

TOWN OF ANCRAM
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2014

TOWN OF ANCRAM
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INDEPENDENT AUDITOR'S REPORT

To the Town Board of the
Town of Ancram:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ancram as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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.

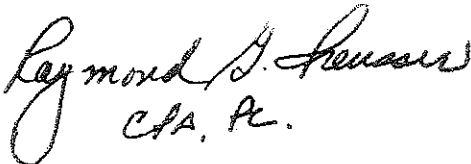
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ancram as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.


C.P.A., P.C.

Claverack, New York
April 29, 2015

TOWN OF ANCRAM
Management's Discussion and Analysis (MD&A)
December 31, 2014

INTRODUCTION

The Town of Ancram offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2014. Please review it in conjunction with the Town's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- As of the close of this fiscal year, the Town's governmental funds reported combined fund balances of \$705,895 a decrease of \$92,748 in comparison with the prior year.

- 2014 was the fifth consecutive year of flat or declining property taxes for the Town of Ancram. The major financial event was the prepayment of the \$240,000 remaining balance of the \$400,000 garage loan that had been taken out in 2010. Even with this prepayment, the Town ended 2014 with a cash position of \$630,000. The Town Board's policy is to maintain cash reserves of approximately two times state and federal aid received by the Town, which would result in cash reserves of approximately \$800,000. The Town benefitted in 2014 from strong sales and mortgage tax receipts, and from stronger than normal building department activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management’s Discussion and Analysis narrative (required supplemental information) 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:

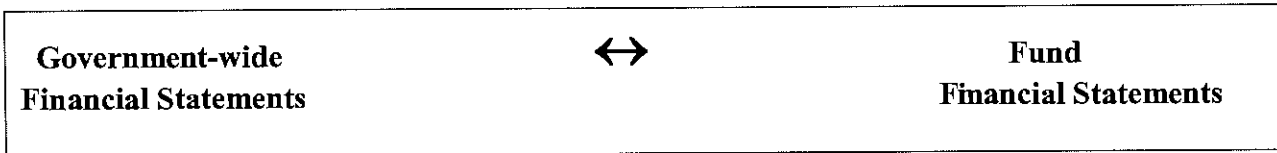
- 1. Government-wide Financial Statements
- 2. Fund Financial Statements
- 3. Notes to the Financial Statements

Our auditor has provided assurance in the independent auditor’s report that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management’s Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic 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 a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and 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 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 (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the Town's services are reported in the government-wide financial statements as *governmental activities*, including general government support, public safety, health, transportation, economic assistance and opportunity, home and community services, and culture and recreation. Property taxes, non-property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Town of Ancram's Net Position December 31, 2014 and 2013

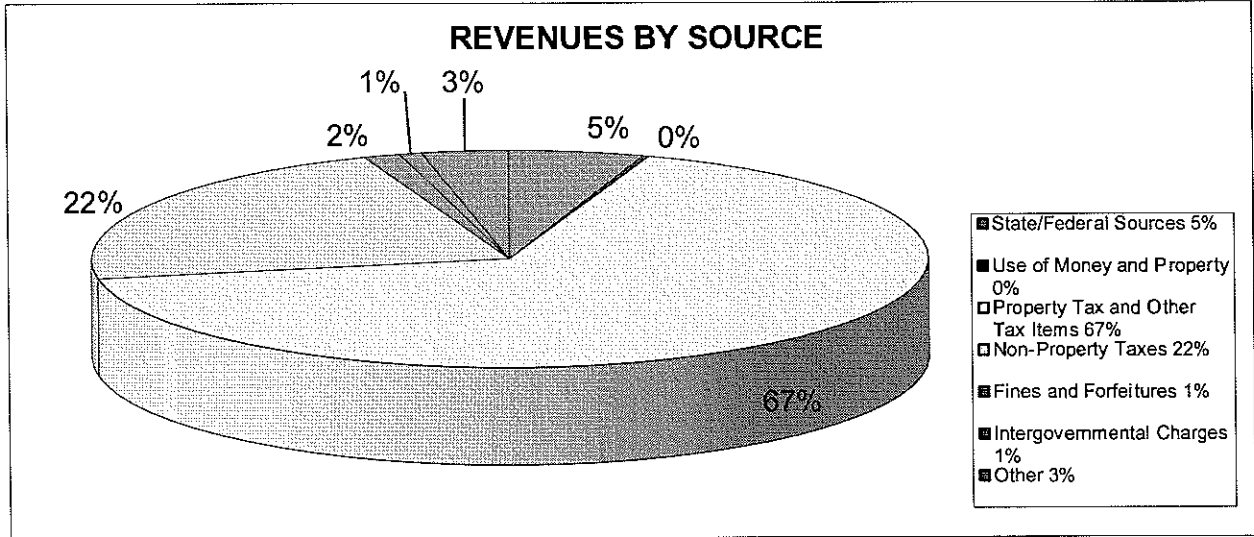
	<u>Governmental Activities</u>		Variance Increase (Decrease)
	<u>2014</u>	<u>2013</u>	
Current Assets	\$ 708,213	\$ 807,366	\$ (99,153)
Capital Assets	1,119,132	1,164,817	(45,685)
Total Assets	<u>1,827,345</u>	<u>1,972,183</u>	<u>(144,838)</u>
Current Liabilities	2,318	48,723	(46,405)
Noncurrent Liabilities	247,329	240,000	7,329
Total Liabilities	<u>249,647</u>	<u>288,723</u>	<u>(39,076)</u>
Net Position:			
Investment in capital assets, net of related debt	1,119,132	1,164,817	(45,685)
Restricted	24,116	-	24,116
Unrestricted	434,450	518,643	(84,193)
Total Net Position	<u>\$ 1,577,698</u>	<u>\$ 1,683,460</u>	<u>\$ (105,762)</u>

**Town of Ancram's
Changes in Net Position
For the Years Ended December 31, 2014 and 2013**

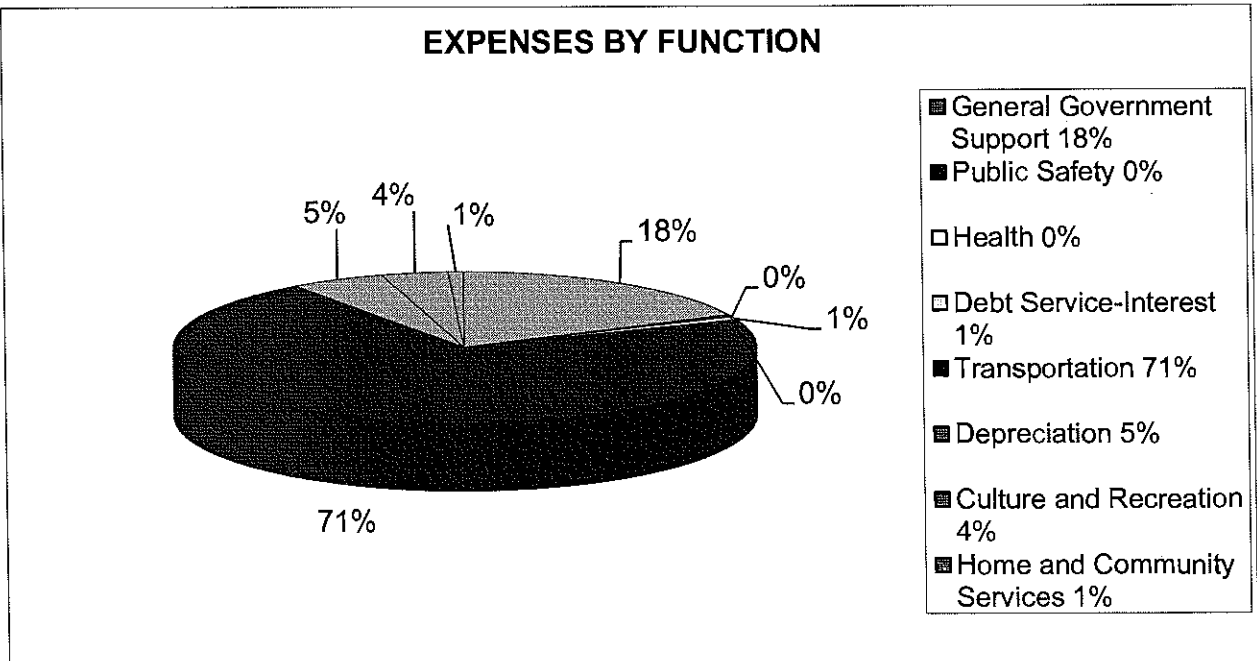
	Governmental Activities		Variance Increase (Decrease)
	2014	2013	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$ 58,497	\$ 49,403	\$ 9,094
Operating Grants and Contributions	154,643	138,628	16,015
Total Program Revenues	<u>\$ 213,140</u>	<u>\$ 188,031</u>	<u>\$ 25,109</u>
General Revenues:			
Real Property Taxes and Other Tax Items	\$ 816,720	\$ 819,547	\$ (2,827)
Non-Property Taxes	271,461	256,356	15,105
Intergovernmental charges	10,342	11,354	(1,012)
Use of Money and Property	2,883	3,292	(409)
Fines and Forfeitures	17,301	12,270	5,031
Sale of Property and Compensation for Loss	21,606	11,120	10,486
Miscellaneous	19,539	24,898	(5,359)
State Sources	63,874	52,410	11,464
Total General Revenues	<u>1,223,726</u>	<u>1,191,247</u>	<u>32,479</u>
<u>Expenses (Net of Program Revenues):</u>			
General Government Support	240,659	241,573	(914)
Public Safety	5,222	5,035	187
Health	1,500	1,500	-
Transportation	942,979	731,102	211,877
Culture and Recreation	49,009	51,476	(2,467)
Home and Community Services	11,062	27,368	(16,306)
Debt Service-Interest	8,372	9,568	(1,196)
Depreciation-Unallocated	70,685	67,560	3,125
Total Expenses	<u>1,329,488</u>	<u>1,135,182</u>	<u>194,306</u>
Change in Net Position	<u>\$ (105,762)</u>	<u>\$ 56,065</u>	<u>\$ (161,827)</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire Town:

Government-wide Revenues by Source
For the Year Ended December 31, 2014



Government-wide Expenses by Function
For the Year Ended December 31, 2014



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and 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. The Town establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the Town can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the Town's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Town's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The Town is the trustee, or *fiduciary*, for assets that belong to others. The Town is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FUND FINANCIAL ANALYSIS (TOWN'S FUNDS)

The Town's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$.7 million, which is below last year's total of \$.8 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013.

	Fund Balance 2014	Fund Balance 2013	Variance Increase (Decrease)
General	\$ 665,745	\$ 780,737	\$ (114,992)
Highway	39,521	17,362	22,159
Lighting	629	544	85
Totals	<u>\$ 705,895</u>	<u>\$ 798,643</u>	<u>\$ (92,748)</u>

General Fund

The tables that follow assist in illustrating the financial activities and balances of the general fund and the highway fund.

<u>Revenues-General:</u>	<u>2014</u>	<u>2013</u>	<u>Variance Increase (Decrease)</u>
Real Property Taxes and Other Tax Items	\$ 176,420	\$ 180,047	\$ (3,627)
Non-property Taxes	271,461	256,356	15,105
Departmental Income	18,252	15,547	2,705
Licenses and Permits	40,245	33,856	6,389
Fines and Forfeitures	17,301	12,270	5,031
Use of Money and Property	2,142	2,492	(350)
State Sources	63,874	52,410	11,464
Other	19,539	24,898	(5,359)
Totals	<u>\$ 609,234</u>	<u>\$ 577,876</u>	<u>\$ 31,358</u>

<u>Expenses-General:</u>	<u>2014</u>	<u>2013</u>	<u>Variance Increase (Decrease)</u>
General Government Support	\$ 191,240	\$ 199,724	\$ (8,484)
Public Safety	5,720	5,035	685
Health	1,500	1,500	-
Transportation	69,905	66,427	3,478
Culture and Recreation	64,976	67,023	(2,047)
Home and Community Services	53,094	61,224	(8,130)
Employee Benefits	49,419	41,849	7,570
Debt Service	288,372	49,568	238,804
Totals	<u>\$ 724,226</u>	<u>\$ 492,350</u>	<u>\$ 231,876</u>

<u>Revenues-Highway:</u>	<u>2014</u>	<u>2013</u>	<u>Variance Increase (Decrease)</u>
Real Property Taxes and Other Tax Items	\$ 634,800	\$ 634,000	\$ 800
Intergovernmental Charges	10,342	11,354	(1,012)
Use of Money and Property	731	792	(61)
State Sources	154,643	138,628	16,015
Sale of Property and Compensation for Loss	21,606	11,120	10,486
Totals	<u>\$ 822,122</u>	<u>\$ 795,894</u>	<u>\$ 26,228</u>

<u>Expenses-Highway:</u>	<u>2014</u>	<u>2013</u>	<u>Variance Increase (Decrease)</u>
Transportation	\$ 710,451	\$ 702,065	\$ 8,386
Employee Benefits	89,512	96,083	(6,571)
Totals	<u>\$ 799,963</u>	<u>\$ 798,148</u>	<u>\$ 1,815</u>

GENERAL FUND BUDGET INFORMATION

The Town's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund and Highway Fund.

CAPITAL ASSETS

The Town's capital assets (net of accumulated depreciation) as of December 31, 2014 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 42,000
Buildings and Improvements	983,989
Machinery & Equipment	5,340
Vehicles	<u>87,803</u>
Total	<u>\$ 1,119,132</u>

The total decrease in the Town's capital assets (net of accumulated depreciation) for the current fiscal year was \$45,685. The most significant decrease to capital assets was attributable to the depreciation of the capital assets.

DEBT

The Town had no long term debt outstanding as of December 31, 2014.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was aware of existing circumstances that could significantly affect its financial health in the future.

The Town anticipates purchasing two 2015 ten-wheel plow trucks for approximately \$200,000 each. The Town has secured a \$400,000 loan commitment to finance these trucks at a rate of 1.99% for a five year term. The Town Board may elect to pay for one of the trucks and finance the other, or to finance both. In either case the tax levy will not increase.

The Town will participate in the NYS Government Efficiency Plan through the Columbia County plan submission. This will meet the requirements to permit the Ancram taxpayers to receive property tax refund checks for a portion of their Town and County property as provided by law. The Town has identified plans to save 1% of the 2014 tax levy in 2017, 2018 and 2019, which is approximately \$8,000. The Town also intends to keep the Town property tax levy increases in the future under the 2% property tax cap.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the Town's citizens, taxpayers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Town of Ancram
1416 County Route 7
Ancram, New York 12502

TOWN OF ANCRAM
STATEMENT OF NET POSITION
December 31, 2014

ASSETS

Unrestricted cash	\$ 608,664
Restricted cash	24,116
Other receivables, net	66,604
Due from fiduciary funds	8,029
Prepaid expenses	800
Capital assets, net	<u>1,119,132</u>

Total Assets 1,827,345

LIABILITIES

Current Liabilities:

Accounts payable	1,027
Due to fiduciary funds	<u>1,291</u>
Total Current Liabilities	<u>2,318</u>

Long-Term Obligations:

Other postemployment benefits payable	<u>247,329</u>
Total Long-Term Obligations	<u>247,329</u>

Total Liabilities 249,647

NET POSITION

Investment in capital assets, net of related debt	1,119,132
Restricted	24,116
Unrestricted	<u>434,450</u>

Total Net Position \$ 1,577,698

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended December 31, 2014

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General government support	\$ 191,240	\$ 49,419	\$ -	\$ -	\$ (240,659)
Public safety	5,720	-	498	-	(5,222)
Health	1,500	-	-	-	(1,500)
Transportation	760,781	336,841	-	154,643	(942,979)
Culture and recreation	64,976	-	15,967	-	(49,009)
Home and community services	53,094	-	42,032	-	(11,062)
Employee benefits	386,260	(386,260)	-	-	-
Debt service-interest	8,372	-	-	-	(8,372)
Depreciation-unallocated	70,685	-	-	-	(70,685)
Total Functions and Programs	\$ 1,542,628	\$ -	\$ 58,497	\$ 154,643	(1,329,488)
GENERAL REVENUES					
Real property taxes and other tax items					816,720
Non-property taxes					271,461
Intergovernmental charges					10,342
Use of money and property					2,883
Fines and forfeitures					17,301
Sale of property and compensation for loss					21,606
Miscellaneous					19,539
State sources					63,874
Total General Revenues					1,223,726
Change in Net Position					(105,762)
Total Net Position - Beginning of year					1,683,460
Total Net Position - End of year					\$ 1,577,698

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2014

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 608,664	\$ -	\$ -	\$ 608,664
Restricted cash	24,116		-	24,116
Other receivables, net	66,604	-	-	66,604
Due from fiduciary funds	8,029	-	-	8,029
Prepaid expenses	800	-	-	800
Capital assets, (net)	-	1,119,132	-	1,119,132
Total Assets	\$ 708,213	\$ 1,119,132	\$ -	\$ 1,827,345
LIABILITIES				
Accounts payable	\$ 1,027	\$ -	\$ -	1,027
Other postemployment benefits payable	-	247,329	-	247,329
Due to fiduciary funds	1,291	-	-	1,291
Total Liabilities	2,318	247,329	-	249,647
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	705,895	871,803	-	1,577,698
Total Liabilities and Fund Balance/Net Position	\$ 708,213	\$ 1,119,132	\$ -	\$ 1,827,345

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For Year Ended December 31, 2014

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes and other tax items	\$ 816,720	\$ -	\$ -	\$ -	\$ 816,720
Non-property taxes	271,461	-	-	-	271,461
Departmental income	18,252	-	-	-	18,252
Intergovernmental charges	10,342	-	-	-	10,342
Use of money and property	2,883	-	-	-	2,883
Licenses and permits	40,245	-	-	-	40,245
Fines and forfeitures	17,301	-	-	-	17,301
Sale of property and compensation for loss	21,606	-	-	-	21,606
Miscellaneous	19,539	-	-	-	19,539
State sources	218,517	-	-	-	218,517
Total Revenues	<u>1,436,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,436,866</u>
EXPENDITURES/EXPENSES					
General government support	191,240	-	-	-	191,240
Public safety	5,720	-	-	-	5,720
Health	1,500	-	-	-	1,500
Transportation	785,781	-	(25,000)	-	760,781
Culture and recreation	64,976	-	-	-	64,976
Home and community services	53,094	-	-	-	53,094
Employee benefits	138,931	247,329	-	-	386,260
Debt service-principal	280,000	-	-	(280,000)	-
-interest	8,372	-	-	-	8,372
Depreciation	-	-	70,685	-	70,685
Total Expenditures	<u>1,529,614</u>	<u>247,329</u>	<u>45,685</u>	<u>(280,000)</u>	<u>1,542,628</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(92,748)</u>	<u>(247,329)</u>	<u>(45,685)</u>	<u>280,000</u>	<u>(105,762)</u>
Net Change for the Year	<u>\$ (92,748)</u>	<u>\$ (247,329)</u>	<u>\$ (45,685)</u>	<u>\$ 280,000</u>	<u>\$ (105,762)</u>

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
BALANCE SHEET- GOVERNMENTAL FUNDS
December 31, 2014

	General	Highway	Lighting	Total Governmental Funds
ASSETS				
Unrestricted cash	\$ 573,559	\$ 34,476	\$ 629	\$ 608,664
Restricted cash	24,116	-	-	24,116
Other receivables, net	66,604	-	-	66,604
Due from other funds	1,693	6,336	-	8,029
Prepaid expenses	800	-	-	800
Total Assets	<u>\$ 666,772</u>	<u>\$ 40,812</u>	<u>\$ 629</u>	<u>\$ 708,213</u>
LIABILITIES				
Accounts payable	\$ 1,027	\$ -	\$ -	\$ 1,027
Due to fiduciary funds	-	1,291	-	1,291
Total Liabilities	<u>1,027</u>	<u>1,291</u>	<u>-</u>	<u>2,318</u>
FUND BALANCES				
Restricted	24,116	-	-	24,116
Assigned	-	-	-	-
Unassigned	641,629	39,521	629	681,779
Total Fund Balances	<u>665,745</u>	<u>39,521</u>	<u>629</u>	<u>705,895</u>
Total Liabilities and Fund Balances	<u>\$ 666,772</u>	<u>\$ 40,812</u>	<u>\$ 629</u>	<u>\$ 708,213</u>

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
For Year Ended December 31, 2014

	General	Highway	Lighting	Total Governmental Funds
REVENUES				
Real property taxes and other tax items	\$ 176,420	\$ 634,800	\$ 5,500	\$ 816,720
Non-property taxes	271,461	-	-	271,461
Departmental income	18,252	-	-	18,252
Intergovernmental charges	-	10,342	-	10,342
Use of money and property	2,142	731	10	2,883
Licenses and permits	40,245	-	-	40,245
Fines and forfeitures	17,301	-	-	17,301
Sale of property and compensation for loss	-	21,606	-	21,606
Miscellaneous	19,539	-	-	19,539
State sources	63,874	154,643	-	218,517
Total Revenues	<u>609,234</u>	<u>822,122</u>	<u>5,510</u>	<u>1,436,866</u>
EXPENDITURES				
General government support	191,240	-	-	191,240
Public safety	5,720	-	-	5,720
Health	1,500	-	-	1,500
Transportation	69,905	710,451	5,425	785,781
Culture and recreation	64,976	-	-	64,976
Home and community services	53,094	-	-	53,094
Employee benefits	49,419	89,512	-	138,931
Debt Service				
Principal	280,000	-	-	280,000
Interest	8,372	-	-	8,372
Total Expenditures	<u>724,226</u>	<u>799,963</u>	<u>5,425</u>	<u>1,529,614</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(114,992)</u>	<u>22,159</u>	<u>85</u>	<u>(92,748)</u>
Fund Balance- Beginning of year	<u>780,737</u>	<u>17,362</u>	<u>544</u>	<u>798,643</u>
Fund Balance- End of year	<u>\$ 665,745</u>	<u>\$ 39,521</u>	<u>\$ 629</u>	<u>\$ 705,895</u>

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property taxes and other tax items	\$ 177,670	\$ 177,670	\$ 176,420	\$ (1,250)
Non-property taxes	244,700	244,700	271,461	26,761
Departmental income	19,000	19,000	18,252	(748)
Use of money and property	3,000	3,000	2,142	(858)
Licenses and permits	20,000	20,000	40,245	20,245
Fines and forfeitures	10,000	10,000	17,301	7,301
Miscellaneous	15,000	23,000	19,539	(3,461)
State sources	36,800	36,800	63,874	27,074
Total Revenues	<u>526,170</u>	<u>534,170</u>	<u>609,234</u>	<u>75,064</u>
EXPENDITURES				
General government support	244,350	262,350	191,240	71,110
Public safety	5,120	5,720	5,720	-
Health	1,500	1,500	1,500	-
Transportation	70,000	70,750	69,905	845
Culture and recreation	77,500	77,500	64,976	12,524
Home and community services	59,750	67,750	53,094	14,656
Employee benefits	45,450	49,450	49,419	31
Debt service	48,500	288,500	288,372	128
Total Expenditures	<u>552,170</u>	<u>823,520</u>	<u>724,226</u>	<u>99,294</u>
Excess (deficiency) of revenues over expenditures	<u>(26,000)</u>	<u>(289,350)</u>	<u>(114,992)</u>	<u>174,358</u>
OTHER FINANCING SOURCES AND USES				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(26,000)</u>	<u>(289,350)</u>	<u>(114,992)</u>	<u>174,358</u>
Fund Balance-Beginning	<u>780,737</u>	<u>780,737</u>	<u>780,737</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 754,737</u>	<u>\$ 491,387</u>	<u>\$ 665,745</u>	<u>\$ 174,358</u>

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES COMPARED
 TO BUDGET- HIGHWAY FUND
 For Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property taxes and other tax items	\$ 634,800	\$ 634,800	\$ 634,800	\$ -
Intergovernmental charges	13,000	13,000	10,342	(2,658)
Use of money and property	2,000	2,000	731	(1,269)
Sale of property and compensation for loss	4,000	4,000	21,606	17,606
State sources	108,000	156,000	154,643	(1,357)
Total Revenues	<u>761,800</u>	<u>809,800</u>	<u>822,122</u>	<u>12,322</u>
EXPENDITURES				
Transportation	657,000	721,000	710,451	10,549
Employee benefits	119,800	103,800	89,512	14,288
Total Expenditures	<u>776,800</u>	<u>824,800</u>	<u>799,963</u>	<u>24,837</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>22,159</u>	<u>37,159</u>
OTHER FINANCING SOURCES AND USES				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(15,000)</u>	<u>(15,000)</u>	<u>22,159</u>	<u>37,159</u>
Fund Balance-Beginning	<u>17,362</u>	<u>17,362</u>	<u>17,362</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 2,362</u>	<u>\$ 2,362</u>	<u>\$ 39,521</u>	<u>\$ 37,159</u>

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM
 STATEMENT OF FIDUCIARY NET POSITION
 December 31, 2014

		Agency
ASSETS		
Unrestricted cash	\$	14,224
Other assets		517
Due from governmental funds		1,291
Total Assets	\$	16,032
 LIABILITIES		
Due to governmental funds	\$	8,029
Other liabilities		8,003
Total Liabilities	\$	16,032

See auditor's report. See notes to financial statements.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. **Summary of Significant Accounting Policies**

The financial statements of the Town of Ancram (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. **Financial Reporting Entity**

The Town is governed by its charter, Town Law, other general laws of the State of New York, and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The Supervisor is elected to serve a two year term. The Councilpersons are elected to serve four year terms with two Councilpersons on the ballot every two years.

The Town provides the following basic services to all or some residents of the Town; highway maintenance, justice court, assessor, tax collection, animal control officer, building department, planning and zoning, recreation facilities and program, and environmental services.

All governmental activities and functions performed by the Town are its direct responsibility, no other governmental organizations have been included or excluded from the reporting entity.

The Town defines its reporting entity in accordance with GASB. Based on the criteria under this Statement, there are no component units to be included in the reporting entity.

B. **Basis of Presentation**

1. **Government-Wide Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the Town's services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

1. Government-Wide Statements (Continued)

The government-wide Statement of Activities reports both the gross and net costs of each of the Town's functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, and investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes, and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Government, these funds are not incorporated into the government-wide financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

2. Fund Financial Statements

The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Governmental funds are those major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in the financial position.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. **Summary of Significant Accounting Policies (Continued)**

B. **Basis of Presentation (Continued)**

2. **Fund Financial Statements (Continued)**

The Town reports the following funds:

a. **Major Governmental Funds**

- (1) **General Fund** - This is the Town's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) **Highway Fund** – This is a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide highway services to areas throughout the Town.
- (3) **Lighting Town** - This is a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide lighting services to areas in the Town.

b. **Fiduciary Funds**

Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the Government-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

Agency Funds – These funds are strictly custodial in nature and do not involve the measurement of results of operations. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

C. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

1. Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

2. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses gains, losses assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measureable and available”. Measureable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

See auditor’s report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

D. Cash and Investments

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Town's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Towns.

E. Receivables

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

F. Inventories and Prepaid Items

Inventory purchases in the General and Highway Funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained. Prepaid items represent payments made by the Town for which benefits extend beyond year end.

G. Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets are reflected in the Town-wide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 1,000	15-50
Furniture and Equipment	\$ 1,000	5-15
Vehicles	\$ 1,000	5-10

I. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the Town-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. **Summary of Significant Accounting Policies (Continued)**

J. **Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Town employees are granted vacation in varying amounts, based primarily on length of service and service position. The benefits are forfeited if not taken within varying time periods.

The Town does not provide payments for compensated absences based on their contracts.

K. **Postemployment Benefits**

The Town employees participate in the New York State Employees' Retirement System.

In addition to providing pension benefits, the Town provides limited postemployment health insurance coverage for a couple of retired employees. The Town discontinued providing this benefit and does not provide postemployment health coverage to current employees.

L. **Equity Classifications**

1. **Government-wide Statements**

In the government-wide statements there are three classes of Net Position:

Invested in capital assets, net related debt -- consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position -- reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position -- reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

L. Equity Classifications (Continued)

2. Fund Statements

In the fund basis statements, there are three classifications of fund balance:

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town has established the following restricted fund balances:

Restricted fund balance includes the following:

General Fund:

Building Reserve	\$	5,153
Bicentennial Reserve		1,027
Monument Reserve		1,651
Heritage Reserve		16,285
Total restricted funds	\$	<u>24,116</u>

Assigned – Includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

See auditor’s report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

M. Property Taxes

Real property taxes are levied annually no later than December 31, and become a lien on January 1. Taxes are collected during the period January 1 to April 30, with extensions granted until May 31. Taxes for County purposes are levied together with taxes for Town and special Town purposes on a single bill.

Uncollected real property taxes are subsequently enforced by the County of Columbia.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. No later than September 30, the budget officer submits a tentative budget to the Town Clerk for submission to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing of all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (Continued)

O. Budgetary Procedures and Budgetary Accounting (Continued)

2. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

P. New Accounting Standards

At December 31, 2014, the Town implemented the following new standard issued by GASB:

GASB has issued Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for the year ending December 31, 2014.

Q. Future Changes in Accounting Standards

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement 27*, effective for the year ending December 31, 2015.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending December 31, 2015.

GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending December 31, 2015.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

II. Explanation of Certain Differences between Governmental Fund Statements and Government-wide Statements

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

1. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

a. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

b. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

c. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

II. Explanation of Certain Differences between Governmental Fund Statements and Government-wide Statements (Continued)

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$1,922,714
Accumulated depreciation	<u>803,582</u>
Capital assets, (net)	<u>\$1,119,132</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

OPEB obligations payable	<u>\$ 247,329</u>
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When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$70,685 was more than capital expenditures of \$25,000 in the current year.

III. Cash and Investments

A. Deposits

The Town's investment policies are governed by State statutes. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit 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 the State and its municipalities.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the Town's custodial bank in the Town's name.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

IV. Interfund Transaction

Interfund balances at December 31, 2014 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,693	\$ -	\$ -	\$ -
Highway Fund	6,336	1,291	-	-
Total governmental activities	<u>8,029</u>	<u>1,291</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Fund	<u>1,291</u>	<u>8,029</u>		
Totals	<u>\$ 9,320</u>	<u>\$ 9,320</u>		

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
<u>Capital assets-not depreciated:</u>				
Land	\$ 42,000	\$ -	\$ -	\$ 42,000
Total capital assets-not depreciated:	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
<u>Other capital assets:</u>				
Buildings and improvements	1,172,018	-	-	1,172,018
Machinery and equipment	225,547	-	-	225,547
Vehicles	458,149	25,000	-	483,149
Total other capital assets:	<u>1,855,714</u>	<u>25,000</u>	<u>-</u>	<u>1,880,714</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	164,589	23,440	-	188,029
Machinery and equipment	215,668	4,539	-	220,207
Vehicles	352,640	42,706	-	395,346
Total accumulated depreciation	<u>732,897</u>	<u>70,685</u>	<u>-</u>	<u>803,582</u>
Other capital assets, net	<u>1,122,817</u>	<u>(45,685)</u>	<u>-</u>	<u>1,077,132</u>
Total	<u>\$ 1,164,817</u>	<u>\$ (45,685)</u>	<u>\$ -</u>	<u>\$ 1,119,132</u>

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

VI. Pension Plans

1. General Information

The Town participates in the New York State and Local Employees' Retirement System (ERS). This System is a cost sharing multiple employer, public employee retirement system. The System offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Description

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

3. Funding Policy

For the New York State and Local Employees' Retirement System, Chapter 126 of the laws of 2000 provide for the cessation of the 3% employee contribution for those Tier 3 and 4 members who, as of October 1, 2001, have either 10 years of membership or credited service. Members who joined on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. For ERS the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The required and actual contributions for the current year and two preceding years were:

<u>Year</u>	<u>ERS</u>
2014	\$49,537
2013	\$59,703
2012	\$50,523

The Town contributions made to the Systems were equal to 100% of the contribution required for each year.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

VII. Long-Term Debt Obligations

The Town did have long-term liability balances and activity for the year.

1. Long-Term Debt Interest

Interest paid \$ 8,372

2. Changes

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014	Due Within One Year
Serial Bonds	\$ 280,000	\$ -	\$ 280,000	\$ -	<u>\$ -</u>
OPEB Obligations	-	247,329	-	247,329	
Totals	<u>\$ 280,000</u>	<u>\$ 247,329</u>	<u>\$ 280,000</u>	<u>\$ 247,329</u>	

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

VIII. Postemployment (Health Insurance) Benefits

The Town provides limited postemployment (health insurance, life insurance, etc.) coverage to some retired employees. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements.

The Town implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the year ended December 31, 2014. This required the Town to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The Town recognizes the cost of providing health insurance annually as expenditures in the funds financial statements as payments are made. For the year ended December 31, 2014, the Town recognized \$12,096 for its share of insurance premiums for the retirees.

The Town has ascertained that the total liability for other postemployment benefits is \$247,329, which is reflected in the Statement of Net Position.

The Town does not offer postemployment benefits to current employees.

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the Town will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

Annual OPEB cost and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

VIII. Postemployment (Health Insurance) Benefits (Continued)

Annual OPEB cost and Net OPEB Obligation (Continued)

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$	17,320
Interest on net OPEB obligation		-
Adjustment to annual required contribution		242,105
Annual OPEB cost (expense)		<u>259,425</u>
Contributions made		<u>12,096</u>
Increase in net OPEB obligation		247,329
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	\$	<u><u>247,329</u></u>

Funded Status and Funding Progress

As of January 1, 2014, the plan was 0% funded. The actuarial accrued liability for benefits was \$247,329, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$247,329. Since no active employees are covered by the plan, the amount of covered payroll is \$0.

The January 1, 2014 valuation assumes an annual healthcare cost trend rate of 5%.

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

IX. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Other Items

Program and administrative costs are subject to audit and adjustment by various State agencies. Differences between ultimate settlements and estimated costs included in the financial statements are recorded in the year of settlement. Town management believes that it is in substantial compliance with all program requirements.

X. Other Disclosures

A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	\$ 705,895
Other postemployment benefits payable	(247,329)
Capital assets, (net)	1,119,132
Total net position	<u>\$ 1,577,698</u>

See auditor's report.

TOWN OF ANCRAM

NOTES TO BASIC FINANCIAL STATEMENTS

X. Other Disclosures (Continued)

B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance – total governmental funds	\$(92,748)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Other postemployment benefits payable	(247,329)
Repayments of Long-term Debt are recorded as an expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	280,000
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	25,000
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	<u>(70,685)</u>
Change in Net Position – Governmental Activities	<u>\$(105,762)</u>

XI. Stewardship, Compliance and Accountability

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

XII. Subsequent Events

There were no significant subsequent events to report from the period January 1, 2015 to April 29, 2015.

See auditor's report.

RAYMOND G. PREUSSER, CPA, P.C.

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To the Town Board of the
Town of Ancram:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Town of Ancram as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Ancram's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ancram's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ancram'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 29, 2015 on the financial statements of the Town of Ancram. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Payroll:

During our testing of payroll records for the audit, we noted the following:

1. Instances where the Form I-9 was not completed for all personnel of the Town.

We recommend the Town review all of its payroll files to make sure all necessary information is completed in each file.

We did note that the Town Clerk has started the process of obtaining Form I-9 for all personnel of the Town.

2. Time cards for the Summer Camp and Pool employees are not signed by the employee or their Supervisor. Time cards for the Highway Department personnel are not signed by the employee.

We recommend all time cards be signed by both the employee and their Supervisor.

3. Payroll vouchers for the Highway Department were not authorized by the Board.

We recommend the Board sign and authorize the Highway Department's payroll vouchers.

4. NYS quarterly reports and W-2 reports had missing and incorrect information.

We recommend all employee information be complete prior to processing of a paycheck as well as any state or federal reports.

5. Payrolls are not certified.

We recommend that all payrolls be certified by the Board and the Town Supervisor.

Cash Receipts:

During our audit of cash receipts, we noted that the Building Department's Cash Receipts could not be easily traced or reconciled to the Town Supervisor's records.

We recommend a monthly reconciliation be done between the Building Department and the Town Supervisor to ensure all funds have been recorded and appropriately accounted for.

We did note that upon our communication of the discrepancy to the Town Supervisor, the Building Department and the Town Supervisor immediately reviewed and reconciled all months of 2014 and are currently reconciling on a monthly basis.

Banking:

During our audit, we noted that the Town Clerk account was not reconciled on a monthly basis.

We recommend a reconciliation of the Town Clerk account, closing of the account and transferring the funds to an account that does not charge fees.

We have been advised that the Town Clerk is in the process of closing the account and moving the funds to a different bank.

Computer/IT:

During our review of the Computer and IT controls of the Town, it was noted that there is not a documented Disaster Recover Plan.

We recommend that a documented (written) Disaster Recovery Plan be put into place.

Policy:

During our review of the Town's Financial Control Policies and Processes Handbook, we recommended the following additional policies be created and approved by the Board:

- Wire Transfer and Online Banking Policy
- Travel & Conference Policy
- Credit Card Policy
- Capital Asset Control Policy

Capital Assets:

During our audit, we reviewed the capital assets inventory and process of recording them. We noted that the Highway Department does keep a detailed inventory list of equipment and vehicles. We also noted that the Town did not have a capitalization policy for the capital assets.

We recommend a physical inventory be performed annually for all areas and departments to ensure all assets are intact, in their proper location and recorded properly in the capital asset report.

We also recommend that the Town adopt a capital asset control policy for the recording of capital assets.

Town Court:

During our audit we noted that reports remained outstanding and cases remained in a pending status for the Division of Criminal Justice Services and Department of Motor Vehicles.

We recommend bringing reports and records up to date as soon as possible.

We noted that the Court Clerks are making a dilligent effort and have expressed a sincere commitment on implementing changes and revisions to processes to bring their reports and records up to date.

This communication is intended solely for the information and use of the Town Board, management, the state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Town personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.

Raymond G. Preusser
CPA, P.C.