

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

**TOWN OF BEEKMAN**  
For the Year Ended December 31, 2015

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*Audited for:*

Town Board  
**TOWN OF BEEKMAN**

*Audited By:*

RBT CPAs, LLP  
11 Racquet Road  
Newburgh, New York 12550  
(845) 567-9000

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# TOWN OF BEEKMAN, NEW YORK

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LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Town of Beekman  
4 Main Street  
Poughquag, NY 12570

### 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 Beekman, 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'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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Beekman, New York as of December 31, 2015, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note IX to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement 2*, for the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress - other post-employee benefits, schedule of proportionate share of net pension liability and related ratios, schedule of employer contributions, and budgetary comparison information on pages 3 through 8 and 41 through 47 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 Beekman's basic financial statements. The accompanying schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of indebtedness is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated July 14, 2017, on our consideration of the Town of Beekman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 of Beekman's internal control over financial reporting and compliance.

*RBT CPAs, LLP*

Newburgh, New York  
July 14, 2017

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the Town of Beekman's 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.

Requests For Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Supervisor's office at the Town of Beekman, 4 Main Street, Poughquag, NY.

**Financial Highlights**

- The assets of the Town of Beekman exceeded its liabilities at the close of the fiscal year by \$28,795,516.
- The government's total net position decreased by \$181,121 during 2015.
- During the year ended December 31, 2015, GASB standards regarding other post-employment benefits resulted in recording an additional liability and additional expenditures (employee benefits) in the amount of \$225,278, which decreased net position for the current year by \$225,278.
- As of the close of the current fiscal year, the Town of Beekman's governmental funds reported a combined ending fund balance of \$1,591,145, an increase of \$392,104 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$902,339 and \$398,000 was assigned for the 2016 budget.

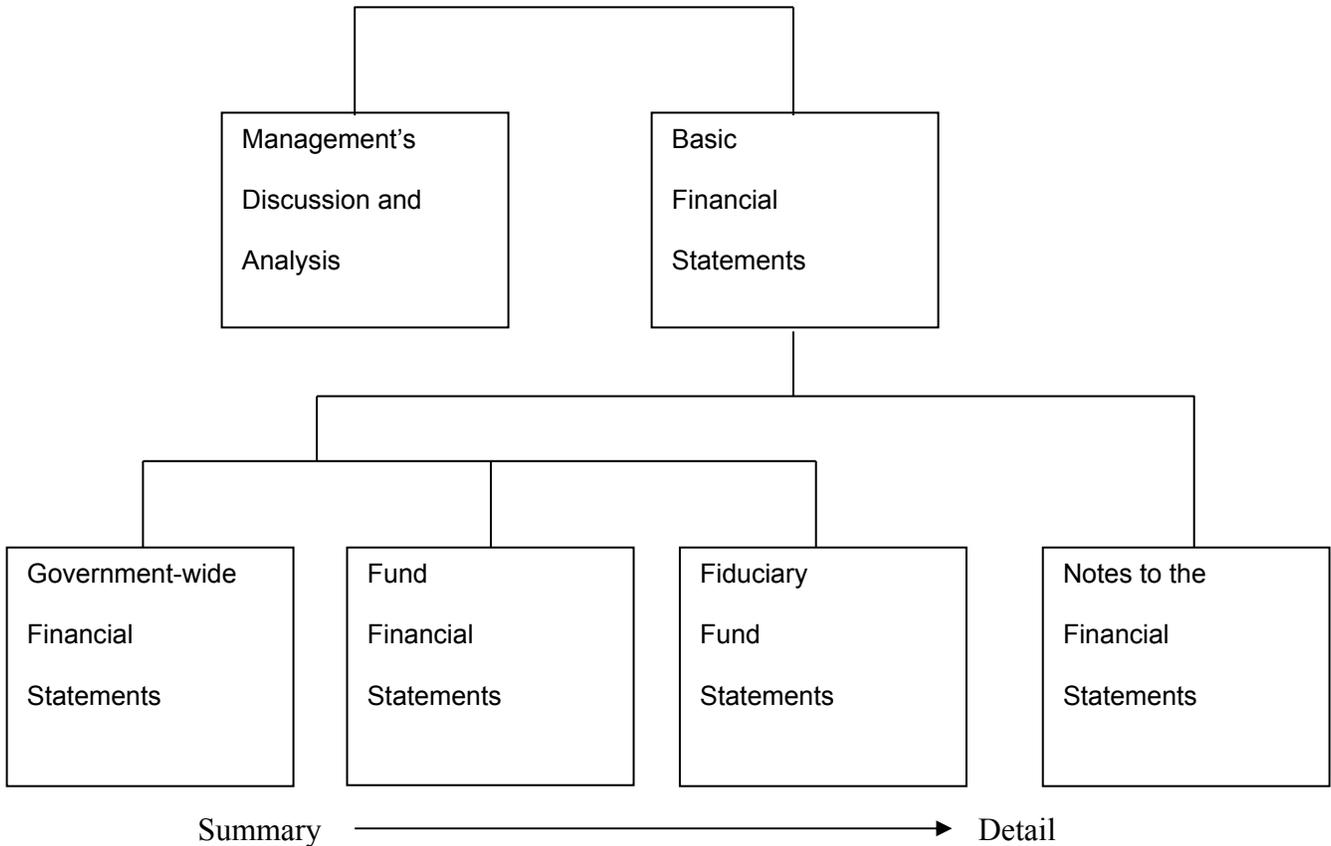
**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Beekman's basic financial statements. The Town's basic financial statements consist of four components; 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary fund statements and 4) notes to the financial statements. The basic financial statements present two different views of the Town's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail to follow in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Beekman, New York.

**TOWN OF BEEKMAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 MANAGEMENT’S DISCUSSION AND ANALYSIS**

Required Components of Annual Financial Report

**Figure 1**



**Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town’s financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town’s government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental and fiduciary fund statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town’s financial status as a whole.

The two government-wide statements report the Town’s net position and how they have changed. Net position is the difference between the Town’s total assets and total liabilities. Measuring net position is one way to gauge the Town’s financial condition.

The governmental activities include most of the Town’s basic services such as public safety, water & sewer, road maintenance and administration. Property tax, sales tax, charges for services and State aid finance most of these activities.

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Beekman, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Beekman are classified in two categories: governmental funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

**Fiduciary Funds** – The Town acts in an agency capacity for assets that are ultimately transferred to others, such as guarantee and bid deposits. These funds are excluded from the government-wide financial statements because the Town cannot use these assets to finance operations.

The Town of Beekman adopts an annual budget for certain funds as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town of Beekman, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary schedules demonstrate how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedules use the budgetary basis of accounting and are presented using the same format, language and classifications as the legal budget document. The schedules show four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**TOWN OF BEEKMAN'S NET POSITION**

	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 1,844,745	\$ 1,570,507
Capital Assets	<b>32,056,366</b>	32,583,210
Total Assets	<b><u>33,901,111</u></b>	<u>34,153,717</u>
 Deferred Outflows of Resources	 <b><u>207,518</u></b>	 -
Other Liabilities	<b>338,391</b>	419,238
Long-Term Liabilities	<b>4,963,751</b>	4,708,104
Total Liabilities	<b><u>5,302,142</u></b>	<u>5,127,342</u>
 Deferred Inflows of Resources	 <b><u>10,971</u></b>	 -
 Net Position:		
Net Investment in Capital Assets	<b>28,221,282</b>	28,630,157
Restricted	<b>28,955</b>	28,955
Unrestricted	<b>545,279</b>	367,263
Total Net Position	<b><u>\$ 28,795,516</u></b>	<u>\$ 29,026,375</u>

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**TOWN OF BEEKMAN'S CHANGES IN NET POSITION**

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 681,470	13.43%	\$ 650,343	15.29%
Operating and Capital Grants	173,455	3.42%	269,118	6.33%
General Revenues:				
Real Property Taxes	2,111,472	41.61%	2,071,037	48.68%
Real Property Tax Items	42,833	0.84%	320	0.01%
Non Property Taxes	930,839	18.34%	905,121	21.27%
Departmental Income	8,700	0.17%	116,720	2.74%
Use of Money and Property	764	0.02%	528	0.01%
Intergovernmental Charges	21,663	0.43%	3,949	0.09%
Unallocated State and Federal Aid	363,183	7.16%	164,292	3.86%
Sale of Property and Compensation for Loss	582,171	11.47%	25,202	0.59%
Miscellaneous	157,644	3.11%	47,988	1.13%
Total Revenues	<u>5,074,194</u>	<u>100.00%</u>	<u>4,254,618</u>	<u>100.00%</u>
Expenses:				
General Government	1,517,008	28.87%	1,354,562	28.55%
Public Safety	109,399	2.08%	106,994	2.25%
Public Health	3,147	0.06%	3,330	0.07%
Transportation	2,561,376	48.74%	2,184,049	46.03%
Economic Assistance and Opportunity	52,443	1.00%	52,506	1.11%
Culture and Recreation	718,628	13.67%	699,359	14.74%
Home and Community Services	72,207	1.37%	108,703	2.29%
Water Utilities	37,982	0.72%	22,344	0.47%
Sewer Utilities	56,616	1.08%	57,901	1.22%
Interest on Debt	126,509	2.41%	155,410	3.27%
Total Expenses	<u>5,255,315</u>	<u>100.00%</u>	<u>4,745,158</u>	<u>100.00%</u>
Decrease in Net Position	<u>\$ (181,121)</u>		<u>\$ (490,540)</u>	

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Town of Beekman Funds

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

**Governmental Funds:** The focus of the Town of Beekman's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Town of Beekman's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Beekman. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$902,339. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 31 percent of total General Fund expenditures.

At December 31, 2015, the governmental funds of the Town of Beekman reported a combined fund balance of \$1,591,145 a 32 percent increase from last year. Included in this change in fund balance are a decrease in the Highway Fund and increases in the General, Water, Sewer and Other Governmental Funds.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Capital Asset and Debt Administration**

**Capital Assets:** The Town's investment in capital assets for its governmental activities as of December 31, 2015 totaled \$32,056,366 (net of accumulated depreciation). These assets include land, construction in progress, buildings, improvements, machinery & equipment, roads & infrastructure and vehicles.

**Debt:** As of December 31, 2015, the Town of Beekman had total debt outstanding of \$3,835,084. The debt is backed by the full faith and credit of the Town. The Town's total debt decreased by \$117,969 during the 2015 fiscal year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

**TOWN OF BEEKMAN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,174,521
Restricted Cash	28,955
Accounts Receivable	257,099
Due from Other Governments	266,206
Prepaid Expenses	117,964
	<u>1,844,745</u>
Capital Assets, not being depreciated	2,010,114
Capital Assets, being depreciated - net	30,046,252
Total Capital Assets, net (Note V)	<u>32,056,366</u>
Total Assets	<u>33,901,111</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension (Note VI)	207,518
Total Deferred Outflows of Resources	<u>207,518</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>34,108,629</u>
<b>LIABILITIES</b>	
Accounts Payable	83,372
Accrued Expenses	214,320
Accrued Interest	40,699
Noncurrent Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note VI)	260,794
Other Debt (Note VI)	175,064
Due and Payable More Than One Year:	
Bonds Payable (Note VI)	3,040,880
Other Debt (Note VI)	358,346
Compensated Absences (Note VI)	18,318
ERS Net Pension Liability (Note VI)	151,432
Other Postemployment Benefits (Note VI)	958,917
Total Liabilities	<u>5,302,142</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension (Note VI)	10,971
Total Deferred Inflows of Resources	<u>10,971</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u>5,313,113</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	28,221,282
Restricted	28,955
Unrestricted	545,279
Total Net Position	<u>\$ 28,795,516</u>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Charges for	Operating	Capital		
	Services	Grants and	Grants and		
		Contributions	Contributions		
<u>FUNCTIONS/PROGRAMS</u>	Expenses				Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ (1,517,008)	\$ 169,863	\$ 5,100	\$ -	\$ (1,342,045)
Public Safety	(109,399)	55,298	-	-	(54,101)
Public Health	(3,147)	-	-	-	(3,147)
Transportation	(2,561,376)	-	133,355	-	(2,428,021)
Economic Assistance and Opportunity	(52,443)	-	-	-	(52,443)
Culture and Recreation	(718,628)	244,331	35,000	-	(439,297)
Home and Community Services	(72,207)	50,623	-	-	(21,584)
Water Utilities	(37,982)	52,933	-	-	14,951
Sewer Utilities	(56,616)	108,422	-	-	51,806
Interest on Debt	(126,509)	-	-	-	(126,509)
<b>Total Primary Government</b>	<b>\$ (5,255,315)</b>	<b>\$ 681,470</b>	<b>\$ 173,455</b>	<b>\$ -</b>	<b>(4,400,390)</b>
General Revenues:					
Real Property Taxes					2,111,472
Real Property Tax Items					42,833
Non Property Taxes					930,839
Departmental Income					8,700
Use of Money and Property					764
Intergovernmental Charges					21,663
State and Federal Aid					363,183
Sale of Property and Compensation for Loss					582,171
Miscellaneous					157,644
Total General Revenues					4,219,269
Change in Net Position					(181,121)
Net Position - Beginning, as originally stated					29,026,375
Implementation of GASB 68 (Note IX)					(49,738)
Net Position - Beginning, as restated					28,976,637
Net Position - Ending					\$ 28,795,516

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	General	Water	Sewer	Highway	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 694,933	\$ 98,225	\$ 148,168	\$ 86,225	\$ 146,970	\$ 1,174,521
Restricted Cash	-	-	28,955	-	-	28,955
Receivables, Net	214,592	16,740	25,767	-	-	257,099
Due from Other Governments	265,233	-	-	973	-	266,206
Due from Other Funds (Note IV)	533,847	22,859	4,617	-	-	561,323
Prepaid Expenses	150,277	-	-	11,779	-	162,056
<b>Total Assets</b>	<b>\$ 1,858,882</b>	<b>\$ 137,824</b>	<b>\$ 207,507</b>	<b>\$ 98,977</b>	<b>\$ 146,970</b>	<b>\$ 2,450,160</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 63,885	\$ 5,369	\$ 3,543	\$ 10,575	\$ -	\$ 83,372
Accrued Expenditures	188,126	-	-	26,194	-	214,320
Due to Other Funds (Note IV)	27,476	95,732	264,336	173,779	-	561,323
<b>Total Liabilities</b>	<b>279,487</b>	<b>101,101</b>	<b>267,879</b>	<b>210,548</b>	<b>-</b>	<b>859,015</b>
Fund Balances:						
Nonspendable	279,056	-	-	11,779	-	290,835
Fund Balance - Restricted						
Reserves	-	-	28,955	-	-	28,955
Fund Balance - Assigned						
Assigned for Fund Purposes	-	36,723	-	-	146,970	183,693
Appropriated for Subsequent Year's Budget	398,000	-	-	-	-	398,000
Fund Balance - Unassigned	902,339	-	(89,327)	(123,350)	-	689,662
<b>Total Fund Balances</b>	<b>1,579,395</b>	<b>36,723</b>	<b>(60,372)</b>	<b>(111,571)</b>	<b>146,970</b>	<b>1,591,145</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,858,882</b>	<b>\$ 137,824</b>	<b>\$ 207,507</b>	<b>\$ 98,977</b>	<b>\$ 146,970</b>	<b>\$ 2,450,160</b>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,174,521	\$ -	\$ -	\$ 1,174,521
Restricted Cash	28,955	-	-	28,955
Receivables, Net	257,099	-	-	257,099
Due from Other Governments	266,206	-	-	266,206
Due from Other Funds	561,323	-	(561,323)	-
Prepaid Expenses	162,056	(44,092)	-	117,964
Capital Assets, Net	-	32,056,366	-	32,056,366
Deferred Outflows of Resources	-	207,518	-	207,518
Total Assets and Deferred Outflows of Resources	<u>\$ 2,450,160</u>	<u>\$ 32,219,792</u>	<u>\$ (561,323)</u>	<u>\$ 34,108,629</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 83,372	\$ -	\$ -	\$ 83,372
Accrued Expenditures	214,320	-	-	214,320
Accrued Interest	-	40,699	-	40,699
Bonds Payable	-	3,301,674	-	3,301,674
Other Debt	-	533,410	-	533,410
Due to Other Funds	561,323	-	(561,323)	-
Compensated Absences Payable	-	18,318	-	18,318
ERS Net Pension Liability	-	151,432	-	151,432
Other Postemployment Benefits	-	958,917	-	958,917
Total Liabilities	<u>859,015</u>	<u>5,004,450</u>	<u>(561,323)</u>	<u>5,302,142</u>
Deferred Inflows of Resources	-	10,971	-	10,971
Total Fund Balances/Net Position	<u>1,591,145</u>	<u>27,204,371</u>	<u>-</u>	<u>28,795,516</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position	<u>\$ 2,450,160</u>	<u>\$ 32,219,792</u>	<u>\$ (561,323)</u>	<u>\$ 34,108,629</u>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Water	Sewer	Highway	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Real Property Taxes	\$ 910,375	\$ -	\$ -	\$ 1,201,097	\$ -	\$ 2,111,472
Real Property Tax Items	335	-	-	-	-	335
Non Property Tax Items	971,648	-	25,795	-	-	997,443
Departmental Income	313,737	52,933	82,627	-	35,000	484,297
Intergovernmental/Grant Income	(482)	-	-	22,145	-	21,663
Use of Money and Property	259	55	102	193	155	764
Licenses and Permits	169,669	-	-	-	-	169,669
Fines and Forfeitures	45,409	-	-	-	-	45,409
Sale of Property and Compensation for Loss	442,887	22,859	4,617	111,808	-	582,171
Miscellaneous	136,196	-	-	77	-	136,273
State and Federal Aid	391,343	-	-	133,355	-	524,698
<b>Total Revenues</b>	<b>3,381,376</b>	<b>75,847</b>	<b>113,141</b>	<b>1,468,675</b>	<b>35,155</b>	<b>5,074,194</b>
<b>Expenditures:</b>						
General Government	1,237,501	-	-	-	-	1,237,501
Public Safety	75,934	-	-	-	-	75,934
Public Health	2,010	-	-	-	-	2,010
Transportation	91,310	-	-	1,369,508	-	1,460,818
Economic Assistance and Opportunity	52,443	-	-	-	-	52,443
Culture and Recreation	449,386	-	-	-	-	449,386
Home and Community Services	43,825	37,982	56,616	-	-	138,423
Employee Benefits	672,293	-	-	44,477	-	716,770
Capital Outlay	26,454	-	-	272,935	-	299,389
Debt Service	263,977	-	25,794	219,783	-	509,554
<b>Total Expenditures</b>	<b>2,915,133</b>	<b>37,982</b>	<b>82,410</b>	<b>1,906,703</b>	<b>-</b>	<b>4,942,228</b>
Excess/(Deficiency) of Revenues Over Expenditures	466,243	37,865	30,731	(438,028)	35,155	131,966
<b>Other Financing Sources/(Uses):</b>						
Proceeds from Obligations	-	-	-	260,138	-	260,138
<b>Total Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260,138</b>	<b>-</b>	<b>260,138</b>
Change in Fund Balances	466,243	37,865	30,731	(177,890)	35,155	392,104
Fund Balances - Beginning	1,113,152	(1,142)	(91,103)	66,319	111,815	1,199,041
<b>Fund Balances - Ending</b>	<b>\$ 1,579,395</b>	<b>\$ 36,723</b>	<b>\$ (60,372)</b>	<b>\$ (111,571)</b>	<b>\$ 146,970</b>	<b>\$ 1,591,145</b>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Net Position Totals
<b>Revenues:</b>						
Real Property Taxes	\$ 2,111,472	\$ -	\$ -	\$ -	\$ -	\$ 2,111,472
Real Property Tax Items	335	-	-	-	-	335
Non Property Tax Items	997,443	-	-	-	-	997,443
Departmental Income	484,297	-	-	-	-	484,297
Intergovernmental/Grant Income	21,663	-	-	-	-	21,663
Use of Money and Property	764	-	-	-	-	764
Licenses and Permits	169,669	-	-	-	-	169,669
Fines and Forfeitures	45,409	-	-	-	-	45,409
Sale of Property and Compensation for Loss	582,171	-	-	-	-	582,171
Miscellaneous	136,273	-	-	-	-	136,273
State and Federal Aid	524,698	-	-	-	-	524,698
<b>Total Revenues</b>	<b>5,074,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,074,194</b>
<b>Expenditures:</b>						
General Government	1,237,501	(935)	10,997	-	269,445	1,517,008
Public Safety	75,934	(117)	-	-	33,582	109,399
Public Health	2,010	(3)	-	-	1,140	3,147
Transportation	1,460,818	(1,335)	717,256	-	384,637	2,561,376
Economic Assistance and Opportunity	52,443	-	-	-	-	52,443
Culture and Recreation	449,386	(703)	67,463	-	202,482	718,628
Home and Community Services	138,423	-	28,382	-	(94,598)	72,207
Employee Benefits	716,770	174,516	-	-	(891,286)	-
Capital Outlay	299,389	(2,135)	(297,254)	-	-	-
Water Utilities	-	-	-	-	37,982	37,982
Sewer Utilities	-	-	-	-	56,616	56,616
Debt Service	509,554	(4,938)	-	(378,107)	-	126,509
<b>Total Expenditures</b>	<b>4,942,228</b>	<b>164,350</b>	<b>526,844</b>	<b>(378,107)</b>	<b>-</b>	<b>5,255,315</b>
Excess/(Deficiency) of Revenues Over Expenditures	131,966	(164,350)	(526,844)	378,107	-	(181,121)
<b>Other Financing Sources/(Uses):</b>						
Proceeds from Obligations	260,138	-	-	(260,138)	-	-
<b>Total Financing Sources/(Uses)</b>	<b>260,138</b>	<b>-</b>	<b>-</b>	<b>(260,138)</b>	<b>-</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>\$ 392,104</b>	<b>\$ (164,350)</b>	<b>\$ (526,844)</b>	<b>\$ 117,969</b>	<b>\$ -</b>	<b>\$ (181,121)</b>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2015**

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 93,278
Total Assets	<u>\$ 93,278</u>
 <b>LIABILITIES</b>	
Liabilities:	
Accounts Payable	\$ 2,727
Driveway Bonds	30,732
Stormwater Management Bond	10,097
Developers' Escrow	22,198
Bond for Final Grading	27,524
Total Liabilities	<u>\$ 93,278</u>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Beekman, established in 1855, is governed by the Code of the Town of Beekman and other general laws of the State of New York (“the State”) and various local laws. The Town Board is the legislative body responsible for overall operations; the Town Supervisor serves as chief executive officer and chief fiscal officer.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The notes to the financial statements are an integral part of the statements and are intended to be read with them. As of December 31, 2015, the Town has no component units.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued**

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Highway Fund* is used to account for financial resources necessary to repair and maintain the roads within the Town.

The *Water Fund* is used to account for financial resources to be used for operation and upkeep of the water district within the Town.

The *Sewer Fund* is used to account for financial resources to be used for operation and upkeep of the sewer facility within the Town.

Additionally, the Town reports the following fund types:

Non-major fund:

- The *Special Recreation Fund* is used to account for funds received from developers that will be used for special community projects within the Town.

Fiduciary Funds are used to report assets which are held in a trust or agency capacity for others and are, therefore, not available to support Town programs.

**D. Pervasiveness of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**E. Property Taxes**

Town and County real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1 to March 31. The Town collects all real estate taxes for its purposes. The Town is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**F. Budgetary Data**

The Town's budget policies are as follows:

1. No later than October 5<sup>th</sup>, the budget officer submits a tentative budget to the Town Board for the calendar year commencing the following January 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds.
  - a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than November 20<sup>th</sup>.
  - b. All modifications of the budget must be approved by the Town Board; however, the Town Supervisor is authorized to transfer certain budgeted amounts within the departments.
2. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as 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.

**G. Cash and Investments**

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

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

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal Government and New York State. Underlying securities must have market value of at least the cost of the repurchase agreement.

**H. Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

**I. Due To/From Other Funds**

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the interfund balances.

**J. Inventories and Prepaid Items**

Purchases of inventoriable items are recorded as expenditures in the Governmental Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

**TOWN OF BEEKMAN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**K. Capital Assets**

Capital assets are reported at historical costs. The Town depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	50 years
Buildings	5,000	50 years
Machinery, Furniture and Equipment	5,000	5 - 20 years
Vehicles	5,000	5 - 10 years

**L. Infrastructure**

The Town includes long-lived improvements to roads, water and sewer systems as capital assets in the Government-wide statements. Infrastructure is reported at historical costs and is depreciated using the straight-line method over the estimated useful lives.

Under the implementation standards of GASB 34, the Town is considered a small government and, as such, is required only to recognize infrastructure on a prospective basis. Therefore, the Town has not retroactively reported any major general infrastructure assets prior to January 1, 2004.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Water and Sewer Systems	\$ 5,000	20 - 50 years
Road Systems	5,000	15 - 20 years
Sidewalks	5,000	15 - 20 years

**M. Vested Employee Benefits**

Employees accrue (earn) vacation leave based on the number of years employed and the contract they are employed under, up to a maximum of 25 days per year. Upon separation from service, employees are paid for accumulated vacation time.

Employees accrue (earn) sick leave based on the contract they are employed under, at the rate of 5 or 10 days per year and may accumulate such credits up to a total of 10 days for non-union employees. Union employees are not eligible to accumulate sick leave credits. Employees who retire are not paid for unused sick time.

A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading "Compensated Absences."

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

In addition to providing pension benefits, the Town of Beekman provides health insurance coverage for retired employees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Town of Beekman. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**N. Unemployment Insurance**

Town employees are covered by unemployment insurance. The Town has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Town's account. The Town is exempt from federal unemployment insurance tax.

**O. Deferred Compensation**

The Town, through the New York State Retirement Systems, offers their employees a Deferred Compensation Plan ("the Plan") created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The Town does not contribute to or administer the Plan.

**P. Risk Retention**

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded 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.

**Q. Equity Classification**

1. Government-wide Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets

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

- Restricted Net Position

Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position

Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

2. Fund Financial Statements

The Town has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The purpose of this accounting standard is to provide fund balance categories and classification that will be more easily understood by users of financial statements and consistently applied in fund balance reporting.

This standard sets forth hierarchical fund balance classifications that are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The following is a brief description of the five fund balance classifications:

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Q. Equity Classification - continued**

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the Town has classified the following reserve fund as restricted fund balances:

The Sewer Fund includes reserve funds established for debt. The balance at December 31, 2015 was \$28,955.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (the Town Board) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

**R. Interfund Transfers**

The operations of the Town give rise to certain transactions between funds, including transfers to provide services and construct assets. Any amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers would be eliminated for the Statement of Activities.

**S. Subsequent Events**

The date to which events occurring after December 31, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 14, 2017, which is the date on which the financial statements were available to be issued.

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

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

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

The basic financial statements contain a tabular reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

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

Original Cost of Capital Assets	\$ 48,382,707
Accumulated Depreciation	(16,326,341)
Capital Assets, Net	<u>\$ 32,056,366</u>

- (2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2015	<u>\$ 40,699</u>
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- (3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	\$ 3,301,674
Other Debt	533,410
Compensated Absences Payable	18,318
ERS Net Pension Liability	151,432
Other Postemployment Benefits	958,917
	<u>\$ 4,963,751</u>

- (4) The Town’s portion of the actuarially calculated retirement system net pension liability is valued as of the measurement data. Payments made subsequent to the measurement date, but before the Town’s fiscal year-end, are included in Deferred Outflows in the Statement of Net Position.

Prepaid Expenses	<u>\$ (44,092)</u>
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**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED**

(5) Deferred Outflows and Inflows are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Deferred Outflows of Resources	\$ 207,518
Deferred Inflows of Resources	<u>(10,971)</u>
	<u>\$ 196,547</u>

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities:

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

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a tabular reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED**

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities – Continued:

Total expenditures reported in governmental funds \$ 4,942,228

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences decreased during the year. (3,093)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$297,254 were less than depreciation expense of \$824,098 in the current year. 526,844

In the governmental funds, pension expenditures related to ERS defined benefit plans are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. In the Statement of Activities and Changes in Net Position, however, these expenses are measured as the change in the Town's proportionate share of the net pension assets and liabilities as of the measurement date for the plan. This is the amount by which pension expense was lower than the amount of financial resources expended during the year. (50,761)

Governmental funds do not report retainage payable on capital projects because the amounts are not currently due and payable. Retainage is recorded as an expenditure when paid in the governmental funds. In the government-wide financials, retainage is recorded as a capital asset and a liability when the work is performed. This is the amount by which retainage payable decreased in the current period. (2,135)

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the actuarially determined annual required contribution (ARC) of the Town. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the ARC exceeded the amount of financial resources used during the year. 225,277

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year decreased from the prior year. (4,938)

Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. (378,107)

Total expenditures reported in the Statement of Activities \$ 5,255,315

**TOWN OF BEEKMAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**III. CASH**

The Town of Beekman’s investment policies are governed by State statutes, as previously described in these Notes. The depository bank places approved pledged securities for safekeeping and trust with the Town’s agent bank in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

At December 31, 2015, the carrying amount of the Town’s deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$1,296,754 and the bank balance was \$1,400,538. The Town’s deposits at December 31, 2015, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Town’s agent bank in the Town’s name.

**IV. INTERFUND ACTIVITY**

Interfund receivables and payables at December 31, 2015 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 533,847	\$ 27,476
Water	22,859	95,732
Sewer	4,617	264,336
Highway	-	173,779
	<hr/>	<hr/>
TOTAL	<u>\$ 561,323</u>	<u>\$ 561,323</u>

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**V. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,010,114	\$ -	\$ -	\$ -	\$ 2,010,114
Construction in Progress	61,177	-	-	(61,177)	-
Total capital assets, not being depreciated	<u>2,071,291</u>	<u>-</u>	<u>-</u>	<u>(61,177)</u>	<u>2,010,114</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	3,565,742	-	-	-	3,565,742
Machinery and Equipment	2,685,932	297,254	(124,725)	-	2,858,461
Roads and Infrastructure	39,887,213	-	-	61,177	39,948,390
Total capital assets being depreciated	<u>46,138,887</u>	<u>297,254</u>	<u>(124,725)</u>	<u>61,177</u>	<u>46,372,593</u>
Accumulated depreciation for:					
Buildings and Building Improvements	(1,714,552)	(110,709)	-	-	(1,825,261)
Machinery and Equipment	(2,075,868)	(84,848)	124,725	-	(2,035,991)
Roads and Infrastructure	(11,836,548)	(628,541)	-	-	(12,465,089)
Total accumulated depreciation	<u>(15,626,968)</u>	<u>(824,098)</u>	<u>124,725</u>	<u>-</u>	<u>(16,326,341)</u>
Total capital assets, being depreciated, net	<u>30,511,919</u>	<u>(526,844)</u>	<u>-</u>	<u>61,177</u>	<u>30,046,252</u>
Governmental activities capital assets, net	<u>\$ 32,583,210</u>	<u>\$ (526,844)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,056,366</u>

Depreciation expense was charged to functions/programs of the Town as follows:

<b>Governmental Activities:</b>	
General Government	\$ 10,997
Transportation	717,256
Culture and Recreation	67,463
Home and Community Services	<u>28,382</u>
Total Depreciation Expense	<u>\$ 824,098</u>

**VI. LIABILITIES**

A. Pension Plans

Plan Description

The Town of Beekman participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The System is noncontributory except for Tier III, IV, V and VI employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier III or IV member with ten or more years of membership, or ten years credited service, will not be required to contribute to the Retirement System. Tier V and VI members must continue to contribute throughout their employment.

The Town of Beekman is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

Plan Year Ending March 31	ERS
2016	\$ 176,368
2015	\$ 203,764
2014	\$ 247,388

Town contributions made to the System were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on February 1, 2005) over a 10 year period, with a 5.00% interest factor added. Local governments were given the option to prepay this liability. This was also an option for the Systems' fiscal year ended March 31, 2015. The Town elected to pay its contribution when due.

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

At December 31, 2015, the Town reported a \$151,432 liability for its proportionate share of the net pension liability of the ERS. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, as actuarially determined. This information was provided by the ERS System in reports provided to the Town.

At March 31, 2015, the Town's proportion of the NYSERS net pension liability was 0.0044826%.

**TOWN OF BEEKMAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**VI. LIABILITIES – CONTINUED**

A. Pension Plans – Continued

For the year ended December 31, 2015, the Town recognized pension expense of \$134,305 for ERS. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
	<u>ERS</u>
Differences between expected and actual experience	\$ 4,848
Net difference between projected and actual earnings on pension plan investments	26,302
Town's contributions subsequent to the measurement date	<u>176,368</u>
Total	<u>\$ 207,518</u>

	Deferred Inflows of Resources
	<u>ERS</u>
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	<u>\$ 10,971</u>
Total	<u>\$ 10,971</u>

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**VI. LIABILITIES – CONTINUED**

A. Pension Plans – Continued

Town contributions subsequent to the measurement date which 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 and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	ERS
2016	\$ 5,045
2017	5,045
2018	5,045
2019	5,044

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	<u>ERS</u>
	March 31, 2015
Investment Rate of Return	7.50% compounded annually net of investment expense
Projected Salary Increases	4.90%
Decrement Tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation Rate	2.70%
Mortality Improvement	Society of Actuaries Scale MP - 2014

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**VI. LIABILITIES – CONTINUED**

A. Pension Plans – Continued

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS	
	March 31, 2015	
	Target allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return Strategies	3%	6.75%
Opportunistic Portfolio	3%	8.60%
Real Assets	3%	8.65%
Bonds and Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation-indexed bonds	2%	4.00%
Total	100%	

Discount Rate

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

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

The following presents the District's proportionate share of the ERS net pension liability calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate referred to above:

	1% Decrease	Current Assumption	1% Increase
ERS	6.50%	7.50%	8.50%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (1,009,363)	\$ (151,432)	\$ 572,874

**TOWN OF BEEKMAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**VI. LIABILITIES – CONTINUED**

A. Pension Plans – Continued

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:

Measurement Date	<u>ERS</u> March 31, 2015
Employers' total pension asset/(liability)	\$ (164,591,504)
Plan net position	<u>161,213,259</u>
Employers' net pension asset/(liability)	<u><u>\$ (3,378,245)</u></u>
Ratio of plan net position to the employers' total pension asset/(liability)	97.95%

Prepaid Pension Plan Contributions

For ERS, employer and employee contributions for the fiscal year ended December 31, 2015, were paid to the System in December 2015. Prepaid retirement contributions as of December 31, 2015, are based on paid ERS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the ERS system. Prepaid retirement contributions as of December 31, 2015, amounted to \$44,092.

B. Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. The notes, or renewal thereof, may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12 month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of December 31, 2015, the Town had no Bond Anticipation Notes (BANs) outstanding.

C. Long-Term Debt

The Town of Beekman borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers

At December 31, 2015, the total principal indebtedness outstanding of the Town of Beekman aggregated \$3,835,084.

Interest on long-term debt for the year ended December 31, 2015 was:

Interest Paid	\$ 131,447
Less: Interest accrued - prior year	(45,638)
Plus: Interest accrued - current year	<u>40,700</u>
	<u><u>\$ 126,509</u></u>

**TOWN OF BEEKMAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**VI. LIABILITIES – CONTINUED**

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
<b>Governmental Activities</b>				
Serial Bonds	\$ 3,562,468	\$ -	\$ 260,794	\$ 3,301,674
Other Debt	390,585	260,138	117,313	533,410
	3,953,053	260,138	378,107	3,835,084
<b>Other Liabilities:</b>				
Compensated Absences	21,411	-	3,093	18,318
ERS Net Pension Liability	-	151,432	-	151,432
Other Postemployment Benefits	733,640	269,323	44,046	958,917
<b>Total long-term liabilities</b>	\$ 4,708,104	\$ 529,461	\$ 425,246	\$ 4,812,319

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

	Principal	Interest	Total
2016	\$ 435,858	\$ 120,611	\$ 556,469
2017	290,866	110,248	401,114
2018	282,617	101,358	383,975
2019	272,389	92,712	365,101
2020	274,755	82,922	357,677
2021-2025	1,149,865	285,655	1,435,520
2026-2030	973,970	78,640	1,052,610
2031-2035	128,970	-	128,970
2036	25,794	-	25,794
<b>Total</b>	\$ 3,835,084	\$ 872,146	\$ 4,707,230

**D. Other Postemployment Benefits**

The Town provides post employment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Town’s contractual agreements.

The Town implemented GASB standards regarding Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension which requires the Town to calculate and record a net other post employment benefit obligation at year end. The net other post employment benefit obligation is the cumulative difference between the actuarially required contributions and the actual contributions made.

The Town recognizes the cost of providing health insurance annually as expenditures in the General Fund in the fund financial statements as payments are made. For the year ended December 31, 2015, the Town recognized \$44,046 for its share of premiums for currently enrolled retirees.

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**VI. LIABILITIES – CONTINUED**

The Town has obtained an actuarial valuation report as of December 31, 2013 which indicates that the total liability for other post-employment benefits is \$2,691,832, of which \$958,917 is reflected in the Statement of Net Position.

**Annual OPEB Cost and Net OPEB Obligation:** The Town’s annual other post employment benefit (OPEB) cost is calculated based on the actuarially determined annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the Town’s net OPEB obligation:

Annual Required Contribution	\$ 275,660
Interest on Net OPEB Obligation	22,009
Adjustment to annual required contribution	<u>(28,346)</u>
Annual OPEB Cost	269,323
Contributions made	<u>44,046</u>
Increase in Net OPEB Obligation	225,277
Net OPEB Obligation - Beginning of Year	<u>733,640</u>
Net OPEB Obligation - End of Year	<u><u>\$ 958,917</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation End of Year
12/31/2015	\$ 269,323	16.4%	\$ 958,917
12/31/2014	\$ 265,862	15.1%	\$ 733,640
12/31/2013	\$ 262,623	9.2%	\$ 508,580

**D. Other Postemployment Benefits - Continued**

**Funded Status and Funding Progress:** As of December 31, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,691,832 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,691,832. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs between the employer and plan members to that point. The actuarial funding method used is unit credit. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included a 3% investment rate of return, net of administrative expense, on the employer's own investment, calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced incrementally to an ultimate rate of 5% after 10 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 25 years.

**TOWN OF BEEKMAN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015**

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**VI. UNRESTRICTED BALANCES**

As of December 31, 2015, the Town’s unrestricted net position totaled \$545,279.

**VII. CONTINGENCIES**

Grant Funding

The Town has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Town administration believes disallowances, if any, will be immaterial.

Certiorari Proceedings

Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Town taxes previously collected by the Town. Any such refunds resulting from adverse settlements will be provided for when determinable.

Judgments and Claims

A few claims against the Town are presently pending for miscellaneous matters. Although final outcome of these matters is not known at this time, management of the Town does not believe that the final settlement of these matters will have a materially adverse effect on the financial condition of the Town. In addition there are also cases where the Town is the plaintiff. If any amounts are awarded as a result it will be recorded at that time.

Lease Commitments and Leased Assets

The Town leases office equipment under operating leases. Total rental expenditures on such lease for the calendar year ended December 31, 2015 were approximately \$1,800. The minimum future non-cancelable operating lease payments are as follows:

Year Ending December 31,	Amount
2016	\$ 1,812

**VIII. NEW ACCOUNTING PRINCIPLES**

GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires recognition of the entire net pension liability and a more comprehensive measure of pension expense. The Town adopted GASB 68 in fiscal year 2015, as required.

GASB has issued Statement 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local government for making decisions and assessing accountability. This Statement also amends Statement 67, *Financial Reporting for Pension Plans*. The Town is currently studying the Statement and Plans on adopting if and when required, which will be for the December 31, 2017 financial statements.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The Town is currently studying the Statement and Plans on adopting if and when required, which will be for the December 31, 2019 financial statements.

**TOWN OF BEEKMAN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**IX. IMPLEMENTATION OF GASB 68**

In June 2012, GASB issued Statement 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement 2. This Statement requires the recording of the Town's proportional share of the collective net pension liability of the New York State & Local Retirement System. The Town implemented this standard for the year ending December 31, 2015, the first year that the Town was required to. As a result of the implementation, Net Position as of January 1, 2015 was decreased by \$49,738.

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**

	2015	Fiscal year end 2014	2013
Actuarial Valuation Date	12/31/2013	12/31/2013	12/31/2013
Plan Assets	Unfunded	Unfunded	Unfunded
Actuarial Accrued Liability	\$ 2,691,832	\$ 2,691,832	\$ 2,691,832
Unfunded Actuarial Liability	\$ 2,691,832	\$ 2,691,832	\$ 2,691,832
Funded Ratio	Not Applicable	Not Applicable	Not Applicable
Annual Covered Payroll	\$ 1,083,059	\$ 1,076,255	\$ 1,000,729
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	248.54%	250.11%	268.99%

**TOWN OF BEEKMAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS  
 LAST TEN FISCAL YEARS**

<b>NYSERS</b>	<b>Proportion of the Net Pension Asset (Liability)</b>	<b>Proportionate Share of the Net Pension Asset (Liability)</b>	<b>Actual Covered Member Payroll</b>	<b>Net Pension Asset (Liability) as a Percentage of Covered Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>
<b>Year Ended</b>					
12/31/2015	0.00448260%	\$ (151,432)	\$ 1,214,893	-12.46%	97.95%

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**TOWN OF BEEKMAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 LAST TEN FISCAL YEARS**

NYSERS

Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a Percentage of its Covered Payroll
12/31/2015	\$ 176,368	\$ 176,368	-	\$ 1,214,893	14.52%

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		Positive/(Negative)
Revenues:				
Real Property Taxes	\$ 910,375	\$ 910,375	\$ 910,375	\$ -
Real Property Tax Items	43,820	43,820	335	(43,485)
Non Property Tax Items	824,275	824,275	971,648	147,373
Departmental Income	301,080	301,080	313,737	12,657
Intergovernmental/Grant Income	-	-	(482)	(482)
Use of Money and Property	1,135	1,135	259	(876)
Licenses and Permits	135,800	135,800	169,669	33,869
Fines and Forfeitures	45,000	45,000	45,409	409
Sale of Property and Compensation for Loss	223,300	223,300	442,887	219,587
Miscellaneous	7,000	7,000	136,196	129,196
State and Federal Aid	279,760	279,760	391,343	111,583
Total Revenues	<u>2,771,545</u>	<u>2,771,545</u>	<u>3,381,376</u>	<u>609,831</u>
Expenditures:				
General Government	1,133,872	1,088,872	1,237,501	(148,629)
Public Safety	68,549	78,049	75,934	2,115
Public Health	2,000	2,000	2,010	(10)
Transportation	93,073	93,073	91,310	1,763
Economic Oppurtunity and Development	48,592	48,592	52,443	(3,851)
Culture and Recreation	490,742	476,924	449,386	27,538
Home and Community Services	39,500	43,300	43,825	(525)
Employee Benefits	642,503	682,503	672,293	10,210
Capital Outlay	-	-	26,454	(26,454)
Debt Service	252,714	258,232	263,977	(5,745)
Total Expenditures	<u>2,771,545</u>	<u>2,771,545</u>	<u>2,915,133</u>	<u>(143,588)</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	-	466,243	466,243
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,243</u>	<u>\$ 466,243</u>

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		Positive/(Negative)
Revenues:				
Real Property Taxes	\$ 1,201,097	\$ 1,201,097	\$ 1,201,097	\$ -
Intergovernmental/Grant Income	-	-	22,145	22,145
Use of Money and Property	500	500	193	(307)
Sale of Property and Compensation for Loss	150,000	150,000	111,808	(38,192)
Miscellaneous	-	-	77	77
State and Federal Aid	117,000	117,000	133,355	16,355
Total Revenues	1,468,597	1,468,597	1,468,675	78
Expenditures:				
Transportation	1,205,850	1,230,850	1,369,508	(138,658)
Employee Benefits	42,497	42,497	44,477	(1,980)
Capital Outlay	-	-	272,935	(272,935)
Debt Service	195,250	195,250	219,783	(24,533)
Total Expenditures	1,443,597	1,468,597	1,906,703	(438,106)
Excess/(Deficiency) of Revenues Over Expenditures	25,000	-	(438,028)	(438,028)
Other Financing Sources/(Uses):				
Proceeds from Obligations	-	-	260,138	260,138
Operating Transfers In/(Out)	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	260,138	260,138
Net Change in Fund Balance	* \$ 25,000	\$ -	\$ (177,890)	\$ (177,890)

\* Budget to transfer to a reserve

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
WATER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		Positive/(Negative)
Revenues:				
Departmental Income	\$ 52,967	\$ 52,967	\$ 52,933	\$ (34)
Use of Money and Property	100	100	55	(45)
Sale of Property and Compensation for Loss	-	-	22,859	22,859
Total Revenues	<u>53,067</u>	<u>53,067</u>	<u>75,847</u>	<u>22,780</u>
Expenditures:				
Home and Community Services	53,067	53,067	37,982	15,085
Total Expenditures	<u>53,067</u>	<u>53,067</u>	<u>37,982</u>	<u>15,085</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	-	37,865	37,865
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,865</u>	<u>\$ 37,865</u>

**TOWN OF BEEKMAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		Positive/(Negative)
Revenues:				
Non Property Tax Items	\$ 25,795	\$ 25,795	\$ 25,795	\$ -
Departmental Income	82,661	82,661	82,627	(34)
Use of Money and Property	100	100	102	2
Sale of Property and Compensation for Loss	-	-	4,617	4,617
Total Revenues	<u>108,556</u>	<u>108,556</u>	<u>113,141</u>	<u>4,585</u>
Expenditures:				
Home and Community Services	82,761	82,761	56,616	26,145
Debt Service	25,795	25,795	25,794	1
Total Expenditures	<u>108,556</u>	<u>108,556</u>	<u>82,410</u>	<u>26,146</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	-	30,731	30,731
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,731</u>	<u>\$ 30,731</u>

**TOWN OF BEEKMAN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF INDEBTEDNESS  
DECEMBER 31, 2015**

	Original Date of Issue	Date of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 12/31/2015	Due Within the Next Year
<u>SERIAL BONDS</u>										
2001 Series Various Purpose	12/01/01	12/1/2016	Varies	\$ 160,000	\$ -	\$ 80,000	\$ 80,000	\$ 7,920	\$ 333	\$ 80,000
2006 Dover Ridge Sewer	06/08/06	4/25/2036	0.00%	567,468	-	25,794	541,674	-	-	25,794
2008 Open Space	02/01/09	8/1/2029	Varies	1,680,000	-	85,000	1,595,000	69,938	28,167	85,000
2013 Series Various Purpose	06/26/13	6/15/2028	3.35%	1,155,000	-	70,000	1,085,000	37,520	1,466	70,000
TOTAL SERIAL BONDS				3,562,468	-	260,794	3,301,674	115,378	29,966	260,794
<u>OTHER DEBT</u>										
2011 Equipment Purchase	11/15/11	2/1/2016	3.40%	145,301	-	71,436	73,865	4,940	2,302	73,865
2012 Street Sweeper	01/06/12	1/1/2017	4.47%	32,379	-	10,321	22,058	1,458	993	10,786
2014 2 Pickups and Backhoe	01/08/14	2/1/2021	5.07%	127,609	-	15,393	112,216	6,475	4,793	16,639
2014 2 Dodge 5000 Dump Trucks	02/20/13	4/1/2018	4.06%	65,519	-	15,426	50,093	2,631	1,508	16,045
2014 Town Computer Equipment	06/01/14	6/1/2018	2.86%	19,777	-	4,737	15,040	565	251	4,873
2016 Mack Truck	11/19/15	4/1/2020	2.78%	-	260,138	-	260,138	-	887	52,856
TOTAL OTHER				390,585	260,138	117,313	533,410	16,069	10,734	175,064
TOTAL INDEBTEDNESS				\$3,953,053	\$ 260,138	\$ 378,107	\$3,835,084	\$ 131,447	\$ 40,700	\$ 435,858



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S 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**

Board of Trustees  
Town of Beekman  
47 Main Street  
Poughquag, NY

We have audited 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Beekman, New York as of and the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Beekman's basic financial statements, and have issued our report thereon dated July 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Beekman's internal control over financial reporting 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 of Beekman's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Beekman's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 15-1, 15-2, 15-3, 15-4, and 15-5 to be material weaknesses. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 15-6 to be a significant deficiency. 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Beekman'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as 15-7.

### Town of Beekman's Response to Findings

The Town of Beekman's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Town of Beekman's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

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

*RBT CPAs, LLP*

Newburgh, New York  
July 14, 2017

**TOWN OF BEEKMAN  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

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A. Internal Control Findings

**Material Weaknesses in Internal Control:**

**15-1 Oversight and Monitoring**

Condition: There is insufficient oversight and review at the Town.

Criteria: Oversight is essential to ensure financial reporting activities are being performed properly.

Cause: Oversight responsibilities, including review of vouchers, journal entries, transfers, payroll and bank reconciliations, payroll reports and timesheets, monthly Treasurer's reports and monthly budget to actual reports are not being performed consistently and are not documented as being performed.

Effect: Without effective internal controls, such as oversight and monitoring, there is no reasonable assurance that financial reporting is accurate and reliable.

Recommendation: We recommend that the Town implement oversight and monitoring procedures, including consistent review of vouchers, bank reconciliations, journal entries, transfers, payroll reports and timesheets, monthly Treasurer's reports and monthly budget to actual reports, to ensure that these items are being done timely and accurately. Once performed, the review should be evidenced by a signature or initials.

**15-2 Compensated Absences**

Condition: The Town's control over and tracking of vacation and sick time need to be improved.

Criteria: Appropriate compensated absence accrual time tracking is necessary to prevent error and fraud.

Cause: There is no formal tracking system implemented and maintained on a continuous basis. Errors have occurred and individuals have taken more time than they earned.

Effect: Failure to properly track compensated absences may lead to employees being paid for unearned time. During the audit, RBT identified errors and amounts that did not have the proper supporting documentation.

Recommendation: RBT recommends formalizing vacation and sick time tracking on a continual basis with supervisory review.

**15-3 Capital Assets**

Condition: The Town has not adopted a policy for capitalization of assets and did not maintain an updated capital asset listing. The listing should include important information, such as the date that each item was purchased, date of disposal (if applicable) and historical cost.

Criteria: Capital assets are to be accurately maintained. The Town should also have an adopted policy defining the criteria for asset capitalization.

Cause: The Town does not maintain an ongoing capital asset listing.

Effect: The Town did not have an adequate capital asset listing. As a result, adjustments had to be made during the audit.

Recommendation: We recommend that the Town adopt a capitalization policy and use the listing developed during the audit to maintain a formal capital assets listing over this amount going forward.

**TOWN OF BEEKMAN  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

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**15-4 Payroll**

Condition: RBT noted several errors in payroll. Not all timesheets were signed by a department head and department heads' timesheets were never reviewed. A heavy motor equipment operator was paid the 2016 approved rate in September 2015. For several recreation employees, rates approved in the minutes, rates noted in the personnel file and on the time sheets, and actual rates paid all differed.

Criteria: The Town has a responsibility to ensure that employees are properly compensated.

Cause: There is limited review and controls over payroll.

Effect: Employees are not consistently being paid the correct rates.

Recommendation: RBT recommends that the Town implement a process to ensure that all employees are paid the correct rates and that documentation of salaries is consistent. Rates should be checked for accuracy prior to payroll being processed. RBT also recommends that all timesheets should be reviewed. A board member or the Town Supervisor should review department heads' timesheets.

**15-5 Bank Reconciliations**

Condition: Bank reconciliations are not being performed timely and are not being consistently reviewed. The payroll and general disbursements account bank reconciliations contained old outstanding checks and the reconciliations were not tied to the trial balance.

Criteria: The Town has a fiscal responsibility to monitor and track all cash activity.

Cause: The Town has not taken steps to implement proper controls and processes over bank reconciliation preparation and review.

Effect: There is limited oversight over cash activity.

Recommendation: We recommend that the Town complete bank reconciliations within 15-20 days of month end and ensure the balances tie to the trial balance. This would allow the Town to identify and correct errors sooner. We also recommend that all bank reconciliations should be reviewed by someone that is independent of check writing, cash deposits and financial reporting. We recommend that outstanding checks greater than six months old be voided and reissued if necessary.

**Significant deficiency in internal control:**

**15-6 Credit Cards**

Condition: The Town's credit card policy is very vague in terms of credit limits, stating the credit limits on any Town credit accounts should be "very low." The Town's credit limits range from \$2,500 to \$11,250. Sales tax is often paid on credit card purchases and there are receipts missing for credit purchases.

Criteria: The Town has an adopted credit card policy, which should be followed.

Cause: The Town has not enforced or taken steps to ensure that the credit card policy is followed.

Effect: The Town is not in compliance with its credit card policy. Lack of controls over credit cards can contribute to misuse of Town funds.

Recommendation: We recommend that the Town review its credit card policy. We also recommend that the Town hold employees responsible for any sales tax paid or any purchases with missing receipts.

**TOWN OF BEEKMAN  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

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B. Compliance Finding

**15-7 Budget Transfer**

Condition: The Town budgeted for a transfer into a reserve and did not make the transfer. The budgeted amount was spent elsewhere without Board resolution and the fund ended the year with a deficit.

Criteria: The budget is a legally adopted document which should be followed unless formally amended.

Cause: The Town did not do budget adjustments.

Effect: The Town did not follow its own budget.

Recommendation: We recommend that the Town Board authorize budget adjustments if an amount has to be transferred within the budget to another expense code and monitor expenditures so as not to exceed budgeted amounts.

**TOWN OF BEEKMAN  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

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**The following are the Town's responses to the audit findings.**

***Comptroller's Response to Audit Findings and Recommendations:***

*Oversight and Monitoring:*

During the period audited I agree that there appeared to be limited monitoring and oversight of the workings of the Finance Office. However, I would venture the following:

1. Payroll activities and reports were monitored/approved by not only the Comptroller, but also, the Supervisor. Timesheets were approved by department heads.
2. Monthly reports of both revenue and expenses to budgetary figures were routinely distributed to Town Board members. Invoices (vouchers) were consistently reviewed and approved by the Town Board and the Supervisor.
3. I do admit that bank reconciliations were not performed. Corrective action will be in place for the calendar year 2017.

*Compensated Absences:*

It is my understanding that the recording of Compensated Absences was not accurately performed during the audit period. I would venture the situation was not addressed during 2016. However, I have initiated corrective action for 2017 beginning with the Highway Personnel and hope to have viable numbers for the Board at some point.

*Capital Assets:*

I agree. The last listing of assets I could find was a somewhat outdated Excel spreadsheet dated approximately 2014/2015. I will use my resources to find a viable fixed asset policy. Determining the accurate dollar amounts may cause us to hit a roadblock and we may have to "draw a line in the sand". Assets consist of land, buildings, machinery and equipment, and improvements other than buildings.

*Payroll:*

I am not sure what controls were in place during 2015 and 2016 but the situation has been improved during 2017. Timesheets are approved by department heads and verified by the Comptroller and the Supervisor. As to employees being paid the correct rates, I will endeavor to address this when time permits.

*Bank Reconciliations:*

As of 6/1/2017, I am in the process of performing timely bank reconciliations. I will admit that this is an enormous task and understand why they were not consistently performed. As to the diversification of duties, although I agree the oversight could be greater, in a minimally staffed office, reality strikes and we do the best we can.

*Credit Cards:*

Sales tax definitely should and will be addressed. The Town Supervisor has instituted a verbal (not written) policy that any use of the credit card be approved beforehand and receipts must be turned it to the Finance Office. Holding employees responsible for any sales tax paid or any purchases with missing receipts, although addressed, will not be instituted.

**TOWN OF BEEKMAN  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

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***Supervisor's Responses to Audit Findings and Recommendations:***

*Oversight and Monitoring:*

Monthly reports are given to the Town Board by the Comptroller at the second meeting of the month and contain year to date spending with regard to the budgets.

With only three employees, the Supervisor, the Comptroller, and the Bookkeeper, review is limited.

*Compensated Absences:*

It appears as though the KVS system has not accurately recorded absences. However, each department head has provided the record of the employee's vacation/sick/personal time. I believe this has recently been addressed.

*Capital Assets:*

I believe that the listing that has been submitted to NYMIR is sufficient.

*Payroll:*

Time sheets will be signed by department heads and this would be overseen by the bookkeeper and the Supervisor. Rates should be reviewed at the beginning of the year as this is when the union contracts and newly elected officials with new rates and benefits become effective.

*Bank Reconciliations:*

These were not performed in a proper time frame. I am aware that bank reconciliations in 2017 have been performed in a timely manner. As staff and time are at a minimum, I am not sure who would perform are review.

*Credit Cards:*

Sales tax should not be reimbursed. The credit card policy took effect July 2015 and was amended in June of 2016. A review of the policy can certainly take place.

*Budget Transfer:*

Although planned, it was discovered that financially it was impossible.