89,322,463	-	89,322,463
Other property tax items							
Payment in lieu of taxes					825,197	-	825,197
Interest and penalties on real property taxes					302,323	-	302,323
Non-property taxes							
Franchise fees					169,269	-	169,269
Non-property distribution from Rockland County					2,002,074	-	2,002,074
Use of money and property					427,431	-	427,431
Gain on sale of real property					15,318	-	15,318
Other New York State and Rockland County taxes					3,091,018	-	3,091,018
Other revenues					156,392	72	156,464
Total general revenues					96,311,485	72	96,311,557
CONTRIBUTIONS					(1,232,313)	1,232,313	-
CHANGES IN NET POSITION (DEFICIT)					(2,747,991)	(1,674,500)	(4,422,491)
NET POSITION (DEFICIT), beginning of year					<u>(24,843,593)</u>	<u>15,990,560</u>	<u>(8,853,033)</u>
NET POSITION (DEFICIT), end of year					<u>\$ (27,591,584)</u>	<u>\$ 14,316,060</u>	<u>\$ (13,275,524)</u>

See accompanying Notes to Financial Statements.

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

December 31, 2017

	General	Town Outside Villages	Police	Highway	Special Districts	Debt Service	Capital Projects	Eliminations	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 3,264,226	\$ 375,420	\$ 9,410,695	\$ 293,576	\$ 6,995,440	\$ -	\$ -	\$ -	\$ 20,339,357
Cash and cash equivalents, restricted	-	-	261,593	-	-	1,511	7,637,314	-	7,900,418
Accounts receivable, net	335,727	91,987	2,420	3,525	1,765,570	-	90,992	-	2,290,221
Due from other governments	1,149,456	161,521	175,021	217,008	-	-	-	-	1,703,006
Due from fiduciary fund	-	1,151	172,887	-	-	-	-	-	174,038
Due from other funds	4,799,451	1,278,629	6,261,878	921,360	8,208,026	1,752,692	-	(23,072,036)	150,000
Total assets	\$ 9,548,860	\$ 1,908,708	\$ 16,284,494	\$ 1,435,469	\$ 16,969,036	\$ 1,754,203	\$ 7,728,306	\$ (23,072,036)	\$ 32,557,040
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 1,096,907	\$ 46,957	\$ 467,945	\$ 370,408	\$ 524,436	\$ -	\$ 74,500	\$ -	\$ 2,581,153
Accrued liabilities	2,885,831	292,271	6,940,550	726,442	162,531	-	-	-	11,007,625
Due to other governments	1,328,093	-	-	400,000	375	-	-	-	1,728,468
Due to other funds	16,558,321	1,127,652	1,849,824	1,217,726	662,577	1,751,976	12,551	(23,072,036)	108,591
Bond anticipation notes payable	-	-	-	-	-	-	1,045,000	-	1,045,000
Unearned revenues	100,403	-	-	-	-	-	-	-	100,403
Deposits payable	41,954	126,791	-	-	-	-	-	-	168,745
	<u>22,011,509</u>	<u>1,593,671</u>	<u>9,258,319</u>	<u>2,714,576</u>	<u>1,349,919</u>	<u>1,751,976</u>	<u>1,132,051</u>	<u>(23,072,036)</u>	<u>16,739,985</u>
Deferred inflows of resources									
Real property taxes received in advance of lien date	1,393,475	-	-	-	-	-	-	-	1,393,475
Fund balances									
Restricted	-	-	261,593	-	-	2,227	6,596,255	-	6,860,075
Assigned	106,473	6,000	6,764,582	5,584	15,619,117	-	-	-	22,501,756
Unassigned	(13,962,597)	309,037	-	(1,284,691)	-	-	-	-	(14,938,251)
Total fund balances	<u>(13,856,124)</u>	<u>315,037</u>	<u>7,026,175</u>	<u>(1,279,107)</u>	<u>15,619,117</u>	<u>2,227</u>	<u>6,596,255</u>	<u>-</u>	<u>14,423,580</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 9,548,860	\$ 1,908,708	\$ 16,284,494	\$ 1,435,469	\$ 16,969,036	\$ 1,754,203	\$ 7,728,306	\$ (23,072,036)	\$ 32,557,040

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

	December 31, 2017
Total fund balances in the fund financial statements for the governmental funds.	\$ 14,423,580
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.	162,500,246
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.	(11,914,487)
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	31,732,673
Deferred inflows of resources	(2,734,898)
Long-term liabilities that are not due and payable in the current period are not reported in the fund financial statements:	
Accrued interest payable	(1,103,751)
Bonds payable	(105,102,326)
Compensated absences	(5,506,303)
Landfill closure costs	(1,549,476)
Pollution remediation	(159,790)
Retirement incentives and other pension obligations payable	(20,465,961)
Other postemployment benefits liability	(72,209,196)
Net pension liability	(15,501,895)
Net position of governmental activities	<u>\$ (27,591,584)</u>

Town of Ramapo, New York

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

Year Ended December 31, 2017

	General	Town Outside Villages	Police	Highway	Special Districts	Debt Service	Capital Projects	Eliminations	Total Governmental Funds
REVENUES									
Real property taxes	\$ 16,593,775	\$ 1,779,854	\$ 44,964,720	\$ 8,982,166	\$ 16,632,723	\$ -	\$ -	\$ -	\$ 88,953,238
Other property tax items	837,695	-	289,825	-	-	-	-	-	1,127,520
Non-property tax items	4,665,778	369,225	-	-	-	-	-	-	5,035,003
Departmental income	7,775,460	330,433	30,106	-	4,829,034	-	-	-	12,965,033
Intergovernmental charges	-	53,600	7,110	2,014,023	-	-	-	-	2,074,733
Use of money and property	257,442	94,225	22,914	2,705	10,232	24,354	-	-	411,872
Licenses and permits	6,768	629,251	-	41,471	-	-	-	-	677,490
Fines and forfeitures	936,529	-	23,650	-	-	-	-	-	960,179
Sale of property and compensation for loss	3,008	87,989	12,260	50	-	-	-	-	103,307
Miscellaneous	31,362	19,791	342,672	7,809	25,000	-	345,136	-	771,770
State aid	427,314	-	24,160	227,962	-	-	41,344	-	720,780
Federal aid	5,074	-	-	-	-	-	26,922	-	31,996
Interfund revenues	4,968,155	-	-	-	-	-	-	(4,968,155)	-
Total revenues	<u>36,508,360</u>	<u>3,364,368</u>	<u>45,717,417</u>	<u>11,276,186</u>	<u>21,496,989</u>	<u>24,354</u>	<u>413,402</u>	<u>(4,968,155)</u>	<u>113,832,921</u>
EXPENDITURES									
General government support	16,434,256	-	-	-	-	1,401	-	-	16,435,657
Public safety	137,274	-	41,008,505	-	468,607	-	-	(3,370,485)	38,243,901
Health	-	-	-	-	8,574,520	-	-	(128,747)	8,445,773
Transportation	155,894	-	-	7,675,543	-	-	-	(311,470)	7,519,967
Economic opportunity and development	551,500	-	-	-	-	-	-	-	551,500
Culture and recreation	9,846,631	-	-	-	-	-	-	-	9,846,631
Home and community services	314,956	2,728,553	-	-	8,692,880	-	-	(1,157,453)	10,578,936
Debt service, principal	490,000	-	-	-	-	9,760,000	-	(490,000)	9,760,000
Debt service, interest	45,157	-	-	-	-	4,055,257	-	-	4,100,414
Capital outlay	-	-	-	-	-	-	879,244	-	879,244
Total expenditures	<u>27,975,668</u>	<u>2,728,553</u>	<u>41,008,505</u>	<u>7,675,543</u>	<u>17,736,007</u>	<u>13,816,658</u>	<u>879,244</u>	<u>(5,458,155)</u>	<u>106,362,023</u>
Excess (deficiency) of revenues over expenditures	<u>8,532,692</u>	<u>635,815</u>	<u>4,708,912</u>	<u>3,600,643</u>	<u>3,760,982</u>	<u>(13,792,304)</u>	<u>(465,842)</u>	<u>490,000</u>	<u>7,470,898</u>
OTHER FINANCING SOURCES (USES)									
BAN redeemed from appropriation	-	-	-	-	-	-	490,000	(490,000)	-
Contributions	(1,232,310)	-	-	-	-	-	-	-	(1,232,310)
Operating transfers in	-	-	-	-	-	12,467,809	-	(12,467,809)	-
Operating transfers out	(9,416,373)	(110,753)	(327,002)	(4,016,403)	(350,787)	-	-	12,467,809	(1,753,509)
Total other financing sources (uses)	<u>(10,648,683)</u>	<u>(110,753)</u>	<u>(327,002)</u>	<u>(4,016,403)</u>	<u>(350,787)</u>	<u>12,467,809</u>	<u>490,000</u>	<u>(490,000)</u>	<u>(2,985,819)</u>
NET CHANGE IN FUND BALANCES	<u>(2,115,991)</u>	<u>525,062</u>	<u>4,381,910</u>	<u>(415,760)</u>	<u>3,410,195</u>	<u>(1,324,495)</u>	<u>24,158</u>	<u>-</u>	<u>4,485,079</u>
FUND BALANCES, beginning of year	<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>-</u>	<u>9,938,501</u>
FUND BALANCES, end of year	<u>\$ (13,856,124)</u>	<u>\$ 315,037</u>	<u>\$ 7,026,175</u>	<u>\$ (1,279,107)</u>	<u>\$ 15,619,117</u>	<u>\$ 2,227</u>	<u>\$ 6,596,255</u>	<u>\$ -</u>	<u>\$ 14,423,580</u>

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 Governmental Activities Statement of Activities

	<u>Year Ended December 31, 2017</u>
Net change in fund balances shown for total governmental funds	\$ 4,485,079
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 depreciation expense exceeds expenditures for acquisition of capital assets for the period:	
Capital expenditures	685,863
Depreciation expense	<u>(5,447,136)</u> (4,761,273)
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	9,760,000
Amortization of loss on refunding bonds and issuance premium	<u>15,115</u> 9,775,115
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	626,713
Landfill closure costs	(436,636)
Accrued interest payable	122,447
Deferred outflows of resources - loss on refunding	(60,221)
Net pension liability, net of deferrals	(3,809,496)
Retirement incentives and other pension obligations payable	1,063,313
Other postemployment benefits liability	<u>(9,457,254)</u> (11,951,134)
The net operating deficit of the internal service funds is reported within governmental activities.	<u>(295,778)</u>
Change in net position of governmental activities	<u>\$ (2,747,991)</u>

Town of Ramapo, New York

Statement of Net Position - Proprietary Funds

	December 31, 2017	
	Business-Type Activity	Governmental Activities
	Local Development Corporation	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,944	\$ 8,163
Accounts receivable	204,636	-
Due from governmental funds	-	108,591
Prepaid expenses	-	86,600
Property under sales contracts	2,040,585	-
	2,258,165	203,354
NONCURRENT ASSETS		
Capital assets		
Non-depreciable	8,338,047	-
Depreciable, net	29,813,541	-
	38,151,588	-
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	664,491	-
	41,074,244	203,354
LIABILITIES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	128,780	26,463
Due to general fund	150,000	-
Interest payable	312,929	-
Bonds payable, current	660,911	-
Deposits under sales contract	1,162,681	-
Claims payable, current	-	1,324,420
Judgments payable, current	-	14,274
	2,415,301	1,365,157
NONCURRENT LIABILITIES		
Bonds payable, net of current portion	24,342,883	-
Claims payable, net of current portion	-	10,307,684
Judgments payable, net of current portion	-	445,000
Total liabilities	26,758,184	12,117,841
NET POSITION (DEFICIT)		
Net investment in capital assets	13,812,285	-
Unrestricted (deficit)	503,775	(11,914,487)
	\$ 14,316,060	\$ (11,914,487)
Total net position (deficit)	\$ 14,316,060	\$ (11,914,487)

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, 2017	
	Business-Type Activity	Governmental Activities
	Local Development Corporation	Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 553,077	\$ 1,418,250
Insurance recoveries	-	367,282
Total operating revenues	553,077	1,785,532
OPERATING EXPENSES		
General and administrative	104,348	542,202
Salaries and employee benefits	366,730	-
Professional fees	89,232	-
Utilities	292,953	-
Repairs and maintenance	235,883	-
Real estate taxes	165,968	-
Depreciation	1,186,808	-
Claims	-	1,347,517
Judgments	-	1,945,922
Total operating expenses	2,441,922	3,835,641
Operating loss	(1,888,845)	(2,050,109)
NONOPERATING REVENUES (EXPENSES)		
Interest income	72	822
Interest expense	(1,018,040)	-
Total nonoperating revenues (expenses)	(1,017,968)	822
OTHER FINANCING SOURCES		
Operating transfers in	-	1,753,509
Contribution from the Town of Ramapo	1,232,313	-
Total other financing sources	1,232,313	1,753,509
CHANGES IN NET POSITION (DEFICIT)	(1,674,500)	(295,778)
NET POSITION (DEFICIT), <i>beginning of year</i>	15,990,560	(11,618,709)
NET POSITION (DEFICIT), <i>end of year</i>	\$ 14,316,060	\$ (11,914,487)

Town of Ramapo, New York

Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2017	
	Business-Type Activity	Governmental Activities
	Local Development Corporation	Internal Service Fund
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from providing services	\$ 455,313	\$ -
Cash received from insurance recoveries and interfund transfers	-	1,814,267
Cash received for deposits under sales contract	1,194,264	-
Cash paid for contractual expenses	(868,065)	(4,007,822)
Cash paid for personal services and employee benefits	(366,730)	-
	414,782	(2,193,555)
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	-	1,753,509
Contribution from the Town of Ramapo	1,232,313	-
	1,232,313	1,753,509
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond repayments	(555,000)	-
Interest payments	(1,081,225)	-
	(1,636,225)	-
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income received	72	822
	10,942	(439,224)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>		
	2,002	447,387
CASH AND CASH EQUIVALENTS, <i>end of year</i>		
	\$ 12,944	\$ 8,163
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (1,888,845)	\$ (2,050,109)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation expense	1,186,808	-
Changes in operating assets and liabilities		
Accounts receivable	(97,764)	28,735
Due to general fund	9,102	-
Due from fiduciary fund	-	600
Accounts payable and accrued expenses	42,800	(9,114)
Deposits under sales contract	1,162,681	-
Claims and judgments payable	-	(163,667)
	\$ 414,782	\$ (2,193,555)

See accompanying Notes to Financial Statements.

Town of Ramapo, New York

Statement of Assets and Liabilities - Fiduciary Funds

	December 31, 2017
	Agency Fund
ASSETS	
Cash and equivalents, restricted	\$ 2,457,690
Accounts receivable	86,079
	<u>\$ 2,543,769</u>
LIABILITIES	
Due to other funds	\$ 174,038
Deposits payable	2,369,731
	<u>\$ 2,543,769</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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 (Corporation) 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 Corporation.

The Corporation is reported as a major enterprise fund in the Town's financial statements. The Corporation 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 Town's support of the Corporation is critical to its operations and financial condition. The Corporation's revenues and cash flows from operations are not sufficient to meet its debt service requirements and day-to-day cash needs. As a result, the Corporation is dependent upon the Town for short-term liquidity in the form of inter-organization loans (see Note 3a) and contributions. In addition, the Town incurs administrative and operational costs on behalf of the Corporation. See Note 1e regarding the Town's contribution of property held for sale or redevelopment to the Corporation. A summary of amounts reported as contributions from the Town to the Corporation for the year ended December 31, 2017 are as follows:

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

a. Financial Reporting Entity - Continued

Operating costs	\$ 954,865
Debt service costs	<u>277,448</u>
	<u>\$ 1,232,313</u>

In September 2017, the Town began making the majority of debt service payments on the Corporation's outstanding bonds, which the Town has guaranteed, without being reimbursed. Debt service payments by the Town that the Corporation has the ability to repay are recorded as due to the Town (see Note 3). Debt service payments by the Town that the Corporation does not have the ability to repay are recorded as contributions from the Town. The Corporation remains contingently liable to reimburse debt service costs incurred on its behalf by the Town to the Town if it is ever able to do so. The Corporation is contingently liable to the Town for the repayment of contributions for debt service costs of \$277,348 as of December 31, 2017. The Town has not recorded this contingent receivable in its financial statements due to the financial uncertainty of the Corporation.

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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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, reconciliations are presented, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities columns 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:

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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

c. Fund Financial Statements - Continued

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 Corporation. 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.

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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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

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, 2017.

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 were fully covered by depository insurance and collateral and, therefore, were not exposed to custodial credit risk at December 31, 2017.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. An allowance for doubtful accounts of \$490,671 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.

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).

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

Capital Assets -Continued

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

Management periodically reviews capital assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified in 2017.

Property Under Sales Contracts and Deposits Held Under Sales Contracts - The Corporation values property under sales contracts at the lower of cost or net realizable value. When property is transferred from the Town, cost represents the Town's carrying value at the time of transfer. In March 2016, the Town transferred, without consideration, a parcel of land to the Corporation, located at 301 Pomona Road, at \$2,040,585, the Town's carrying value at the time of transfer. Management has evaluated the property's net realizable value and determined that no impairment was necessary for the year ended December 31, 2017.

In April 2017, the Corporation entered into a transaction for the sale of its property 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 that time, the buyer made a down payment of approximately \$1.2 million. The total potential sale 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 Corporation 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 Corporation has an option that would monetize their profit share based on a formula.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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 Under Sales Contracts and Deposits Held Under Sales Contracts - Continued

The Corporation's property sales are accounted for in accordance with GASB Codification Section R30: *Real Estate*. In accordance with these provisions, the Corporation has determined that the above sale has not been consummated for accounting purposes as all consideration under the arrangement has not been exchanged. Under the terms of the contract, the consideration to be exchanged is contingent and variable upon the developer's ability to obtain necessary approvals from certain governmental organizations. Accordingly, the Corporation has applied the deposit method of accounting for reporting this transaction. Under the deposit method, the seller (Corporation) does not recognize any gain or receivable from the buyer (developer) and continues to report in its financial statement the underlying property. Cash received from the buyer (developer) of \$1,194,264 is reported as a deposit on the sales contract, net of deferred closing costs of \$31,583.

The deposit under sales contract, net of deferred selling costs, will be recognized upon the finalization of the consideration amount, which is expected to occur when the buyer (developer) obtains the necessary approvals from certain governmental organizations. 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.

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.

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 \$664,491 for deferred loss on refunding bonds in the business-type activities statements of net position. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred loss on refunding is being amortized on a straight-line basis and is reported as a component of interest expense.

The Town has reported deferred inflows of resources of \$1,393,475 as real property taxes received in advance of the lien date in the General Fund and the governmental activities.

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 and judgments payable, landfill closure costs, pollution remediation, retirement incentives and other pension obligations payable, other postemployment benefits liability and the net pension liability.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

Long-Term Liabilities - Continued

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.

Claims and Judgments 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 and judgment 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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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 \$1,549,476 at December 31, 2017 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, 2017. 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 8.

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 8 provides detail of the programs with which the Town has elected to participate.

Other Postemployment 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.

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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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 - 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.

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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through October 30, 2019, the date the financial statements were available to be issued.

In September 2019, the Town issued a Bond Anticipation Note (BAN) in the amount of \$1,200,000 to finance repairs and reconstruction of a bridge

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) The Town Clerk presents the tentative budget to the Town Board at a regular or special Town Board meeting by October 5th.
- c) The Town Board reviews the tentative budget and may modify it by passing a resolution in a Town Board meeting. Once the changes are approved, the tentative budget becomes the Preliminary Budget which is filed with the Town Clerk and made available to the public.
- d) The Town Board must then hold a public hearing by the Thursday following election day.
- e) After the public hearing, the Town Board may modify the preliminary budget which then becomes the final budget to be adopted by resolution at a Town Board meeting by November 20th.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 2 - Stewardship, Compliance, and Accountability - Continued

a. Budgetary Data - Continued

- f) 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.

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, Fire Districts 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 funds reflect deficits a December 31, 2017:

<u>Fund</u>	<u>Deficit Amount</u>
Governmental Funds	
General Fund	\$ 13,856,124
Highway Fund	1,279,107
Proprietary Funds	
Workers' Compensation Internal Service Fund	11,532,239
General Liability Internal Service Fund	382,248

Town of Ramapo, New York

Notes to Financial Statements
December 31, 2017

Note 2 - Stewardship, Compliance, and Accountability - Continued

d. Fund Deficits - Continued

The Workers' Compensation Fund and General Liability Fund deficits are attributable to the accrual of claims and judgments, including claims and judgments incurred not reported, which will be satisfied in subsequent years.

The Town has developed and implemented a plan to address the governmental funds' deficits in the ensuing years, which include budgetary measures, realignment of property tax rates and disposition of property determined to be surplus. The Town's 2019 tax levy included a provision to raise \$3.3 million for the specific purpose of restoring the General Fund's fund balance. In March of 2019, the Town Board passed a resolution authorizing the General Fund to repay \$3.3 million in interfund loans.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 3 - Interfund Balances

a. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2017 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	Corporation	Total
General	\$ -	\$ 1,127,652	\$ 1,849,824	\$ 1,055,526	\$ 616,449	\$ -	\$ -	\$ 4,649,451	\$ -	\$ 150,000	\$ 4,799,451
Town Outside Villages	1,235,489	-	-	-	40,612	2,528	-	1,278,629	1,151	-	1,279,780
Police	6,094,162	-	-	162,200	5,516	-	-	6,261,878	172,887	-	6,434,765
Highway	389,466	-	-	-	-	1,894	530,000	921,360	-	-	921,360
Special Districts	6,978,638	-	-	-	-	7,412	1,221,976	8,208,026	-	-	8,208,026
Debt Service	1,751,975	-	-	-	-	717	-	1,752,692	-	-	1,752,692
Total Governmental	16,449,730	1,127,652	1,849,824	1,217,726	662,577	12,551	1,751,976	23,072,036	174,038	150,000	23,396,074
Internal Service	108,591	-	-	-	-	-	-	108,591	-	-	108,591
Total	<u>\$ 16,558,321</u>	<u>\$ 1,127,652</u>	<u>\$ 1,849,824</u>	<u>\$ 1,217,726</u>	<u>\$ 662,577</u>	<u>\$ 12,551</u>	<u>\$ 1,751,976</u>	<u>\$ 23,180,627</u>	<u>\$ 174,038</u>	<u>\$ 150,000</u>	<u>\$ 23,504,665</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.

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, 2017 are as follows:

Transfers and Contributions from/to Other Funds	Transfers to Other Funds					Total
	General	Town Outside Village	Police	Highway	Special Districts	
Debt Service	\$ 7,878,005	\$ 45,612	\$ 177,002	\$ 4,016,403	\$ 350,787	\$ 12,467,809
Internal Service	1,538,368	65,141	150,000	-	-	1,753,509
Corporation	1,232,313	-	-	-	-	1,232,313
Total	<u>\$ 10,648,686</u>	<u>\$ 110,753</u>	<u>\$ 327,002</u>	<u>\$ 4,016,403</u>	<u>\$ 350,787</u>	<u>\$ 15,453,631</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. Contributions are made to move resources to the enterprise fund (Corporation) for expenditures incurred on the Corporation's behalf.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 3 - Interfund Balances - Continued

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

Changes in governmental activities' capital assets during 2017 is as follows:

	Governmental Activities			Balance, December 31, 2017
	Balance, January 1, 2017	Additions	Retirements and Transfers	
Capital assets not being depreciated				
Land	\$ 40,333,786	\$ -	\$ -	\$ 40,333,786
Capital assets being depreciated				
Land improvements	41,178,487	138,479	-	41,316,966
Buildings and improvements	70,514,664	71,023	-	70,585,687
Machinery and equipment	15,833,054	476,361	-	16,309,415
Infrastructure	67,272,173	-	-	67,272,173
Total capital assets being depreciated	<u>194,798,378</u>	<u>685,863</u>	<u>-</u>	<u>195,484,241</u>
Less accumulated depreciation for				
Land improvements	(15,686,549)	(1,798,495)	-	(17,485,044)
Buildings and improvements	(20,398,638)	(961,727)	-	(21,360,365)
Machinery and equipment	(11,435,821)	(798,202)	-	(12,234,023)
Infrastructure	(20,349,637)	(1,888,712)	-	(22,238,349)
Total accumulated depreciation	<u>(67,870,645)</u>	<u>(5,447,136)</u>	<u>-</u>	<u>(73,317,781)</u>
Total capital assets being depreciated, net	<u>126,927,733</u>	<u>(4,761,273)</u>	<u>-</u>	<u>122,166,460</u>
Total capital assets, net	<u>\$ 167,261,519</u>	<u>\$ (4,761,273)</u>	<u>\$ -</u>	<u>\$ 162,500,246</u>

Within 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 Corporation.

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

General government support	\$ 95,829
Public safety	200,226
Transportation	1,763,191
Culture and recreation	2,860,989
Home and community services	<u>526,901</u>
Total depreciation expense	<u>\$ 5,447,136</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 4 - Capital Assets - Continued

Changes in business-type activities' capital assets during 2017 is as follows:

	Business-Type Activities			Balance, December 31, 2017
	Balance, January 1, 2017	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	(802,224)	(141,872)	-	(944,096)
Buildings	(3,793,813)	(670,930)	-	(4,464,743)
Machinery and equipment	(1,133,352)	(374,006)	-	(1,507,358)
Total accumulated depreciation	<u>(5,729,389)</u>	<u>(1,186,808)</u>	<u>-</u>	<u>(6,916,197)</u>
Total capital assets being depreciated, net	<u>31,000,349</u>	<u>(1,186,808)</u>	<u>-</u>	<u>29,813,541</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>\$ 39,338,396</u>	<u>\$ (1,186,808)</u>	<u>\$ -</u>	<u>\$ 38,151,588</u>

Note 5 - Accrued Liabilities

Accrued liabilities within the governmental funds consist of pension contributions payable, payroll and other employee benefits. Amounts by fund at December 31, 2017 are as follows:

Purpose	General	Town Outside Villages	Police	Highway	Special Districts	Total
Payroll and employee benefits	<u>\$ 2,885,831</u>	<u>\$ 292,271</u>	<u>\$ 6,940,550</u>	<u>\$ 726,442</u>	<u>\$ 162,531</u>	<u>\$ 11,007,625</u>

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, 2017	Issued	Redemptions	Balance December 31, 2017
<i>Capital Projects Fund</i>							
Various projects	February 2016	2.95%	\$ 2,000,000	\$ 1,535,000	\$ -	\$ 1,535,000	\$ -
Various projects	February 2017	3.10%	1,535,000	-	1,045,000	-	1,045,000
				<u>\$ 1,535,000</u>	<u>\$ 1,045,000</u>	<u>\$ 1,535,000</u>	<u>\$ 1,045,000</u>

Interest expenditure on the modified accrual basis was \$45,157 for the year ended December 31, 2017 and was recorded in the General Fund. Interest expense on the accrual basis was \$35,024 and was recorded to the government-wide financial statements.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 7 - Long-Term Liabilities

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

	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Long-term debt					
Bonds payable	\$ 114,710,000	\$ -	\$ 9,760,000	\$ 104,950,000	\$ 9,220,000
Plus unamortized premium on bonds	220,242	-	20,530	199,712	20,530
Less unamortized discount on bonds	(52,801)	-	(5,415)	(47,386)	(5,415)
	<u>114,877,441</u>	<u>-</u>	<u>9,775,115</u>	<u>105,102,326</u>	<u>9,235,115</u>
Other noncurrent liabilities					
Compensated absences	6,133,016	613,302	1,240,015	5,506,303	550,600
Claims and judgments payable	12,255,045	1,803,200	1,966,867	12,091,378	1,338,694
Landfill closure costs	1,112,840	608,800	172,164	1,549,476	172,164
Pollution remediation	159,790	-	-	159,790	105,180
Net pension liability	24,959,627	12,148,168	21,605,900	15,501,895	-
Retirement incentives and other pension obligations payable	21,529,274	1,067,986	2,131,299	20,465,961	2,321,248
Other postemployment benefits liability	<u>62,751,942</u>	<u>17,261,683</u>	<u>7,804,429</u>	<u>72,209,196</u>	<u>-</u>
Total other noncurrent liabilities	<u>128,901,534</u>	<u>33,503,139</u>	<u>34,920,674</u>	<u>127,483,999</u>	<u>4,487,886</u>
Total governmental activities	<u>\$ 243,778,975</u>	<u>\$ 33,503,139</u>	<u>\$ 44,695,789</u>	<u>\$ 232,586,325</u>	<u>\$ 13,723,001</u>

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

	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Bonds payable	\$ 23,495,000	\$ -	\$ 555,000	\$ 22,940,000	\$ 575,000
Plus unamortized premium on bonds	<u>2,149,785</u>	<u>-</u>	<u>85,991</u>	<u>2,063,794</u>	<u>85,991</u>
	<u>\$ 25,644,785</u>	<u>\$ -</u>	<u>\$ 640,991</u>	<u>\$ 25,003,794</u>	<u>\$ 660,991</u>

Each governmental fund's liability for compensated absences, claims and judgments payable, landfill closure costs, net pension liability, pollution remediation, retirement incentives and other pension obligations payable 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.

a. Bonds Payable

The Town's bonds payable at December 31, 2017 are comprised of the following individual issues:

Purpose	Issue Year	Original Issue Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2017
Serial Bonds:					
Public Improvements (Series A)	2006	\$ 12,050,000	3.750 - 4.000%	August 2021	\$ 3,980,000
Public Improvements (Series B)	2006	10,000,000	4.375 - 4.500%	May 2036	7,915,000
Public Improvements (Series A-1)	2008	8,050,000	4.000 - 4.500%	September 2030	4,230,000
Public Improvements (Series A-2)	2008	11,935,000	4.000 - 4.500%	September 2030	9,840,000
Public Improvements (Series B)	2008	15,000,000	4.500 - 5.625%	September 2023	7,405,000
Public Improvements (Series A)	2010	12,000,000	2.000 - 3.000%	September 2022	5,435,000
Public Improvements (Series A)	2012	19,330,000	2.000 - 3.000%	November 2025	16,105,000
Public Improvements (Series A)	2013	1,000,000	2.000 - 3.500%	March 2028	770,000
Refunding Bonds	2013	11,245,000	2.000 - 5.000%	March 2034	5,990,000
Public Improvements (Series A)	2014	2,495,000	4.000%	May 2024	1,850,000
Public Improvements (Series B)	2015	33,345,000	3.000 - 4.125%	May 2028	29,585,000
Public Improvements (Series B)	2015	5,000,000	3.000 - 5.000%	May 2026	4,230,000
Refunding Bonds	2015	8,440,000	2.000 - 3.750%	May 2026	7,090,000
New York Environmental Facilities Corporation Bonds:					
Public Improvements Refunding Bonds	2015	230,000	3.529 - 4.129%	October 2034	125,000
Torne Valley Refunding Bonds	2015	440,000	3.808 - 4.569%	May 2034	400,000
					<u>\$ 104,950,000</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 7 - Long-Term Liabilities - Continued

a. Bonds Payable - Continued

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 Corporation's professional baseball stadium, of which approximately \$22.7 million remain outstanding as of December 31, 2017.

Interest expenditure on the Town's bonds payable was \$4,055,257 for the year ended December 31, 2017 and was recorded in the Debt Service Fund. Interest expense was \$3,965,420 for the year ended December 31, 2017 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,			
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	8,995,000	2,445,024	11,440,024
2023 through 2027	35,450,000	7,783,853	43,233,853
2028 through 2032	16,380,000	2,486,672	18,866,672
2033 through 2036	6,310,000	423,546	6,733,546
	\$ 104,950,000	\$ 26,224,332	\$ 131,174,332

The Corporation's bonds payable at December 31, 2017 is comprised of the following issuance:

Purpose	Issue Year	Original Issue Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2017
Baseball Stadium - Refunding Bonds	2013	\$25,000,000	March 2041	2.000 - 5.000%	\$ 22,940,000

Interest expense on Corporation bonds payable was \$1,186,808 for the year ended December 31, 2017.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 7 - Long-Term Liabilities - Continued

a. Bonds Payable - Continued

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

	Principal	Interest	Total
For the year ending December 31,			
2018	\$ 575,000	\$ 1,064,275	\$ 1,639,275
2019	590,000	1,046,800	1,636,800
2020	605,000	1,028,875	1,633,875
2021	625,000	1,010,425	1,635,425
2022	645,000	991,375	1,636,375
2023 through 2027	3,615,000	4,532,475	8,147,475
2028 through 2032	4,590,000	3,519,750	8,109,750
2033 through 2037	5,865,000	2,219,375	8,084,375
2038 through 2041	5,830,000	600,500	6,430,500
	\$ 22,940,000	\$ 16,013,850	\$ 38,953,850

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

b. Claims and Judgments 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 and judgments 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 and judgments liability incurred is based on an analysis based on historical trends.

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

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

	Year Ended December 31, 2017		
	Workers' Compensation Benefits	General Liability Claims	Total
Balance, January 1, 2017	\$ 11,935,771	\$ 319,274	\$ 12,255,045
Provision for claims and claims adjustment expenses	1,601,430	201,770	1,803,200
Less claims and claims adjustment expenses paid	(1,905,097)	(61,770)	(1,966,867)
Balance, December 31, 2017	\$ 11,632,104	\$ 459,274	\$ 12,091,378

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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.

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, 2017 was approximately 15.5% and 24.3% 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>
2017	\$ 3,545,488	\$ 6,899,880
2016	3,243,464	6,095,546
2015	3,530,832	4,473,420

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 8 - Pension Plans - Continued

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

At December 31, 2017, the Town reported a liability of \$15,501,895 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, 2017, 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, 2017, the Town's proportion was 0.0676387% in the Employee Retirement System and 0.4412901% in the Police and Fire Retirement System.

For the year ended December 31, 2017, the Town recognized pension expense of \$12,148,168. At December 31, 2017, 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	\$ 159,262	\$ 965,116	\$ 1,199,851	\$ 1,580,297
Changes of assumptions	2,171,267	-	4,506,051	-
Net differences between projected and actual investment earnings on pension plan investments	1,269,448	-	1,366,003	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	866,652	155,319	11,530,189	34,166
Contributions subsequent to the measurement date	2,855,000	-	5,808,950	-
Total	\$ 7,321,629	\$ 1,120,435	\$ 24,411,044	\$ 1,614,463

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. 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,			
2018	\$ 1,447,989	\$ 4,696,223	\$ 6,144,212
2019	1,447,989	4,696,223	6,144,212
2020	1,260,292	4,594,270	5,854,562
2021	(810,076)	2,607,666	1,797,590
2022	-	393,249	393,249
Total	\$ 3,346,194	\$ 16,987,631	\$ 20,333,825

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 8 - Pension Plans - Continued

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. 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, 2017 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, 2017 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic funds	3.00%	4.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indeed bonds	4.00%	1.50%
	<u>100.00%</u>	

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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 <u>(6.0%)</u>	<u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
<u>\$ 20,298,162</u>	<u>\$ 6,355,486</u>	<u>\$ (5,433,021)</u>
PFRS		
	Current Discount	
1% Decrease <u>(6.0%)</u>	<u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
<u>\$ 25,929,539</u>	<u>\$ 9,146,409</u>	<u>\$ (4,930,528)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan net position	<u>(168,004,363)</u>	<u>(29,597,830)</u>	<u>(197,602,193)</u>
Employers' net pension liability	<u>\$ 9,396,223</u>	<u>\$ 2,072,653</u>	<u>\$ 11,468,876</u>
Ratio of plan net position to the employers' total pension liability	94.7%	93.5%	94.5%

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 8 - Pension Plans - Continued

Retirement Incentives and Other Pension Obligations

For the years ended December 31, 2011 - 2017, 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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 8 - Pension Plans - Continued

Retirement Incentives and Other Pension Obligations - Continued

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

	Balance January 1, 2017	Current Year Deferral	Current Year Amortization	Balance December 31, 2017	Due Within One Year
Deferred retirement bill					
2017/18 ERS invoice	\$ -	\$ 351,265	\$ -	351,265	\$ 24,318
2016/17 ERS invoice	468,758	-	33,730	435,028	34,617
2015/16 ERS invoice	1,168,575	-	89,795	1,078,780	92,767
2014/15 ERS invoice	1,309,323	-	111,609	1,197,714	115,515
2013/14 ERS invoice	1,404,796	-	134,055	1,270,741	139,094
2012/13 ERS invoice	884,279	-	136,708	747,571	140,809
2011/12 ERS invoice	448,490	-	83,219	365,271	86,338
	<u>5,684,221</u>	<u>351,265</u>	<u>589,116</u>	<u>5,446,370</u>	<u>633,458</u>
2017/18 PFRS invoice	-	716,721	-	716,721	49,619
2016/17 PFRS invoice	520,553	-	37,457	483,096	38,442
2015/16 PFRS invoice	780,183	-	59,950	720,233	61,934
2014/15 PFRS invoice	1,283,891	-	109,441	1,174,450	113,271
2013/14 PFRS invoice	1,097,868	-	104,765	993,103	108,704
2012/13 PFRS invoice	796,903	-	123,199	673,704	126,896
2011/12 PFRS invoice	215,656	-	40,015	175,641	41,516
	<u>4,695,054</u>	<u>716,721</u>	<u>474,827</u>	<u>4,936,948</u>	<u>540,382</u>
Total retirement bill	10,379,275	1,067,986	1,063,943	10,383,318	1,173,840
Past service cost liability 2017 PFRS	<u>11,149,999</u>	<u>-</u>	<u>1,067,356</u>	<u>10,082,643</u>	<u>1,147,408</u>
Total retirement incentives and other pension obligations	<u>\$ 21,529,274</u>	<u>\$ 1,067,986</u>	<u>\$ 2,131,299</u>	<u>\$ 20,465,961</u>	<u>\$ 2,321,248</u>

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

	Principal	Interest	Total
For the year ending December 31,			
2018	\$ 2,321,248	\$ 1,070,962	\$ 3,392,210
2019	2,446,945	947,713	3,394,658
2020	2,580,448	816,738	3,397,186
2021	2,722,284	677,513	3,399,797
2022	2,724,892	529,465	3,254,357
2023 through 2027	7,367,247	708,067	8,075,314
2028 through 2029	302,897	2,491	305,388
	<u>\$ 20,465,961</u>	<u>\$ 4,752,949</u>	<u>\$ 25,218,910</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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, 2016, 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 2017, the amount actually contributed to the Plan and changes in the Town's net OPEB obligation to the Plan:

Annual required contribution and OPEB expense	\$ 14,751,605
Interest on net OPEB obligation	2,510,078
Adjustment to ARC	(3,281,997)
Annual OPEB cost	13,979,686
Contributions made	(4,522,432)
Increase in net OPEB obligation	9,457,254
Net OPEB liability, <i>beginning of year</i>	62,751,942
Net OPEB liability, <i>end of year</i>	\$ 72,209,196

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, 2017, 2016 and 2015 are as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	\$ 13,979,686	32.35%	\$ 72,209,196
12/31/2016	13,396,721	30.17%	62,751,942
12/31/2015	12,778,187	32.75%	53,396,735

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 9 - Other Postemployment Benefits - Continued

As of December 31, 2017, the actuarial accrued liability for benefits was \$167,930,224, 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.

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 Balances

A summary of the Town's governmental fund balances as of December 31, 2017 is as follows:

	General	Town Outside Villages	Police	Highway	Special Districts	Debt Service	Capital Projects	Total
Restricted								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,227	\$ -	\$ 2,227
Capital projects	-	-	-	-	-	-	6,596,255	6,596,255
Law enforcement	-	-	261,593	-	-	-	-	261,593
Total restricted	-	-	261,593	-	-	2,227	6,596,255	6,860,075
Assigned								
Encumbrances								
General government	106,473	6,000	-	-	-	-	-	112,473
Public safety	-	-	476,099	-	-	-	-	476,099
Home and community service	-	-	-	-	15,370	-	-	15,370
Transportation	-	-	-	5,584	-	-	-	5,584
Specific use								
Public safety	-	-	6,288,483	-	-	-	-	6,288,483
Consolidated water district	-	-	-	-	2,950,833	-	-	2,950,833
Consolidated ambulance district	-	-	-	-	4,272,555	-	-	4,272,555
Consolidated sewer district	-	-	-	-	3,693,556	-	-	3,693,556
Street lighting district	-	-	-	-	2,832,508	-	-	2,832,508
Refuse and garbage district	-	-	-	-	1,399,256	-	-	1,399,256
Combined fire district	-	-	-	-	455,039	-	-	455,039
Total assigned	106,473	6,000	6,764,582	5,584	15,619,117	-	-	22,501,756
Unassigned								
Fund balance (deficit)	(13,962,597)	309,037	-	(1,284,691)	-	-	-	(14,938,251)
Total fund balances	\$ (13,856,124)	\$ 315,037	\$ 7,026,175	\$ (1,279,107)	\$ 15,619,117	\$ 2,227	\$ 6,596,255	\$ 14,423,580

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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, 2017.

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.

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. Information relevant to the disclosure of these property tax abatement agreements for the year ended December 31, 2017 is as follows:

Property Owner	Taxable Assessed Value	Tax Rate per 000	Tax Value	PILOT Received	Taxes Abated
Avon	\$ 6,811,800	\$ 12.531	\$ 85,361	\$ 19,456	\$ 65,905
Youngblood Housing	423,000	12.531	5,301	1,337	3,964
Snedden Place	2,050,000	12.531	25,689	11,570	14,119
Spring Valley Site Senior Housing	880,000	12.531	11,028	1,272	9,756
Spring Valley Site IV	2,000,000	12.531	25,063	2,000	23,063
Esther Dashew - FLG Companies	1,118,700	12.531	14,019	5,042	8,977
Empire Executive Inn	1,057,000	46.1294	48,759	32,637	16,122
Stef Two Realty	2,298,000	46.1294	106,005	94,497	11,508
Raymour & Flanigan	4,850,000	46.1294	223,728	165,845	57,883
Millennium Pipeline	4,825,420	46.1294	222,594	38,347	184,247
Airmont Gardens - L&M Airmont	600,000	46.1294	27,678	17,197	10,481
Liptis Holding	400,000	46.1294	18,452	12,043	6,409
Wilson Avenue	2,100,000	46.1294	96,872	26,990	69,882
Sycamore Crest	1,117,300	46.1294	51,540	43,066	8,474
Fountainview	4,480,515	46.1294	206,683	79,063	127,620
Montebello Commons	2,300,000	46.1294	106,098	1,581	104,517
Schoolhouse Road Estates	1,022,635	46.1294	47,174	42,807	4,367
Spook Rock United Elderly I, II & III	2,500,000	46.1294	115,324	11,980	103,344
Jawanio	450,000	46.1294	20,758	1,859	18,899
Oakwood Housing	456,000	46.1294	21,035	2,258	18,777
	<u>\$ 41,740,370</u>		<u>\$ 1,479,161</u>	<u>\$ 610,847</u>	<u>\$ 868,314</u>

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 11 - Commitments and Contingencies - Continued

d. Corporation Commitments

The Corporation entered into a 20-year lease commencing June 2011 with the Rockland Boulders, a professional baseball team which is a member of the Canadian American League. Pursuant to the lease, the team maintains their administrative offices in the Stadium building for the entire year. In addition, the team has exclusive rights to the field and Stadium for 65 days a year to accommodate their home game season schedule and pre-season events. The base rent is \$175,000 per year plus additional rent, subject to deductions for certain direct expenses, calculated as follows:

- \$1 for every fixed seat ticket sold per professional baseball game up to and including the first 150,000 tickets sold (excluding suite seats sold, which are paid on a gross basis without deduction for the Corporation's expenses).
- \$2 for every fixed seat ticket sold per professional baseball game above the first 150,000 tickets sold.
- \$2 for each car paid and parked for a professional baseball game, as long as the Corporation provides at a minimum 1,200 parking spaces for each event.
- 20% of the Corporation's share of proceeds from sales of merchandise sold at the ballpark on the days professional baseball games are played.
- 10% of the Corporation's share of proceeds from all food and beverage items sold.
- 50% of net revenue from all broadcast advertising.
- 50% of any ballpark naming rights.
- 50% of revenue from licensing of or other grant of use rights to ballpark suites.

The lease provides that within sixty (60) days prior to the eleventh (11th) anniversary date of the opening date, the parties to this agreement have agreed to meet in good faith to discuss equitable adjustments to the rental amounts per the original agreement.

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 Corporation, the former Town Supervisor and President of the Corporation, the former Executive Director of the Corporation, the Town Attorney and the former Deputy Finance Director in connection with fraudulent misrepresentations and omissions about the financial condition of the Town and Corporation in connection with security offerings made by the Town and Corporation 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 Corporation, and the former Executive Director of the Corporation with 22 counts of conspiracy, securities fraud and wire fraud. According to the indictment, the defendants lied about the Town's and Corporation's financial conditions in order to ensure successful sales of municipal bonds issued by the Town and Corporation and to get better ratings on those bonds so that the Town and the Corporation would be required to pay less interest on the bonds.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 12 - Other Matters

Securities and Exchange Commission Investigation - Continued

On March 7, 2017, the former Executive Director of the Corporation 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 Corporation was found guilty by a federal jury of 20 counts of conspiracy, securities fraud and wire fraud and was thus dismissed from his positions.

On November 29, 2017, the Town and the Corporation entered into a final judgment with the SEC which permanently enjoins the Town and Corporation 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 Corporation as follows:

- a) Requiring the Town and Corporation to retain an independent consultant (IC) with municipal finance experience appointed by the Court to review and recommend improvements to the Town's and Corporation's financial reporting procedures and controls, as well as the Town's and the Corporation's municipal securities offerings disclosure policies and procedures, to require the Town and Corporation to adopt any such recommendations, and for the IC to review and assess the sufficiency of the Town's and Corporation's implementation of the IC's recommendations for two full fiscal years thereafter;
- b) Requiring the Town and Corporation, 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 Corporation'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 Corporation may not participate in the offer and sale of any municipal securities for which the Town and Corporation are issuers or obligated persons unless the Town and Corporation 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 Corporation 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 and the Corporation have 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 Corporation was sentenced to 30 months in prison and fined \$75,000.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

Note 12 - Other Matters

Securities and Exchange Commission Investigation - Continued

On June 6, 2018, the SEC obtained final Judgments against the former Executive Director of the Corporation, the Town Attorney and the former Deputy Finance Director. The Judgment permanently enjoins the former Executive Director of the Corporation, 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.

The former Executive Director of the Corporation 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 Corporation 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. 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. 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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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.

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.

Town of Ramapo, New York

Notes to Financial Statements December 31, 2017

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

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 Other Postemployment Benefits Liability December 31, 2017

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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
New York State and Local Employees' Retirement System				
Town's proportion of the net pension liability	0.0676387%	0.0724094%	0.0714912%	0.0714912%
Town's proportionate share of the net pension liability	\$ 6,355,486	\$ 11,621,912	\$ 2,415,148	\$ 3,230,588
Town's covered-employee payroll	\$ 19,870,167	\$ 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	31.99%	59.80%	12.89%	17.68%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%	97.15%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
New York State and Local Police and Fire Retirement System				
Town's proportion of the net pension liability	0.4412901%	0.4504787%	0.4253619%	0.4253619%
Town's proportionate share of the net pension liability	\$ 9,146,409	\$ 13,337,715	\$ 1,170,849	\$ 1,770,822
Town's covered-employee payroll	\$ 20,202,418	\$ 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	45.27%	73.98%	6.58%	10.45%
Plan fiduciary net position as a percentage of the total pension liability	93.46%	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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
New York State and Local Employees' Retirement System				
Contractually required contribution	\$ 3,545,488	\$ 3,243,464	\$ 3,530,832	\$ 3,244,108
Contributions in relation to the contractually required contribution	\$ 3,545,488	\$ 3,243,464	3,530,832	3,244,108
Contribution deficiency	-	-	-	-
Town's covered-employee payroll	\$ 19,870,167	\$ 19,436,160	\$ 18,729,889	\$ 18,276,639
Contributions as a percentage of covered-employee payroll	17.84%	16.69%	18.85%	17.75%
New York State and Local Police and Fire Retirement System				
Contractually required contribution	\$ 6,899,880	\$ 6,095,546	\$ 4,473,420	\$ 3,776,621
Contributions in relation to the contractually required contribution	\$ 6,899,880	\$ 6,095,546	\$ 4,473,420	\$ 3,776,621
Contribution deficiency	-	-	-	-
Town's covered-employee payroll	\$ 20,202,418	\$ 18,029,520	\$ 17,787,619	\$ 16,948,516
Contributions as a percentage of covered-employee payroll	34.15%	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, 2017			Variance With Actual vs. Modified Positive (Negative)
	2017 Adopted Budget	2017 Modified Budget	2017 Actual	
REVENUES				
Real property taxes	\$ 16,546,960	\$ 16,546,960	\$ 16,593,775	\$ 46,815
Other property tax items	537,000	537,000	837,695	300,695
Non-property tax items	2,195,000	2,195,000	4,665,778	2,470,778
Departmental income	8,954,650	8,954,650	7,775,460	(1,179,190)
Use of money and property	355,000	355,000	257,442	(97,558)
Licenses and permits	7,500	7,500	6,768	(732)
Fines and forfeitures	880,000	880,000	936,529	56,529
Sale of property and compensation for loss	2,020,000	2,020,000	3,008	(2,016,992)
Miscellaneous	-	8,150	31,362	23,212
State aid	2,387,000	2,387,000	427,314	(1,959,686)
Federal aid	-	-	5,074	5,074
Interfund revenues	6,817,082	6,817,082	4,968,155	(1,848,927)
Total revenues	40,700,192	40,708,342	36,508,360	(4,199,982)
EXPENDITURES				
General government support	16,652,101	16,774,513	16,434,256	340,257
Public safety	215,000	215,000	137,274	77,726
Transportation	140,538	140,538	155,894	(15,356)
Economic opportunity and development	593,000	593,000	551,500	41,500
Culture and recreation	11,305,602	11,430,192	9,846,631	1,583,561
Home and community services	374,270	382,267	314,956	67,311
Debt service, principal	490,000	490,000	490,000	-
Debt service, interest	20,157	20,157	45,157	(25,000)
Total expenditures	29,790,668	30,045,667	27,975,668	2,069,999
Excess (deficiency) of revenues over expenditures	10,909,524	10,662,675	8,532,692	(2,129,983)
OTHER FINANCING USES				
Contributions and operating transfers out	(10,909,524)	(10,909,524)	(10,648,683)	260,841
Total other financing uses	(10,909,524)	(10,909,524)	(10,648,683)	260,841
NET CHANGE IN FUND BALANCE	-	(246,849)	(2,115,991)	(1,869,142)
FUND BALANCE, beginning of year	(11,740,133)	(11,740,133)	(11,740,133)	-
FUND BALANCE, end of year	\$ (11,740,133)	\$ (11,986,982)	\$ (13,856,124)	\$ (1,869,142)

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, 2017			
	2017 Adopted Budget	2017 Modified Budget	2017 Actual	Variance With Actual vs. Modified Positive (Negative)
REVENUES				
Real property taxes	\$ 1,766,724	\$ 1,766,724	\$ 1,779,854	\$ 13,130
Non-property tax items	365,000	365,000	369,225	4,225
Departmental income	441,700	441,700	330,433	(111,267)
Intergovernmental charges	62,000	62,000	53,600	(8,400)
Use of money and property	77,000	77,000	94,225	17,225
Licenses and permits	750,000	750,000	629,251	(120,749)
Sale of property and compensation for loss	80,000	80,000	87,989	7,989
Miscellaneous	-	-	19,791	19,791
Total revenues	3,542,424	3,542,424	3,364,368	(178,056)
EXPENDITURES				
Home and community services	3,442,927	3,442,927	2,728,553	714,374
Excess of revenues over expenditures	99,497	99,497	635,815	536,318
OTHER FINANCING USES				
Operating transfers out	(99,497)	(99,497)	(110,753)	11,256
NET CHANGE IN FUND BALANCE	-	-	525,062	547,574
FUND BALANCE, <i>beginning of year</i>	(210,025)	(210,025)	(210,025)	-
FUND BALANCE, <i>end of year</i>	\$ (210,025)	\$ (210,025)	\$ 315,037	\$ 547,574

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, 2017			Variance With Actual vs. Modified Positive Negative
	2017 Adopted Budget	2017 Modified Budget	2017 Actual	
REVENUES				
Real property taxes	\$ 44,854,804	\$ 44,854,804	\$ 44,964,720	\$ 109,916
Other property tax items	288,379	288,379	289,825	1,446
Departmental income	22,000	22,000	30,106	8,106
Intergovernmental charges	-	-	7,110	7,110
Use of money and property	40,000	40,000	22,914	(17,086)
Fines and forfeitures	-	23,650	23,650	-
Sale of property and compensation for loss	-	13,015	12,260	(755)
Miscellaneous	20,000	20,000	342,672	322,672
State aid	22,000	22,000	24,160	2,160
Federal aid	7,000	7,000	-	(7,000)
Total revenues	45,254,183	45,290,848	45,717,417	426,569
EXPENDITURES				
Public safety	44,308,225	44,845,081	41,008,505	3,836,576
Excess (deficiency) of revenues over expenditures	945,958	445,767	4,708,912	(3,410,007)
OTHER FINANCING USES				
Operating transfers out	(945,958)	(945,958)	(327,002)	(618,956)
NET CHANGE IN FUND BALANCE	-	(500,191)	4,381,910	(4,028,963)
FUND BALANCE, beginning of year	2,644,265	2,644,265	2,644,265	-
FUND BALANCE, end of year	\$ 2,644,265	\$ 2,144,074	\$ 7,026,175	\$ (4,028,963)

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, 2017			
	2017 Adopted Budget	2017 Modified Budget	2017 Actual	Variance With Actual vs. Modified Positive Negative (Negative)
REVENUES				
Real property taxes	\$ 8,981,103	\$ 8,981,103	\$ 8,982,166	\$ 1,063
Intergovernmental charges	2,021,000	2,021,000	2,014,023	(6,977)
Use of money and property	60,000	60,000	2,705	(57,295)
Licenses and permits	-	-	41,471	41,471
Sale of property and compensation for loss	-	-	50	50
Miscellaneous	-	-	7,809	7,809
State aid	350,000	350,000	227,962	(122,038)
Federal aid	160,000	160,000	-	(160,000)
Total revenues	11,572,103	11,572,103	11,276,186	(295,917)
EXPENDITURES				
Transportation	7,264,003	7,269,002	7,675,543	(406,541)
Excess (deficiency) of revenues over expenditures	4,308,100	4,303,101	3,600,643	(702,458)
OTHER FINANCING USES				
Operating transfers out	(4,308,100)	(4,308,100)	(4,016,403)	291,697
NET CHANGE IN FUND BALANCE	-	(4,999)	(415,760)	(410,761)
FUND BALANCE, <i>beginning of year</i>	(863,347)	(863,347)	(863,347)	-
FUND BALANCE, <i>end of year</i>	\$ (863,347)	\$ (868,346)	\$ (1,279,107)	\$ (410,761)

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, 2017			Variance With Actual vs. Modified Positive (Negative)
	2017 Adopted Budget	2017 Modified Budget	2017 Actual	
REVENUES				
Real property taxes	\$ 16,554,532	\$ 16,554,532	\$ 16,632,723	\$ 78,191
Departmental income	3,795,000	3,795,000	4,829,034	1,034,034
Use of money and property	3,900	3,900	10,232	6,332
Miscellaneous	-	25,000	25,000	-
Total revenues	20,353,432	20,378,432	21,496,989	1,118,557
EXPENDITURES				
Public safety	685,149	685,149	468,607	216,542
Health	8,731,756	8,731,756	8,574,520	157,236
Home and community services	10,584,874	10,613,254	8,692,880	1,920,374
Total expenditures	20,001,779	20,030,159	17,736,007	2,294,152
Excess (deficiency) of revenues over expenditures	351,653	348,273	3,760,982	(1,175,595)
OTHER FINANCING USES				
Operating transfers out	(351,653)	(351,653)	(350,787)	(866)
NET CHANGE IN FUND BALANCE	-	(3,380)	3,410,195	(1,176,461)
FUND BALANCE, <i>beginning of year</i>	12,208,922	12,208,922	12,208,922	-
FUND BALANCE, <i>end of year</i>	\$ 12,208,922	\$ 12,205,542	\$ 15,619,117	\$ (1,176,461)

Town of Ramapo, New York

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

	December 31, 2017						
	Consolidated Water District	Consolidated Ambulance District	Sewer District	Street Lighting District	Refuse and Garbage District	Fire Protection Districts	Total
ASSETS							
Cash and cash equivalents	\$ 934,817	\$ 2,527,263	\$ 1,324,392	\$ 1,443,548	\$ 310,381	\$ 455,039	\$ 6,995,440
Accounts receivable, net	-	1,759,770	5,800	-	-	-	1,765,570
Due from other funds	2,152,589	112,376	2,940,578	1,524,821	1,477,662	-	8,208,026
Total assets	<u>\$ 3,087,406</u>	<u>\$ 4,399,409</u>	<u>\$ 4,270,770</u>	<u>\$ 2,968,369</u>	<u>\$ 1,788,043</u>	<u>\$ 455,039</u>	<u>\$ 16,969,036</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 2,052	\$ 76,747	\$ 76,615	\$ 48,349	\$ 320,673	\$ -	\$ 524,436
Accrued liabilities	-	-	162,531	-	-	-	162,531
Due to other governments	-	375	-	-	-	-	375
Due to other funds	134,521	49,732	322,698	87,512	68,114	-	662,577
Total liabilities	136,573	126,854	561,844	135,861	388,787	-	1,349,919
FUND BALANCES							
Assigned	2,950,833	4,272,555	3,708,926	2,832,508	1,399,256	455,039	15,619,117
Total liabilities and fund balances	<u>\$ 3,087,406</u>	<u>\$ 4,399,409</u>	<u>\$ 4,270,770</u>	<u>\$ 2,968,369</u>	<u>\$ 1,788,043</u>	<u>\$ 455,039</u>	<u>\$ 16,969,036</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, 2017						
	Consolidated Water District	Consolidated Ambulance District	Sewer District	Street Lighting District	Refuse and Garbage District	Fire Protection Districts	Total
REVENUES							
Real property taxes	\$ 2,884,898	\$ 4,987,638	\$ 3,603,436	\$ 1,215,274	\$ 3,255,551	\$ 685,926	\$ 16,632,723
Departmental income	-	4,777,057	51,977	-	-	-	4,829,034
Use of money and property	2,456	-	4,597	1,617	1,562	-	10,232
Miscellaneous	-	-	-	25,000	-	-	25,000
Total revenues	2,887,354	9,764,695	3,660,010	1,241,891	3,257,113	685,926	21,496,989
EXPENDITURES							
Public safety	-	-	-	-	-	468,607	468,607
Health	-	8,574,520	-	-	-	-	8,574,520
Home and community services	2,354,440	-	2,707,379	548,256	3,082,805	-	8,692,880
Total expenditures	2,354,440	8,574,520	2,707,379	548,256	3,082,805	468,607	17,736,007
Excess of revenues over expenditures	532,914	1,190,175	952,631	693,635	174,308	217,319	3,760,982
OTHER FINANCING USES							
Operating transfers out	-	-	(350,787)	-	-	-	(350,787)
Net change in fund balances	532,914	1,190,175	601,844	693,635	174,308	217,319	3,410,195
FUND BALANCES, beginning of year	2,417,919	3,082,380	3,107,082	2,138,873	1,224,948	237,720	12,208,922
FUND BALANCES, end of year	\$ 2,950,833	\$ 4,272,555	\$ 3,708,926	\$ 2,832,508	\$ 1,399,256	\$ 455,039	\$ 15,619,117

See Independent Auditor's Report.

Town of Ramapo, New York

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

	December 31, 2017		
	Town-Wide Highway	Town - Outside Village Highway	Total
ASSETS			
Cash and cash equivalents	\$ 71,987	\$ 221,589	\$ 293,576
Accounts receivable	-	3,525	3,525
Due from other governments	90,103	126,905	217,008
Due from other funds	214,559	706,801	921,360
Total assets	\$ 376,649	\$ 1,058,820	\$ 1,435,469
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	266,129	104,279	\$ 370,408
Accrued liabilities	184,572	541,870	726,442
Due to other governments	-	400,000	400,000
Due to other funds	1,121,669	96,057	1,217,726
Total liabilities	1,572,370	1,142,206	2,714,576
FUND BALANCES			
Assigned	-	5,584	5,584
Unassigned	(1,195,721)	(88,970)	(1,284,691)
Total fund balances	(1,195,721)	(83,386)	(1,279,107)
Total liabilities and fund balances	\$ 376,649	\$ 1,058,820	\$ 1,435,469

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, 2017		
	Town-Wide Highway	Town - Outside Village Highway	Total
REVENUES			
Real property taxes	\$ 3,871,519	\$ 5,110,647	\$ 8,982,166
Intergovernmental	108,559	1,905,464	2,014,023
Licenses and permits	-	41,471	41,471
Use of money and property	1,283	1,422	2,705
Miscellaneous	-	7,809	7,809
Sale of property and compensation for loss	-	50	50
State aid	-	227,962	227,962
Total revenues	3,981,361	7,294,825	11,276,186
EXPENDITURES			
Transportation	4,021,498	3,654,045	7,675,543
Excess (deficiency) of revenues over expenditures	(40,137)	3,640,780	3,600,643
OTHER FINANCING USES			
Operating transfers out	-	(4,016,403)	(4,016,403)
Net change in fund balances	(40,137)	(375,623)	(415,760)
FUND BALANCES, <i>beginning of year</i>	(1,155,584)	292,237	(863,347)
FUND BALANCES, <i>end of year</i>	\$ (1,195,721)	\$ (83,386)	\$ (1,279,107)

Town of Ramapo, New York

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

	December 31, 2017				
	<u>Park Crest</u>	<u>Ramapo #1</u>	<u>Ramapo #2</u>	<u>Johnsontown Road</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	<u>\$ 5,960</u>	<u>\$ 112</u>	<u>\$ 448,938</u>	<u>\$ 29</u>	<u>\$ 455,039</u>
FUND BALANCES					
Assigned	<u>\$ 5,960</u>	<u>\$ 112</u>	<u>\$ 448,938</u>	<u>\$ 29</u>	<u>\$ 455,039</u>

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, 2017				
	Park Crest	Ramapo #1	Ramapo #2	Johnsontown Road	Total
REVENUES					
Real property taxes	\$ 5,930	\$ 100,509	\$ 571,484	\$ 8,003	\$ 685,926
EXPENDITURES					
Public safety	-	100,499	360,108	8,000	468,607
Net change in fund balances	5,930	10	211,376	3	217,319
FUND BALANCES, <i>beginning of year</i>	<u>30</u>	<u>102</u>	<u>237,562</u>	<u>26</u>	<u>237,720</u>
FUND BALANCES, <i>end of year</i>	<u>\$ 5,960</u>	<u>\$ 112</u>	<u>\$ 448,938</u>	<u>\$ 29</u>	<u>\$ 455,039</u>

Town of Ramapo, New York

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

ASSETS	December 31, 2017		
	Internal Service Funds		
	Workers' Compensation	General Liability	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,785	\$ 5,378	\$ 8,163
Prepaid expense	86,600	-	86,600
Due from governmental funds	35,000	73,591	108,591
Total current assets	124,385	78,969	203,354
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	24,520	1,943	26,463
Claims payable, current	1,324,420	-	1,324,420
Judgments payable, current	-	14,274	14,274
Total current liabilities	1,348,940	16,217	1,365,157
NONCURRENT LIABILITIES			
Claims payable, net of current portion	10,307,684	-	10,307,684
Judgments payable, net of current portion	-	445,000	445,000
Total liabilities	11,656,624	461,217	12,117,841
NET POSITION (DEFICIT)			
Unrestricted (deficit)	\$ (11,532,239)	\$ (382,248)	\$ (11,914,487)

Town of Ramapo, New York

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

	Year Ended December 31, 2017		
	Internal Service Funds		
	Workers' Compensation	General Liability	Total
OPERATING REVENUES			
Charges for services	\$ 1,418,250	\$ -	\$ 1,418,250
Insurance recoveries	367,282	-	367,282
Total operating revenues	1,785,532	-	1,785,532
OPERATING EXPENSES			
General and administrative	246,768	295,434	542,202
Claims	1,347,517	-	1,347,517
Judgments	-	1,945,922	1,945,922
Total operating expenses	1,594,285	2,241,356	3,835,641
Operating loss	191,247	(2,241,356)	(2,050,109)
NONOPERATING REVENUES			
Interest income	638	184	822
OTHER FINANCING SOURCES			
Operating transfers in	-	1,753,509	1,753,509
CHANGE IN NET POSITION (DEFICIT)	191,885	(487,663)	(295,778)
NET POSITION (DEFICIT), <i>beginning of year</i>	(11,724,124)	105,415	(11,618,709)
NET DEFICIT (DEFICIT), <i>end of year</i>	\$ (11,532,239)	\$ (382,248)	\$ (11,914,487)

Town of Ramapo, New York

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

	Year Ended December 31, 2017		
	Internal Service Funds		
	Workers' Compensation	General Liability	Total
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Cash received from insurance recoveries and interfund transfers	\$ 1,814,267	\$ -	\$ 1,814,267
Cash paid for contractual expenses	(1,897,484)	(2,110,338)	(4,007,822)
	(83,217)	(2,110,338)	(2,193,555)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	1,753,509	1,753,509
	-	1,753,509	1,753,509
NET CASH PROVIDED BY INVESTING ACTIVITIES			
Interest income received	638	184	822
	638	184	822
Net decrease in cash and cash equivalents	(82,579)	(356,645)	(439,224)
CASH AND CASH EQUIVALENTS, beginning of year	85,364	362,023	447,387
	85,364	362,023	447,387
CASH AND CASH EQUIVALENTS, end of year	\$ 2,785	\$ 5,378	\$ 8,163
	\$ 2,785	\$ 5,378	\$ 8,163
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$ 191,247	\$ (2,241,356)	\$ (2,050,109)
Changes in assets and liabilities			
Accounts receivable	28,735	-	28,735
Due from fiduciary fund	-	600	600
Accounts payable and accrued expenses	468	(9,582)	(9,114)
Claims and judgments payable	(303,667)	140,000	(163,667)
	(83,217)	(2,110,338)	(2,193,555)
	\$ (83,217)	\$ (2,110,338)	\$ (2,193,555)



October 30, 2019

The Honorable Supervisor and Town Board
Town of Ramapo, New York
237 Route 59
Suffern, New York 10901

Dear Honorable Supervisor and Town Board Members:

We are pleased to present this report related to our audit of the financial statements of the Town of Ramapo, New York (Town) as of and for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town's financial reporting process.

This report is intended solely for the information and use of the Honorable Supervisor, Town Board members, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Town.

Very truly yours,

BST & Co. CPAs, LLP

Brendan K. Kennedy, Partner

BKK/emt



Town of Ramapo, New York

Communication With Those Charged With Governance Year Ended December 31, 2017

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under 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 have been described to you in our arrangement letter dated February 27, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 3, 2019 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town did not adopt or change any significant accounting policies as of and for the year-ended December 31, 2017.

Accounting Policies and Practices - Continued

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Town of Ramapo, New York

Communication With Those Charged With Governance Year Ended December 31, 2017

Audit Adjustments

Audit adjustments proposed by us and recorded by the Town are shown on the attached Exhibit B, Summary of Recorded Audit Adjustments.

Uncorrected Misstatements

Uncorrected misstatements are summarized in the attached Exhibit C, Summary of Uncorrected Misstatements.

Departure From the Auditor's Standard Report

We included the following emphasis-of-matter paragraph in our report given the severity of the 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.

In addition, we included the following emphasis-of-matter paragraph given the financial dependency of the Ramapo Local Development Corporation (Corporation) to the Town.

As discussed in Note 1a, the 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.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

The following significant issues were discussed with management:

- Interfund cost allocations
- Interfund balances

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.



Town of Ramapo, New York

Communication With Those Charged With Governance
Year Ended December 31, 2017

Letter Communicating Material Weaknesses in Internal Control over Financial Reporting

We have separately communicated the material weaknesses in internal control over financial reporting identified during our audit of the basic financial statements.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit D.



Town of Ramapo, New York

Summary of Significant Accounting Estimates Year Ended December 31, 2017

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Town's December 31, 2017 financial statements:

Estimate	Accounting Policy	Estimation Process
Other Postemployment Benefits (OPEB)	An accrual is made in the financial statements for benefits earned primarily by employer funded health insurance that will be paid subsequent to the qualifying employees' service with the Town.	The estimate is developed with the assistance of an actuarial firm using assumptions applied to census and plan information provided by the Town.
Depreciation Expense	At the time an asset is inventoried, its useful life and acquisition date are determined in compliance with the capital asset policy, and entered into the fixed asset system accordingly. The depreciation expense is recorded annually for financial statement preparation.	All capital assets are depreciated using the straight-line method over the estimated useful lives determined.
Allowance for Uncollectible Receivables	Receivables are reduced to their net realizable value. An allowance for uncollectible receivables is recorded as a contra asset and a corresponding expense.	Management will perform a calculation to determine what portion of the outstanding receivable balances may be uncollectible.
Compensated Absences	The Town recognizes the estimated liability for unused vacation and compensated time.	Unused compensated absence time is aggregated, and current employee rates are applied to generate the extended liability.
Claims Payable	An accrual is made to reflect workers' compensation and general liability claim liabilities which are based upon estimates of the ultimate cost of claims, including claims incurred but not reported, to be settled.	The estimate is developed with the assistance of an actuarial firm using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors.

Town of Ramapo, New York

Summary of Significant Accounting Estimates Year Ended December 31, 2017

<u>Estimate</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>
Net Pension Liability	The Town recognizes its proportionate share of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System net pension liabilities and the related deferred inflows and outflows of resources.	The Town's net pension liabilities are estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Town's proportionate percentage of the liabilities is determined on an annual basis.
Landfill Closure Costs	The Town is required to estimate the post-closure monitoring costs of the Town's only landfill.	The liability is developed using estimated costs from the Town's Department of Public Works.
Interfund Allocations	The Town's general fund provides a number of services for other governmental funds. In addition, there are various overhead costs associated with maintaining the Town Hall that are indirectly attributed to the various governmental fund operations. Interfund allocations are regarding such are estimated by management.	Management utilizes various allocation methods depending on the item being allocated. The methods used are based on the number of employees, the number of computers, the number of purchase orders, total tax revenue collected, square footage, and actual hours incurred by the town attorney.

We have evaluated management's significant accounting estimates noted above as part of our audit and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Town of Ramapo, New York

Summary of Recorded Audit Adjustments Year Ended December 31, 2017

Description	Effect - Increase (Decrease)				
	Assets/Deferred Outflows of Resources	Liabilities/Deferred Inflows of Resources	Fund Balance/ Net Position	Revenues	Expenditures/ Expenses
General Fund					
To adjust unearned revenues	\$ 2,679,244	\$ 2,572,616	\$ -	\$ 106,628	\$ -
To adjust due from other funds	(277,345)	-	-	-	277,345
Capital Projects Fund					
To adjust retainage payable	-	(57,204)	-	-	(57,204)
Special Districts Fund					
To adjust allowance for accounts receivable	(60,173)	-	-	-	60,173
General Liability Fund					
To adjust claims payable	-	152,160	-	-	152,160
Workers' Compensation Fund					
To adjust claims payable	-	(303,667)	-	-	(303,667)
Total Statement of Activities Effect			(22,179)	\$ 106,628	\$ 128,807
Total Statement of Net Position Effect	\$ 2,341,726	\$ 2,363,905	\$ (22,179)		



Town of Ramapo, New York

**Summary of Uncorrected Misstatements
Year Ended December 31, 2017**

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statement of net position, statement of activities and to the related financial statement disclosures. Following is a summary of those uncorrected misstatements:

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Fund Balance/ Net Position	Revenue	Expenditures/ Expenses
General Fund					
To record carryover impact from prior year	\$ -	\$ -	\$ (178,264)	\$ 58,846	\$ (119,418)
To adjust accounts payable	-	184,821	-	-	184,821
Special Districts Fund					
To record carryover impact from prior year	-	-	(13,003)	13,003	-
Governmental Activities					
Understatement of depreciation expense and net position	-	-	828,369	-	828,369
Total Statement of Activities Effect	<u>-</u>	<u>-</u>	<u>(821,923)</u>	<u>\$ 71,849</u>	<u>\$ 893,772</u>
Total Statement of Net Position Effect	<u>\$ -</u>	<u>\$ 184,821</u>	<u>\$ (184,821)</u>		



Town of Ramapo, New York

Significant Written Communications
Between Management and our Firm
Year Ended December 31, 2017

Representation Letter





TOWN OF RAMAPO

Department of Finance
237 Route 59
Suffern, New York 10901
(845) 357-5100 Fax: (845) 357-7209

Michael Specht
Supervisor

John Lynch
Director of Finance

October 30, 2019

BST & Co. CPAs, LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the basic financial statements of the Town of Ramapo, New York (Town) as of and for the year ended December 31, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of October 30, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 27, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with a component unit for which the Town is accountable, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, if any, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have not completed the process of evaluating the effect that will result from adopting the guidance in Governmental Accounting Standards Board (GASB) Accounting Statement as discussed in Note 13. The Town is therefore unable to disclose the effect that adopting the guidance in these GASB statements will have on its financial position and results of operations when such guidance is adopted.
10. We agree with the findings of specialists in evaluating the pension plan and other postemployment benefit obligations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
11. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit obligations and costs for financial accounting purposes are appropriate in the circumstances.
12. Arrangements involving restrictions on cash balances have been properly disclosed.
13. With respect to the financial statement preparation services performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
15. As of and for the year ended December 31, 2017, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Fund Balance/ Net Position	Revenue	Expenditures/ Expenses
General Fund					
To record carryover impact from prior year	\$ -	\$ -	\$ (178,264)	\$ 58,846	\$ (119,418)
To adjust accounts payable	-	184,821	-	-	184,821
Special Districts Fund					
To record carryover impact from prior year	-	-	(13,003)	13,003	-
Governmental Activities					
Understatement of depreciation expense and net position	-	-	828,369	-	828,369
Total Statement of Activities Effect	<u>-</u>	<u>-</u>	<u>(821,923)</u>	<u>\$ 71,849</u>	<u>\$ 893,772</u>
Total Statement of Net Position Effect	<u>\$ -</u>	<u>\$ 184,821</u>	<u>\$ (184,821)</u>		

Information Provided

16. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
- d. Minutes of the meetings of the Town Board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

17. All transactions have been recorded in the accounting records and are reflected in the financial statements.

18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

19. We have disclosed to you all information that we are aware of regarding allegations of fraud or suspected fraud affecting the entity's financial statements involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the financial statements.

20. We have disclosed to you all information that we are aware of regarding any allegations of fraud or suspected fraud affecting the Town's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.

21. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

22. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

23. We have disclosed to you the identity of the Town's related parties and all the related-party relationships and transactions of which we are aware.
24. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize and report financial data.
25. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

27. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
28. With respect to the required supplementary information listed in the table of contents presented as required by the Government Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

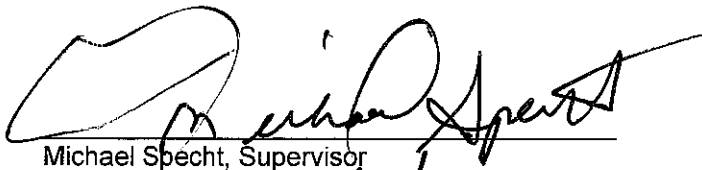
29. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:
 - a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
 - b. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Town.
 - c. Has identified and disclosed to the you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material

effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

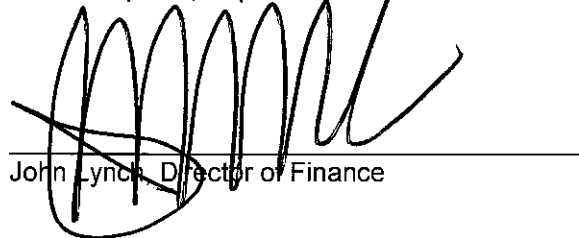
- d. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- e. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
- f. Is responsible for 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.
- g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that you report.
- i. Has a process to track the status of audit findings and recommendations.
- j. Has identified for you previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
- k. Has provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- l. Acknowledges its responsibilities as they relate to non-audit services performed by you, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Very truly yours,

TOWN OF RAMAPO, NEW YORK



Michael Specht, Supervisor



John Lynch, Director of Finance



**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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 30, 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 2017-001 through 2017-003 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
October 30, 2019



Town of Ramapo, New York

Schedule of Findings and Responses Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of report auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- | | | |
|---|----------------------|--------------------------------|
| • Material weakness(es) identified? | <u> X </u> Yes | <u> </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Section II - Financial Statement Findings

2017-001 Monitoring of Financial Reporting Processes

Criteria: The Town Board is the highest level of decision making authority within the Town, with the responsibility to adopt the Town budget and various policies and procedures that govern the Town. The Town Board is also charged with establishing and maintaining an effective organizational structure that assigns monitoring roles to individuals within the Town with the appropriate capabilities, objectivity and authority.

Condition and cause: For the fiscal year ended December 31, 2017, 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: 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.

Town of Ramapo, New York

Schedule of Findings and Responses Year Ended December 31, 2017

Section II - Financial Statement Findings - Continued

2017-002 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 \$4.9 million and overbudgeted other financing sources (uses) by approximately \$0.5 million. While expenses favored positively by approximately \$2.1 million, the net impact was a general fund deficit of \$2.3 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.

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: 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 Comptroller.

2017-003 Capital Assets

Criteria: Accounting principles generally accepted in the United States of America require the Town to report capital assets in the government-wide financial statements.

Condition: During the year ended December 31, 2017, a passed adjusting journal entry in the approximate amount of \$828,000 was communicated to those charged with governance relating to reconciling the prior period balance of governmental activities net position and the prior period balance of capital asset accumulated depreciation within governmental activities in the government-wide financial statements.

Cause: Difficulties in reconciling governmental activities accumulated depreciation in previous financial reporting periods, resulting in a passed adjustment to opening governmental activities net position during the audit of the Town as of and for the year ended December 31, 2017.

Town of Ramapo, New York

Schedule of Findings and Responses Year Ended December 31, 2017

Section II - Financial Statement Findings - Continued

2017-003 Capital Assets - Continued

Effect or potential effect: The government-wide financial statements of the Town as of December 31, 2016 contained an overstatement of governmental activities net position in the approximate amount of \$828,000.

Recommendation: The Town should continue to monitor and reconcile depreciation of governmental activities within the government-wide financial statements.

View of responsible officials: Municipal fund level accounting is based on the modified accrual method of accounting and, as such, capital assets are not recorded in the fund level books and records.

Historically, the Town engaged a service bureau to record and manage the database of capital asset information including the calculation of annual depreciation and accumulated depreciation.

The past practice has been to record all capital asset transactions after the close of the fiscal year. In 2016, errors were made in the communication of capital asset transactions with the service bureau which resulted a misstatement at December 31, 2016.

These errors had an immaterial effect on the presentation of the government-wide net position at December 31, 2016. Nonetheless in 2017, all corrections were identified and processed by the service bureau to ensure correct balances at December 31, 2017.

In addition, we are in the process of moving from the service bureau to a cloud-based platform whereby we will record, monitor and reconcile all capital asset transactions on a timely basis throughout the year.