



Town of Queensbury

Town of Queensbury, New York

Financial Report

December 31, 2018

Town of Queensbury, New York

Financial Report

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Independent Auditor's Report

Supervisor and Town Board
Town of Queensbury, New York
Queensbury, 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 Queensbury, New York (Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the entity'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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1p to the financial statements, in 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*. 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 on pages 4 through 10, the schedule of other postemployment benefits liability on page 47, the schedule of proportionate share of the net pension liability on page 48, the schedule of pension contributions on page 49, and the budgetary comparison statements on pages 50 through 52, 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.

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 combining non-major fund financial statements on pages 53 and 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements are 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 August 23, 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
August 23, 2019



Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Description

As management of the Town of Queensbury, New York (Town), we offer the readers of the Town's financial statements this narrative overview and analysis as of and for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with our basic financial statements, which can be found on pages 11 through 20 and our supplementary information which can be found on pages 47 through 54 of this report.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows on December 31, 2018 by \$30,801,874, representing net position. Of this amount, \$37,542,678 represents the Town's investment in capital assets net of related debt, and \$4,800,353 is restricted for future capital improvements and perpetual care for the Town's cemeteries. The remaining amount of \$(11,541,157) represents unrestricted net deficit.
- At December 31, 2018, the Town's governmental funds reported a combined ending fund balance of \$19,243,832. Of this total amount, \$11,968,603 was restricted and assigned for specific purposes, \$524,326 was nonspendable, and \$6,750,903 was unassigned.
- At December 31, 2018, the unreserved and unappropriated fund balance of the General Fund was \$6,750,903, or 47% of 2018 expenditures and transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities and change in net position presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as sales and mortgage taxes held for distribution by the County of Warren, unbilled water and sewer rents for services provided during the year, interest payable on long-term debt, and vested sick leave benefits payable to eligible employees.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and assessment charges (business-type activities). The governmental activities of the Town include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, and various home and community services. The business-type activities of the Town include operations of the Town's water districts, sewer districts, and refuse and garbage disposal and recycling services provided at the Town's landfill and transfer stations.

Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Overview of the Financial Statements - Continued

The government-wide financial statements can be found on pages 11 and 12 of this report.

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 legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund, and Fire Protection Fund, all of which are considered to be major funds. Data from the other five governmental funds (the Capital Projects Fund, Special Grant Fund, Cemetery Fund, Lighting Fund, and Aquatic District Fund) are combined into a single, aggregated presentation as Non-Major Governmental Funds.

The governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds. The Town utilizes enterprise funds to report the same function presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water Districts, Sewer Districts, Refuse and Garbage Disposal, and Recycling operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water operations, Sewer operations, and operation of the Town's Landfill and Transfer Stations, all of which are considered to be major funds of the Town.

The Town utilizes an internal service fund to account for certain workers' compensation and unemployment insurance costs.

The proprietary fund financial statements can be found on pages 17 through 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town-owned programs. The Town uses an agency fund to account for money and property held by the Town pending payment to applicable parties.

Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Overview of the Financial Statements - Continued

The fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 46 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$30,801,874 at December 31, 2018.

By far, the largest portion of the Town's net position, \$37,542,678, reflects the Town's investment in capital assets. This portion of net position includes the cost of land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and work in progress, less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$4,800,353, represents resources that are subject to restrictions on how they may be used. The remaining balance of net position reflects a net deficit, principally due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 in 2018. The following is a condensed statement of the Town's net position as of December 31, 2018:

	Year Ended December 31, 2018		
	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 24,320,928	\$ 11,400,316	\$ 35,721,244
Capital assets	13,978,366	34,964,546	48,942,912
Total assets	<u>38,299,294</u>	<u>46,364,862</u>	<u>84,664,156</u>
Deferred outflows of resources	<u>7,737,313</u>	<u>2,464,839</u>	<u>10,202,152</u>
Current liabilities	4,554,397	3,353,370	7,907,767
Long-term liabilities	37,049,402	17,290,665	54,340,067
Total liabilities	<u>41,603,799</u>	<u>20,644,035</u>	<u>62,247,834</u>
Deferred inflows of resources	<u>1,757,404</u>	<u>559,848</u>	<u>2,317,252</u>
Net position			
Net investment in capital assets	11,200,688	26,341,990	37,542,678
Restricted	3,389,561	1,410,792	4,800,353
Unrestricted	<u>(11,914,845)</u>	<u>373,688</u>	<u>(11,541,157)</u>
Total net position	<u>\$ 2,675,404</u>	<u>\$ 28,126,470</u>	<u>\$ 30,801,874</u>

Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

The following is a condensed statement of activities and change in net position of the Town for 2018:

	Year Ended December 31, 2018		
	Governmental Activities	Business-Type Activities	Total
REVENUES			
Program revenues			
Charges for services	\$ 2,976,281	\$ 5,784,260	\$ 8,760,541
Operating grants and contributions	40,662	-	40,662
Capital grants and contributions	365,631	-	365,631
General revenues			
Real property tax and related tax items	6,690,827	1,256,020	7,946,847
Non-property taxes	9,597,759	-	9,597,759
Other	1,155,851	10,195	1,166,046
Total revenues	20,827,011	7,050,475	27,877,486
EXPENSES			
General government activities	2,674,569	-	2,674,569
Public safety	4,765,963	-	4,765,963
Health	97,730	-	97,730
Transportation	2,672,779	-	2,672,779
Economic opportunity and development	371,250	-	371,250
Culture and recreation	1,175,483	-	1,175,483
Home and community service	973,722	-	973,722
Debt service	96,589	-	96,589
Water	-	3,327,529	3,327,529
Sewer	-	1,703,344	1,703,344
Landfill	-	262,563	262,563
Total expenses	12,828,086	5,293,436	18,121,522
Transfers, net	193,530	(193,530)	-
Change in net position	8,192,455	1,563,509	9,755,964
NET POSITION, beginning of year, as previously stated	16,007,098	33,351,493	49,358,591
Adjustment for adoption of GASB 75	(21,524,149)	(6,788,532)	(28,312,681)
NET POSITION (DEFICIT), beginning of year, as restated	(5,517,051)	26,562,961	21,045,910
NET POSITION, end of year	\$ 2,675,404	\$ 28,126,470	\$ 30,801,874

Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Overview of the Financial Statements - Continued

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$19,243,832, an increase of \$144,162 from the prior year. Portions of these fund balances are reserved to indicate that they are not available for new spending because they have already been committed to: (1) pay future capital improvements of \$2,711,767, (2) be used for other purposes of \$183,213 and (3) pay for perpetual care at the Town's cemeteries of \$677,794.

General Fund. The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the unreserved unappropriated fund balance of the General Fund was \$6,750,903, while total fund balance of the General Fund aggregated \$10,284,697. As a measure of the General Fund's liquidity, it is useful to compare both unreserved unappropriated fund balance and total fund balance to total fund expenditures. Unreserved unappropriated fund balance represents 47% of total General Fund expenditures and transfers out for 2018, while total fund balance represents 71% of the same amount.

The fund balance of the General Fund decreased \$269,101 from the prior year primarily because significant transfers were made to fund capital projects (\$1.45M towards the construction of the new parks, trails road and other) offset by sales taxes and other revenue sources which were higher than expected and general government and employee benefit expenditures which were lower than expected.

The main revenue source for the General Fund is derived from sales and use taxes, which are distributed from the County of Warren to all Towns and the Village and City located within the County. Together with our similar user taxes, non-property tax revenue and mortgage tax revenue for 2018 totaled \$9,597,759, representing 71% of total General Fund revenues.

Highway Fund. The Highway Fund is one of the Town's major governmental funds. It is utilized to account for revenues needed to maintain, repair, and improve Town roads, provide snow removal services, and provide other transportation services for Town residents and organizations. The main revenue source for the Highway Fund is an annual transfer of resources from the General Fund, funded primarily from non-property taxes. During 2018, the General Fund contributed \$4,246,815 to the Highway Fund, which ended the year with a fund balance of \$1,182,025.

Fire Protection District Fund. The Fire Protection District Fund is also a major governmental fund. It is utilized to account for real property taxes levied annually, and other applicable revenues generated to finance contracts for fire protection and emergency medical services. The Fire Protection District Fund received \$3,803,401 in real property taxes during 2018 and ended the year with a fund balance of \$1,678,203. In accordance with GASB Statement No. 73, the Town accounts for and reports assets and liabilities related to the Town sponsored service award programs for volunteer firefighters and ambulance workers within the fund financial statements rather than the fiduciary fund financial statements.

Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Overview of the Financial Statements - Continued

Financial Analysis of the Town's Funds - Continued

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town maintains three enterprise funds and one internal service fund.

Water District Fund. The Water District Fund is reported as an enterprise fund. The Water District Fund ended 2018 with net position of \$21,682,935, which is a decrease of \$4,595,287 from the prior year. Net position includes \$23,721,776 representing the Town's investment in water capital assets, net of related debt, and \$494,564 which is restricted for capital improvements. The remaining unrestricted net position is a deficit of \$2,533,405.

Sewer District Fund. The Sewer District Fund is reported as an enterprise fund. The Sewer District Fund ended 2018 with net position of \$5,525,648, which is a decrease of \$312,775 from the prior year. Net position includes \$2,502,243 representing the Town's investment in sewer capital assets, net of related debt. The remaining unrestricted net position of \$3,023,405 can be used for ongoing sewer operations.

Landfill/Transfer Stations Fund. The Landfill/Transfer Stations Fund is also reported as an enterprise fund. The Landfill/Transfer Stations Fund ended 2018 with net position of \$917,887, which is a decrease of \$316,961 from the prior year. Net position includes \$117,971 representing the Town's investment in capital assets, net of related debt, and \$916,228 representing amounts restricted for future capital improvements and post-closure costs. The remaining unrestricted net position is a deficit of \$116,312.

See Footnote 11 for the impact of the adoption of GASB 75 on the proprietary funds.

Governmental Fund Budgetary Highlights

Budgetary comparison statements for the Town's Major Funds (General, Highway, and Fire Protection) are included on pages 50 through 52 of this report.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$48,942,912 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work in progress, and infrastructure assets, such as roads, water systems, and sewer systems.

Major capital assets events that occurred during the current fiscal year included the following:

- Acquisition of highway, water and sewer, and recreation equipment;
- Continued improvements to the Town's sewer system.

Additional information on the Town's capital assets can be found in Note 6 on page 31 of this report.

Long-Term Debt. At December 31, 2018, the Town had outstanding debt of \$2,585,000 relating to the Main Street reconstruction, \$909,600 for water district purposes, \$5,793,007 for sewer district purposes, and \$192,678 relating to the fuel island and storage tank project, for a total of \$9,480,285. All of this debt is general obligation debt backed by the full faith and credit of the Town.

The Town was rated "Aa2" by Moody's Investor Services as of March 2018.

Additional information on the Town's long-term debt can be found in Note 7 on pages 32 through 35 of this report.

Town of Queensbury, New York

Management's Discussion and Analysis December 31, 2018

Economic Factors

The Town is growing and thriving.

The Town has approximately 28,000 residents and is the County Seat of Warren County, which is located in the southern Adirondack Region of northeastern New York, just north of Saratoga County and the Albany Capital District area.

The Town borders the southern end of Lake George, a well-known summer destination, and is home to the Great Escape Theme Park operated by Six Flags and a factory outlet mall, both of which are popular tourist attractions. Business and government operations within the Town and the County offer numerous recreational and tourism opportunities with several lakes, rivers, streams, mountains, ski centers, hiking trails, snowmobile trails, a newly added trampoline park, and other popular tourist attractions.

The Town is located twenty miles from the Saratoga Race Course, one of the oldest and most prestigious thoroughbred horse racing tracks in the United States. Each summer, the racetrack operates a six-week schedule of races that attracts world-class horses to participate in various graded events.

With the area's successful tourism industry and its increasing population and both large and small businesses, including several medical manufacturers, Warren County has been able to generate additional revenues from sales tax and hotel occupancy tax.

The County distributes a portion of this revenue source with all Towns and the Village and City located within the County. Since the Town of Queensbury is the largest and most populous municipality within the County, the Town receives a significant amount of these shared revenues. The Town has used these shared revenues to finance governmental activities that promote the Town both on a local and national level for both tourist and business activities.

Request for Information

This financial report is designed to provide a general overview of the Town's financial activity for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Queensbury Accounting Department, 742 Bay Road, Queensbury, New York 12804.

Town of Queensbury, New York

Government-Wide Financial Statements Statement of Net Position

	December 31, 2018		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,535,616	\$ 8,258,883	\$ 20,794,499
Receivables, net	3,911,217	1,657,521	5,568,738
Inventories	54,902	-	54,902
Prepaid expenses	247,938	73,120	321,058
Cash and cash equivalents, restricted	3,389,561	1,410,792	4,800,353
Investments	4,181,694	500,652	4,682,346
Capital assets, not being depreciated	4,734,883	1,256,329	5,991,212
Capital assets, net of accumulated depreciation	9,243,483	33,708,217	42,951,700
Total assets	38,299,294	46,865,514	85,164,808
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	2,094,744	667,313	2,762,057
OPEB deferrals	5,642,569	1,797,526	7,440,095
	7,737,313	2,464,839	10,202,152
LIABILITIES			
Accounts payable	892,718	875,201	1,767,919
Accrued liabilities	32,822	9,443	42,265
Bond anticipation notes payable	-	1,919,949	1,919,949
Interest payable	30,828	37,996	68,824
Compensated absences	172,164	22,609	194,773
Service awards	3,180,389	-	3,180,389
Long-term liabilities			
Due within one year	245,476	488,172	733,648
Due in more than one year	37,049,402	17,290,665	54,340,067
Total liabilities	41,603,799	20,644,035	62,247,834
DEFERRED INFLOWS OF RESOURCES			
	1,757,404	559,848	2,317,252
NET POSITION			
Net investment in capital assets	11,200,688	26,341,990	37,542,678
Restricted for			
Capital improvements	2,711,767	1,410,792	4,122,559
Cemetery perpetual care	677,794	-	677,794
Unrestricted (deficit)	(11,914,845)	373,688	(11,541,157)
Total net position	\$ 2,675,404	\$ 28,126,470	\$ 30,801,874

See accompanying Notes to Financial Statements.

Town of Queensbury, New York
Government-Wide Financial Statements
Statement of Activities and Change in Net Position

Year Ended December 31, 2018

Functions/Programs	Net (Expenses) Revenues and Change in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General governmental support	\$ 2,674,569	\$ 33,692	\$ -	\$ -	\$ (2,640,877)	\$ -	\$ (2,640,877)
Public safety	4,765,963	1,716,280	-	-	(3,049,683)	-	(3,049,683)
Health	97,730	10,410	-	-	(87,320)	-	(87,320)
Transportation	2,672,779	-	-	224,551	(2,448,228)	-	(2,448,228)
Economic opportunity and development	371,250	-	-	-	(371,250)	-	(371,250)
Culture and recreation	1,175,483	413,343	-	-	(762,140)	-	(762,140)
Home and community service	973,722	802,556	40,662	141,080	10,576	-	10,576
Interest on debt	96,589	-	-	-	(96,589)	-	(96,589)
Total governmental activities	<u>12,828,086</u>	<u>2,976,281</u>	<u>40,662</u>	<u>365,631</u>	<u>(9,445,512)</u>	<u>-</u>	<u>(9,445,512)</u>
BUSINESS-TYPE ACTIVITIES							
Water	3,327,529	3,443,780	-	-	-	116,251	116,251
Sewer	1,703,344	1,760,514	-	-	-	57,170	57,170
Landfill	262,563	579,966	-	-	-	317,403	317,403
Total business-type activities	<u>5,293,436</u>	<u>5,784,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,824</u>	<u>490,824</u>
Total primary governmental	<u>\$ 18,121,522</u>	<u>\$ 8,760,541</u>	<u>\$ 40,662</u>	<u>\$ 365,631</u>	<u>(9,445,512)</u>	<u>490,824</u>	<u>(8,954,688)</u>
GENERAL REVENUES							
Real property tax and related tax items					6,690,827	1,256,020	7,946,847
Non-property taxes					9,597,759	-	9,597,759
Interest earnings					23,513	10,195	33,708
Sale of property and compensation for loss					51,135	-	51,135
Miscellaneous general revenues					21,226	-	21,226
State aid and mortgage taxes not restricted to specific purposes					1,059,977	-	1,059,977
Total general revenues					<u>17,444,437</u>	<u>1,266,215</u>	<u>18,710,652</u>
TRANSFERS, NET							
					193,530	(193,530)	-
Total general revenues and transfers, net					<u>17,637,967</u>	<u>1,072,685</u>	<u>18,710,652</u>
CHANGE IN NET POSITION							
					<u>8,192,455</u>	<u>1,563,509</u>	<u>9,755,964</u>
NET POSITION, beginning of year, as previously stated							
					16,007,098	33,351,493	49,358,591
Adjustment for adoption of GASB 75					(21,524,149)	(6,788,532)	(28,312,681)
NET POSITION (DEFICIT), beginning of year, as restated							
					(5,517,051)	26,562,961	21,045,910
NET POSITION, end of year							
					<u>\$ 2,675,404</u>	<u>\$ 28,126,470</u>	<u>\$ 30,801,874</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2018				
	Major Funds			Other Governmental Funds	Total
	General	Highway	Fire Protection		
ASSETS					
Cash and cash equivalents	\$ 4,861,687	\$ 1,300,415	\$ 1,386,642	\$ 4,798,778	\$ 12,347,522
Receivables from other governments	3,114,291	109,942	-	116,107	3,340,340
Other receivables, net of uncollectibles	239,970	2,488	262,702	65,717	570,877
Due from other funds	241,660	1,309	-	2,545	245,514
Prepaid expenses	201,530	163,189	64,505	17,818	447,042
Investments	-	-	3,180,389	1,001,305	4,181,694
Cash and cash equivalents, restricted	2,711,767	-	-	677,794	3,389,561
Total assets	<u>\$ 11,370,905</u>	<u>\$ 1,577,343</u>	<u>\$ 4,894,238</u>	<u>\$ 6,680,064</u>	<u>\$ 24,522,550</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 242,576	\$ 279,238	\$ 9,376	\$ 335,258	\$ 866,448
Accrued liabilities	4,681	6,138	-	1,143	11,962
Due to other funds	758	-	-	244,756	245,514
Service awards	-	-	3,180,389	-	3,180,389
Other payables	-	-	26,270	-	26,270
Total liabilities	<u>248,015</u>	<u>285,376</u>	<u>3,216,035</u>	<u>581,157</u>	<u>4,330,583</u>
Deferred inflows of resources	<u>838,193</u>	<u>109,942</u>	<u>-</u>	<u>-</u>	<u>948,135</u>
Fund balances					
Nonspendable	278,814	163,189	64,504	17,819	524,326
Restricted for capital reserve purposes	2,711,767	-	-	-	2,711,767
Restricted for other purposes	183,213	-	-	677,794	861,007
Assigned, appropriated	360,000	-	-	-	360,000
Assigned, unappropriated	-	1,018,836	1,613,699	5,403,294	8,035,829
Unassigned	6,750,903	-	-	-	6,750,903
Total fund balances	<u>10,284,697</u>	<u>1,182,025</u>	<u>1,678,203</u>	<u>6,098,907</u>	<u>19,243,832</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,370,905</u>	<u>\$ 1,577,343</u>	<u>\$ 4,894,238</u>	<u>\$ 6,680,064</u>	<u>\$ 24,522,550</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

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

	<u>December 31, 2018</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 19,243,832
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	13,978,366
Net receivables for revenues earned, measurable but not available to provide financial resources, are included in the government-wide statements in revenue rather than as a deferred inflow of resources.	948,135
Inventories of materials and supplies are included as assets in the governmental activities.	54,902
Prepaid retirement expense is recognized as a deferred outflow of resources in the statement of net position.	(224,104)
Deferred outflows of resources related to the net pension liability are recognized on the statement of net position.	2,094,744
Deferred inflows of resources related to the net pension liability are recognized on the statement of net position.	(1,757,404)
Liabilities for interest payable are included as liabilities of the governmental activities and are deducted.	(30,828)
Long-term governmental liabilities for bonds payable are included as liabilities of the governmental activities and are deducted.	(2,777,678)
Long-term governmental liabilities for compensated absences are included as liabilities of the governmental activities and are deducted.	(172,164)
Long-term governmental liabilities for OPEB costs are included as liabilities of the governmental activities and are deducted.	(33,972,020)
Deferred outflows of resources related to OPEB costs are recognized on the statement of net position.	5,642,569
Long-term governmental liabilities for the net pension liability are included as a liability of the governmental activities and are deducted.	(545,180)
Net position of the internal service fund is included in governmental activities.	<u>192,234</u>
Total net position per the statement of net position	<u>\$ 2,675,404</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

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

	Year Ended December 31, 2018					
	Major Funds			Other		Total
	General	Highway	Fire Protection	Governmental Funds	Eliminations	
REVENUES						
Real property taxes	\$ 1,951,345	\$ -	\$ 3,803,401	\$ 217,139	\$ -	\$ 5,971,885
Real property tax items	77,340	-	-	-	-	77,340
Non-property taxes	9,597,759	-	-	-	-	9,597,759
Departmental income	495,302	-	1,220,737	562,333	-	2,278,372
Use of money and property	17,329	430	2,582	3,172	-	23,513
Licenses and permits	215,023	-	-	-	-	215,023
Fines and forfeitures	482,886	-	-	-	-	482,886
Sale of property and compensation for loss	15,792	33,295	-	2,048	-	51,135
Miscellaneous	17,730	3,007	-	489	-	21,226
Interfund revenues	291,250	-	-	-	(291,250)	-
State aid	1,059,977	224,551	-	141,080	-	1,425,608
Federal aid	-	-	-	40,662	-	40,662
Total revenues	<u>14,221,733</u>	<u>261,283</u>	<u>5,026,720</u>	<u>966,923</u>	<u>(291,250)</u>	<u>20,185,409</u>
EXPENDITURES						
General government support	2,856,819	-	-	-	-	2,856,819
Public safety	513,231	-	4,469,526	-	-	4,982,757
Health	12,410	-	-	85,320	-	97,730
Transportation	446,595	2,247,018	-	117,036	-	2,810,649
Economic opportunity and development	371,250	-	-	-	-	371,250
Culture and recreation	1,128,000	-	-	-	-	1,128,000
Home and community service	607,630	-	-	599,254	-	1,206,884
Employee benefits	2,351,584	1,357,241	275,930	191,658	(291,250)	3,885,163
Debt service						
Principal	239,326	-	-	-	-	239,326
Interest	98,721	-	-	-	-	98,721
Capital outlay						
General government support	172,800	-	-	765,019	-	937,819
Public safety	24,281	-	-	-	-	24,281
Transportation	-	805,834	-	-	-	805,834
Culture and recreation	116,947	-	-	391,387	-	508,334
Home and community service	-	-	-	281,210	-	281,210
Total expenditures	<u>8,939,594</u>	<u>4,410,093</u>	<u>4,745,456</u>	<u>2,430,884</u>	<u>(291,250)</u>	<u>20,234,777</u>
OTHER FINANCING SOURCES (USES)						
Transfers-in	10,000	4,246,815	-	1,507,955	-	5,764,770
Transfers-out	(5,561,240)	-	-	(10,000)	-	(5,571,240)
Total other financing sources (uses)	<u>(5,551,240)</u>	<u>4,246,815</u>	<u>-</u>	<u>1,497,955</u>	<u>-</u>	<u>193,530</u>
Net change in fund balances	(269,101)	98,005	281,264	33,994	-	144,162
FUND BALANCES, beginning of year	<u>10,553,798</u>	<u>1,084,020</u>	<u>1,396,939</u>	<u>6,064,913</u>	<u>-</u>	<u>19,099,670</u>
FUND BALANCES, end of year	<u>\$ 10,284,697</u>	<u>\$ 1,182,025</u>	<u>\$ 1,678,203</u>	<u>\$ 6,098,907</u>	<u>\$ -</u>	<u>\$ 19,243,832</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

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

		<u>Year Ended December 31, 2018</u>												
Net change in fund balances shown for total governmental funds.		\$ 144,162												
<p>This amount differs from the change in net position shown in the statement of activities and change in net position because of the following:</p>														
<p>Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities and change in net position, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between expenditures for acquisition of capital assets and depreciation expense for the period.</p>														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Capital acquisitions</td> <td style="width: 10%; text-align: right;">730,865</td> <td style="width: 30%;"></td> </tr> <tr> <td>Net dispositions</td> <td style="text-align: right;">(54,018)</td> <td></td> </tr> <tr> <td>Depreciation expense</td> <td style="text-align: right;"><u>(876,611)</u></td> <td style="text-align: right;">(199,764)</td> </tr> </table>	Capital acquisitions	730,865		Net dispositions	(54,018)		Depreciation expense	<u>(876,611)</u>	(199,764)				
Capital acquisitions	730,865													
Net dispositions	(54,018)													
Depreciation expense	<u>(876,611)</u>	(199,764)												
<p>Major revenues are recorded in the governmental funds when they become susceptible to accrual; that is, when they are earned, measurable, and available to provide current financial resources. In the statement of activities and change in net position, major revenues are recognized when they are earned and measurable, regardless of when they become available. This is the amount by which earned revenues for sales tax and mortgage tax for the current period differs from the amount of prior year earned revenues not recognized as being available in the governmental funds until the current period.</p>														
		641,602												
<p>Governmental funds report the annual contribution to the System as retirement expense. GASB 68 requires the prior year contribution to be recognized as an expense, as well as the change in the net pension liability and the deferred inflows and deferred outflows created as a result of this change:</p>														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Change in net pension liability</td> <td style="width: 10%; text-align: right;">1,107,913</td> <td style="width: 30%;"></td> </tr> <tr> <td>Change in deferred outflows of resources</td> <td style="text-align: right;">398,534</td> <td></td> </tr> <tr> <td>Change in deferred inflows of resources</td> <td style="text-align: right;"><u>(1,506,373)</u></td> <td style="text-align: right;">74</td> </tr> </table>	Change in net pension liability	1,107,913		Change in deferred outflows of resources	398,534		Change in deferred inflows of resources	<u>(1,506,373)</u>	74				
Change in net pension liability	1,107,913													
Change in deferred outflows of resources	398,534													
Change in deferred inflows of resources	<u>(1,506,373)</u>	74												
<p>Bond proceeds provide current year financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>														
		239,326												
<p>The cost of acquiring inventory of material and supplies is included as expenditures in the governmental funds. In the government-wide financial statements, inventory at year-end is included as an asset. This is the amount by which the current year inventory differs from the prior year amounts.</p>														
		(35,841)												
<p>Some expenses and changes in deferred outflows of resources reported in the statement of activities and change in net position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include:</p>														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Accrued interest</td> <td style="width: 10%; text-align: right;">2,132</td> <td style="width: 30%;"></td> </tr> <tr> <td>Compensated absences</td> <td style="text-align: right;">(13,471)</td> <td></td> </tr> <tr> <td>Change in deferred outflows of resources</td> <td style="text-align: right;">5,642,569</td> <td></td> </tr> <tr> <td>Other postemployment benefit obligation payable</td> <td style="text-align: right;"><u>1,765,539</u></td> <td style="text-align: right;">7,396,769</td> </tr> </table>	Accrued interest	2,132		Compensated absences	(13,471)		Change in deferred outflows of resources	5,642,569		Other postemployment benefit obligation payable	<u>1,765,539</u>	7,396,769	
Accrued interest	2,132													
Compensated absences	(13,471)													
Change in deferred outflows of resources	5,642,569													
Other postemployment benefit obligation payable	<u>1,765,539</u>	7,396,769												
<p>Internal service fund transactions are reported separately in the fund financial statements. In the government-wide financial statements, internal service fund transactions are included in governmental activities. This is the net result of the internal service fund revenues and expenses that are included in governmental activities.</p>														
		<u>6,127</u>												
Governmental activities change in net position from the statement of activities and change in net position		<u>\$ 8,192,455</u>												

See accompanying Notes to Financial Statements.

Town of Queensbury, New York
Fund Financial Statements
Statement of Net Position - Proprietary Funds

	December 31, 2018				Governmental Internal Service
	Business-Type Activities Enterprise Funds			Total	
	Water	Sewer	Landfill		
ASSETS					
Cash and cash equivalents	\$ 3,455,870	\$ 4,021,840	\$ 781,173	\$ 8,258,883	\$ 188,094
Receivables, net	1,101,935	511,650	43,936	1,657,521	-
Investments	500,652	-	-	500,652	-
Prepaid expenses	60,603	5,180	7,337	73,120	25,000
Cash and cash equivalents, restricted	494,564	-	916,228	1,410,792	-
Capital assets, not being depreciated	287,230	883,662	85,437	1,256,329	-
Capital assets, net of accumulated depreciation	<u>24,344,146</u>	<u>9,331,537</u>	<u>32,534</u>	<u>33,708,217</u>	<u>-</u>
Total assets	<u>30,245,000</u>	<u>14,753,869</u>	<u>1,866,645</u>	<u>46,865,514</u>	<u>213,094</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	530,591	74,576	62,146	667,313	-
OPEB deferrals	<u>1,429,242</u>	<u>200,882</u>	<u>167,402</u>	<u>1,797,526</u>	<u>-</u>
	<u>1,959,833</u>	<u>275,458</u>	<u>229,548</u>	<u>2,464,839</u>	<u>-</u>
LIABILITIES					
Accounts payable	386,788	466,535	21,878	875,201	-
Accrued liabilities	8,516	927	-	9,443	20,860
Bond anticipation notes payable	-	1,919,949	-	1,919,949	-
Interest payable	6,159	31,837	-	37,996	-
Compensated absences	22,609	-	-	22,609	-
Bonds payable	909,600	5,793,007	-	6,702,607	-
Landfill post-closure costs	-	-	80,244	80,244	-
Net pension liability	138,092	19,410	16,175	173,677	-
OPEB liability	<u>8,604,990</u>	<u>1,209,447</u>	<u>1,007,872</u>	<u>10,822,309</u>	<u>-</u>
Total liabilities	<u>10,076,754</u>	<u>9,441,112</u>	<u>1,126,169</u>	<u>20,644,035</u>	<u>20,860</u>
DEFERRED INFLOWS OF RESOURCES	<u>445,144</u>	<u>62,567</u>	<u>52,137</u>	<u>559,848</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	23,721,776	2,502,243	117,971	26,341,990	-
Restricted for					
Capital improvements	494,564	-	916,228	1,410,792	-
Unrestricted	<u>(2,533,405)</u>	<u>3,023,405</u>	<u>(116,312)</u>	<u>373,688</u>	<u>192,234</u>
Total net position	<u>\$ 21,682,935</u>	<u>\$ 5,525,648</u>	<u>\$ 917,887</u>	<u>\$ 28,126,470</u>	<u>\$ 192,234</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

	Year Ended December 31, 2018				Governmental Internal Service
	Business-Type Activities Enterprise Funds			Total	
	Water	Sewer	Landfill		
OPERATING REVENUES					
Water sales and services	\$ 3,443,780	\$ -	\$ -	\$ 3,443,780	\$ -
Sewer sales and services	-	1,760,514	-	1,760,514	-
Landfill and transfer station charges	-	-	579,966	579,966	-
Other operating income	-	-	-	-	8,149
Total operating revenues	<u>3,443,780</u>	<u>1,760,514</u>	<u>579,966</u>	<u>5,784,260</u>	<u>8,149</u>
OPERATING EXPENSES					
Costs of sales and services	2,287,268	1,183,715	257,505	3,728,488	2,211
Depreciation	1,019,181	376,930	5,058	1,401,169	-
Total operating expenses	<u>3,306,449</u>	<u>1,560,645</u>	<u>262,563</u>	<u>5,129,657</u>	<u>2,211</u>
Operating income	<u>137,331</u>	<u>199,869</u>	<u>317,403</u>	<u>654,603</u>	<u>5,938</u>
NONOPERATING REVENUES (EXPENSES)					
Real property taxes levied for water and sewer purposes	816,086	439,934	-	1,256,020	-
Interest earnings	5,306	3,237	1,652	10,195	189
Interest expense	(21,080)	(142,699)	-	(163,779)	-
Total nonoperating revenues	<u>800,312</u>	<u>300,472</u>	<u>1,652</u>	<u>1,102,436</u>	<u>189</u>
Income before transfers	<u>937,643</u>	<u>500,341</u>	<u>319,055</u>	<u>1,757,039</u>	<u>6,127</u>
TRANSFERS					
Transfer to other activities	(100,000)	(93,530)	-	(193,530)	-
CHANGE IN NET POSITION	<u>837,643</u>	<u>406,811</u>	<u>319,055</u>	<u>1,563,509</u>	<u>6,127</u>
NET POSITION, <i>beginning of year, as previously stated</i>	26,278,222	5,838,423	1,234,848	33,351,493	186,107
Adjustment for adoption of GASB 75	(5,432,930)	(719,586)	(636,016)	(6,788,532)	-
NET POSITION, <i>beginning of year, as restated</i>	<u>20,845,292</u>	<u>5,118,837</u>	<u>598,832</u>	<u>26,562,961</u>	<u>186,107</u>
NET POSITION, <i>end of year</i>	<u>\$ 21,682,935</u>	<u>\$ 5,525,648</u>	<u>\$ 917,887</u>	<u>\$ 28,126,470</u>	<u>\$ 192,234</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2018				
	Business-Type Activities				Governmental
	Enterprise Funds				Internal
	Water	Sewer	Landfill	Total	Service
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received from customers	\$ 3,711,248	\$ 1,914,670	\$ 577,322	\$ 6,203,240	\$ 8,149
Cash paid to employees	(3,281,411)	(323,855)	(276,418)	(3,881,684)	-
Cash paid to contractors and suppliers	(763,275)	(767,885)	(222,383)	(1,753,543)	(11,613)
Net cash provided (used) by operating activities	<u>(333,438)</u>	<u>822,930</u>	<u>78,521</u>	<u>568,013</u>	<u>(3,464)</u>
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES					
Cash received from real property taxes	816,086	439,934	-	1,256,020	-
Contributions to other activities, net	(100,000)	(93,530)	-	(193,530)	-
Net cash provided by non-capital financing activities	<u>716,086</u>	<u>346,404</u>	<u>-</u>	<u>1,062,490</u>	<u>-</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(18,102)	(864,219)	-	(882,321)	-
Proceeds from issuance of bond anticipation note	-	1,919,949	-	1,919,949	-
Principal paid on long-term debt	(172,300)	(299,733)	-	(472,033)	-
Principal paid on installment debt	-	(5,634)	-	(5,634)	-
Interest paid on long-term debt	(22,233)	(144,266)	-	(166,499)	-
Net cash provided (used) by capital and related financing activities	<u>(212,635)</u>	<u>606,097</u>	<u>-</u>	<u>393,462</u>	<u>-</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES					
Purchases of investments	(500,652)	-	-	(500,652)	-
Interest earnings	5,306	3,237	1,651	10,194	189
Net cash provided (used) by investing activities	<u>(495,346)</u>	<u>3,237</u>	<u>1,651</u>	<u>(490,458)</u>	<u>189</u>
Net increase (decrease) in cash and cash equivalents	(325,333)	1,778,668	80,172	1,533,507	(3,275)
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,275,767</u>	<u>2,243,172</u>	<u>1,617,229</u>	<u>8,136,168</u>	<u>191,369</u>
CASH AND CASH EQUIVALENTS, end of year	\$ 3,950,434	\$ 4,021,840	\$ 1,697,401	\$ 9,669,675	\$ 188,094
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income	\$ 137,331	\$ 199,869	\$ 317,403	\$ 654,603	\$ 5,938
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	1,019,181	376,930	5,058	1,401,169	-
Changes in assets and liabilities					
Receivables, net	267,468	154,156	(2,644)	418,980	-
Prepaid expenses	(42,744)	(3,462)	(4,682)	(50,888)	-
Deferred outflows of resources	(1,527,371)	(209,375)	(178,750)	(1,915,496)	-
Accounts and other payables	224,467	239,658	(1,661)	462,464	(1,254)
Accrued liabilities	(64,702)	(2,198)	(4,237)	(71,137)	(8,148)
Due to/from other activities	131	122,320	-	122,451	-
Compensated absences	1,622	-	-	1,622	-
OPEB liability	(447,205)	(62,855)	(52,380)	(562,440)	-
Net pension liability	(282,839)	(44,912)	(33,269)	(361,020)	-
Landfill post-closure costs	-	-	(10,946)	(10,946)	-
Deferred inflows of resources	381,223	52,799	44,629	478,651	-
	<u>\$ (333,438)</u>	<u>\$ 822,930</u>	<u>\$ 78,521</u>	<u>\$ 568,013</u>	<u>\$ (3,464)</u>

See accompanying Notes to Financial Statements.

Town of Queensbury, New York

Fund Financial Statements Statement of Net Position - Fiduciary Fund

	December 31, 2018
	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 321,957
Total assets	\$ 321,957
LIABILITIES	
Agency accounts payable	\$ 321,957
Total liabilities	\$ 321,957

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Queensbury, New York (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

a. Financial Reporting Entity

The Town, which was established in 1762, is governed by its Town Charter, and other general laws of the State of New York and various local laws. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting Council persons, all elected. The Town Supervisor serves as the chief executive and fiscal officer. As authorized by Town Law 3 §34, the Town provides the following basic services: public safety, health services, maintenance of Town roads, recreation, home and community service, economic assistance, and other general services.

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Town and/or its citizens, or whether the activity is conducted within geographic boundaries of the Town and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. Based on the application of these criteria, the Town has determined it has no component units.

The Economic Development Corporation (EDC) is a not-for-profit corporation created to promote economic development within Warren County. Members of the EDC are not appointed by the Town Board. EDC members have complete responsibility for management of the agency and accountability for fiscal matters. The Town is not liable for EDC bonds or notes. The Town has entered into an agreement with the EDC for services in the amount of \$114,000 for the year ended December 31, 2018. The EDC is not considered a component unit of the Town.

A summary of the Town's significant accounting policies is as follows:

b. Government-Wide and Fund Financial Statements

The governmental reporting model has the following sections: Management's Discussion and Analysis, Government-Wide Financial Statements, and Fund Financial Statements.

The government-wide financial statements, which include the statement of net position and the statement of activities and change in net position, report information on all nonfiduciary activities of the Town, as the primary government. The effect of interfund transactions within the same activities has been removed from these statements. 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 made to customers.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies

b. Government-Wide and Fund Financial Statements - Continued

The statement of net position presents the financial condition of the Town's activities at year-end. The statement of activities and change in net position demonstrates the degree to which the 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. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities and change in net position identifies the net expense or revenue from each activity, and identifies the amount of general revenues needed to help finance the specific activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements. The General Fund and other major individual governmental funds are reported as separate columns in the fund financial statements. All non-major governmental funds are aggregated in one column identified as other governmental funds.

A fund is a separate accounting entity with a self-balancing set of accounts.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and applicable fiduciary fund financial statements. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recorded in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the 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. This measurement focus and basis of accounting are similar to private sector reporting.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current position.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual, which is when they become both measurable and available. "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected generally within 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

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

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

Property taxes, sales taxes, and certain intergovernmental revenues are considered to be susceptible to accrual and so have been recognized in the fund financial statements as revenues of the current fiscal period. All other revenue items are considered to be measurable and available generally when the Town receives cash for these revenues, such as fines, permits, and other miscellaneous collections.

The Town reports deferred outflows and inflows of resources on its government-wide financial statements for items related to the net pension liability and other postemployment benefits liability, and deferred inflows of resources in its fund financial statements for certain revenues other than property taxes.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Payments for acquisition of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the “purchase” method, as opposed to the “consumption” method.
- Principal and interest on indebtedness as well as expenditures related to compensated absences and claims and judgments are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

d. Fund Accounting

The Town’s fund types are as follows:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The Town’s governmental funds are as follows:

- a) The *General Fund* is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. This fund operates within the financial limits of an annual budget adopted by the Town Board and includes expenditures for general governmental support and other general Town activities.
- b) *Special Revenue Funds* are used to account for specific revenues (other than those generated for major capital projects) that are legally restricted to expenditures for particular purposes. The Town utilizes the following special revenue funds:
 1. The *Special Grant Fund* is used to account for federally-funded community development block grants and other specially funded programs.
 2. The *Cemetery Fund* is used to account for revenues from sales of cemetery lots, charges for services, and other revenues generated to pay for operation of the Town’s various cemeteries.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

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

d. Fund Accounting - Continued

b) Special Revenue Funds - Continued

3. The *Highway Fund* is used to account for revenues generated to pay for repairs and improvements to Town roads, acquisition and maintenance of highway vehicles and equipment, snow removal, and other transportation services.
 4. The *Fire Protection Fund* is used to account for real property taxes and other revenues generated to pay for contracts for fire protection services, contributions to the service award program, and other related public safety costs.
 5. The *Lighting District Fund* is used to account for real property taxes and other revenues generated within district boundaries to pay for specific street lighting costs.
 6. The *Aquatic District Fund* is used to account for resources generated within the Glen Lake Aquatic Plant Growth Control District for the purposes of controlling non-native, invasive aquatic plant species in Glen Lake.
- c) The *Capital Project Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

In addition to the General Fund, the Town considers the Highway Fund and the Fire Protection Fund to be major governmental funds.

Proprietary Funds represent the Town's business-type activities and include enterprise funds and internal service funds. Enterprise funds are used to report activities for which fees are charged to external customers for goods and services provided, and the Town's fee pricing policies are established to recover costs of providing such goods and services, including capital costs such as depreciation or debt service. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues are charged to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following enterprise funds:

- a) The *Water District Fund* is used to report operations of the Town's water treatment and supply facilities that provide drinking water to Town residents within established water districts, as well as to certain local communities outside the Town's corporate boundaries. Users of the water system, inside and outside of Town limits, are charged certain user fees and assessments to pay for water operations. The fund also records revenues and expenses associated with extending water lines, making improvements to the water treatment facilities, and other capital expenses.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

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

d. Fund Accounting - Continued

- b) The *Sewer District Fund* is used to report operations of the Town's sanitary sewer system that are provided to Town residents located within established sewer districts. The Town contracts with the City of Glens Falls, New York, for treatment and disposal at the City's waste water treatment facility. Users of the sewer system are charged certain user fees and assessments to pay for sewer operations.
- c) The *Landfill/Transfer Station Fund* is used to report refuse and garbage disposal services and recycling operations at the Town's transfer stations and landfill. Certain user fees are charged to customers to pay for these services.

The Town considers each of the three enterprise funds to be major proprietary funds.

The Town maintains one internal service fund to account for certain workers' compensation and unemployment insurance costs.

Fiduciary Funds are used to report resources that are held by the Town in a trustee or agency capacity for others and cannot be used to support the Town's own programs. The Town maintains agency funds to account for assets that the Town holds on behalf of others as their agent.

In addition to the various funds, the Town also maintains schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include bonds, retirement system debt, accumulated sick and compensatory time, and other long-term debt used to finance governmental activities. These non-current governmental assets and liabilities are included under governmental activities in the government-wide statement of net position.

e. Property Taxes

Taxes for Town purposes are based on Town budget requirements. Taxes are collected by the Town until April 1, at which time all unpaid taxes are returned to the County, which is responsible for all uncollected taxes. The following calendar pertains to Town real property taxes.

Valuation date	January 1
Taxable status date	March 1
Exemption filing date	March 1
Final roll date	July 1
Date taxes due	January 1
Date penalty periods begin	February 1

f. Budgetary Accounting

Prior to October 5 of each year, the Budget Officer submits to the Town Clerk and Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications of the budget.

Budgets are adopted annually on a basis consistent with U.S. GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

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

g. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as reservations of fund balances since the commitments do not constitute expenditures or liabilities.

h. Estimates

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

i. Capital Assets and Depreciation

Property, plant, and equipment of all funds are stated at historical cost or estimated cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 40 years.

j. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Town that is applicable to a future period. The Town's deferred outflows of resources represent deferred costs related to the change in the net pension liability and other postemployment benefits liability.

The Town's deferred inflows of resources arise when potential revenue does not meet both of the "measurable" and "available" criteria for recognition in the current period as defined in Note 1b. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow is removed from the balance sheet, and revenue is recognized.

Deferred inflows of resources in the General Fund represent property tax revenue that was not considered available. Deferred inflows of resources in the Highway Fund represents revenues that are not considered available. Deferred inflows of resources in governmental activities represent amounts related to the change in the net pension liability.

k. Compensated Absences

Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations. The liability for accumulated vacation, vested sick benefits, and related benefits has been recorded in the respective funds.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

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

l. Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the Town provides certain health care benefits to retired employees and their dependents. Substantially all Town employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The Town recognizes the cost of postemployment benefits in the financial statements in the periods in which the exchange occurs, rather than in the periods when the benefits are paid. The Town amortizes prior service costs over a period of thirty years.

m. Pensions

The Town is a participating employer in the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. 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 operations due to its participation in the System is more fully disclosed in Note 9.

n. Fund Balance

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

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

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations, of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose, but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Town's fund balance policy is set by the Council, the highest level of decision-making authority. The Town considers "formal action" for a committed fund balance to be the passing of a resolution by the Town Board. The Council has delegated the ability to assign fund balance to the Budget Officer. The Town considers funds to be expended in the order of restricted, committed, assigned, and unassigned.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

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

o. Net Position

Net position balances at the government-wide level and for enterprise funds are reported in the following three categories:

Restricted - Net position is reported as restricted when constraints placed on net position use are either:

- a) Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or
- b) Imposed by law through constitutional provisions or enabling legislation.

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted - Is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position.

p. New Accounting Pronouncement

Effective January 1, 2018, the Town implemented the provisions of GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes financial reporting standards for OPEB plans for state and local governments. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

As a result of the adoption of GASB 75, the Town measured and recognized OPEB amounts in accordance with GASB 75, included additional disclosures in Note 7c, presented a schedule of other postemployment benefits liability as required supplementary information, and restated the opening net position of Governmental Activities and Business-Type Activities as follows:

	Net Position December 31, 2017	Adoption of GASB 75	Restated Net Position December 31, 2017
Governmental Activities	\$ 16,007,098	\$ (21,524,149)	\$ (5,517,051)
Business-Type Activities	33,351,493	(6,788,532)	26,562,961
	\$ 49,358,591	\$ (28,312,681)	\$ 21,045,910

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 2 - Cash, Cash Equivalents, and Investments

The Town's investment policies are governed by state statutes. The Town's monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the state. The Budget Officer is authorized to use demand accounts, certificates of deposit, obligations of the United States of America, New York State and local municipalities and school districts, certificates of participation, and repurchase agreements with certain restrictions.

Collateral is required for demand deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of any state and its municipalities and school districts.

The Town's cash and cash equivalents are defined as restricted and unrestricted short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity (with maturity being no greater than 90 days when purchased).

During 2018, cash and cash equivalents were either insured by federal depository insurance or collateralized by assets of the Town's agent in the Town's name.

Investments of the Town at December 31, 2018 of \$1,001,305 (Other Governmental Funds) and \$500,652 (Water) were held in the New York Cooperative Liquid Asset Securities System (NYCLASS), a cooperative investment program. Investments held by NYCLASS are measured at fair value using amortized cost as reported by NYCLASS. NYCLASS is subject to the Municipal Cooperation Agreement Amended and Restated as of March 14, 2014 (the Agreement) and is structured in accordance with New York State General Municipal Law (GML), Article 3-A and Article 5-G, Sections 119-n and o, and Chapter 623 of the Laws of 1998. All NYCLASS investment and custodial policies are in accordance with GML, Sections 10 and 11 (as amended by Chapter 708 of the Laws of 1992). NYCLASS is rated 'AAAm' by S&P Global Ratings. Participants are allowed to conduct transactions (deposits, withdrawal, or transfers) on a normal business day.

Note 3 - Fair Value Measurements

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 3 - Fair Value Measurements - Continued

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investments held within the Town's Length of Service Awards Program (LOSAP) at December 31, 2018 are categorized as Level 1 in the fair value hierarchy with fair value determined by the active markets. Money market funds are reported at carrying amounts which reasonably estimate fair value. The composition of benefit trust investments, investment information, and fair values is presented in Note 10.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Town's Volunteer Firefighter Awards Program (see Note 10) investments at December 31, 2018:

	Level 1	Level 2	Level 3	Total
U.S. Equities	\$ 976,394	\$ -	\$ -	\$ 976,394
Corporate Bonds	276,755	-	-	276,755
Mutual Funds				
Equity	543,594	-	-	543,594
Fixed Income	434,240	-	-	434,240
Cash and Money Market Funds	288,747	-	-	288,747
Investments, at fair value	\$ 2,519,730	\$ -	\$ -	\$ 2,519,730

The Town's investments with NYCLASS are not required to be categorized within the fair value hierarchy in accordance with GASB Statement No. 72.

Note 4 - Due From Other Governments

Due from other governments, classified on the statement of net position within receivables, consist of the following at December 31, 2018:

	Governmental Activities	Business-Type Activities
Sales tax	\$ 3,114,291	\$ -
Grants	116,107	-
Other	109,942	-
Water and sewer relevies	-	260,616
	\$ 3,340,340	\$ 260,616

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 5 - Restricted Assets

Restricted assets consist of cash and cash equivalents for the following:

	Restricted Balance	Restriction
General Fund	\$ 2,711,767	Capital Reserves
Water Fund	494,564	Capital Reserves
Refuse and Garbage Fund	916,228	Capital Reserves
Cemetery Fund	677,794	Cemetery Perpetual Care
 Total restricted assets	 \$ 4,800,353	

Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance January 1, 2018	Additions	Retirements and Adjustments	Balance December 31, 2018
Governmental Activities				
Work in progress	\$ 227,390	\$ 43,385	\$ -	\$ 270,775
Land	4,464,108	-	-	4,464,108
Buildings	6,142,338	-	-	6,142,338
Improvements	1,833,366	-	-	1,833,366
Machinery and equipment	7,474,149	687,480	(184,835)	7,976,794
Infrastructure	8,502,309	-	-	8,502,309
	28,643,660	730,865	(184,835)	29,189,690
Business-Type Activities				
Work in progress	5,900	793,810	-	799,710
Land	456,619	-	-	456,619
Buildings	1,862,688	-	-	1,862,688
Machinery and equipment	1,724,541	95,608	(107,489)	1,712,660
Infrastructure	66,024,450	-	-	66,024,450
	70,074,198	889,418	(107,489)	70,856,127
Accumulated Depreciation				
Governmental Activities				
Buildings	3,644,762	146,072	-	3,790,834
Improvements	754,962	69,225	-	824,187
Machinery and equipment	5,115,614	346,734	(130,817)	5,331,531
Infrastructure	4,950,192	314,580	-	5,264,772
	14,465,530	876,611	(130,817)	15,211,324
Accumulated Depreciation				
Business-Type Activities				
Buildings	1,123,508	36,444	-	1,159,952
Machinery and equipment	1,419,374	62,346	(100,396)	1,381,324
Infrastructure	32,047,925	1,302,380	-	33,350,305
	34,590,807	1,401,170	(100,396)	35,891,581
 Capital assets, net	 \$ 49,661,521	 \$ (657,498)	 \$ (61,111)	 \$ 48,942,912

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 7 - Long-Term Liabilities

Long-term liabilities consisted of the following at December 31, 2018:

	Balance January 1, 2018 (Restated)	Additions	Retirements	Balance December 31, 2018	Due Within One Year
Bonds payable (a)	\$ 10,191,644	\$ -	\$ (711,359)	\$ 9,480,285	\$ 725,624
Landfill post-closure costs (b)	91,190	-	(10,946)	80,244	8,024
Installment purchase debt	5,634	-	(5,634)	-	-
Net pension liability	2,187,790	-	(1,468,934)	718,856	-
OPEB liability (c)	47,122,308	2,810,175	(5,138,154)	44,794,329	-
	<u>\$ 59,598,566</u>	<u>\$ 2,810,175</u>	<u>\$ (7,335,027)</u>	<u>\$ 55,073,714</u>	<u>\$ 733,648</u>

a. Bonds Payable

Bonds payable are comprised of the following at December 31, 2018:

	Date Issued	Original Amount	Interest Rate	Maturity	Balance December 31, 2018
<u>State Loans Payable</u>					
Shore Colony Water District	12/15/2003	2,880,333	2.0 to 2.125%	2023	\$ 900,000
Queensbury Avenue Sewer	3/4/2004	1,362,591	4.00%	2033	720,000
Route 9 Sewer	7/17/2006	4,912,000	2.49 to 4.13%	2035	3,220,000
<u>Serial Bonds</u>					
Big Bay/Big Boom Water District	3/21/1984	78,000	5.00%	2022	9,600
Main Street	7/17/2013	3,319,000	3.00 to 4.00%	2032	2,585,000
West Queensbury Sewer	7/17/2013	1,316,500	3.00 to 4.00%	2032	1,025,000
Fuel Storage	9/26/2015	462,000	2.87%	2020	192,678
Sewer Force Main	12/21/2016	930,000	2.93%	2031	828,007
					<u>\$ 9,480,285</u>

The Town's future bond debt service requirements are as follows:

	Principal	Interest	Total
2019	\$ 725,624	\$ 247,585	\$ 973,209
2020	749,910	229,608	979,518
2021	668,814	210,881	879,695
2022	680,467	194,815	875,282
2023	699,767	178,051	877,818
2024-2028	2,776,165	650,846	3,427,011
2029-2033	2,709,538	224,639	2,934,177
2034-2035	470,000	7,089	477,089
Total	<u>\$ 9,480,285</u>	<u>\$ 1,943,514</u>	<u>\$ 11,423,799</u>

Total interest expenditures for the year ended December 31, 2018 were \$282,024.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 7 - Long-Term Liabilities - Continued

b. Landfill Post-Closure Care Costs

State and federal laws and regulations require the Town to place a final cover on its Ridge Road landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Town ceased operations at the landfill in 1993 and completed closure in 1997. Landfill post-closure care costs of \$80,244 reported at December 31, 2018 represent the remaining estimated cost to perform post-closure care. These estimated amounts are based on what it would cost to perform post-closure care as of December 31, 2018. Actual post-closure care costs may differ due to inflation, changes in technology, or changes in regulations.

c. Other Postemployment Benefits

Plan Description and Annual OPEB Cost

In addition to providing retirement benefits, the Town provides medical and Medicare Part B benefits to its eligible retirees. The benefits are provided through fully insured plans. To be eligible for such coverage, the retiring employee must be age fifty-five or older, eligible to receive a pension from the New York State Employees' Retirement System (NYSERS), and have at least ten to fifteen years of service with the Town; or the retiring employee must be age fifty or older, eligible to receive a pension from NYSERS, and have at least thirty years of service with the Town.

The Town pays a portion of the retirees' and their dependents' medical benefits depending on the employee group. The Town also reimburses the retiree for a portion of the Medicare Part B premium. The spouse may be permitted to continue coverage following the death of the retired employee provided that the retiree had 20 or more years of service at the time of retirement.

A summary of active employees and retired employees covered under the plan are as follows:

Active employees	121
Retired employees	74
	<hr/>
	195
	<hr/> <hr/>

The Town recognizes the cost of providing health insurance annually as expenditures in various funds in its financial statements as payments are made. For the year ended December 31, 2018, the Town recognized \$1,367,937 for its share of insurance premiums for currently enrolled retirees. The Town is not required to fund the benefit plan other than the pay-as-you-go amount necessary to provide current benefits to retirees.

At December 31, 2018, the Town reported a liability of \$33,972,020 and \$10,822,309 for its OPEB liability in the governmental activities and business-type activities, respectively. The OPEB liability was measured as of January 1, 2018 by an actuarial valuation using census data information as of December 31, 2018. For the year ended December 31, 2018, the Town recognized OPEB expense of \$2,810,175 and \$895,224 in the governmental activities and business-type activities, respectively. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 7 - Long-Term Liabilities - Continued

c. Other Postemployment Benefits - Continued

Plan Description and Annual OPEB Cost - Continued

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,167,287	\$ -
Changes of assumptions	3,475,282	-
Total	\$ 5,642,569	\$ -
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 690,423	\$ -
Changes of assumptions	1,107,103	-
Total	\$ 1,797,526	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business Type-Activities	Total
Year ending December 31,			
2019	\$ 1,052,719	\$ 335,359	\$ 1,388,078
2020	1,052,719	335,359	1,388,078
2021	1,052,719	335,359	1,388,078
2022	1,052,719	335,359	1,388,078
2023	1,431,693	456,090	1,887,783
Total	\$ 5,642,569	\$ 1,797,526	\$ 7,440,095

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 7 - Long-Term Liabilities - Continued

c. Other Postemployment Benefits - Continued

Plan Description and Annual OPEB Cost - Continued

The total OPEB liability at December 31, 2018 was determined using the following actuarial assumptions:

Discount rate	4.10%
Healthcare cost trend rates	Current year trend rate (pre 65/post 65): 13.52% / (5.21)% Second year trend rate: 9.50% Decrement: 0.50% Ultimate rate: 5.00%
Salary increases	2.00%
Mortality rate	SOA RP-2014 Total Dataset Mortality with Scale MP-2017
Actuarial cost method	Entry age normal

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

Changes in the net OPEB liability are as follows:

	<u>Governmental Activities</u>	<u>Business Type-Activities</u>	<u>Total</u>
Balance as of January 1, 2018	\$ 35,737,559	\$ 11,384,749	\$ 47,122,308
Changes for the year			
Service cost	1,598,647	509,273	2,107,920
Interest	1,211,528	385,951	1,597,479
Difference between expected and actual experience	(3,538,271)	(1,127,170)	(4,665,441)
Benefit payments	(1,037,443)	(330,494)	(1,367,937)
Net changes	<u>(1,765,539)</u>	<u>(562,440)</u>	<u>(2,327,979)</u>
Balance as of December 31, 2018	<u>\$ 33,972,020</u>	<u>\$ 10,822,309</u>	<u>\$ 44,794,329</u>

The following presents the OPEB liability of the Plan as of December 31, 2018 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates 1% lower or 1% higher than the current rates:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
OPEB liability			
Governmental Activities	\$ 28,838,241	\$ 33,972,020	\$ 40,509,885
Business-Type Activities	<u>9,186,865</u>	<u>10,822,309</u>	<u>12,905,047</u>
	<u>\$ 38,025,106</u>	<u>\$ 44,794,329</u>	<u>\$ 53,414,932</u>

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 7 - Long-Term Liabilities - Continued

c. Other Postemployment Benefits - Continued

Plan Description and Annual OPEB Cost - Continued

The following presents the OPEB liability of the plan as of December 31, 2018 calculated using the discount rate of 4.10%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Rates	1% Increase
OPEB liability			
Governmental Activities	\$ 38,124,712	\$ 33,972,020	\$ 30,699,764
Business-Type Activities	12,145,213	10,822,309	9,779,882
	\$ 50,269,925	\$ 44,794,329	\$ 40,479,646

Note 8 - Reserved Fund Balances

Encumbrances

The governmental funds include a reserve for encumbrances equal to an amount reserved to satisfy purchase orders and other commitments for goods and/or services to be received in the following year.

Capital Reserves

Capital reserves have been established for the following capital projects:

General Fund		
Recreation assessment		\$ 63,607
Capital		2,450,627
Townwide drainage		193,907
Highway garage		3,626
		2,711,767
Other capital		183,213
Water Fund		
Equipment		6,124
Capital		488,440
		494,564
Landfill Fund		
Landfill closure		758,440
Equipment		157,788
		916,228
		\$ 4,122,559

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 8 - Reserved Fund Balances - Continued

Reserve for Perpetual Care

The Cemetery Fund has a reserve for perpetual care of \$677,794.

Note 9 - Retirement Benefits

a. Plan Description and Benefits Provided

The Town participates in the System, which is a cost-sharing multiple employer, public employee retirement system. The System provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and provide benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the System at www.osc.state.ny.us/retire.

The System provides retirement, disability, and death benefits for eligible members, including an automatic cost of living adjustment. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

b. Contributions

The System is noncontributory except for employees who joined after July 26, 1976, who contribute 3% of their salary for the first ten years of membership, employees who joined between January 1, 2010 and April 1, 2012, who contribute 3% of their salary for the entire length of service, and employees who joined after April 1, 2012 who contribute between 3% and 6% of their earned wages for the entire length of their career.

The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The Town's contributions for the current year and two preceding years were:

2018	\$ 896,415
2017	905,097
2016	941,050

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

At December 31, 2018, the Town reported a liability of \$718,856 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability was determined by an actuarial valuation as of April 1, 2017. The Town's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2018 measurement date, the Town's proportionate share was .0222732%.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 9 - Retirement Benefits

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

For the year ended December 31, 2018, the Town recognized pension expense of \$898,173. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the net pension liability as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256,393	\$ 211,873
Changes of assumptions	476,661	-
Net differences between projected and actual investment earnings on pension plan investments	1,044,081	2,060,912
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,507	44,467
Town contributions subsequent to the measurement date	896,415	-
Total	\$ 2,762,057	\$ 2,317,252

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2019	\$ 182,998
2020	134,104
2021	(520,783)
2022	(247,929)
Total	\$ (451,610)

d. Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2016, with updated procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 9 - Retirement Benefits - Continued

d. Actuarial Assumptions - Continued

Actuarial cost method	Entry age normal
Inflation rate	2.5 percent
Salary scale	3.8 percent, indexed by service
Investment rate of return, including inflation	7.0 percent compounded annually, net of expenses
Cost of living adjustment	1.3% annually
Decrement	Based on FY 2011-2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on the System's pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major class as well as historical investment data and plan performance.

e. Investment Asset Allocation

The long-term 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 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 portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.50%
	<u>100.00%</u>	

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 9 - Retirement Benefits - Continued

f. Discount Rate

The discount rate projection of cash flows assumes that contributions from members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

g. 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 of using a discount rate that is 1% higher or lower than the current rate.

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability (asset)	\$ 5,439,059	\$ 718,856	\$ (3,274,247)

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2018 were as follows (amounts in thousands):

Employers' total pension liability	\$ 183,400,590
Plan net position	(180,173,145)
Employers' net pension liability	\$ 3,227,445
Ratio of plan net position to the employers' total pension liability	98.2%

Note 10 - Volunteer Firefighter Awards Program

The Town established a defined contribution Service Award Program (referred to as a LOSAP - Length of Service Awards Program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1990, for the active volunteer firefighter members of the Bay Ridge, Central Queensbury, North Queensbury, South Queensbury, and West Glens Falls Fire Companies. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program and the program administrator.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 10 - Volunteer Firefighter Awards Program - Continued

Program Description

Participation, Vesting, and Service Credit

In a defined contribution LOSAP, each participant has an individual program account. An eligible program participant is defined by the program sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned one year of service award program service credit. Each participant's individual program account is credited with a service award contribution as of the end of each year during which the volunteer met the requirements to earn a year of service award program service credit. The participant is paid his or her account balance upon attainment of the entitlement age. The program's entitlement age is 62. The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Fire District) earned by the program assets and allocated to the participant's program account.

Participants acquire a non-forfeitable right to be paid their program account balance after earning credit for five (5) years of service or upon attaining the program's entitlement age while an active volunteer. An active volunteer firefighter earns a year of service award program service credit calendar year after the establishment of the program in which he or she accumulates fifty or more points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive service award program credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter of the Bay Ridge, Queensbury Central, North Queensbury, South Queensbury, or West Glens Falls Fire Companies.

Benefits

A participant's benefit under the program is his or her program account balance paid upon attainment of the entitlement age in a lump sum to the participant. The annual contribution paid by the Fire District and credited to the account of a participant who earned fifty points during a calendar year is currently \$700. The maximum number of years of service credit a participant may earn under the program is 40 years. Currently, there are no other forms of payment of a volunteer's earned service award under the program.

Except in the case of pre-entitlement age death or total and permanent disablement, a participant's account balance will not be paid until a participant attains the entitlement age. The program provides lump sum death and disability benefits equal to the participant's program account balance as of the December 31 preceding the date of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the program trust fund.

For a complete explanation of the program see the program document, a copy of which is available from the Town Supervisor.

Fiduciary Investment and Control

After the end of each calendar year, each fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year indicating which volunteers earned fifty points. The certified list is delivered to the Town Board for the Board's review and approval. The fire company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Town Board.

Town of Queensbury, New York

Notes to Financial Statements
December 31, 2018

Note 10 - Volunteer Firefighter Awards Program - Continued

Fiduciary Investment and Control - Continued

The Town Board has retained Penflex, Inc. to assist in the administration of the program. The services provided by Penflex, Inc. are described in an agreement between Penflex, Inc. and the Town.

Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing to the Town Board the amount of the service award to be paid to the participant or to a participant's designated beneficiary. The person(s) authorized by the Town Board then authorizes, in writing, the custodian of the Town's Volunteer Firefighter Service Award Program trust fund to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and the written directive from the authorized representative of the Town.

Penflex, Inc. bills the Town for the services it provides. Penflex, Inc.'s invoices are authorized for payment by the Town in the same manner as any other invoice presented to the Town for payment. The Town pays Penflex, Inc. invoices from its Fire Protection District Fund.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Town created a Service Awards Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Town Supervisor. The Town Board is the Program Trustee.

Authority to invest the program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Town.

The Town has retained Glens Falls National Bank to provide investment management and custodial services as well to pay benefits to participants.

Program Financial Condition

Net assets available for benefits are as follows:

	% of Total	
Cash and money market	11%	\$ 288,747
Equities	58%	1,519,988
Fixed income	27%	710,996
Contribution receivable	4%	92,144
Interest receivable and other assets	0%	5,306
		<u>2,617,181</u>
Benefits payable		<u>(17,302)</u>
Total net assets available for benefits		<u>\$ 2,599,879</u>

Town of Queensbury, New York

Notes to Financial Statements
December 31, 2018

Note 10 - Volunteer Firefighter Award Program - Continued

Program Financial Condition - Continued

Changes in net assets available for benefits
were as follows:

Plan contributions	\$ 92,144
Investment income earned	52,414
Net depreciation in market value of securities	(150,082)
Investment fees	(13,757)
Administrative fees	(500)
Benefits paid	(120,235)
	<hr/>
Change in net assets available for benefits	(140,016)
Net assets available for benefits, <i>beginning of year</i>	<hr/> 2,739,894
Net assets, available for benefits, <i>end of year</i>	<hr/> <u>\$ 2,599,878</u>

Contributions

Amount of sponsor's required contributions	\$ 68,723
Amount of sponsor's actual contributions	68,723

Administration fees

Fees paid to administrative/actuarial services provider	\$ 14,640
Fees paid for investment management	13,757
Other administrative fees paid	500

Note 11 - Volunteer Ambulance Worker Service Award Program

In connection with service contracts between the Town and local volunteer ambulance workers, the Town implemented a volunteer ambulance worker service award program on January 25, 1996, effective January 1, 1994. The program is a defined contribution retirement plan covering volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. The annual contribution is \$700 per calendar year for each volunteer ambulance worker who earned 50 service credits during the year. Contributions expensed to the plan totaled \$24,257 for the year ended December 31, 2018. Service award program assets of approximately \$655,300 are held by Glens Falls National Bank pursuant to a Trust Agreement.

Note 12 - Tax Abatements

Certain property values in the Town have been reduced as the result of payment in-lieu of tax (PILOT) agreements entered into by the EDC for the purpose of general economic development. These agreements reduce the assessed value of the properties for all taxing agencies in Warren County, including the Town. As a result of the agreement, the Town receives a PILOT payment, which is equal to the reduced assessed value times the Town's levied tax rate.

There were no significant abatements in effect during the year ended December 31, 2018.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 13 - Operating Transfers

During the course of normal operations, the Town records numerous transactions between funds, including expenditures for the provision of services as well as transfers between funds to finance various projects or debt payments.

Interfund balances arising from these transactions as of December 31, 2018, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund	\$ 241,660	\$ 758	\$ 10,000	\$ 5,561,240
Highway Fund	1,309	-	4,246,815	-
Water Fund	-	-	-	100,000
Sewer Fund	-	-	-	93,530
Special Grant Fund	-	181,512	2,500	-
Cemetery Fund	-	-	50,000	-
Capital Projects Fund	2,545	63,244	1,455,455	10,000
	<u>\$ 245,514</u>	<u>\$ 245,514</u>	<u>\$ 5,764,770</u>	<u>\$ 5,764,770</u>

Note 14 - Contingencies, Risks, and Uncertainties

a. *Lawsuits*

From time to time, the Town is involved in certain suits and claims arising in the normal course of business, including claims for property damage, personal injury, personnel practices, disputes over contract awards and property condemnation proceedings, and suits contesting assessments. In the opinion of the Town, after considering all relevant facts, the ultimate losses not covered by insurance resulting from such litigation would be immaterial in relation to the financial statements taken as a whole.

b. *Self-Insurance*

The Town participated in a self-insurance plan for workers' compensation until January 1, 2000, at which time it commenced a traditional workers' compensation insurance plan. A liability of \$20,860 was recorded as of December 31, 2018 to record the Town's estimated liability relating to self-insurance claims being administered by a third party.

c. *Grant Programs*

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 14 - Contingencies, Risks, and Uncertainties - Continued

d. *Environmental Concerns*

The Town is engaged in many activities (e.g., water and sewer service, refuse collection, gasoline storage) in the normal course of operations that are potentially hazardous to the environment. As of December 31, 2018, the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

Note 15 - Bond Anticipation Notes Payable

During 2018, the Town issued an aggregate of \$1,919,949 in bond anticipation notes. The bond anticipation notes are payable in full during 2019 with interest at rates ranging from 2.30% to 2.70%.

Note 16 - Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through August 23, 2019, the date the financial statements were available to be issued.

Note 17 - Accounting Standards Issued But Not Yet Implemented

The Town has not implemented the following accounting pronouncements that are required for financial statements presented in accordance with U.S. GAAP:

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 of all state and local governments. The focus of the criteria is generally on (1) whether a government controls 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. 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 lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Town of Queensbury, New York

Notes to Financial Statements December 31, 2018

Note 17 - Accounting Standards Issued But Not Yet Implemented - Continued

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of Paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. 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 for this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This 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 note disclosures. The requirements for this statement are effective for reporting periods beginning after December 15, 2020.

Management has not estimated the extent of potential impact of these statements on the Town's financial statements but does plan to implement these standards in the required year.

Town of Queensbury, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	Year Ended December 31, 2018		
	Governmental Activities	Business Type-Activities	Total
Beginning of year	\$ 35,737,559	\$ 11,384,749	\$ 47,122,308
Changes for the year			
Service cost	1,598,647	509,273	2,107,920
Interest	1,211,528	385,951	1,597,479
Difference between expected and actual experience	(3,538,271)	(1,127,170)	(4,665,441)
Benefit payments	(1,037,443)	(330,494)	(1,367,937)
Net changes	(1,765,539)	(562,440)	(2,327,979)
End of year	\$ 33,972,020	\$ 10,822,309	\$ 44,794,329
Covered payroll	\$ 5,284,843	\$ 1,683,568	\$ 6,968,411
OPEB liability as a percentage of covered payroll	643%	643%	643%

Data not available prior to the 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Town of Queensbury, New York
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.0222732%	0.0232837%	0.0228080%	0.0220104%
Town's proportionate share of the net pension liability	\$ 718,856	\$ 2,187,790	\$ 3,660,747	\$ 743,565
Town's covered-employee payroll	\$ 6,282,951	\$ 6,165,797	\$ 6,143,642	\$ 6,221,965
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.44%	35.48%	59.59%	11.95%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Queensbury, New York

Required Supplementary Information Schedule of Pension Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 896,415	\$ 905,097	\$ 941,050	\$ 1,054,148
Contributions in relation to the contractually required contribution	896,415	905,097	941,050	1,054,148
Contribution deficiency (excess)	-	-	-	-
Town's covered-employee payroll	6,282,951	6,165,797	6,143,642	6,221,965
Contribution as a percentage of covered-employee payroll	14%	15%	15%	17%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Queensbury, New York
Required Supplementary Information
Budgetary Comparison Statement - General Fund

	Year Ended December 31, 2018			
	Budgeted Amounts		Actual Amounts	Variance with Revised - Positive (Negative)
	Adopted	Revised		
REVENUES				
Real property taxes	\$ 1,950,078	\$ 1,950,078	\$ 1,951,345	\$ 1,267
Real property tax items	73,950	73,950	77,340	3,390
Non-property taxes	9,085,000	9,331,335	9,597,759	266,424
Departmental income	370,100	370,100	495,302	125,202
Use of money and property	-	-	17,329	17,329
Licenses and permits	150,500	150,500	215,023	64,523
Fines and forfeitures	575,000	575,000	482,886	(92,114)
Sale of property and compensation for loss	-	3,725	15,792	12,067
Miscellaneous	-	15,000	17,730	2,730
Interfund revenues	165,000	286,298	291,250	4,952
State aid	891,500	894,875	1,059,977	165,102
Appropriated fund balance	350,000	2,065,289	-	(5,170,957)
Total revenues and appropriated fund balance	<u>13,611,128</u>	<u>15,716,150</u>	<u>14,221,733</u>	<u>(4,600,085)</u>
EXPENDITURES				
General government support	3,355,913	3,418,413	3,029,619	388,794
Public safety	568,350	610,735	537,512	73,223
Health	14,000	15,000	12,410	2,590
Transportation	467,675	476,450	446,595	29,855
Economic opportunity and development	149,800	396,135	371,250	24,885
Culture and recreation	1,080,650	1,249,777	1,244,947	4,830
Home and community service	638,900	652,900	607,630	45,270
Employee benefits	2,721,000	2,661,010	2,351,584	309,426
Debt service	338,090	338,090	338,047	43
Total expenditures	<u>9,334,378</u>	<u>9,818,510</u>	<u>8,939,594</u>	<u>878,916</u>
OTHER FUNDING SOURCES (USES)				
Interfund transfers-in	-	-	10,000	(10,000)
Interfund transfers-out	(4,276,750)	(5,897,640)	(5,561,240)	336,400
Total other financing sources (uses)	<u>(4,276,750)</u>	<u>(5,897,640)</u>	<u>(5,551,240)</u>	<u>326,400</u>
Appropriated fund balance (budget) and net change in fund balance (actual)	<u>\$ -</u>	<u>\$ -</u>	<u>(269,101)</u>	<u>(3,394,769)</u>
FUND BALANCE, beginning of year			<u>10,553,798</u>	<u>10,553,798</u>
FUND BALANCE, end of year			<u>\$ 10,284,697</u>	<u>\$ 7,159,029</u>

Town of Queensbury, New York
 Required Supplementary Information
 Budgetary Comparison Statement - Highway Fund

	Year Ended December 31, 2018			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
REVENUES				
Use of money and property	\$ 250	\$ 250	\$ 430	\$ 180
Sale of property and compensation for loss	2,000	29,533	33,295	3,762
Miscellaneous	-	-	3,007	3,007
State aid	300,000	440,000	224,551	(215,449)
Total revenues	<u>302,250</u>	<u>469,783</u>	<u>261,283</u>	<u>(208,500)</u>
EXPENDITURES				
Transportation	2,603,900	3,679,448	3,052,852	626,596
Employee benefits	1,727,250	1,654,750	1,357,241	297,509
Total expenditures	<u>4,331,150</u>	<u>5,334,198</u>	<u>4,410,093</u>	<u>924,105</u>
OTHER FUNDING SOURCES				
Interfund transfers-in	4,028,900	4,246,815	4,246,815	-
Appropriated fund balance	-	617,600	-	(617,600)
Total other financing sources	<u>4,028,900</u>	<u>4,864,415</u>	<u>4,246,815</u>	<u>(617,600)</u>
Appropriated fund balance (budget) and net change in fund balance (actual)	<u>\$ -</u>	<u>\$ -</u>	98,005	1,333,205
FUND BALANCE, beginning of year			<u>1,084,020</u>	<u>1,084,020</u>
FUND BALANCE, end of year			<u>\$ 1,182,025</u>	<u>\$ 2,417,225</u>

Town of Queensbury, New York

Required Supplementary Information Budgetary Comparison Statement - Fire Protection Fund

	Year Ended December 31, 2018			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
REVENUES				
Real property taxes	\$ 3,777,650	\$ 3,777,650	\$ 3,803,401	\$ 25,751
Real property tax items	25,350	25,350	-	(25,350)
Departmental income	1,050,000	1,050,000	1,220,737	170,737
Use of money and property	-	-	2,582	2,582
Total revenues	4,853,000	4,853,000	5,026,720	173,720
EXPENDITURES				
Public safety	4,473,000	4,488,000	4,469,526	18,474
Employee benefits	380,000	365,000	275,930	89,070
Total expenditures	4,853,000	4,853,000	4,745,456	107,544
Appropriated fund balance (budget) and net change in fund balance (actual)	\$ -	\$ -	281,264	281,264
FUND BALANCE, <i>beginning of year</i>			1,396,939	1,396,939
FUND BALANCE, <i>end of year</i>			\$ 1,678,203	\$ 1,678,203

Town of Queensbury, New York

Supplementary Information Combining Balance Sheet - Non-Major Governmental Funds

	December 31, 2018					
	Capital Projects	Special Grant	Cemetery	Lighting District	Aquatic District	Total
ASSETS						
Cash and cash equivalents	\$ 3,942,394	\$ 189,988	\$ 151,438	\$ 265,752	\$ 249,206	\$ 4,798,778
Receivables from other governments	10,652	105,455	-	-	-	116,107
Other receivables, net of uncollectibles	-	65,717	-	-	-	65,717
Due from other funds	2,545	-	-	-	-	2,545
Prepaid expenses	-	-	17,818	-	-	17,818
Investments	1,001,305	-	-	-	-	1,001,305
Cash and cash equivalents, restricted	-	-	677,794	-	-	677,794
Total assets	\$ 4,956,896	\$ 361,160	\$ 847,050	\$ 265,752	\$ 249,206	\$ 6,680,064
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 284,809	\$ 14,821	\$ 16,505	\$ 11,263	\$ 7,860	\$ 335,258
Accrued liabilities	-	-	1,143	-	-	1,143
Due to other funds	63,244	181,512	-	-	-	244,756
Total liabilities	348,053	196,333	17,648	11,263	7,860	581,157
Fund balances						
Nonspendable	-	-	17,819	-	-	17,819
Restricted for other purposes	-	-	677,794	-	-	677,794
Assigned, unappropriated	4,608,843	164,827	133,789	254,489	241,346	5,403,294
Total fund balances	4,608,843	164,827	829,402	254,489	241,346	6,098,907
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,956,896	\$ 361,160	\$ 847,050	\$ 265,752	\$ 249,206	\$ 6,680,064

See Independent Auditor's Report.

Town of Queensbury, New York

Supplementary Information Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds

	Year Ended December 31, 2018					Total
	Capital Projects	Special Grant	Cemetery	Lighting District	Aquatic District	
REVENUES						
Real property taxes	\$ -	\$ -	\$ -	\$ 143,695	\$ 73,444	\$ 217,139
Departmental income	-	-	537,333	-	25,000	562,333
Use of money and property	1,583	176	825	312	276	3,172
Sale of property and compensation for loss	-	-	2,048	-	-	2,048
Miscellaneous	-	489	-	-	-	489
State aid	66,043	75,037	-	-	-	141,080
Federal aid	-	40,662	-	-	-	40,662
Total revenues	<u>67,626</u>	<u>116,364</u>	<u>540,206</u>	<u>144,007</u>	<u>98,720</u>	<u>966,923</u>
EXPENDITURES						
Health	-	-	-	-	85,320	85,320
Transportation	-	-	-	117,036	-	117,036
Home and community service	-	226,668	372,332	-	254	599,254
Employee benefits	-	-	191,658	-	-	191,658
Capital outlay						
General government support	765,019	-	-	-	-	765,019
Culture and recreation	391,387	-	-	-	-	391,387
Home and community service	260,992	-	20,218	-	-	281,210
Total expenditures	<u>1,417,398</u>	<u>226,668</u>	<u>584,208</u>	<u>117,036</u>	<u>85,574</u>	<u>2,430,884</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	1,455,455	2,500	50,000	-	-	1,507,955
Interfund transfers out	(10,000)	-	-	-	-	(10,000)
Total other financing sources	<u>1,445,455</u>	<u>2,500</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>1,497,955</u>
Net change in fund balances	95,683	(107,804)	5,998	26,971	13,146	33,994
FUND BALANCES, <i>beginning of year</i>	<u>4,513,160</u>	<u>272,631</u>	<u>823,404</u>	<u>227,518</u>	<u>228,200</u>	<u>6,064,913</u>
FUND BALANCES, <i>end of year</i>	<u>\$ 4,608,843</u>	<u>\$ 164,827</u>	<u>\$ 829,402</u>	<u>\$ 254,489</u>	<u>\$ 241,346</u>	<u>\$ 6,098,907</u>

See Independent Auditor's Report.



**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***

Supervisor and Town Board
Town of Queensbury, New York
Queensbury, 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 Queensbury, New York (Town), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 23, 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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
August 23, 2019

