

TOWN OF MALTA, NEW YORK
FINANCIAL REPORT
DECEMBER 31, 2015



(Town of Malta Round Lake Preserve)

TOWN OF MALTA, NEW YORK
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TOWN OF MALTA

COMPTROLLER'S OFFICE
2540 Route 9
Malta, NY 12020

Kevin T. King, CPA
Comptroller

Phone (518) 899-2502
Fax (518) 899-7257

E-Mail: comptroller@malta-town.org

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2015

To the Members of the Town Board and Town Residents
Town of Malta, New York

The accompanying management discussion and analysis of the Town of Malta's ("the Town") financial performance has been prepared to provide an overview of the Town's financial activities for the fiscal year ended December 31, 2015. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Construction concluded on the Round Lake Preserve which provides public access to Round Lake. The total capital project cost was \$879,000 of which \$400,000 was funded with a grant from New York State.
- Expansion of the Luther Forest recreation field complex was completed in 2015 which provides for restrooms, concession areas and additional softball fields. The total capital project cost was \$1,343,000 and was funded with recreation mitigation fees, parkland fees and unappropriated fund balance.
- The construction of traffic improvements along the Round Lake Road Corridor were virtually completed in 2015. The capital project cost \$5,115,000 to date (97% complete) and was funded with federal transportation aid.
- In 2015 the Town constructed a connector road at a cost of \$3,034,000 within the Luther Forest Technology Campus which was funded 100% with NYS Multi-Modal Transportation and GlobalFoundries funding.
- The Town experienced continued economic growth in 2015 due to the GlobalFoundries site and various other commercial and residential construction projects. In relation to this growth the Town received mitigation fees to offset project impacts to traffic, recreation and open space. Total Town revenues generated in 2015 were \$18,843,000, including capital grants, compared to total governmental activity costs of \$12,883,000.

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USING THIS FINANCIAL REPORT

This financial report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities and Changes in Net Position provide information about the activities of the Town as a whole and present a comprehensive view of the Town's finances. Fund Financial Statements have also been included for the Town's governmental activities which provide information on how services were financed in the short term as well as what remains for future spending. These fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Budgetary comparison statements have also been included for the Town's significant governmental funds.

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is "Has the Town's financial condition as a whole improved or declined as a result of the year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position provide information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. You can think of the Town's net position -- the difference between assets and deferred outflows, what the citizens own, and the liabilities and deferred inflows, what the citizens owe, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider the other nonfinancial factors, however, such as changes in the Town's property and sales tax base, population, the local economy, and the condition of the Town's capital assets (roads, buildings, parks) to assess the overall health of the Town.

The Town also recognizes four competing needs which must be balanced to in order to be successful:

- Provide quality services to its residents
- Maintain public facilities and infrastructure
- Recruit, train and retain employees that meet our goal of excellent customer service
- Maintain fiscal integrity

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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USING THIS FINANCIAL REPORT, continued

All four are as equally important, therefore neglecting any one or placing more importance on another will negatively impact the Town's overall goals. In order to ensure the fiscal strength of the Town while at the same time limiting the accumulation of fund balance so that service, maintenance and personnel issues can be addressed, the Town will attempt to maintain an amount equivalent to at least two (2) months of general operating expenditures as unassigned fund balance, but also taking into account anticipated future capital improvements and repairs (ie, road infrastructure improvements). In the event of an emergency situation or due to legislative mandates that materially affects the Town's financial operations, the Town might need to reduce the unassigned fund balance below the targeted minimum, but the Town will attempt to replenish these amounts within the next two fiscal years.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The Town reports its operations using governmental funds. Some of these funds are required to be established by State law and others are established by the Town Board to help it control money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town uses a Townwide General Fund, a Town Outside Village General Fund, a Town Outside Village Highway Fund, a Fire Protection Fund, a Library Fund, a Water Supply Fund, Sewer District Funds, Lighting District Funds and Capital Projects Funds to account for its various financial resources. These governmental funds focus on how monies flow into and out of those funds and the balances left at year-end that are available for spending. Governmental funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, ie., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Town as Trustee

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 trust funds are used for their intended purposes. A volunteer firefighter's' service award program is the Town's primary fiduciary fund.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE

Net Position

The Town's total net position decreased from \$61.4 million a year ago to \$46.4 million this year. Our analysis below focuses on the net assets of the Town's governmental activities.

Net Position (in Thousands)	(Restated)	
	<u>2014</u>	<u>2015</u>
Current assets	\$ 9,739	\$10,433
Noncurrent assets, primarily restricted cash and investments	1,686	1,448
Capital assets, net of depreciation	<u>56,552</u>	<u>42,046</u>
Total assets	<u>\$67,977</u>	<u>\$53,927</u>
 Deferred Outflows	 <u>\$ 412</u>	 <u>\$ 458</u>
	<u>2014</u>	<u>2015</u>
Current liabilities	\$ 1,242	\$ 2,145
Long-term liabilities	<u>5,683</u>	<u>5,835</u>
Total liabilities	<u>\$ 6,925</u>	<u>\$ 7,980</u>
 Net position:		
Net investment in capital assets	\$53,271	\$38,932
Restricted	2,258	1,669
Unrestricted	<u>5,935</u>	<u>5,804</u>
Total net position	<u>\$61,464</u>	<u>\$46,405</u>

Total net position of the Town, including contributed infrastructure, decreased by \$15,059,000 or by 24.50% primarily due to the transfer of infrastructure to the County of Saratoga. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements decreased by \$131,000. Restricted net positions, those restricted mainly for capital projects and special purposes such as parks, open space, highway equipment, buildings and tax stabilization had a net decrease of \$589,000 primarily due to the on-going highway and recreation projects.

As of January 1, 2015, the Town adopted the provisions of GASB Statement No. 68-“Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27” and GASB Statement No. 71 - “Pension Transitions for Contributions Made Subsequent to the Measurement

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

Date - an Amendment to GASB Statement No. 68.” The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Authority to report as an asset and/or liability its portion of the collective pension asset and/or liability in the New York State Employees’ Retirement System. The implementation of the Statements also requires the Town to report a deferred outflow and/or inflow for the effect of the net change in the Town’s proportion of the collective net pension asset and/or liability and difference during the measurement period between the Town’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the Town’s contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 10 and 11 for the financial statement impact of implementation on the financial statements.

Financial Ratios

Financial ratios are used to assess the financial stability of the Town over an extended period of time. The ratios of working capital and days cash and investment in reserve demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets demonstrate the fact the Town has not financed its working capital and days cash and investment in reserve with an increasing proportion of debt.

“Working Capital” is the amount by which current assets exceed current liabilities. The “Current Ratio”, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

	(financial ratios in thousands)	
	<u>2014</u>	<u>2015</u>
Working Capital	\$8,497	\$8,288
Current Ratio	7.84	4.86

“Days Cash and Investments in Reserve” represents the number of days that normal operations could continue with no revenue collection. “Liabilities to Net Position” indicates the extent of borrowing.

	<u>2014</u>	<u>2015</u>
Days Cash and Investments in Reserve	281	296
Net Position to Liabilities	8.9	5.8

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THE TOWN AS A WHOLE (continued)

Statement of Activities

To aid in the understanding of the Statement of Activities and Changes in Net Position some additional explanation is needed. Particularly, the format is significantly different than the typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each function on the Town's taxpayers or if it is self-financing through fees and grants. Some of the individual revenue items reported for each function are as follows:

General Government	Traffic Fines, Permits, and Fees
Transportation	CHIPS Capital Grants, Multi-Modal State Aid, Federal Highway Transportation Aid, Developer Contributions and Fuel Charges
Culture and Recreation	Parks and Youth Grants, Developer Recreation Fees, Mitigation Fees, Recreation Program Fees and Contributions
Home and Community Services	Building and Planning Fees, Sewer Charges, Planning Grants and Mitigation Fees

All other governmental revenues are reported as general revenues. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

The table below focuses on the changes in net position (in thousands) of the Town's governmental activities.

	<u>2014</u>	<u>2015</u>
Revenues		
Fees, fines and charges for services	\$2,432	\$ 3,102
Operating grants and contributions	24	36
Capital grants and contributions	850	7,785
Property taxes	2,183	2,230
Franchise taxes	159	156
Town share of County sales taxes	4,484	4,605
Mortgage taxes	943	791
State aid	26	26

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THE TOWN AS A WHOLE (continued)

	<u>2014</u>	<u>2015</u>
Use of money and property	85	80
Disposal of property and compensation for loss	<u>15</u>	<u>32</u>
Total revenues	<u>11,201</u>	<u>18,843</u>
 Expenses		
General government	1,657	1,646
Public safety	1,908	1,957
Health	400	480
Transportation	4,439	4,431
Economic assistance	35	32
Culture and recreation	1,937	2,080
Home and community service	<u>2,242</u>	<u>2,257</u>
Total expenses	<u>12,618</u>	<u>12,883</u>
 Increase (decrease) in net position	 <u>\$ (1,417)</u>	 <u>\$ 5,960</u>

The Town's total revenues increased by 68.2% (\$7,642,000) as the Town's total expenses increased by 2.1% (\$265,000). Significant factors resulting in these changes are as follows:

- Fees, fines and charges for services increased primarily due to an increase in building and planning fees relating to ongoing development in the Town. Building permits increased approximately \$321,000 in 2015 primarily as a result of two large apartment construction projects.
- As a result of the Townwide Generic Environmental Impact Statement, approximately \$435,000 and \$241,000 in mitigation fees were received in 2015 and 2014, respectively to mitigate new development impacts to traffic, recreation and open space. In 2015 the fees were attributable to the Lofts at Saratoga Village Boulevard, DCG Development, Capital Communications, Park Place, Lakeview Landings, Cramer Road townhouses and other miscellaneous projects. Fees received in 2014 were primarily attributable to the Dunkin Donuts, Malta Avenue Professional Offices, Kumar, Lakeview Landings, GlobalFoundries, the Lofts at Saratoga Village Boulevard and other miscellaneous projects.
- Grants and contributions revenues vary from year to year due to the particular projects undertaken and competitiveness of available grant funding. In 2015 the Town completed

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

- construction of the traffic improvements for the Round Lake Road Corridor and recognized \$3,702,000 in federal aid (\$267,000 in 2014). A connector road within the LFTC Campus was designed and constructed in 2015 and the Town recognized \$2,901,000 in state aid. The Round Lake Preserve was also completed in 2015 and the Town recognized \$156,000 in state aid (\$193,000 in 2014)
- Property taxes increased by \$47,000 or 2% as a result of increases in fire protection services contracts, as the Town continues to fund capital and operating needs as identified in the fire protection master plan including the new Downtown shared fire station which opened in 2014. The public approved library referendum provided the library with funding of \$291,000.
- Town share of County sales tax revenue increased in 2015 by \$121,000 or 2.7% due continued growth in Saratoga County.
- In 2015 the Town's share of mortgage tax decreased from \$943,000 in 2014 to \$791,000 primarily due to fewer financings and refinancings associated with large commercial projects. (Town's annual 10 year average - \$695,000.)
- Engineering consulting services, primarily relating the GlobalFoundries Project, continue to be a major expense of the Town (\$1,224,000 in 2015 and \$1,237,000 in 2014). These costs, which are reflected as home and community expense, are reimbursed by developers through Town managed escrow accounts.
- Additionally, the Town's estimated cost of postemployment health benefits on an annual basis is approximately \$461,000.

The Town's Funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$9.9 million, which is below last year's total of \$10.2 million. The combined fund balance of \$9.9 million includes \$4.5 million of restricted and committed funds for such items as open space protection, parks, highway equipment, buildings, road projects, mitigation projects, capital projects and tax stabilization. The Town has also assigned \$1.1 of its fund balance towards the Town's post employment health insurance obligation. With prudent spending and sound budgeting techniques, the Town has been able to minimize the fluctuation in the Town's fund balances.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

The following schedule presents a summary of the combined statement of revenues and expenditures of the Town's governmental funds for the years ended December 31, 2014 and 2015.

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2014</u>	<u>2015</u>
Revenues		
Real property taxes	\$ 2,183	\$ 2,231
Non-property tax items	4,643	4,761
Departmental income	2,327	3,642
Fines and forfeitures	311	328
State and federal aid	1,518	7,683
Other general revenues	<u>234</u>	<u>212</u>
Total revenues	<u>\$11,216</u>	<u>\$18,857</u>
Program Expenditures		
General government support	\$ 1,401	\$ 1,299
Public safety	1,911	1,953
Health	399	479
Transportation	2,806	9,858
Economic assistance	35	32
Culture and recreation	2,054	2,149
Home and community	1,954	1,978
Employee benefits	1,051	1,071
Debt Service	<u>326</u>	<u>325</u>
Total expenses	<u>\$11,937</u>	<u>\$19,144</u>

The Town's total fund revenues increased by 68% (\$7,641,000) in 2015 while the Town's total fund expenditures increased by 60% (\$7,207,000). The significant factors resulting in these changes are as follows:

- Town share of County sales tax increased 2.7% in 2015 as discussed previously.
- The Town increased the fire protection tax levy as a result of increases in fire protection services contracts as the Town continues to fund capital and operating needs as identified in the fire protection master plan. The public approved library referendum provided the library funding of \$291,000.
- An additional \$83,000 was provided for the emergency medical service contract in 2015.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

- In 2015 approximately \$391,000 was incurred for the Round Lake Preserve Project (\$488,000 in 2014) with \$156,000 recognized in state aid.
- Approximately \$713,000 was incurred in 2015 to expand the LFTC recreational field complex (\$628,000 in 2014).
- In 2015 the Town constructed the traffic improvements, which were designed in 2014, for the Round Lake Road Corridor in the amount of \$4,572,000 and recognized \$3,702,000 in federal aid towards those efforts.
- The Town also designed and constructed a connector road in the LFTC Campus in the amount of \$3,034,000 and recognized \$2,901,000 in state aid and \$133,000 in developer contributions towards those efforts.
- As discussed previously, engineering consulting services, primarily relating to the GlobalFoundries Project, continue to be a major home and community type expenditure of the Town (\$1,224,000 in 2015 and \$1,237,000 in 2014).

Budgetary Highlights:

Over the course of the year, the Town Board revised the Town's budget numerous times. These budget amendments fall into three categories. The first category includes amendments for encumbrances that are carried forward from the prior year. The second category includes changes that the Town Board approves between intradepartment line items and between departments line items for unforeseen expenditures and to prevent budget overruns. Finally, the Town provides for the appropriation of unappropriated cash surplus, unanticipated revenues and reserve funds.

In 2015 Town amended its budget for the following significant transactions:

- Authorized supplemental appropriations of \$1,251,000 and related developer contributions for inspection services relating to the construction of the GlobalFoundries nanotechnology facility and other development projects in the Town
- Authorized supplemental appropriations of \$34,000 for veterans, cultural and recreation programs which will be funded with grant monies
- Authorized supplemental appropriations of \$27,000 for street lighting and traffic control to be funded with insurance proceeds and unappropriated fund balance

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

- Authorized supplemental appropriations of \$30,000 for Route 9 planning study which will be funded with grant monies.
- Authorized \$885,000 in traffic mitigation fees to be transferred to the Round Lake Road Corridor Improvement Project.
- Amended the 2015 Adopted Budget for 2014 encumbrances totaling \$75,000

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2015, the Town had \$69.7 million invested in a broad range of capital assets, including land and improvements, buildings and improvements, infrastructure, and equipment,

Capital Assets at Year-end

	(In Thousands)	
	<u>2014</u>	<u>2015</u>
Land	\$ 2,115	\$ 2,097
Land improvements	4,506	5,791
Buildings and improvements	12,446	13,495
Infrastructure	61,365	34,761
Equipment	5,284	5,437
Work in progress	<u>1,660</u>	<u>8,148</u>
 Totals	 <u>\$87,376</u>	 <u>\$69,729</u>

Current year's major additions included (in thousands):

Purchase of highway and other equipment	\$ 311
Resurfacing and reconstruction of Town roads	662
Park construction	1,105
Traffic improvements planning, design and construction	7,605
Other miscellaneous additions	17
Infrastructure dedicated to Town from local developers	<u>1,441</u>
	<u>\$11,141</u>

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CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Major capital projects and acquisitions planned for 2016 are as follows (in thousands):

Road resurfacing projects	\$ 692
Facilities and parks equipment	\$ 105
Building and planning equipment	\$ 38
Technology equipment	\$ 25

The Town's intention is to finance the majority of these and future capital projects with current budgetary appropriations, existing capital reserves and unappropriated fund balance, mitigation fees, and grants.

Debt:

The Town's debt policy and State law limits the amount of general obligation debt that the Town can issue to 7% of the average full value assessment of all taxable property within the Town over the last five years. In 2008 the Town issued \$3,400,000 in serial bonds to finance a portion of the community center expansion project. These twenty year bonds bear interest at 3.915% and as of December 31, 2015 \$2,520,000 in bonds were outstanding for this series. In January 2013 the Town issued \$680,000 in serial bonds to finance a portion of the cost of the new highway garage project. These ten year bonds bear interest ranging from .70% to 2.40%. As of December 31, 2015 \$560,000 in bonds were outstanding for this series.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the 2016 budget and tax rates. One of those factors is the economy. The Town is poised to experience growth at a nominal pace both from a commercial and residential standpoint due to the on-going development at the Luther Forest Technology Campus. Property assessments for fire protection increased from \$2,293 million in 2015 to \$2,350 million in 2016. The Town estimates its population has grown from its 2010 census count of 14,765.

These factors, along with national and regional trends, were taken into account when adopting the Town's budget for 2016. Projected 2016 estimated revenues were \$9.4 million as compared to \$9.3 million in the adopted 2015 budget. A general town tax levy of \$229,000 was provided to fund the library and the service award program for the volunteer ambulance workers. There will be no highway tax for the fifteenth consecutive year and the Town's fire protection tax rate will be \$.8283 per thousand resulting in a levy of \$1,947,000.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Budgeted expenditures have remained constant at \$9.7 million which includes an annual appropriation of \$291,000 for library services as set forth in referendum approved by Town residents. The Town believes good budgeting and effective management will enable the Town to finance the programs it currently offers and offset the effect that inflation might have on program costs. Included in the 2016 adopted budget are the following items:

- COLA salary increases, rising employee benefit costs and staffing changes
- Infrastructure maintenance, general road repairs and snow removal costs
- Building maintenance costs, technology improvements and miscellaneous equipment
- Park and recreation planning, improvements and maintenance
- Community planning and code enforcement
- Library services

If these estimates are realized, the Town's fund balance is expected to decrease by approximately \$310,000 in 2016. Except for the capital projects previously identified in the Capital Asset section of this discussion, the Town has not added any major programs or initiatives to the 2016 budget.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with an overview of the Town's financial resources and to demonstrate the Town's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the Town Comptroller's Office at the Town of Malta, 2540 Route 9, Malta, New York 12020.

INDEPENDENT AUDITORS' REPORT

To the Members of the Town Board
Town of Malta, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Malta, New York, as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 Malta, New York, as of December 31, 2015, and the respective changes in financial position and, the respective budgetary comparison for the Town-wide General Fund, the Town Outside of Village General Fund, the Town Outside of Village Highway Fund, the Library Fund and the Fire Protection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 1 to the financial statements, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 13, the Schedule of Funding Progress - Other Postemployment Benefits on page 73, the Schedule of Town's Proportionate Share of the Net Pension Liability on page 74, and the Schedule of Town's Employer Pension Contributions on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Malta, New York's basic financial statements. The graphs presented on pages 71 and 72 are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2016 on our consideration of the Town's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 26, 2016

TOWN OF MALTA, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	\$7,833,769
Other receivables	856,632
State and federal receivables	918,241
Due from other governments	741,819
Prepaid expenses	30,094
Inventory	<u>52,769</u>
Total current assets	<u>10,433,324</u>
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	1,366,293
Service award	81,510
Capital assets, net of accumulated depreciation	
Land	2,096,651
Infrastructure and land improvements, net	20,531,456
Work in Progress	8,147,813
Buildings, property and equipment, net	<u>11,269,704</u>
Total noncurrent assets	<u>43,493,427</u>
Total assets	<u>53,926,751</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension	<u>458,162</u>
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,185,194
Due to other governments	597,083
Unearned revenues and deposits	111,131
Benefits payable	36,630
Current portion of bonds	<u>215,000</u>
Total current liabilities	<u>2,145,038</u>
Noncurrent liabilities:	
Benefits payable	2,690,944
Retirement payable	278,654
Bonds	<u>2,865,000</u>
Total long-term liabilities	<u>5,834,598</u>
Total liabilities	<u>7,979,636</u>
 COMMITMENTS AND CONTINGENCIES	
 NET POSITION	
Net investment in capital assets	38,932,179
Restricted for:	
Open space, parks and recreation	803,960
Building	18,421
Transportation	166,354
Tax stabilization	377,558
Ensuing year's budget	302,534
Unrestricted	<u>5,804,271</u>
Total net position	<u>\$46,405,277</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Fees Grants and Contributions</u>	<u>Net (Expenses) Revenues</u>
General Government	\$ 1,646,168	\$ 359,470	\$ 858	\$ 5,864	\$(1,279,976)
Public Safety	1,956,960	3,780	-	-	(1,953,180)
Health	479,844	-	-	-	(479,844)
Transportation	4,431,203	329,863	992	7,174,280	3,073,932
Economic Assistance	31,892	-	4,925	-	(26,967)
Culture and Recreation	2,079,726	322,681	29,477	604,434	(1,123,134)
Home and Community Services	<u>2,256,985</u>	<u>2,086,243</u>	<u>-</u>	<u>-</u>	<u>(170,742)</u>
Total governmental activities	<u>\$12,882,778</u>	<u>\$ 3,102,037</u>	<u>\$ 36,252</u>	<u>\$7,784,578</u>	<u>(1,959,911)</u>
 <u>General Revenues</u>					
Property Taxes					2,230,520
Franchise Taxes					156,017
Town Share of County Sales Taxes					4,604,894
Mortgages Taxes					791,407
State Aid					25,627
Use of Money and Property					79,645
Disposal of Property and Compensation for Loss					<u>32,311</u>
Total general revenues					<u>7,920,421</u>
Change in net position					<u>5,960,510</u>
Net position, beginning					61,425,029
Cumulative Effect of Change in Accounting Principle					<u>39,181</u>
Net position, beginning restated					61,464,210
Infrastructure and assets transferred to county					(22,460,350)
Contributed infrastructure					<u>1,440,907</u>
Net position, ending					<u>\$46,405,277</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
 DECEMBER 31, 2015

ASSETS	Townwide General	Town		Town Outside Village Highway	Total Combined General	Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
		Outside Village General	Outside Village							
Cash and cash equivalents	\$1,222,452	\$3,235,787	\$1,162,386	\$5,620,625	\$2,550	\$28,751	\$247,075	\$28,279	\$5,927,280	
Investments	170,000	1,195,547	140,000	1,505,547	-	-	-	-	1,505,547	
Other receivables	280,164	121,826	363,502	765,492	-	30,681	132,326	-	928,499	
State and Federal receivables	363,858	3,254	250	367,362	-	-	550,879	-	918,241	
Due from other governments	254,386	132,000	355,433	741,819	-	-	-	-	741,819	
Due from other funds	106,687	-	-	106,687	-	-	-	-	106,687	
Prepaid expenses	68,660	21,717	33,991	124,368	-	-	-	-	124,368	
Restricted cash and cash equivalents	173,090	797,723	310,159	1,280,972	-	-	85,321	-	1,366,293	
Inventory	527	-	52,242	52,769	-	-	-	-	52,769	
Total assets	\$2,639,824	\$5,507,854	\$2,417,963	\$10,565,641	\$2,550	\$59,432	\$1,015,601	\$28,279	\$11,671,503	

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
 DECEMBER 31, 2015

	Townwide General	Town Outside Village General	Town Outside Village Highway	Total Combined General	Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable and accrued liabilities	\$110,073	\$263,747	\$51,510	\$425,330	\$ -	\$917	\$458,515	\$2,340	\$887,102
Due to other governments	216,402	-	-	216,402	-	30,681	350,000	-	597,083
Unearned revenues and deposits	81,706	1,875	25,000	108,581	-	-	-	-	108,581
Due to other funds	-	-	-	-	-	-	42,259	-	42,259
Compensated absences	16,013	13,275	4,920	34,208	-	-	-	-	34,208
Total liabilities	424,194	278,897	81,430	784,521	-	31,598	850,774	2,340	1,669,233
Deferred Inflows of Resources	80,884	-	-	80,884	2,550	-	-	-	83,434
COMMITMENTS AND CONTINGENCIES									
Fund Balances									
Nonspendable	69,187	21,717	86,233	177,137	-	-	-	-	177,137
Restricted	173,090	797,723	310,159	1,280,972	-	-	85,321	-	1,366,293
Committed	-	3,149,091	-	3,149,091	-	-	-	-	3,149,091
Assigned	403,354	1,260,426	1,940,141	3,603,921	-	27,834	79,506	25,939	3,737,200
Unassigned	1,489,115	-	-	1,489,115	-	-	-	-	1,489,115
Total fund balances	2,134,746	5,228,957	2,336,533	9,700,236	-	27,834	164,827	25,939	9,918,836
Total liabilities, deferred inflows of resources and fund balances	\$2,639,824	\$5,507,854	\$2,417,963	\$10,565,641	\$2,550	\$59,432	\$1,015,601	\$28,279	\$11,671,503

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES AND OTHER FINANCING SOURCES	Townwide General	Town Outside Village General	Town Outside Village Highway	Total Combined General	Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
Revenues									
Real property taxes	\$8,418	\$ -	\$ -	\$8,418	\$227,120	\$1,899,322	\$ -	\$5,780	\$2,140,640
Real property tax items	14,267	-	-	14,267	67,312	8,301	-	-	89,880
Non-property tax items	1,944,700	456,017	2,360,194	4,760,911	-	-	-	-	4,760,911
Departmental income	312,374	2,763,823	302,689	3,378,886	-	-	132,326	131,303	3,642,515
Intergovernmental charges	19,870	-	33,244	53,114	-	3,780	-	600	57,494
Use of money and property	53,380	10,976	12,955	77,311	-	300	1,565	69	79,245
Licenses and permits	10,436	-	-	10,436	-	-	-	-	10,436
Fines and forfeitures	327,837	-	-	327,837	-	-	-	-	327,837
Sale of property and compensation for loss	6,906	21,874	4,001	32,781	-	-	-	-	32,781
Miscellaneous local sources	21,341	10,983	-	32,324	-	-	-	-	32,324
State aid	800,529	25,627	97,346	923,502	-	-	3,057,273	-	3,980,775
Federal aid	-	-	744	744	-	-	3,701,946	-	3,702,690
Total Revenues	3,520,058	3,289,300	2,811,173	9,620,531	294,432	1,911,703	6,893,110	137,752	18,857,528
Other Financing Sources									
Transfers in	107,800	-	-	107,800	-	-	884,612	-	992,412
Total Other Financing Sources	107,800	-	-	107,800	-	-	884,612	-	992,412
Total Revenues and Other Financing Sources	\$3,627,858	\$3,289,300	\$2,811,173	\$9,728,331	\$294,432	\$1,911,703	\$7,777,722	\$137,752	\$19,849,940

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS, (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2015

EXPENDITURES AND OTHER FINANCING USES	Townwide General	Town Outside Village General	Town Outside Village Highway	Total Combined General	Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
Expenditures									
General government support	\$1,299,356		\$ -	\$1,299,356	\$ -	\$ -	\$ -	\$ -	\$1,299,356
Public safety	17,780	24,653	-	42,433	-	1,910,691	-	-	1,953,124
Health	475,343	3,422	-	478,765	-	-	-	-	478,765
Transportation	154,696	39,438	2,052,090	2,246,224	-	-	7,605,604	5,690	9,857,518
Economic assistance and opportunity	31,892	-	-	31,892	-	-	-	-	31,892
Culture and recreation	573,175	178,902	-	752,077	291,000	-	1,106,027	-	2,149,104
Home and community services	77,680	1,789,587	-	1,867,267	-	-	-	110,830	1,978,097
Employee benefits	502,251	213,278	355,136	1,070,665	-	-	-	-	1,070,665
Debt service	314,600	-	-	314,600	-	-	-	10,400	325,000
Total Expenditures	3,446,773	2,249,280	2,407,226	8,103,279	291,000	1,910,691	8,711,631	126,920	19,143,521
Other Financing Uses									
Transfers out	35,200	956,612	-	991,812	-	-	-	600	992,412
Total Expenditures and Other Financing Uses	3,481,973	3,205,892	2,407,226	9,095,091	291,000	1,910,691	8,711,631	127,520	20,135,933
Revenues and Other Financing Sources									
Over (Under) Expenditures and Other Financing Uses	145,885	83,408	403,947	633,240	3,432	1,012	(933,909)	10,232	(285,993)
Fund Balances, Beginning	1,988,861	5,145,549	1,991,083	9,125,493	(3,432)	26,822	1,098,736	15,707	10,263,326
Transfers to County			(58,497)	(58,497)					(58,497)
Fund Balances, Ending	\$2,134,746	\$5,228,957	\$2,336,533	\$9,700,236	\$ -	\$27,834	\$164,827	\$25,939	\$9,918,836

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2015

	<u>Service Award</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 32,784	\$ 94,485
Interest and other receivables	-	11,667
Investments, at fair value	<u>1,118,767</u>	<u>-</u>
Total assets	<u>\$1,151,551</u>	<u>\$106,152</u>
LIABILITIES		
Agency liabilities	<u>\$ -</u>	<u>\$106,152</u>
Total liabilities	<u>\$ -</u>	<u>\$106,152</u>
NET POSITION		
Held in trust for service award benefits	<u>\$1,151,551</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Service Award</u>
ADDITIONS	
Contributions:	
Employer	\$ <u>126,000</u>
Total contributions	<u>126,000</u>
Investment earnings:	
Net decrease in fair value of investments	(91,187)
Interest, dividends and capital gain distributions	<u>39,017</u>
Total investment losses	<u>(52,170)</u>
Total additions	<u>73,830</u>
DEDUCTIONS	
Benefits	50,812
Administrative expenses	<u>15,090</u>
Total deductions	<u>65,902</u>
Change in net position	7,928
Net position, beginning	<u>1,143,623</u>
Net position, ending	<u>\$ 1,151,551</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues					
Real property taxes	\$8,171	\$8,171	\$8,418	\$ -	\$247
Real property tax items	11,830	11,830	14,267	-	2,437
Non-property tax items	1,919,700	1,919,700	1,944,700	-	25,000
Departmental income	314,000	316,500	312,374	-	(4,126)
Intergovernmental charges	30,300	30,300	19,870	-	(10,430)
Use of money and property	51,700	51,700	53,380	-	1,680
Licenses and permits	11,500	11,500	10,436	-	(1,064)
Fines and forfeitures	360,000	360,000	327,837	-	(32,163)
Sale of property and compensation for loss	2,000	2,000	6,906	-	4,906
Miscellaneous local sources	6,000	34,500	21,341	-	(13,159)
State aid	641,200	646,303	800,529	-	154,226
Total Revenues	3,356,401	3,392,504	3,520,058	-	127,554
Other Financing Sources					
Transfers in	107,800	107,800	107,800	-	-
Total Revenues and Other Financing Sources	\$3,464,201	\$3,500,304	\$3,627,858	-	\$127,554

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Adopted Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General government support	\$1,380,193	\$1,397,404	\$1,299,356	\$24,917	\$73,131
Public safety	19,113	20,113	17,780	-	2,333
Health	480,567	476,367	475,343	-	1,024
Transportation	180,562	186,562	154,696	3,000	28,866
Economic assistance and opportunity	27,802	34,802	31,892	-	2,910
Culture and recreation	635,644	655,192	573,175	2,863	79,154
Home and community services	68,200	85,800	77,680	-	8,120
Employee benefits	558,000	555,500	502,251	-	53,249
Debt service	314,600	314,600	314,600	-	-
Total Expenditures	3,664,681	3,726,340	3,446,773	30,780	248,787
Other Financing Uses					
Transfers out	35,200	35,200	35,200	-	-
Total Expenditures and Other Financing Uses	3,699,881	3,761,540	3,481,973	30,780	248,787
Revenues and Other Financing Sources					
Over (Under) Expenditures	(235,680)	(261,236)	145,885	(30,780)	376,341
Budgetary earnings and provisions for reserves	(200)	(200)	-	-	200
Fund balance appropriated	235,880	261,436	-	-	(261,436)
Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$145,885	(\$30,780)	\$115,105

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Adopted Budget	Final Budget	Actual	Adjustments (a)	Variance Favorable (Unfavorable)
REVENUES					
Non-property tax items	\$459,000	\$459,000	\$456,017	\$ -	(\$2,983)
Departmental income	513,300	1,767,650	2,763,823	(435,458)	560,715
Use of money and property	9,100	9,100	10,976	-	1,876
Sale of property and compensation for loss	-	11,200	21,874	-	10,674
Miscellaneous local sources	1,000	12,000	10,983	-	(1,017)
State aid	25,500	25,500	25,627	-	127
Federal aid	-	30,000	-	-	(30,000)
Total Revenues	\$1,007,900	\$2,314,450	\$3,289,300	(\$435,458)	\$539,392

(a) Mitigation fees collected and not budgeted

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Adopted Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures					
General government support	\$7,000	\$ -	\$ -	\$ -	\$ -
Public safety	17,000	27,000	24,653	-	2,347
Health	3,922	3,922	3,422	-	500
Transportation	25,000	42,980	39,438	-	3,542
Culture and recreation	187,900	201,900	178,902	-	22,998
Home and community services	610,781	1,987,544	1,789,587	46,641	151,316
Employee benefits	226,000	222,300	213,278	-	9,022
Total Expenditures	1,077,603	2,485,646	2,249,280	46,641	189,725
Other Financing Uses					
Transfers out	72,000	956,612	956,612	-	-
Total Expenditures and Other Financing Uses	1,149,603	3,442,258	3,205,892	46,641	189,725
Revenues Over (Under) Expenditures and Other Financing Uses	(141,703)	(1,127,808)	83,408	(482,099)	729,117
Budgetary earnings and use/provisions for reserves	38,500	956,612	-	-	(956,612)
Fund balance appropriated	103,203	171,196	-	-	(171,196)
Revenues Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$83,408	(\$482,099)	(\$398,691)

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE HIGHWAY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	Variance Favorable (Unfavorable)
Non-property tax items	\$2,326,300	\$2,326,300	\$2,360,194	\$ -	\$33,894
Departmental income	45,000	45,000	302,689	-	\$257,689
Intergovernmental charges	55,000	40,000	33,244	-	(6,756)
Use of money and property	12,100	12,100	12,955	-	855
Sale of property and compensation for loss	10,000	10,000	4,001	-	(5,999)
Miscellaneous local sources	100	100	-	-	(100)
State aid	85,600	85,600	97,346	-	11,746
Federal Aid	-	-	744	-	744
Total Revenues	\$2,534,100	\$2,519,100	\$2,811,173	\$ -	\$292,073

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE HIGHWAY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Encumbrances</u>	<u>Favorable</u>
					<u>(Unfavorable)</u>
EXPENDITURES					
Transportation	\$2,203,000	\$2,191,978	\$2,052,090	\$ -	139,888
Employee benefits	381,500	381,500	355,136	-	26,364
Total Expenditures	2,584,500	2,573,478	2,407,226	-	166,252
Revenues Over (Under) Expenditures and Other Financing Uses	(50,400)	(54,378)	403,947	-	458,325
Budgetary earnings and use/provisions for reserves	(600)	(600)	-	-	600
Fund balance appropriated	51,000	54,978	-	-	(54,978)
Revenues Over Expenditures and Other Financing Uses	\$ -	\$ -	\$403,947	\$ -	\$403,947

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - LIBRARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments</u>	Variance
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	Favorable (Unfavorable)
REVENUES					
Real property taxes	\$227,188	\$227,188	\$227,120	\$ -	(\$68)
Real property tax items	67,312	67,312	67,312	-	-
Use of money and property	-	-	-	-	-
Total Revenues	294,500	294,500	294,432	-	(68)
EXPENDITURES					
Culture and recreation	291,000	291,000	291,000	-	-
Total Expenditures	291,000	291,000	291,000	-	-
Revenues Over (Under) Expenditures	3,500	3,500	3,432	-	(68)
Fund balance replenished	(3,500)	(3,500)	-	-	3,500
Revenues Over Expenditures	\$ -	\$ -	\$3,432	\$ -	\$3,432

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - FIRE PROTECTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Adopted <u>Budget</u>	Final <u>Budget</u>	Actual	Adjustments	Variance <u>Favorable</u>
REVENUES					
Real property taxes	\$1,899,320	\$1,899,320	\$1,899,322	\$ -	\$2
Real property tax items	8,300	8,300	8,301	-	1
Intergovernmental charges	3,780	3,780	3,780	-	-
Use of money and property	300	300	300	-	-
	-----	-----	-----	-----	-----
Total Revenues	1,911,700	1,911,700	1,911,703	-	3
	-----	-----	-----	-----	-----
EXPENDITURES					
Public safety	1,785,700	1,785,700	1,784,691	-	1,009
Volunteer service award program	126,000	126,000	126,000	-	-
	-----	-----	-----	-----	-----
Total Expenditures	1,911,700	1,911,700	1,910,691	-	1,009
	-----	-----	-----	-----	-----
Revenues Over Expenditures	-	-	1,012	-	1,012
	-----	-----	-----	-----	-----
Fund balance appropriated	-	-	-	-	-
	-----	-----	-----	-----	-----
Revenues Over Expenditures	\$ -	\$ -	\$1,012	\$ -	\$1,012
	=====	=====	=====	=====	=====

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies

The Town of Malta, New York, (the "Town") which was established in 1802, is governed by its Town Code and other general laws of the State of New York. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting councilpersons, all elected. The Town Supervisor serves as the chief executive and fiscal officer. The Town Board has also established the Office of the Town Comptroller to assist the Town Board in the management of the Town.

The Town provides various services which include public safety, fire protection and emergency services, maintenance of Town roads (including construction, repair and snow removal), street lighting, parks and recreation, a community center, library, home and community services, economic assistance and other general services. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

a) Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statements #14, #39 and #61.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB Statements including legal standing, fiscal dependency and financial accountability.

In 2010 the GlobalFoundries/Town of Malta Foundation, Inc ("Foundation") was established which had been agreed to by the Town and GlobalFoundries, US, Inc. The Foundation provides a perpetual fund, the interest earned from which will be used to provide tangible benefits of a public nature to diverse groups located in whole or in part within the Town of Malta including, but not limited to: not-for-profit corporations; charitable organizations; community arts and theater; community historical sites and events; education; and sports and recreation. The Board of Directors of the Foundation shall consist of five (5) directors to be comprised as follows: the Town Board of the Town of Malta shall designate two (2) such directors (the "**Malta Directors**");

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

Globalfoundries U.S. Inc. shall designate two (2) such directors (the “**Globalfoundries Directors**”); and, the remaining director shall be elected by majority vote of the Malta Directors and the Globalfoundries Directors; provided, however, that such director be a person who shall reside, work or own a business within the Town of Malta. The Foundation will prepare a separate financial report that includes financial statements and required supplementary information. The Foundation report may be obtained by writing to the Foundation, P.O. Box 2914, Malta, New York 12020.

Based on the application of the aforementioned criteria, the Town has determined it has no component units including the Foundation.

b) Basis of Presentation

The Town’s financial statements are presented on a government-wide, governmental fund and fiduciary fund basis in accordance with GASB Statement #34 - Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments, GASB Statement #54 - Fund Balance Reporting and Government Fund Type Definitions, GASB Statement #63 Financial Reporting of Deferred Outflows/Inflows of Resources, and GASB Statement #65- Items Previously Reported as Assets and Liabilities. As a result these financial statements include a management discussion and analysis of the Town’s overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the Town’s activities including infrastructure (roads, bridges, culverts, sewers etc.) and a change in the focus of fund financial statements to major funds.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. 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. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net position and a statement of activities and changes in net position.

The statement of net position recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The Town’s net position is

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

reported in three parts - investments in capital assets; restricted net position due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net position. The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the Town's programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenues include charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Town's primary program revenues are court fines, building permits, planning fees, sewer fees and recreational program charges. Revenues which are not classified as program revenues are presented as general revenues and consist primarily of property, town share of county sales taxes and franchise taxes, investment earnings, and mortgage tax receipts.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by fund type with each major fund presented in a separate column. Non-major funds are aggregated and presented in a single column. The following funds are used by the Town:

- * Townwide General Fund - is the Town's primary operating fund and it is used to account for all financial resources and expenditures not accounted for and reported in another fund.
- * Town Outside Village General Fund - used to account for and report the proceeds of specific revenues sources which are restricted by statute to expenditure on the area of the Town outside the Village for such as items as recreation, building and planning services other than debt service and capital projects.
- * Town Outside Village Highway Fund – used to account for and report the proceeds of specific revenue sources which are restricted by Highway Law Section 277 to expenditure for highway repairs and improvements, culverts,

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

machinery, snow removal, and miscellaneous highway related items for the area of the Town outside the Village other than debt service and capital projects.

- * Library Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of library expenditures other than debt service and capital projects.
- * Fire Protection Fund - established to account for and report the proceeds of specific revenues sources which are restricted for fire protection expenditures other than debt service and capital projects.
- * Water Supply Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of water supply expenditures other than debt service and capital projects.
- * Lighting District Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of lighting expenditures other than debt service and capital projects for the Rosebay/Larkspur, Rum Cherry, Ermine Lair and Burton Meadows Lighting Districts.
- * Sewer District Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of sewer expenditures other than capital projects for a portion of the Downtown area and the southern portion of the Town, generally known as the Malta Downtown Sewer District #1 and Malta Sewer District #2, respectively.
- * Capital Projects Fund - The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects ongoing as of December 31, 2015 relate to recreational improvement projects and highway road improvements projects.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The Town has the following fiduciary funds:

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

- * Service Award - established to account for the assets of the Town's Volunteer Firefighter Service Award Program.
- * Agency - established to account for the assets held in trust by the Town.

c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property, sales, franchise, and mortgage taxes, fines, grants and donations. On an accrual basis, revenue from nonexchange transactions is recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenues from grants and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in Note 9 to the financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable except that principal and interest on indebtedness are not recognized as expenditures until paid. Capital assets are recorded as expenditures and depreciation is not recorded.

Allocations of costs are not recognized in the governmental funds. In applying the susceptible-to-accrual concept under the modified accrual basis, the Town considers all revenues available if they are collected within six months of the year end and are available to pay obligations of the current period.

For reimbursements due for State and Federal Aid funded projects, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town;

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax revenue item is the Town's share of County sales tax which is recorded as revenue when it is recognized by the County from the State and available for distribution to the Town. Sales tax revenue is allocated to the Townwide General fund, the Town Outside Village General fund and the Town Outside Village Highway fund based upon the Town's adopted budget.

d) Budgetary Data

General Budget Process - Prior to October 1 of each year, the Budget Officer submits to the Town Clerk and the Town 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 workshops and a public hearing 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. For year end financial reporting, adjustments are made to actual results to conform to modified budget classifications and reflect year end encumbrances.

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.

e) Cash and Cash Equivalents/Investments

For financial statement purposes the Town considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Investments consist of certificates of deposit with original maturities greater than three months and are value at cost which approximates market values.

f) Accounts Receivable

Accounts receivable are carried at original amount due less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines if an allowance for doubtful accounts is needed by identifying

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

troubled accounts and by using historical experience applied to an aging of accounts as well as regularly evaluating individual receivables and considering financial condition, credit history, and current economic conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Management has deemed that an allowance for doubtful accounts of \$172,000 is necessary at December 31, 2015 which relates primarily to outstanding court fines.

g) Inventory and Prepaid Items

Inventory, consisting of salt, gasoline and books, is valued at the lower of cost, (first-in, first-out method) or market. Payments to vendors for costs such as insurance, retirement and memberships that apply to future accounting periods are recorded as prepaid assets.

h) Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair market value at the time received. Infrastructure such as roads and streets, including related drainage systems, sewage collection systems and Town owned bridges and culverts are capitalized.

Capital assets with a minimum depreciable basis of \$5,000 are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 10 to 30 years, land improvements -15 to 20 years, infrastructure - 12 to 30 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

i) Deferred Outflows/Inflows of Resources

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

such, will not be recognized as an inflow of resources (revenues) until that time. The Town has two items that qualify as a deferred outflow of resources. The first item is related to pensions reported in the Town’s Statement of Net Position. This represents the effect of the net change in the Town’s proportion of the collective net pension asset or liability and difference during the measurement period between the Town’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Town’s contributions to the pension system subsequent to the measurement date.

j) Accounting and Financial Reporting for Pensions

During the year ended December 31, 2015, the Town adopted the provisions of GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27” and GASB Statement No. 71 - “Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68.” The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Town to report as an asset and/or liability its portion of the collective pension asset and/or liability in the New York State Employees’ Retirement System. The implementation of the Statements also requires the Town to report a deferred outflow and/or inflow for the effect of the net change in the Town’s proportion of the collective net pension asset and/or liability and difference during the measurement period between the Town’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the Town contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 10 and 11 for the financial statement impact of implementation on the financial statements.

k) Revenue Recognition - Property Taxes

Taxes for Town purposes are based on Town budget requirements. Taxes are collected by the Town until April 1. Taxes collected are first applied to the Town levy and then subsequently to the County levy. The County is responsible for all outstanding taxes as of April 1st. The following calendar pertains to Town real property taxes:

Valuation date	January 1
Taxable status date and exemption filing deadline	March 1
Final roll filed	July 1
Date taxes due	January 1
Date penalty period begins	February 1

See independent auditor’s report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

In June 2011 New York State passed Chapter 97 of Laws of 2011 (Tax Cap Law). The Tax Cap Law restricts the amount of real property taxes that may be levied by local governments in a particular year. The growth in annual levy is limited to the lesser of two percent or the annual change in the national unadjusted consumer price index for all urban consumers, subject to certain limited exceptions and adjustments. The Town Board, by board resolution, may override the tax cap levy. In 2015 the Town tax levy was within the tax cap limit.

l) Compensated Absences

Town employees are granted vacation, personal and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave at their current rate of pay. The liability for accumulated vacation and related benefits has been recorded in accordance with GASB Statement #16. No payment is made for accumulated personal or sick leave, therefore no liability has been recorded.

m) Fund Balances

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or are legally or contractual required to be maintained intact. These amounts include prepaid items and inventories.

Restricted fund balance includes amounts restricted by 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.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that that are legally mandated to be accounted for separately as well amounts that have been contractually obligated by the Town or designated by the Town Board for the ensuing year's budget or for a specific purpose.

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

For projects undertaken by the Town that have resources available from multiple sources and categories, resources are first spent from the highest constraint level possible.

The Town also recognizes four competing needs which must be balanced to in order to be successful:

- Provide quality services to our residents
- Maintain public facilities and infrastructure
- Recruit, train and retain employees that meet our goal of excellent service
- Maintain fiscal integrity

All four are as equally important as the other, therefore neglecting any one or placing more importance on another will negatively impact the Town’s overall goals. In order to ensure the fiscal strength of the Town while at the same time limiting the accumulation of fund balance so that service, maintenance and personnel issues can be addressed, the Town will attempt to maintain an amount equivalent to at least two (2) months of general operating expenditures as unreserved fund balance, but will also take into account anticipated future capital improvements and repairs (ie, road infrastructure improvements). In the event of an emergency situation or due to legislative mandates that materially effects the Town’s financial operations, the Town may need to reduce the unrestricted fund balance below the targeted minimum, but the Town will attempt to replenish these amounts within the next two fiscal years.

- n) Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes, is employed in general, special revenue and capital projects funds. Encumbrances are reported as restrictions, commitments or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Significant encumbrances were included in the reporting of fund balance for the following:

	<u>General</u>	<u>Town Outside Village General</u>	<u>Town Outside Village Highway</u>	<u>Capital Projects</u>
Committed For:				
Transportation	\$ -	\$ -	\$ -	\$ 175,124

See independent auditor’s report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies, continued

Assigned For:

General Government	\$ 30,780	\$ -	\$ -	\$ -
Home and Community	\$ -	\$ 46,641	\$ -	\$ -

o) Contributed Infrastructure

Road infrastructure and parkland improvements that have been determined to be in compliance with the Town's Code are accepted by the Town from developers.

Additionally, the Town is obligated by law to accept and assume ownership of abandoned sewer systems. This infrastructure is recorded at estimated fair value and reflected as contributed infrastructure in the statement of activities.

During 2015 the Town accepted and assumed ownership of road infrastructure with an estimated fair value of \$1,063,380, the Steeplechase Nature Preserve with an estimated fair value of \$351,727 and the former trolley bed with an estimated value of \$25,800.

p) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

q) Subsequent Events

The Town has evaluated subsequent events or transactions occurring through the date the financial statements were available to be issued.

Note 2 Credit Risk, Concentration of Credit Risk and Interest Rate Risk

The Town's written investment policy was adopted by the Town Board and is governed by State statutes. Town monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Authorized investments include demand accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America, obligations of the State of New York, local municipalities, school districts or district corporations, public authorities, certificates of participation, obligations of the Town but only with monies in a reserve fund. Collateral is required for demand accounts and certificate of deposits at 100 percent of all deposits not covered by federal deposit insurance.

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 2 Credit Risk, Concentration of Credit Risk and Interest Rate Risk, continued

The Volunteer Firefighter Service Award Program is governed by a separate investment policy adopted by the Town Board. Both the Town Board and the Village of Round Lake Board are responsible for the investment of the Service Award Program's assets in accordance with the investment policy. Service award program contributions may be invested in the following types of investments: money market accounts, obligations of the United States of America, obligations of agencies of the United States of America, mutual funds investing in any type of fixed income investments, mutual funds or trusts investing in stocks of United States Companies considered blue chip stocks, allowed to include Mid Cap, Small Cap, Global, International and other categories at the discretion of the Town and the Village.

As of December 31, 2015 the Town had the following investments:

<u>Service Award Program</u>	
Money Funds	\$ 32,784
US Equities (Cost Basis \$188,045)	183,065
International Equities (Cost Basis \$197,454)	181,093
Fixed Income (Cost Basis \$536,755)	524,495
Mixed Assets (Cost Basis \$244,060)	<u>230,114</u>
Total	<u>\$ 1,151,551</u>

The Volunteer Firefighter Service Award Program fund investments were not covered by Federal Depository Insurance nor collateralized and thus exposed to custodial credit risk. All mutual funds had a Morningstar Associates rating of 3 or higher.

Note 3 Restricted Assets

Restricted assets consist of cash, certificates of deposit and related interest receivables:

<u>Fund</u>	<u>Restricted Balance</u>	<u>Type of Restriction</u>
Townwide General	\$ 173,090	Tax Stabilization Reserve
	4,239	Land Acquisition Board Designated
	358,603	Post Employment Health Insurance Board Designated
Town Outside Village General	60,663	Tax Stabilization Reserve
	510,778	Park Reserve
	226,282	Open Space Reserve
	3,149,091	SEQR Mitigation
	322,492	Post Employment Health Insurance Board Designated

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 3 Restricted Assets, continued

Town Outside Village Highway	143,805		Tax Stabilization Reserve
	73,132		Highway Equipment Reserve
	93,222		Culvert Repair Capital Reserve
	87,817		Road Improvements Board
			Designated
	405,024		Post Employment Health Insurance
Capital Projects	66,900		Parks
	18,421		Highway Garage

Note 4 Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers &</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Land	\$ 2,115,084	\$ 151,112	\$ -	\$ 169,545	\$ 2,096,651
Land Improvements	4,506,084	86,237	1,198,761	-	5,791,082
Work in Progress	1,660,412	8,709,656	(2,222,255)	-	8,147,813
Buildings	12,445,813	47,267	1,002,006	-	13,495,086
Infrastructure	61,364,481	1,802,515	-	28,406,222	34,760,774
Equipment	<u>5,284,119</u>	<u>344,255</u>	<u>21,488</u>	<u>211,878</u>	<u>5,437,984</u>
	<u>\$87,375,993</u>	<u>\$11,141,042</u>	<u>\$ -</u>	<u>\$28,787,645</u>	<u>\$69,729,390</u>
Less Accumulated <u>Depreciation:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers &</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Buildings	\$ 3,777,490	\$ 457,019	\$ -	\$ -	\$ 4,234,509
Improvements	1,297,892	293,631	-	-	1,591,523
Infrastructure	22,544,298	2,210,974	-	6,326,395	18,428,877
Equipment	<u>3,204,703</u>	<u>283,280</u>	<u>-</u>	<u>59,126</u>	<u>3,428,857</u>
	<u>30,824,383</u>	<u>3,244,904</u>	<u>-</u>	<u>6,385,521</u>	<u>27,683,766</u>
Net capital assets	<u>\$56,551,610</u>	<u>\$7,896,138</u>	<u>\$ -</u>	<u>\$22,402,124</u>	<u>\$42,045,624</u>

Work in progress consists primarily of the construction costs for road improvements. The majority of the approximate \$5,115,000 of improvements to the Round Lake Road corridor will be transferred to the County of Saratoga in 2016 when the project is completed.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 4 Capital Assets and Depreciation, continued

Depreciation was charged to the following functions:

General Government	\$ 66,337
Transportation	2,512,771
Culture and Recreation	649,288
Public Safety	4,294
Home and Community Services	<u>12,214</u>
Total depreciation expense	<u>\$3,244,904</u>

The Town of Malta transferred approximately five and one half miles of roads within the Luther Forest Technology Campus with a net book value \$22,401,853 to the County of Saratoga in December of 2015 plus \$58,497 in cash.

Note 6 Noncurrent Liabilities

Noncurrent liabilities consist of \$3,400,000 in General Obligation Serial Bonds issued in September 2008 for the Community Center expansion with interest at 3.915% with a final maturity of 2028 and \$680,000 in General Obligation Serial Bonds issued January 2013 for the new Highway Garage with interest ranging from .70%-2.40% with a final maturity of 2024.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
General obligation serial bonds	<u>\$3,280,000</u>	<u>\$ -</u>	<u>\$200,000</u>	<u>\$3,080,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 215,000	\$ 108,491	\$ 323,491
2017	\$ 220,000	\$ 101,838	\$ 321,838
2018	\$ 225,000	\$ 94,860	\$ 319,860
2019	\$ 240,000	\$ 87,513	\$ 327,513
2020	\$ 245,000	\$ 79,580	\$ 324,580
2021-2025	\$1,230,000	\$ 266,815	\$1,496,815
2026-2028	<u>\$ 705,000</u>	<u>\$ 55,985</u>	<u>\$ 760,985</u>
Total	<u>\$3,080,000</u>	<u>\$ 795,082</u>	<u>\$3,875,082</u>

Note 7 Unearned Revenues and Deposits

Unearned revenues and deposits consist of developer deposits (\$25,000) and recreational grants and program/rental fees not considered available (\$86,131).

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 8

Fund Balances

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Capital Projects	Other	Total
Nonspendable:							
Inventory	\$ 527	\$ -	\$ 52,242	\$ -	\$ -	\$ -	\$ 52,769
Prepaid	68,660	21,717	33,991	-	-	-	124,368
Restricted for:							
Tax Stabilization	173,090	60,663	143,805	-	-	-	377,558
Building	-	-	-	-	18,421	-	18,421
Equipment	-	-	73,132	-	-	-	73,132
Culverts	-	-	93,222	-	-	-	93,222
Open Space	-	226,282	-	-	57,598	-	283,880
Recreation	-	510,778	-	-	9,302	-	520,080
Committed for:							
Mitigation	-	3,149,091	-	-	-	-	3,149,091
Assigned to:							
2016 Budget	9,732	82,936	190,700	-	-	19,166	302,534
Health Insurance	358,603	322,492	405,024	-	-	-	1,086,119
Part-town Activities	-	854,998	-	-	-	-	854,998
General Government	30,780	-	-	-	-	-	30,780
Highway	-	-	1,344,417	-	46,346	-	1,390,763
Land Acquisition	4,239	-	-	-	-	-	4,239
Recreation	-	-	-	-	33,160	-	33,160
Lighting	-	-	-	-	-	3,127	3,127
Sewer	-	-	-	-	-	3,646	3,646
Fire Protection	-	-	-	27,834	-	-	27,834
Unassigned	<u>1,489,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,489,115</u>
Total	<u>\$2,134,746</u>	<u>\$5,228,957</u>	<u>\$2,336,533</u>	<u>\$27,834</u>	<u>\$ 164,827</u>	<u>\$25,939</u>	<u>\$ 9,918,836</u>

Nonspendable

Inventory – represents amounts equivalent to the amount of inventory on hand which is not considered to be in spendable form.

Prepaid – represent amounts equivalent to prepaid expenditures which are not considered to be in spendable form.

Restricted

Tax Stabilization Reserve - Pursuant to General Municipal Law, Section 6-e, the Town has established a Contingency and Tax Stabilization Reserve.

Building Capital Reserve – Pursuant to General Municipal Law, Section 6-c, the Town has established a Building Capital Reserve to finance the cost of future Town building improvement projects and the new highway garage.

Highway Equipment Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established a highway equipment reserve.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 8 Reserved Fund Balances, continued

Culvert Repair Capital Reserve - Pursuant to General Municipal Law, Section 6-d, the Town has established a culvert repair capital reserve.

Open Space Capital Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established an Open Space Capital Reserve to finance the acquisition, development, preservation and protection of open spaces, agricultural lands, water resources, trails, plant and wild life habitat, scenic views and vistas located within the Town including their development rights.

Recreation Town Outside Village General - Pursuant to General Municipal Law, Section 6-c, the Town has established a Park Capital Reserve for purpose of providing sufficient, well-located, active and passive recreational opportunities for Town residents.

Open Space Capital Project – Monies transferred from the Open Space Reserve to a capital projects fund to develop Towns lands along Round Lake as a park.

Recreation Capital Project – Contributions specifically designated combined with monies allocated from recreation park and mitigation fees in a capital projects fund for the further development of the LFTC recreational field complex.

Committed

Mitigation – Monies obligated for mitigation associated with future land development as a result of Town Board adopted SEQR determination. The balance of these mitigation funds as of December 31, 2015 were visual \$1,113,725, recreation \$1,461,196, open space \$94,618, traffic \$379,548 and planning \$100,004.

Assigned

Health Insurance – Monies designated by Town Board resolution toward the Town’s post-employment health care benefit obligation.

Land Acquisition – Monies assigned for brush control land acquisition.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 8 Reserved Fund Balances, continued

Significant Encumbrances

The Town has significant encumbrances outstanding at year end consisting primarily of professional fees for assessment appraisal services \$16,550, professional fees for planning services \$46,641 and engineering fees and construction contracts for highway road improvements of \$175,124.

Note 9 Reconciliation of Governmental Fund Balances to Net Position and Net Changes in Fund Balances – Total Government Funds to Change in Net Position of Governmental Activities

The “total fund balances” of the Town’s governmental funds differ from the “net position” of governmental activities reported in the statement of net position primarily due to differences from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Reconciliation of governmental fund balances to net position:

Governmental fund balances	\$ 9,918,836
Reflect capital assets net of accumulated depreciation	42,045,624
Reflect outstanding bonds	(3,080,000)
Record Post Employment liability	(2,690,944)
Reflect Town share of NYS Retirement System Pension Liability	(278,654)
Deferred outflows of resources - pension	458,162
Recognize unearned fine revenues and accrued interest	(46,835)
Reflect volunteer service award programs	79,088
Government activities net position	<u>\$ 46,405,277</u>
Net changes in fund balances – total government funds	\$ (285,993)
Capitalize capital assets acquisitions and improvements	11,141,042
Contributed capital assets	(1,440,907)
Record depreciation expense, net	(3,244,904)
Reflect loss on disposal of fixed assets	(470)
Payments on bonds	200,000
Recognize other post employment benefits expense	(460,586)
Record Town share of NYS Retirement System Pension Liability	46,053
Recognize accrued and prepaid expense, interfund debt service and deferred revenues	6,275
Change in net position of governmental activities	<u>\$ 5,960,510</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 9 Reconciliation of Governmental Fund Balances to Net Position and Net Changes in Fund Balances – Total Government Funds to Change in Net Position of Governmental Activities, continued

Capital assets that are to be used in governmental activities that are purchased or constructed are reported as expenditures in governmental funds. However, the statements of net position includes those capital assets of the Town as a whole and the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense in the statement of activities as well as the gain or loss on the disposal of the fixed assets.

Non-current liabilities applicable to the Town’s governmental activities are not due and payable in the current period and accordingly not reported as fund liabilities. All liabilities, both current and non-current are reported in the statement of net position including other postemployment Benefits and the Town’s proportionate share of the collective New York State Retirement System liability. Repayment of bond principal is reported as an expenditure in governmental funds, but for the Town as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Note 10 Cumulative Effect of Change in Accounting Principle

During the year ended December 31, 2015, the Town implemented GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27” and GASB Statement No. 71 - “Pension Transition for Contributions Made Subsequent to the Measurement Date.” The implementation of these Statements resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the Town’s participation in the New York State Employees’ retirement system. The Town’s net position at January 1, 2015 has been restated as follows:

Net position at beginning of year, as previously stated	<u>\$ 61,425,029</u>
GASB Statement No. 68 implementation:	
Beginning System liability - Employees’ Retirement System as of December 31, 2014	(372,738)
Beginning deferred outflow of resources resulting from differences between expected and actual experience	86,968
Contributions subsequent to the measurement date	<u>324,951</u>
Cumulative effect of implementation	<u>39,181</u>
Net position at beginning of year, as restated	<u>\$61,464,210</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 11 Retirement Benefits

Plan Description and Benefits Provided

The Town participates in the New York State and Local Employees' Retirement System (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014 he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that the pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by the enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provide death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publication/index.php or obtained in writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined after July 27, 1976 who contribute 3% of their salary for the first ten years of membership in the System and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their entire length of service, and on or after April 1, 2012 who generally contribute between 3% and 6% (based on annual wage) for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based upon salaries paid during the Systems fiscal year ending March 31. The Town's required contributions for the current year and two preceding years, which represent 100% of the contributions required for each year, were as follows:

	<u>Contribution</u>
2015	\$377,100
2014	\$433,236
2013	\$458,611

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 11 Retirement Benefits, continued

Chapter 260 of the Laws of 2004, Chapter 57 of the Laws of 2010 and Chapter 57 of the Laws of 2013 of the State of New York were enacted to allow local employers to bond or amortize a portion of their retirement bill for a period of years. These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2015. The Town elected to make full payment of their retirement bills. Retirement contributions as of December 31, 2015 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

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

At December 31, 2015 the Town reported a liability of \$278,654 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based upon a project of the Town's long term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015 the Town's proportion was .0082485%.

For the year ended December 31, 2015 the Town recognized pension expense of \$344,874. At December 31, 2015 the Town reported deferred outflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ 8,920
Net difference between projected and actual earnings on pension plan investments	\$ 48,399
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 23,743
Contributions made subsequent to the measurement date	<u>\$377,100</u>
Total	<u>\$458,162</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 11 Retirement Benefits, continued

Year Ended December 31:

2016	\$ 20,265
2017	\$ 20,265
2018	\$ 20,265
2019	\$ 20,267

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined using an actuarial valuations as April 30, 2014, with updated procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions”

Interest rate	7.5% compounded annually, net of investment expenses
Salary scale	4.9% indexed by service
Decrement tables	April 1, 2005 – March 31, 2020 System’s Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System’s experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long-term expected rate of return on pension plan investments was determined using Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pensions Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was to given to expected future real rates if return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations as of March 31, 2015 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 11 Retirement Benefits, continued

Absolute Return Strategies	3%	6.75%
Opportunities Portfolio	3%	8.60%
Real Assets	3%	8.65%
Bonds & Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation Indexed Bonds	2%	4.00%

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that the contributions from plan members will be made at the current contribution rates and that the contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore the long term expected rate of return on the pensions plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumptions

The following present the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%. as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease <u>6.5%</u>	Current <u>7.5%</u>	1% Increase <u>8.5%</u>
Town's proportionate share of the net pension liability	\$1,857,350	\$278,654	(\$1,054,157)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of March 31, 2015 were as follows:

	(Dollars in Thousands)
Employers total pension liability	\$164,591,504
Plan net position	<u>(\$161,213,259)</u>
Employers' net pension liability	<u>\$ 3,378,245</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 12 Post Employment Benefits, continued

25% of the medical premium. However, non-union employees hired after January 1, 2012 are required to contribute 100% of the monthly premium.

Annual Per Person Covered Medical Premiums

<u>Plan</u>	<u>As of January 1, 2013</u>
CDPHP	\$6,567
NYS Health Plan	\$4,271
MVP Gold	\$3,118

Medicare Part B

The Town reimburses the retiree for payment of Medicare Part B Premium which was \$1,259 for 2013. Additionally, the Town reimburses the retiree for payment of the Medicare Part B premium for their Medicare eligible spouse during the retiree's lifetime. Non-union employees hired after January 1, 2012 will not receive Medicare Part B reimbursements in retirement.

In accordance with GASB Statement #45 - Accounting for Post-Employment Benefits, the following information has been summarized from the Town's actuarial reports for the years ended December 31, 2013, 2014 and 2015:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>
Annual Required Contribution (ARC)	\$ 557,721	\$ 584,694	\$ 613,943
Interest on net OPEB Obligation	54,137	71,488	89,214
Adjustment to ARC	<u>(76,748)</u>	<u>(101,347)</u>	<u>(126,477)</u>
Annual OPEB Cost	535,110	554,835	576,680
Contributions Paid	<u>101,332</u>	<u>111,675</u>	<u>116,094</u>
Increase in net OPEB Obligation	433,778	443,160	460,586
Net OPEB Obligation, beginning of year	<u>1,353,420</u>	<u>1,787,198</u>	<u>2,230,358</u>
Net OPEB Obligation, end of year	<u>\$1,787,198</u>	<u>\$2,230,358</u>	<u>\$2,690,944</u>

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2013, 2014 and 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
2013	\$535,110	18.9%	\$1,787,198	\$1,856,822	28.82%
2014	\$554,835	20.1%	\$2,230,358	\$1,893,958	29.30%
2015	\$576,680	20.1%	\$2,690,944	\$1,931,838	29.85%

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 12 Post Employment Benefits, continued

Funded Status and Funding Progress

Actuarial Valuation Date	1/1/2013	1/1/2014	1/1/2015
Actuarial Value of Assets (a)	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL) (b)	\$5,725,624	\$6,201,282	\$6,712,178
Unfunded AAL (UAAL) (b-a)	\$5,725,624	\$6,201,282	\$6,712,178
Funded Ratio (a/b)	0.0%	0.0%	0.0%
Covered Payroll (c)	\$1,856,822	\$1,893,958	\$1,931,838
UAAL as a Percentage of Payroll (AAL) ((b-a)/c)	308.36%	327.42%	347.45%

Methods and Assumptions

Interest Rate	4.00%
2013 Medical Trend Rate	10.00%
Ultimate Medical Trend rate	5.00%
Year Ultimate Medical Trend Rate Reached	2023
Actuarial Cost Method	Entry Age Normal
Remaining Amortization Period at 12/31/15	27 Years
Annual Payroll Increase	2.00%

The annual OPEB cost was charged to the following functions:

General Government	\$131,401
Transportation	228,022
Culture and recreation	36,124
Home and Community Services	<u>65,039</u>
Total	<u>\$460,586</u>

In November 2011 the Town Board assigned \$868,668 of the Town's fund balance towards the Town's net other post-employment benefit obligation and set aside the corresponding amount in designated cash. In October 2012 the Town Board approved the use of \$320,000 of this designated cash to finance the new highway garage and intends on replenishing the amount over ten years. In 2015 the Town replenished \$32,960 of this amount (\$148,775 in total replenished through December 31, 2015). The balance of designated cash for post-employment benefit obligations from the original assignment, subsequent transfers and replenishment was \$1,086,119 as of December 31, 2015.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 13 Volunteer Firefighter Service Award Program

Plan Description

In connection with the Town's fire protection service contracts with the Village of Round Lake and a local volunteer fire company, the Town/Village, by mandatory referendum, implemented a volunteer firefighter service award program effective January 1, 1999 pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The program is a defined benefit retirement plan covering active volunteer firefighters who have annually earned 50 service credits and who are at least 18 years of age. For each year of active volunteer firefighter service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for the years 1990 through 1998 up to a maximum of 5 years for all eligible volunteer firefighters. Prior service benefits were amortized and funded by the Town. In December 2007 the Town/Village, by mandatory referendum, amended the program to provide a monthly service award of \$20 for years beginning January 1, 2008. As of December 31, 2014 one hundred fifty (150) volunteer firefighters participate in the program.

Funding Policy

The Town's funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The contribution rate is determined using the attained age normal frozen initial liability cost method. Under this cost method, there are two components to the annual cost each year. The first component, the "normal" cost component, is equal to the level of annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program and before entitlement age. The second component, the annual amortization cost component, equals the level of annual payments required to fund over the amortization period(s), the participants' benefits, if any, based on 1) the service credit earned before the effective date of the service award program or service credit earned after the attainment of entitlement age or 2) plan amendments that create an immediate unfunded liability and are required to be amortized. The amortization period for liability for service after the entitlement age is three (3) years. Under the attained age normal frozen initial liability cost method, actuarial gains and losses are amortized over the future years of firefighting service before entitlement age for the group of firefighters participating in service award program on the valuation date.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 13 Volunteer Firefighter Service Award Program, continued

Actuarial Assumptions

Significant actuarial assumptions used in the valuation are as follows:

- * An investment rate of return of 6.0%
- * All participants survive to entitlement age and earn 50 points in each year
- * Lump sum distributions upon entitlement age sufficient to purchase a ten year continuous and certain life annuity
- * Present value increases in monthly service award payment due to service credit earned in a year after the year in which a participant reaches the entitlement are amortized over 3 years at 6.0%.

Fiduciary Investment and Control

Service credit is determined by the Town/Village Board, based on information certified to the Town/Village board by each fire company having members who participate in the program. Each fire company must maintain all required records for the program.

The Town/Village board has retained and designated Penflex, Inc. to assist in the administration of the program. Disbursements of program assets for the payment of benefits or administrative expenses must be approved the Town. The Town/Village is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc.

Program assets are required to be held in trust by LOSAP legislation, 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 trust agreement is dated May 1999, and the trustee is Town Board/Village Board of Trustees. Authority to invest program assets is vested in Service Award Program Investment Policy. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Firefighter Service Award Program for the years ended December 31, 2014 and 2013:

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 13 Volunteer Firefighter Service Award Program, continued

Annual Service Award Program Cost and Net Pension Asset

	<u>2014</u>	<u>2013</u>
Normal Program Cost	\$ 76,261	\$ 81,987
Post EA Service Cost	30,997	28,807
Contribution Timing Adjustment	8,605	-
Administration Fees	<u>6,637</u>	<u>7,412</u>
Total required contribution	122,500	118,206
Interest on net pension asset	(4,780)	(4,394)
Adjustment to annual required contribution	<u>6,440</u>	<u>5,758</u>
Annual Service Award Program Cost	124,160	119,570
Contributions Made	<u>126,000</u>	<u>126,000</u>
Increase in net pension asset	1,840	6,430
Net pension asset beginning of year	<u>79,670</u>	<u>73,240</u>
Net pension asset end of year	<u>\$ 81,510</u>	<u>\$ 79,670</u>

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 362,048	\$ 343,347	\$335,787
Terminated volunteers entitled to but not yet receiving benefits	222,408	207,318	158,166
Active volunteer firefighters	<u>565,221</u>	<u>492,020</u>	<u>453,166</u>
Total present value of accrued benefits	1,149,677	1,042,685	947,119
Net assets available for benefits	<u>1,142,986</u>	<u>1,071,513</u>	<u>975,563</u>
(Over)Unfunded actuarial liability	<u>\$ 6,691</u>	<u>\$ (28,828)</u>	<u>\$(28,444)</u>

Three-Year Trend Information

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Program</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contribution</u>	<u>Net</u> <u>Program</u> <u>Assets</u>
2012	\$121,004	103%	\$73,240
2013	\$119,570	105%	\$79,670
2014	\$124,160	101%	\$81,510

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 14 Volunteer Ambulance Worker Service Award Program

Plan Description

In connection with the Town's emergency service contract with a local volunteer ambulance company the Town, by mandatory referendum, implemented a volunteer ambulance worker service award program effective January 1, 2001 pursuant to General Municipal Law. The program is a defined benefit retirement plan covering active volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for up to a maximum of 5 years for all eligible volunteer ambulance workers. Prior service benefits were amortized and funded over a five year period by the Town. In December 2007, the Town, by mandatory referendum, amended the program to provide a monthly service payment of \$20 and to allow volunteers to continue to earn service credit after retirement age effective January 1, 2008. As of December 31, 2014 twenty (20) volunteer ambulance workers participate in the program.

Funding Policy

The Town's funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The contribution rate is determined using the attained age normal frozen initial liability cost method. Under this cost method, there are two components to the annual cost each year; annual prior service cost and normal cost. The annual prior service cost equals the annual payment required to fund over the prior service funding period, the portion of the current's participants' projected benefits at entitlement age which is based on the service credit volunteer ambulance workers earned before the effective date of the service award program. The "normal" cost component is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program. The cost is based on the average length of time from the valuation date to the entitlement age for current participants. Under the attained age normal frozen initial liability cost method, actuarial gains and losses are amortized over the future years of volunteer service before entitlement age for the volunteers participating in service award program on the valuation date.

Actuarial Assumptions

Significant actuarial assumptions used in the valuation of the estimated program cost for the referendum are as follows:

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 14 Volunteer Ambulance Worker Service Award Program, continued

- * An investment rate of return of 6.00% (6.25% in 2013)
- * All participants survive to entitlement age and earn 50 points in each year
- * Service award benefit payment in form of a straight life annuity

Fiduciary Investment and Control

Service credit is determined by the Town Board, based on information certified to the Town Board by the ambulance squad having members who participate in the program. The ambulance squad must maintain all required records for the program. The New York State Comptroller's Office is responsible for the administration of the program. All service credit records are submitted to a 3rd party program administrator that the New York State Comptroller's Office has retained and designated to assist in the administration of the program. Program assets are required to be held in trust by LOSAP legislation, 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 New York State Comptroller's Office has established the necessary trust and also is responsible for the investment of the trust's assets.

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Ambulance Worker Service Award Program for the years ended December 31, 2014 and 2013:

Annual Service Award Program Cost and Net Pension Asset

	<u>2014</u>	<u>2013</u>
Normal Program Cost	\$ 5,181	\$ 7,088
Contribution Timing Adjustment	231	330
Administration Fees (1)	-	-
Total required contribution	<u>5,412</u>	<u>7,418</u>
Interest on net pension obligation	151	162
Adjustment to annual required contribution	<u>(240)</u>	<u>(235)</u>
Annual Service Award Program Cost	5,323	7,345
Contributions Made	<u>5,412</u>	<u>7,418</u>
Decrease in net pension obligation	(89)	(73)
Net pension asset obligation, beginning	<u>2,511</u>	<u>2,584</u>
Net pension asset obligation, end	<u>\$ 2,422</u>	<u>\$ 2,511</u>

(1)- Administration fees of \$4,434 in 2014 and \$3,186 in 2013 were paid from the respective excess contributions of those years

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 14 Volunteer Ambulance Worker Service Award Program, continued

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 33,001	\$ 33,581	\$ 31,811
Terminated volunteers entitled to but not yet receiving benefits	50,241	34,601	33,185
Active volunteer ambulance workers	<u>89,254</u>	<u>87,404</u>	<u>68,497</u>
Total present value of accrued benefits	172,496	155,586	133,493
Net assets available for benefits	<u>267,624</u>	<u>250,466</u>	<u>208,988</u>
(Over)Unfunded actuarial liability	<u>\$(95,128)</u>	<u>\$(94,880)</u>	<u>\$(75,495)</u>

Three-Year Trend Information

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Program</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contribution</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2012	\$ 9,084	100%	\$ 2,584
2013	\$ 7,345	100%	\$ 2,511
2014	\$ 5,323	100%	\$ 2,422

Note 15 Deferred Compensation

The Town is a participant in the New York State Deferred Compensation Program ("Plan") and the New York State Deferred Compensation Board are the trustees of the Plan. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. The Town invests all amounts of compensation deferred under the Plan, at the direction of the covered employee. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the employee and their beneficiaries. In accordance with GASB Statement #32 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, municipalities should report only those plans in which all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result the market value of the Plan's assets totaling \$2,092,460 as of December 31, 2015 has not been reported in the fiduciary fund financial statements.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 16 Operating Transfers and Interfund Balances

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. Individual fund operating transfer revenues and expenses arising from these transactions as of December 31, 2015 were as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Purpose of Expense</u>
Townwide General Fund	\$ 107,800	\$ 35,200	Town Garage Construction
Town Outside Village General Fund	-	956,612	Parks and Highway Projects
Round Lake Road Capital Project	884,612	-	
Water Supply Fund	-	600	Administrative Services
	<u>\$ 992,412</u>	<u>\$ 992,412</u>	

Individual fund interfund receivable and payable balances arising from these transactions as of December 31, 2015 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Townwide General Fund	\$106,687	\$ -
Round Lake Preserve Project	-	42,227
Malta Community Park Project	-	\$ 32
Trust & Agency	-	64,428 (1)
Total	<u>\$106,687</u>	<u>\$106,687</u>

(1) Amounts collected by the Town Courts in December of 2015 which were transferred to the Town-wide General fund in January 2016 have been reflected as cash and eliminated from the statements of net assets and fiduciary net assets as an interfund transaction.

Note 17 Indirect Cost Allocations

Indirect expenses for centralized services such as building and grounds, postage, computers and insurance have been allocated as follows in the statement of activities:

General Government	\$122,789
Transportation	12,427
Culture and Recreation	149,766
Home and Community Services	8,953
	<u>\$293,935</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 18 Commitments and Contingencies

Litigation

In addition to various lawsuits arising in the normal course of business, including claims for property damage, personal injury and suits contesting assessments, the Town has been named in a lawsuit by a local developer concerning constructed traffic improvements that were in excess of required traffic mitigation fees in the amount of \$288,000. The Town intends to defend this claim vigorously. As of December 31, 2015 no adjustments have been made to the financial statements since the Town is unable to reasonably estimate the final outcome of this claim.

In December 2015 the Town received the decision and order of the County of Saratoga Supreme Court which directed the town to reimburse a local developer for recreation fees paid to the Town. The Town has decided not to appeal such decision and has recorded a liability of \$148,450 in the Town's financial statements as of December 31, 2015.

Insurance

The Town participates in a self-insurance plan for workers' compensation under County of Saratoga Local Law No. 1 and 2 of 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan, which currently has 54 participants, is open to any eligible municipality or public entity for participation. The County of Saratoga, New York is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's third party suits; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2015 the Town's workers' compensation premium was \$43,872. The Town's annual workers compensation premium is included in the County tax levy for the given fiscal year, therefore no expenditure is reflected in the Town's financial statements for workers' compensation. For the year ended December 31, 2014 (last available information) the plan had an established claim reserve of \$7,862,000. Claims and judgments are recognized consistent with requirements of GASB Statement No. 10 Accounting and Financial Reporting for Risk Financial and Related Insurance Losses, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liabilities of \$16,775,000 at December 31, 2014, were recorded as accrued liabilities by the County. The Town's share of this liability is not readily available. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020. The Town contracts with a commercial insurer for property and casualty insurance coverage.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 18 Commitments and Contingencies, continued

Environmental Concerns

The Town is engaged in many activities (ie, highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2015 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

Economic Development

In connection with commercial, residential or other economic development, the Town requires the developers/owners to provide the Town with a letter of credit or performance bond at the time of the final submission of the plans to cover the full cost of the improvements. The amount of the letter of credit or performance bond is based upon a construction cost estimate prepared by the developer/owner that is reviewed by the Town's engineers and approved by the Town. The Town called one residential letter of credit in 2011 and has retained a balance of \$25,000 to guarantee work that was completed in 2012. This amount has been reflected as a deposit as of December 31, 2015. Aside from this one development the Town is not aware of any project for which there is not an adequate letter of credit or performance bond.

The Town has been awarded grants for such purposes as economic development, road construction and recreation which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowance and a request for a return of funds to the federal and State governments. Based upon past audits, the Town believes disallowances, if any, will be immaterial and no adjustments have been made to the financial statements for the year ended December 31, 2015.

Luther Forest Technology Campus Road Project

In 2010 the Town completed the construction of 5.5 miles of roads and related amenities for the Luther Forest Technology Campus which was funded with NYS Multi-modal grants and New York Economic Development Capital Program grants. The Town also entered into several agreements with the Luther Forest Economic Development Corporation (LFTCEDC) relating to the construction and post construction requirements of the project including such items, but not limited to, permit compliance and monitoring, conveyance, host benefit contributions, infrastructure maintenance and funding. In December 2015 the Town, LFTCEDC and the County of Saratoga entered into the necessary agreements to transfer the ownership of the infrastructure and its related operation, maintenance and administration to the County of

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 18 Commitments and Contingencies, continued

Saratoga. In accordance with the terms of the settlement LFTCEDC paid to the Town \$362,000 in January 2016 and the Town paid \$58,500 to the County of Saratoga in December 2015.

CK Sanitary Sewer System, Inc

In 2004, CK Sanitary Sewer System, Inc. (“Sewer System”) was abandoned to the Towns of Malta and Clifton Park in accordance with Section 119 of Town Law. The Sewer System consists of all the sewage collection piping, manholes, and pump stations constructed to serve the properties in the service area. Subsequently, sewer districts were formed by both Towns and an inter-municipal agreement was entered into with the Town of Clifton Park relating to the ownership, maintenance and operation of the Sewer System since approximately 80% of the customers of the system are in the Town of Clifton Park. Accordingly, no financial information relating the Sewer System has been reflected in the Town’s financial statements. A copy of this financial report may be obtained by writing to the Town of Clifton Park, 1 Town Hall Plaza, Clifton Park, New York 12065.

Summary financial information of the Sewer System as of December 31, 2015 is as follows:

Current assets	\$ 673,293
Current liabilities	\$ 95,757
Assigned fund balance	\$ 577,536
Revenues	\$ 771,315
Expenditures	\$ 541,631

GlobalFoundries Construction Inspection Services

In connection with the construction of the GlobalFoundries nanotechnology facility, the Town has entered into a construction review and inspection services agreement for which GlobalFoundries is responsible for payment pursuant to the planned development legislation. As of December 31, 2015, there is approximately \$64,100 of services incurred but not paid under this agreement for which the Town has an available escrow balance of \$231,000.

Note 19 Subsequent Events

The Town Board approved a transfer in the amount of \$250,000 in February 2016 from the Town Outside Village Highway Fund assigned fund balance to the highway equipment reserve.

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

Note 19 Subsequent Events, continued

The Bellflower drainage project that was completed in 2014 for \$142,000 was damaged as a result of a winter “rain” storm in February 2016. No adjustments have been made to the December 31, 2015 financial statements since the Town is in process of repairing the damages.

In March 2016 the Town was named in a lawsuit by a local developer concerning mitigation fees that were charged and subsequently paid in the amount of \$229,000 relating to a new restaurant and hotel in the Town. The Town intends to defend this claim vigorously. As of December 31, 2015 no adjustments have been made to the financial statements since the Town is unable to reasonably estimate the final outcome of this claim.

A local developer filed a claim in March 2016 against the Town in the amount of \$306,728 for reimbursement of recreation fees that had been paid to the Town for a project that developed had obtained building permits for in 2015. This claim has been denied by the Town.

Note 20 Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 75 - “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the Town. The effects of this Statement on the financial statements of the Town are not presently determinable.

GASB Statement No. 77 - “Tax Abatement Disclosures.” This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Town. The effects of this Statement on the financial statements of the Town are not presently determinable.

See independent auditor’s report

INDEPENDENT AUDITORS' 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

To the Members of the Town Board
Town of Malta, 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, each major fund, and the aggregate remaining fund information of the Town of Malta, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Malta, New York's basic financial statements, and have issued our report thereon dated April 26, 2016.

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

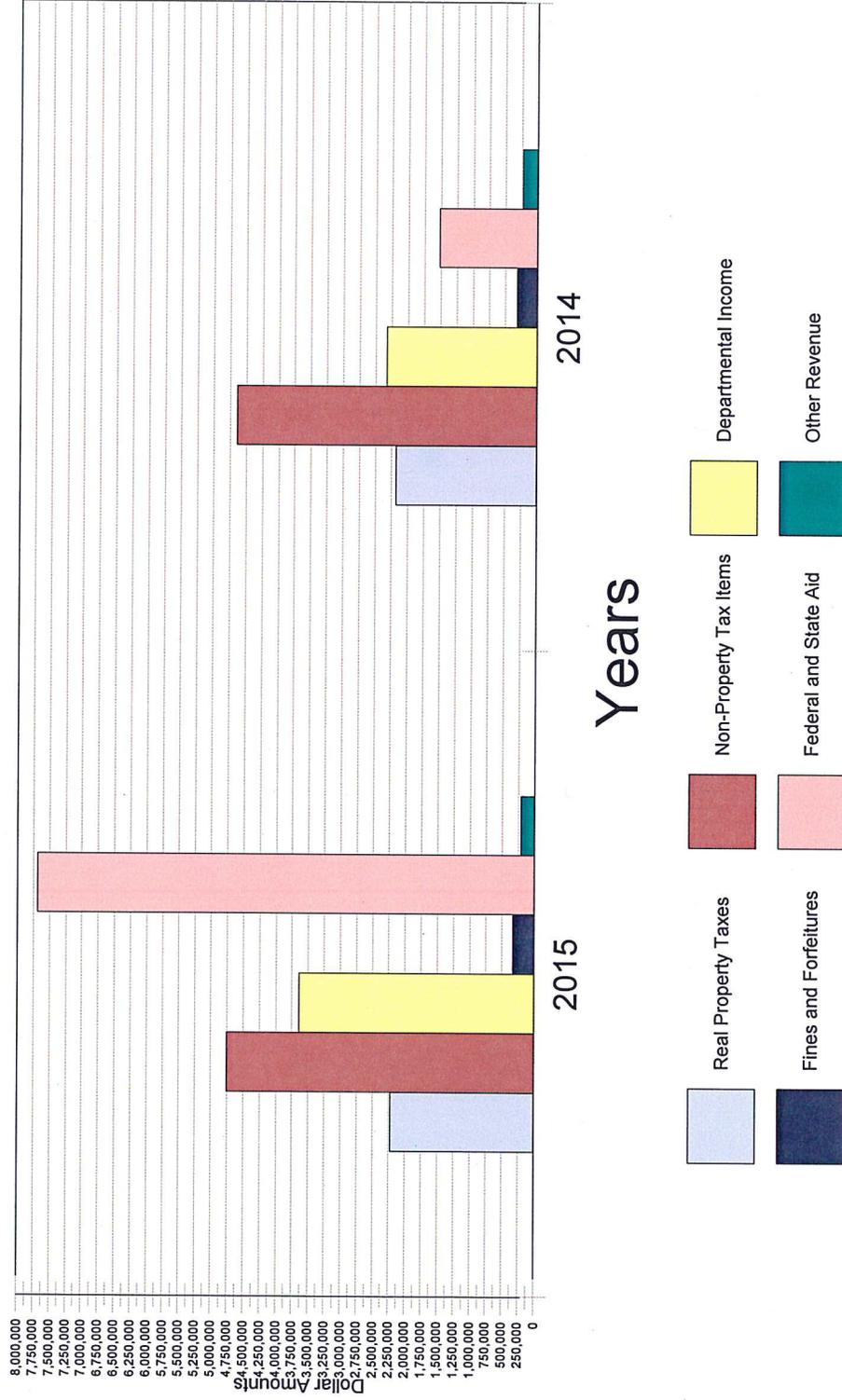
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 26, 2016

SUPPLEMENTARY INFORMATION

Town of Malta Revenue Comparison



Town of Malta Expenditure Comparison



REQUIRED SUPPLEMENTARY INFORMATION

Town of Malta
 Required Supplementary Information
 Schedule of Funding Progress - Other Postemployment Benefits (OPEB)
 December 31

<u>For Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Accrued Unfunded Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2015	January 1, 2013	\$ -	\$ 6,712,178	\$ 6,712,178	0%	\$ 1,931,838	347%
December 31, 2014	January 1, 2013	\$ -	\$ 6,201,282	\$ 6,201,282	0%	\$ 1,893,838	327%
December 31, 2013	January 1, 2013	\$ -	\$ 5,725,624	\$ 5,725,624	0%	\$ 1,856,822	308%
December 31, 2012	January 1, 2010	\$ -	N/A	N/A	0%	\$ 1,795,375	N/A
December 31, 2011	January 1, 2010	\$ -	N/A	N/A	0%	\$ 1,751,585	N/A
December 31, 2010	January 1, 2010	\$ -	\$ 5,341,062	\$ 5,341,062	0%	\$ 1,708,863	313%

N/A - Information Unavailable

Town of Malta
 Required Supplementary Information
 Schedule of Town's Proportionate Share of the Net Pension Liability (Asset)
 For the year ended December 31

New York State Employee Retirement System Pension Plan

	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.0082485%	0.0082485%
Town's proportionate share of the net pension liability	\$ 278,654	\$ 372,738
Town's covered payroll	\$ 2,217,027	\$ 2,277,309
Town's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	12.57%	16.37%
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.20%

The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

Town of Malta
 Required Supplementary Information
 Schedule of Town's Employer Pension Contributions
 For the year ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
New York State Retirement System										
Contractually required contribution	\$377,100	\$433,236	\$458,611	\$315,649	\$312,998	\$214,205	\$139,143	\$146,153	\$147,107	\$145,111
Contributions in relation to the contractually required contribution	<u>\$377,100</u>	<u>\$433,236</u>	<u>\$458,611</u>	<u>\$315,649</u>	<u>\$312,998</u>	<u>\$214,205</u>	<u>\$139,143</u>	<u>\$146,153</u>	<u>\$147,107</u>	<u>\$145,111</u>
Contribution deficiency (excess)	<u>\$2,217,027</u>	<u>\$2,277,309</u>	<u>\$2,182,914</u>	<u>\$1,925,498</u>	<u>\$2,048,363</u>	<u>\$1,984,100</u>	<u>\$1,930,561</u>	<u>\$1,773,626</u>	<u>\$1,627,392</u>	<u>\$1,511,634</u>
Town's covered payroll	17.01%	19.02%	21.01%	16.39%	15.28%	10.80%	7.21%	8.24%	9.04%	9.60%
Contributions as a percentage of covered payroll										