



Town of North Greenbush
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TOWN OF NORTH GREENBUSH
ANNUAL FINANCIAL SUMMARY AS OF DECEMBER 31, 2021

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

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

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

Bank	Balance 12/31/21	Interest Income
Key Bank (Public Now Fund)	\$2,966,406	\$ 284
Pioneer Commercial Bank (Money Market)	\$3,589,241	\$2,982
Pioneer Commercial Bank (Checking)	\$ 650,669	
Total	\$7,206,316	\$3,266

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

The December 31, 2021 Town Bank Reconciliation balance of \$7,206,316 was adjusted for \$109,627 of outstanding checks not cashed leaving a General Ledger reconciled balance of \$7,102,830 which is in balance with the 2021 audited financial statement.

The annual percentage bank interest yield for 2021 was on average 0.01% for the Town's Key Bank account and 0.04% for the Town's Pioneer Commercial account. Key and Pioneer provide the Town with numerous services and benefits for the deposited balances. Some of those significant services include:

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

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

As of December 31, 2021, the Town Fund Balance totaled \$9,740,850 as follows:

General Fund	\$4,075,889
Highway Fund	\$ 732,082
Water Fund	\$2,240,097
Sewer Fund	\$ 703,166
Lighting Fund	\$ 24,675
<u>Capital Projects</u>	<u>\$1,964,941</u>
Total	\$9,740,850

In accordance with the Town policy and GASB 54, the Town Fund Balance categories are designated as: Non-spendable; Restricted; Assigned; or Unassigned and the \$9,740,850 total is categorized as follows:

- Non-Spendable Fund Balance totals \$157,033 for pre-paid expenditure on December 31, 2021.
- Restricted Fund Balance totals \$292,645 (\$262,869 for Greenspace; \$26,776 for Police Asset Forfeiture Funds and \$3,000 for Traffic Mitigation).
- Assigned Fund Balance totals \$7,982,879 as follows:
 - \$3,050,000 for Tax Stabilization (\$2,000,000 in the General Fund and \$350,000 in the Highway Fund, which can be used to offset the tax levy and \$700,000 in the General Fund for Other Post Employment Benefits);
 - \$4,205,038 for Capital Projects Fund Balance (\$1,964,941 for the Town share of the Route 4 Highway Improvement Vehicle and Pedestrian Capital Project and \$2,240,097 which will be used for the Town share of the Route 43 Water Transmission line Capital Project);
 - \$703,166 for Sewer Operations; and
 - \$24,675 for Street Lighting Operations.
- Unassigned Fund Balance Total \$1,308,293 (\$929,211 for General Fund and \$379,082 for Highway Fund).

In summary, while the Town Fund Balance totals \$9.7 million, there is \$1.31 million of unassigned monies. The remaining \$8.39 million balance is either non-spendable, restricted or assigned.

DEBT SERVICE ANALYSIS: In carrying out its responsibilities for delivering municipal services (road, highway, water and sewer infrastructure, equipment, etc.) the town secures short and long-term borrowing thru the issuance of Bank Anticipation Notes (BAN), the sale of BONDS or the use of a "lease-to-own" credit line on its bank assets to purchase necessary equipment. The proceeds to pay for debt service expenses are collected thru the tax levy from those taxpayers who receive the benefit of the project or the equipment. In 2021, the Town paid \$1,331,230 of principal and interest payments to satisfy annual debt payments as follows: General Fund paid \$75,240; Highway Fund paid \$166,650; Water Fund paid \$1,027,916; and Sewer Fund paid \$61,424. The town continues to pay down debt services principal and interest obligations at the rate of approximately 14.85% per year. As of December 31, 2021, the total debt service principal and interest balance was \$9,899,145 for BOND obligations, as follows.

Type	Principal Balance	Interest Rate	Purpose
BOND	\$9,719,671	1% to 6.75%	Water/Sewer projects, etc.
BOND (thru C/Renss)	\$ 179,474	\$0	Water District 5B
Total	\$9,899,145		

Over the next 2 years, \$416,025 of annual debt service payments will be retired as follows:

2022	\$295,000 for Water District #12
	\$ 99,000 for Sewer #4 and Main Avenue School
2023	\$ 22,025 for Sewer #8
Total	\$416,025 of debt service to be retired

In February 2021, the Town took advantage of historically low interest rates and re-funded \$7.9 million in Serial Public Improvement Bonds for completed water, sewer and road capital projects. These bonds were originally issued in 2015 at a cost of \$10.5 million to be paid thru 2035. The re-funding at the lower interest rate of 1.153% resulted in a taxpayer savings of \$1.6 million over the bond payoff date of 2035 which is approximately a \$100,000 per year savings. Prior to the refunding, Standards and Poor's Rating Services reaffirmed its "AA" rating for the Town, citing its strong budgetary performance achieved through conservative budgeting year after year, the Town's

total available fund balance, which includes a \$1.7 million “rainy-day” fund that was implemented in 2017, very strong liquidity of available cash and its strong economy.

The two Capital Projects currently underway in the Town (Route 4 Highway Improvement Vehicle and Pedestrian Improvement Project and the Route 43 Drinking Water Improvement project), for which the Town received federal and state grant monies grant monies, will be completed in 2022. The Town Board authorized a combination of fund balance, traffic mitigation fees and the use of federal stimulus monies to pay for the town share for these projects.

In addition, the Town applied for and will received a total of \$1,255,996 under the Federal American Rescue Plan that was enacted due to Covid-19. The Town received \$627,998 of that funding in 2021 and will receive the remaining balance of \$627,998 in the summer of 2022. These federal awarded monies must be “obligated” by December 2024 and “spent” by December 2026. The funds can be used for eligible costs incurred by the town beginning March 3, 2021 thru December 31, 2024 based on the following criteria: Responding to public health by providing aid to households, small business or nonprofits or aid to impacted industries like tourism, hospitality and travel; for essential workers during the emergency by providing premium pay; funding government services that have been curtailed as a result of a decrease in tax revenue caused by the pandemic which could include maintenance of infrastructure, new building infrastructure (i.e. roads), cybersecurity, IT hardware and software, and public safety services and making “necessary investments” in water, sewer or broadband infrastructure. The Town Board has authorized expenditures for these funds for the following eligible projects: Town Park Improvements (45%); Water Transmission Line Improvements (32%); Highway/Road and Draining Improvements (12%); Emergency Services (6%); Premium pay for employees (4%); and Town Facility Safety Improvements from Covid (2%).

REQUIRED FINANCIAL REPORTING: The town continues to comply with the required annual filing of financial audit reports (AUD) with the State Comptroller’s Office and its independent review of the financial summary and statement conducted by Cusack and Company, LLC for the fiscal year ending December 31, 2021. Those reports, once approved by the Town Board, will be available on the Town website. The cash position of the town increased by \$1,185,285 for 2020 bringing the total town fund balance to \$8,235,102 of which \$2,002,231 is restricted.

Each year, in concert with the annual budget preparation, the Town must report to the NYS Comptroller’s Office how the adopted budget will relate to the New York State Property Tax Cap Law. The Law, with some exceptions, limits the amount local governments and most school districts can increase property taxes. As part of the budget process, local governments may increase property taxes by the lower of either a 2% percent tax increase or a tax increase equal to the rate of inflation. The Town continues to work diligently to increase services for town residents while reducing operating costs and maximizing revenue sources which have kept general and highway fund property taxes very stable for the last 10 years. Fortunately, the Town has never adopted a budget that exceeded the 2% Tax Cap and at the end of each year has been able to replenish its fund balance which ensures continued fiscal and operational stability. For the 2021 Tax Year, the Town Board adopted a budget that was at the authorized Tax Cap according to the following calculations:

Tax Levied Prior Year	\$5,805,873
Tax Base Growth Factor	x1.0087
Total	\$5,856,384
PILOTs Receivable Prior Year	+\$224,762
Total	\$6,081,146
Allowable Levy Growth Factor	x1.02
Total	\$6,202,769
PILOTs Receivable Current Year	-\$224,762
Available Carryover from Prior Year	+\$26,521
Allowable Tax Cap Levy	\$6,004,528
Adopted Tax Cap Levy in 2021 Budget	\$6,004,528
Tax Levy Over (Under) Tax Cap	\$0

NOTE: PILOT is Payment in Lieu of Taxes

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

Respectfully,



Anthony J. Germano
Comptroller

Cf: Town Board Members