# FINANCIAL REPORTING NOTES TO THE FINANCIAL STATEMENTS

# Part I - Overview

#### Purpose of Notes

The notes to the financial statements are an integral part of the Annual Financial Report (AFR). They should communicate information that is necessary for a fair presentation that is not readily apparent from, or cannot be included in, the AFR. The notes to the financial statements should not be cluttered with unnecessary and immaterial disclosures. Relevant circumstances and materiality must be considered in assessing the propriety of the notes to the financial statements disclosures. Notes to the financial statements should provide necessary disclosure of material items, the omission of which would cause the AFR to be incomplete or misleading.

#### Order of Presentation

Notes to the financial statements disclosures may be more informative when presented in a logical order. For example, they may be presented in a progression through the statements or in order of importance. The judgment of the issuer is the determining factor in selecting the most meaningful order. The following is a suggested sequence of the notes to the financial statements:

#### Summary of Significant Accounting Policies

Include here the principles used to determine the reporting entity; basis of accounting; valuation basis of assets, deferred outflows, liabilities, deferred inflows and fund equity; accounting policy with regard to property tax revenue recognition; compensated absences; and other significant revenues and expenditures/expenses.

#### Stewardship, Compliance and Accountability

This would include such items as budgetary data; material violations of finance-related legal and contractual provisions; deficit fund balances of individual funds; and any excess of expenditures over appropriations in individual funds.

#### Detailed Notes on All Funds

This would include major classes of assets (investment, property taxes, amounts from other governments, changes in fixed assets); liabilities (pension plan obligations, claims and judgments, lease obligations, changes in long-term debt, debt margin, bonds authorized but unissued); interfund receivables and payables; and fund equity (reserves and designated fund balance).

#### Related Party Transactions

Disclose here transactions with related parties necessary for fair presentation of financial statements. Such notes may include:

**Investment** – If, for example, a local government owns 50% of a joint sewer venture, the notes should have references to the dollar value of its equity and, if the investing fund is proprietary, the fund in which the investment is being carried.

**Services Provided** – If for example, the local government is committed to provide services, such as accounting, personnel, engineering or planning, to a housing authority, the extent and dollar value of the commitment must be disclosed.

#### Summary Disclosure of Significant Contingencies

The disclosure of the nature of a contingency must be made if there is a reasonable possibility of a loss being incurred. The disclosure should contain the estimate of the loss.

**Litigation** – Disclose here any pending lawsuits and the material effect on the financial statements of anticipated judgments against the local government. The status of judgments appealed should be disclosed.

**State and Federal Aid - Compliance Audits** – Any challenges to State and Federal Aid claims should be disclosed.

#### Significant Effects of Subsequent Events

Disclose any significant events affecting financial condition that occurred between the balance sheet date and the date the financial statements are completed and released. Examples include the issuance of debt, a change in the tax structure, and the disposition of a major operating segment.

Part II, "Illustrative Notes," contains examples of notes that would be found under each caption. Use only those notes as necessary and amend them to suit local circumstances. Items underlined must be changed to actual names, dates and facts.

# Part II – Illustrative Notes

UNIT of Xxxxxxx

Notes to the Financial Statements

For the Fiscal Year Ended Month/Day, Year

#### Summary of Significant Accounting Policies

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

##### Financial Reporting Entity

The Unit of Xxxxxxx, (which was established in Year), is governed by (its Charter,) Unit law and other general laws of the State of New York and various local laws. The Council is the legislative body responsible for overall operations, the Executive serves as chief executive officer and the Commissioner of Finance serves as chief fiscal officer.

The following basic services are provided: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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All governmental activities and functions performed for the Unit of Xxxxxxx are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

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

The decision to include a potential component unit in the Unit’s reporting entity is based on several criteria set forth in GASB 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Unit of Xxxxxxx reporting entity.

1. Included in the Reporting Entity

The Xxxxxxx Hospital is a public general hospital established in Year and operated under provisions of Article 6 of the General Municipal Law. The hospital board of managers is appointed by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The Unit of Xxxxxxx acquires real property used by the hospital, approves all expenditures for new buildings or alterations, and retains general oversight responsibility for the hospital. The board of managers is required to make a detailed annual report of the operations of the hospital to the legislature board including any matters the legislature board may require. The hospital is a component unit, part of the primary government, and is reported in the proprietary fund type.

The Xxxxxxx Public Library was established in Year by the Unit and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Unit of Xxxxxxx appoints trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the Unit of Xxxxxxx. The library is a component unit, part of the primary government, and is reported in the special revenue fund types.

The Xxxxxxx Authority was created in Year by the New York State Legislature. The members of the board are appointed by the Unit Executive. The Unit provides an annual subsidy to support its operations. In addition, the Unit is responsible for operating deficits. The authority is a component unit of the Unit and is discretely presented.

Complete financial statements of individual component units can be obtained from their respective administrative offices.

Xxxxxxx Hospital Xxxxxxx Authority
123 Wellspring Avenue 123 State Avenue
Xxxxxxx, New York Xxxxxxx, New York

Xxxxxxx Public Library
123 Reading Boulevard
Xxxxxxx, New York

The following are activities undertaken jointly with other municipalities and are excluded from the financial statements. See Note IV for additional disclosure regarding joint ventures. (List here all joint activities and their services provided.)

Xxxxxxx Joint Activity, with the Unit of Xxxxxxxx.

##### Fund Accounting

The Unit uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The Unit records its transactions in the fund types described below.

##### ****Fund Categories****

**Governmental Funds** – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmen­tal funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources). The following are the Unit’s governmental fund types.

* **General Fund** – the principal operating fund and includes all operations not accounted for and reported in another fund.
* **Special Revenue Funds** – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

(Name Each Special Revenue Fund, including the specific revenue source and the specified purpose)

* **Permanent Funds** – used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.
* **Capital Projects Fund** – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.
* **Debt Service Fund** – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

**Proprietary Funds** – used to account for ongoing organiza­tions or activities which are similar to those often found in the private sector. The measurement focus of proprietary funds is upon the deter­mination of operating income, changes in net position, and cash flows. The following proprietary fund(s) are utilized:

* **Enterprise Funds** – used to account for operations (a) where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed and recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate. Included are the following operations:

(Name and state the purpose for each Enterprise Fund)

* **Internal Service Funds** – used to account for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis. Included are the following:

(Name and state the purpose for each Internal Service Fund)

**Fiduciary Funds** – used to account for assets held by the local government in a trustee or custodial capacity:

* **Private-Purpose Trust Fund** – used to account for trust arrangements where the government itself is not a beneficiary.
* *Custodial Fund* – used to account for fiduciary activities that are not required to be reported in a private-purpose trust fund.

##### Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows, liabilities and deferred inflows are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

**Modified Accrual Basis** – All Governmental Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within (XX) days of the end of the current fiscal year.

***Note****: The revenue recognition period must be 60 days for real property taxes.*

Material revenues that are accrued include real property taxes, State and Federal Aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when a liability is incurred except that:

1. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
2. Principal and interest on indebtedness are recognized as expenditures when payment is due.
3. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when payment is due.
4. Other post-employment benefits are charged as expenditures when payment is due.

**Accrual Basis – Proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the funds. (Depreciation methods should be included here along with the basis for valuing inventories.)**

***Note****: Any unusual or different accounting treatments for the various types of enterprise funds should also be included here.*

##### Changes in Accounting Policies

During the Year fiscal year, the Unit adopted the following changes in accounting policies.

**ReportingEntity**

During the Year fiscal year the Unit modified its policies governing the inclusion of activities, organizations, and functions that are included in its general-purpose financial statements (Note I (A), p. 2-1).

The Municipal Hospital was added to the reporting entity. Previously, the Hospital issued separate financial statements.

##### Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance out into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

**Nonspendable** consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

**Restricted** consists of 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.

**Committed** consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Governing Body is the decision-making authority that can, by Action Taken prior to the end of the fiscal year, commit fund balance.

**Assigned** consists of 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. The Governing Body, by Action Taken has authorized the Designated Official to assign fund balance.

**Unassigned** represents the residual classification for the government’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Unit spends funds in the following order: restricted, committed, assigned, unassigned.

The Unit has, by resolution, adopted a fund balance policy that states the Unit must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance of at least (Percentage) percent of the general fund operating budget. Unrestricted fund balance below the minimum should be replenished within the succeeding fiscal year.

##### Net Position

Net position is an element of proprietary fund financial statements, and is measured by the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

##### Encumbrances

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

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | General Fund |  | Capital Projects Fund |  | Sewer Fund |
| Restricted For: |  |  |  |  |  |
| Repairs | $ XXX |  |  |  |  |
| Employee Benefits |  |  |  |  |  |
| Capital Assets |  |  | $ XXX |  |  |
| Committed for: |  |  |  |  |  |
| Sewer Repairs |  |  |  |  | $ XXX |
| Assigned for: |  |  |  |  |  |
| Parks and Rec | $ XXX |  |   |  |  |
| Highway |  |  | $ XXX |  |  |

##### Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets, are reported in the Schedule of Non-Current Governmental Assets. The Unit defines capital assets as assets with an initial, individual cost of more than $ Amount and an estimated useful life in excess of Number years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets acquired in a service concession arrangement are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

##### Investments

An investment is a security or other asset (a) that a government holds primarily for the purpose of income or profit and (b) with present service capacity that is based solely on its ability to generate cash or to be sold to generate cash. Capital assets held for resale are excluded from being classified as investments.

Investments are generally reported at fair value. There are, however, two exceptions: certificates of deposit, which are reported at cost; and external investment pools, which may elect to measure all investments at amortized cost if certain criteria (as outlined in GASB Statement No. 79) is met.

##### Inventory and Prepaid Items

Inventory is valued at cost utilizing the first in, first out method for Type Funds and average cost method for Type Funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments to vendors for costs, such as rent and insurance that apply to future accounting periods, are recorded as prepaid assets in the fund financial statements.

##### Deferred Outflows/Inflows of Resources

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

##### Insurance

The Unit 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.

##### Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of XX days a year, but may accumulate no more than a maximum of XX days. Upon separation from service, employees are paid up to XX days.

Employees accrue sick leave at the rate of XX days per year and may accumulate such credits up to a total of XXX days. Employees who terminate with at least 10 years of service are paid up to XX days, at \_\_% of their final pay rate.

Vested vacation and sick leave is recorded in proprietary funds as a liability and expense, and in governmental funds as a fund liability and expenditure if payable from current resources. The liability for compensated absences increased by $\_\_\_\_\_\_\_\_\_\_ during the year to $\_\_\_\_\_\_\_\_\_ and is reported in the proprietary funds ($\_\_\_\_\_\_\_\_) and various governmental funds ($\_\_\_\_\_\_\_\_) and in the Schedule of Non-Current Governmental Liabilities.

##### Newly Adopted Accounting Standards

The Unit has adopted all current Statements of the GASB that are applicable. At Date, the Unit implemented the following new standard(s) issued by GASB:

[Insert all relevant new standards using the below format and also include any additional important information about these standards.]

GASB Statement No. \_\_\_\_, *Insert name of GASB Statement*, effective for the year ending Date.

#### Stewardship, Compliance, Accountability

##### Budget Policies – The budget policies are as follows:

1. No later than Date, the budget officer submits a tentative budget to the Official or Body for the fiscal year commencing the following Date. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

(List any exceptions here.)

1. After public hearings are conducted to obtain taxpayer com­ments, no later than Date, the governing board adopts the budget.
2. All modifications of the budget must be approved by the governing board. (However, the Official is authorized to transfer certain budgeted amounts within departments.)
3. Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.
4. Budgets are adopted annually on a basis consistent with (generally accepted accounting principles, a non-GAAP basis, or a cash basis).
5. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

##### Property Taxes

Real property taxes are levied annually no later than Date and become a lien on Date. Taxes are collected during the period Date to Date.

Unpaid (town, village, and/or non-city school district) taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year-end are relevied as county taxes in the subsequent year.

The Unit is permitted by the Constitution of New York State to levy taxes up to Percent of the five-year average full-assessed valuation for general governmental services other than the payment of debt service and capital expenditures. For the year ended Date, the Unit had a legal margin of $ Amount.

General Municipal Law Section 3-c established a tax levy limit for local governments in New York State effective June 24, 2011. This law generally limits the amount by which local governments can increase property tax levies to 2 percent or the rate of inflation, whichever is less. The law does provide exclusions for certain specific costs and allows the governing board to override the tax levy limit with a supermajority vote.

##### Material Violations of Finance-Related Provisions

1. Use Of Bond Proceeds

In Month Year, the Unit directed the temporary use of $\_\_\_\_\_\_\_\_\_\_ of bond proceeds to finance general operating expenditures and thus avoid the need to borrow on tax and revenue anticipation notes. The Local Finance Law limits the use of bond proceeds to the specific purposes for which they were borrowed.

1. Borrowing On (Year) Taxes

Tax anticipation notes of $\_\_\_\_\_\_\_\_\_\_ were authorized and issued within the last ten days of the Year fiscal year in anticipation of the collection of taxes to be levied for the Year fiscal year. A major portion of such proceeds were used to fund Year expenditures. The Local Finance Law restricts the use of such tax anticipation note proceeds to the purpose for which the taxes are levied.

##### Deficit Fund Balances

1. The general fund had a deficit fund balance at Date, Year. Principal factors which caused the deficit were:

Sales tax estimated in excess of amount realized of $\_\_\_\_\_\_\_\_\_\_\_\_\_

Unanticipated Type expenditures funded by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Type borrowing of $\_\_\_\_\_\_\_\_\_\_\_\_

To provide the necessary cash and appropriations for Year, budget notes totaling $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ were issued.

Appropriations have been included in the Year budget to redeem budget notes issued to finance Year operations.

2. The capital projects fund had a deficit fund balance at Date, Year. The deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

##### Overdrawn Appropriations

Expenditures for the year ended Month, Year materially exceeded appropriations in the funds and/or functions identified below:

|  |  |  |  |
| --- | --- | --- | --- |
| Fund/FunctionFund/Function | Appropriations as Modified | Expenditures and Encumbrances | Unfavorable Variance |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

(Explain any contributing and/or mitigating circumstances.)

#### Detailed Notes on All Funds

##### Assets

1. Cash and Investments

The Unit investment policies are governed by State statutes. In addition, the Unit has its own written investment policy. Unit monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Official 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 as provided for by law of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of 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. Underlying securities must have a market value of at least a percentage provided for by law of the cost of the repurchase agreement.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Unit’s custodial bank in the Unit’s name.

They consisted of:

Deposits

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fund |  | Bank Balance |  | Carrying Amount |  |  |
| General |  |   |  |   |  | Insured (FDIC) |
| Water |  |   |  |   |  | Insured (FDIC) |
| Sewer |  |   |  |   |  | Insured(FDIC) (Uninsured but Collateralized) |
| Water |  |   |  |   |  | Collateral Held by Unit |
| General |  |   |  |   |  | Collateral Held by Unit’s Custodial Bank |
| Sewer |  |   |  |   |  | Collateral Held by Unit’s Custodial Bank |

Investments

Investments are stated at fair value and are held by the Unit’s third-party custodial bank.

|  |  |  |
| --- | --- | --- |
|  |  | Repurchase Agreements |
| Fund |  | Market Value |   | Carrying Amount |
| Capital Project |  |  |  |  |
| Permanent Fund |  |  |  |  |
|  |  |  |  |  |
| Total Deposits and Investments  |  |  |  |  |

***Note***: *Disclosure should be made of investment practices that did not conform to the guidelines prescribed by the Office of the State Comptroller.*

1. Property Taxes

The total real property tax assets of $\_\_\_\_\_\_ are offset by an allowance for uncollectible taxes of $\_\_\_\_\_\_. Current year returned village and school taxes of approximately $\_\_\_\_\_\_ are offset by liabilities to the villages and school districts which will be paid no later than Date, Year. The remaining portion of tax assets is (partially) offset by deferred tax revenue of $\_\_\_\_\_\_ (and represents an estimate of the tax liens which will not be collected within the first sixty (60) days of the subsequent year).

Changes in Capital Assets

A summary of changes in capital fixed assets follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Type |  | Balance Date, Year |  | Additions |  | Deletions |  | Balance Date, Year |
| Land |  | $ |  | $ |  | $ |  | $ |
| Buildings |  |   |  |   |  |   |  |   |
| Improvement other than buildings |  |   |  |   |  |   |  |   |
| Machinery and Equipment |  |   |  |   |  |   |  |   |
| Construction Work in Progress |  |   |  |   |  |   |  |   |
| Total |  | $ |  | $ |  | $ |  | $ |

A summary of proprietary fund type property, plant and equipment follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Enterprise |  |  |
| Type |  | Water |  | Sewer |  | Total |  | Internal Service |
| Land |  | $ |  | $ |  | $ |  | $ |
| Building |  |   |  |   |  |   |  |   |
| Other |  |   |  |   |  |   |  |   |
| Less Accumulated Depreciation |  |   |  |   |  |   |  |   |
| Total |  | $ |  | $ |  | $ |  | $ |

Construction work in progress is composed of the following:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Project Capitalized Authorization | Expended Excluding Capitalized Interest | Committed | Anticipated Future Financing | Interest |
| Enterprise Funds: |  |  |  |  |  |
| Water | $ | $ | $ | $ | $ |
| Sewer |   |   |   |   |   |
| Internal Service |   |   |   |   |   |
| General Fixed |   |   |   |   |   |
| Assets |   |   |   |   |   |

Interest capitalized during Year is composed of the following:

|  |  |  |
| --- | --- | --- |
| Water |  | $ |
| Sewer |  |   |
| Internal Service |  |   |

##### Liabilities

1. **Pension Plans**

**Plan Description**

The Unit of Xxxxxxx participates in the New York State and Local Employees’ Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Unit of Xxxxxxx also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. GLIP amounts are apportioned to and included in ERS and PFRS. The System is included in the State’s financial report as a pension trust fund. The System’s financial report may be found at <https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**Benefits Provided**

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4 and 5

Eligibility: Tier 3, 4, and 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3, 4, and 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The legislation mentioned previously changed the vesting requirements for Tier 6 members from ten to five years. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with five or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25‑Year Plans allow a retirement after 25 years of service with a benefit of one‑half of final average salary, and the 20‑Year Plans allow a retirement after 20 years of service with a benefit of one‑half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PRFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member’s tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member’s annual salary. For most members, there is also a reduced post‑retirement ordinary death benefit available.

Post‑Retirement Benefit Increases

A cost‑of‑living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost‑of‑living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost‑of‑living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost‑of‑living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

**Contributions**

Tier 1 and 2 members do not have to contribute any of their salary to the System. Generally, however, tier 3, 4, and 5 members contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the Systems’ fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | ERS |  | PFRS |
| Year  |  | $ |  | $ |
| Year |  |   |  |   |
| Year |  |   |  |   |

Chapter 57 of the Laws of 2010 of the State of New York, part TT, amending the Retirement and Social Security Law, was enacted to allow local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

* For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees’ covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
* For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System’s average rate and the previous graded rate.
* The interest rate will be set annually, and will be comparable to taxable fixed income investments of a similar duration.
* For subsequent State fiscal years in which the System’s average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

[*Additional amortization information, and/or other programs (i.e., alternate contribution stabilization program) the local government participates in should be included here as well.*]

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years when the local employer opts to participate in the program. [The total unpaid liability at the end of the fiscal year was $\_\_\_\_\_\_ of which $\_\_\_\_\_\_ is reported in the Proprietary Funds and $\_\_\_\_\_\_ in the Schedule of Non-Current Governmental Liabilities.]

Chapter 57 of the Laws of 2013 of the State of New York, Part BB, amending several sections of the Retirement and Social Security Law, was enacted to allow local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

* The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs, and prior year adjustments) and the graded contribution.
* For subsequent State fiscal years (SFYs), the graded rate will increase or decrease by up to one-half of one percent depending on the gap between the increase or decrease in the System’s average rate and the previous graded rate.
* The interest rate will be set annually, and will be comparable to a 12-year US Treasury Bond plus 1 percent.
* For subsequent SFYs in which the System’s average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years when the local employer opts to participate in the program. [The total unpaid liability at the end of the fiscal year was $\_\_\_\_\_\_\_ of which $\_\_\_\_\_\_\_ is reported in the Proprietary Funds and $\_\_\_\_\_\_\_ in the Schedule of Non-Current Governmental Liabilities.]

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

At Date, the Unit reported a liability of $\_\_\_\_\_\_ for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit’s proportion of the net pension liability was based on a projection of the Unit’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At Date, the Unit’s proportion was \_\_\_\_\_\_\_ percent, which was an increase of \_\_\_\_\_\_\_ from its proportion measured at Date.

For the year ended Date, the Unit recognized pension expense of $\_\_\_\_\_\_. At Date, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Deferred Outflows of Resources |  | Deferred Inflows of Resources |
| Differences between expected and actual experience | \_\_\_\_\_\_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |  |  |
| Changes of Assumptions | \_\_\_\_\_\_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |  |  |
| Net difference between projected and actual earnings on pension plan investments | \_\_\_\_\_\_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |  |  |
| Changes in proportion and differences between LG contributions and proportionate share of contributions | \_\_\_\_\_\_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  |  |  |
| Total |   |  |   |

$\_\_\_\_\_\_ reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended Date. 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 [Month Day]: |  |
| 20XX | $\_\_\_\_\_\_\_ |
| 20XX | $\_\_\_\_\_\_\_ |
| 20XX | $\_\_\_\_\_\_\_ |
| 20XX | $\_\_\_\_\_\_\_ |
| 20XX | $\_\_\_\_\_\_\_ |

**Actuarial Assumptions**

The total pension liability at March 31, 2024 was determined using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2023. Economic assumptions used in the April 1, 2023 actuarial valuation include:

|  |  |  |  |
| --- | --- | --- | --- |
|  | ERS |  | PFRS |
| Inflation | 2.9% |  | 2.9% |
| Salary increases | 4.4 |  | 6.2 |
| Investment rate of return (net of investment expense, including inflation) | 5.9 |  | 5.9 |
| Cost of living adjustments | 1.5%  |  | 1.5% |

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries’ Scale MP-2021.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below:

|  |  |  |  |
| --- | --- | --- | --- |
| Asset Class |  | Target Allocation | Long-Term Expected Real Rate of Return |
| Domestic equity |  | 32.00% | 4.00% |
| International equity |  | 15.00 | 6.65 |
| Private equity |  | 10.00 | 7.25 |
| Real estate |  |  9.00 | 4.60 |
| Opportunistic/ARS portfolio |   |  3.00 | 5.25 |
| Credit |  |  4.00 | 5.40 |
| Real assets |  |  3.00 | 5.79 |
| Fixed Income |  | 23.00 | 1.50 |
| Cash |  |  1.00 | 0.25 |

The real rate of return is net of the long-term inflation assumption of 2.90%.

**Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. 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 Unit’s proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the Unit’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1 % Decrease -4.9% |  | Current Assumption 5.9% |  | 1% Increase -6.9% |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_’s proportionate share of the net pension liability  |   |  |   |  |   |

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of March 31, 2024, were as follows:

|  |  |
| --- | --- |
| (Dollars in Thousands) |  |
|  | Employees’ Retirement System |  | Police and Fire Retirement System |  | Total |  |
| Employers’ total pension liability  | $240,696,851 |  | $46,137,717 |  | $286,834,568 |  |
| Plan net position |  225,972,801 |  | 41,394,895 |  | 267,367,696 |  |
| Employers’ net pension liability |  $14,724,050 |  | $4,742,822 |  | $19,466,872 |  |
|  |  |  |  |  |  |  |
| Ratio of Plan net position to the employers’ total pension liability |  93.88% |  | 89.72% |  | 93.21% |  |

**Payables to the Pension Plan**

[If the local government or school district reported payables to the defined benefit pension plan, it should disclose the amount of the payables, significant terms related to the payables and a description of what gave rise to the payables here].

1. **Length of Service Awards Program (LOSAP)**

**For use only in connection with DEFINED BENEFIT volunteer firefighter service award programs**

The (Fire District/ Town/ Village/ City) financial statements are for the year ended \_\_\_\_\_\_\_\_\_\_. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on [insert date], which is the most recent plan year for which complete information is available.

**Length of Service Awards Program – LOSAP**

The (Fire District/ Town/ Village/ City) established a defined benefit LOSAP for the active volunteer firefighters of the (insert name of fire department, fire company or fire companies). The program took effect on (insert effective date). The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The (Fire District/ Town/ Village/ City) is the sponsor of the program.

**Program Description**

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of \_\_\_ and who have completed \_\_\_ years of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with \_\_\_ years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is age \_\_\_\_. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for \_\_\_ years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to $\_\_\_ multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. [Benefits are not payable until \_\_\_\_\_\_. On and after that date, except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits. [The program also provides optional line-of-duty disability benefits in the amount of $\_\_\_\_\_\_\_, and optional line-of-duty death benefits in the amount of $\_\_\_\_\_\_\_\_].

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated [insert name of third-party program administrator] to assist in the administration of the program. The designated program administrator’s functions include [list functions performed by designated program administrator]. Disbursements of program assets for the payment of benefits or administrative expenses must be approved [explain process for approving disbursements].

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. [The trust agreement is dated \_\_\_\_\_\_\_\_\_\_, and the trustee is \_\_\_\_\_\_\_\_\_\_\_.] [Program assets are not held in trust.]

Authority to invest program assets is vested in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule. [The program document . . . (explain investment restrictions).]

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is [insert name of actuary]. Portions of the following information are derived from a report prepared by the actuary dated [insert date].

|  |  |  |  |
| --- | --- | --- | --- |
| Program Financial Condition |  |  |  |
| *Assets and Liabilities* |  |  |  |
| Actuarial Present Value of Benefits at [insert date] |  |  | $ |
| Less: Assets Available for Benefits |  |  |  |
|  | % of total |  |  |
| Common Stock | % |  |   |
| Government Securities |   |  |   |
| Corporate Bonds |   |  |   |
| Insurance Contracts |   |  |   |
| Certificates of Deposit |   |  |   |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |   |  |   |
| Less: Liabilities |  |  | ( ) |
| Total Net Assets Available for Benefits |  |  |   |
| Total Unfunded Benefits |  |  |   |
| Less: Unfunded Liability for Prior Services |  |  | ( ) |
| Unfunded Normal Benefits |  |  | $ |
| *Prior Service Costs* |  |  |  |
| Prior service Costs [have been][are being] amortized over\_\_\_years at a discount rate of \_\_\_\_\_\_\_%. |
|  |  |  |  |
| *Receipts and Disbursements* |  |  |  |
| Plan Net Assets, beginning of the year |  |  | $ |
| Changes during the year: |  |  |  |
| (+) Plan Contributions |  |  |   |
| (+) Investment income earned |  |  |   |
| (+/-) Changes in fair market value of investments |  |  |   |
| (-) Plan Benefit Withdrawals |  |  |   |
| (-) Administrative and Other Fees/Charges |  |  |   |
| Plan Net Assets, end of year |  |  | $ |
|  |  |  |  |
| *Contributions* |  |  |  |
| Amount of sponsor’s contributions recommended by actuary: |  | $ |
| Amount of sponsor’s actual contribution: |  |  | $ |
|  |  |  |  |
| *Administration Fees* |  |  |  |
| Fees paid to designated program administrator: |  |  | $ |
| Fees paid to trustee: |  |  | $ |
| Fees paid for investment management (if separate from fee paid to trustee): |  |  | $ |
| Fee paid to actuary: |  |  | $ |
| Other administration fees [list] |  |  | $ |
| Funding Methodology and Actuarial Assumptions |  |  |
|  |  |  |
| *Normal Costs*  |  |  |

The actuarial valuation methodology used by the actuary to determine the sponsor’s contribution is [insert name of valuation methodology]. The assumptions used by the actuary to determine the sponsor’s contribution and the actuarial present value of benefits are:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|

|  |  |  |  |
| --- | --- | --- | --- |
| Assumed rate of return on investment |  |  |   |
| Mortality Tables used for: |  |  |  |
| Withdrawal |  |  |   |
| Disability |  |  |   |
| Retirement |  |  |   |
| Death (Active) |  |  |   |
| Death (Inactive) |  |  |   |
| Others |  |  |   |

 |
|  |

**For use only in connection with DEFINED CONTRIBUTION volunteer firefighter service award programs**

The (Fire District/ Town/ Village/ City) financial statements are for the year ended \_\_\_\_\_\_\_\_\_\_. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on [insert date], which is the most recent plan year for which complete information is available.

**Length of Service Awards Program – LOSAP**

The (Fire District/ Town/ Village/ City) established a defined contribution LOSAP for the active volunteer firefighters of the (insert name of fire department, fire company or fire companies). The program took effect on (insert effective date). The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The (Fire District/ Town/ Village/ City) is the sponsor of the program.

**Program Description**

Participation, vesting and service credit

Active volunteer firefighters who have reached the age of \_\_\_ and who have completed \_\_\_ years of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with \_\_\_ years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is age \_\_\_\_. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for \_\_\_ years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant’s benefit under the program is the amount resulting from the contributions made by the sponsor on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investment of contributions. Contributions in the amount of $\_\_\_\_\_\_\_ are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandatory disability and death benefits. [The program also provides optional line-of-duty disability benefits in the amount of $\_\_\_\_\_\_\_\_, and optional line-of-duty death benefits in the amount of $\_\_\_\_\_\_\_\_\_\_].

**Fiduciary Investment and Control**

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated [insert name of 3rd party program administrator] to assist in the administration of the program. The designated program administrator’s functions include [list functions performed by designated program administrator]. Disbursements for the payment of benefits or administrative expenses must be approved [explain process for approving disbursements].

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. [The trust agreement is dated \_\_\_\_\_\_\_\_\_\_, and the trustee is \_\_\_\_\_\_\_\_\_\_\_.] [Program assets are not held in trust.]

Authority to invest program assets is vested in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. [Program assets are invested in accordance with a statutory “prudent person” rule.] [Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule. The program document . . . (explain investment restrictions).]

|  |  |  |  |
| --- | --- | --- | --- |
| **Program Financial Condition** |  |  |  |
| *Assets and Liabilities* |  |  |  |
| Assets Available for Benefits |  |  |  |
|  | % of total |  |  |
| Common Stock | % |  |   |
| Government Securities |   |  |   |
| Corporate Bonds |   |  |   |
| Insurance Contracts |   |  |   |
| Certificates of Deposit |   |  |   |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |  |  |
| Less: Liabilities |  |  | ( ) |
| Total Net Assets Available for Benefits |  |  | $ |
| Unfunded Liability for Prior Services |  |  | $ |
|  |  |  |  |
| *Prior Service Costs* |  |  |  |
| Prior service Costs [have been][are being] amortized over\_\_\_years at a discount rate of \_\_\_\_\_\_\_%. |
|  |  |  |  |
| *Receipts and Disbursements* |  |  |  |
| Plan Net Assets, beginning of the year |  |  | $ |
| Changes during the year: |  |  |  |
| (+) Plan Contributions |  |  |   |
| (+) Investment income earned |  |  |   |
| (+/-) Changes in fair market value of investments |  |   |
| (-) Plan Benefit Withdrawals |  |  |   |
| (-) Administrative and Other Fees/Charges |  |  |   |
| Plan Net Assets, end of year |  |  | $ |
|  |  |  |  |
| *Contributions* |  |  |  |
| Amount of sponsor’s required contributions: |  |  | $ |
| Amount of sponsor’s actual contribution: |  |  | $ |
|  |  |  |  |
| *Administration Fees* |  |  |  |
| Fees paid to designated program administrator: |  |  | $ |
| Fees paid to trustee: |  |  | $ |
| Fees paid for investment management (if separate from fee paid to trustee): |  |  | $ |
| Fee paid to actuary: |  |  | $ |
| Other administration fees [list] |  |  | $ |

1. **Other Post-Employment Benefits (OPEB)**

***Note***: *While GASB Statement No. 75 (Statement 75) addresses both trusted and non-trusted OPEB plans, local governments and school districts in New York State (NYS) do not have the legal authority to establish a trust or equivalent arrangement to accumulate OPEB funds to meet the requirements of a qualifying trust or equivalent arrangement. We expect the majority of local governments in NYS have single-employer defined benefit OPEB plans. Therefore, the sample notes that follow will only focus on single-employer defined benefit plans that do not meet the criteria of a trusted plan set forth in paragraph 4 of Statement 75. Refer to Statement 75 for sample notes for trusted defined benefit plans, defined contribution plans and component units.*

***Use the following sample note if your local government does not prepare financial statements in accordance with GASB Statement No.’s 34 and 75:***

In addition to providing pension benefits, the Unit provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Unit’s employees may become eligible for these benefits if they reach normal retirement age while working for the Unit. Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Unit recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. (\*)

\*Insert one of the following:

* During the year (amount) was paid on behalf of (number of) retirees and recorded as an expenditure in the (name of) fund(s).
* During the year (amount) was paid on behalf of (number of) retirees and (number of) active employees and is recorded as an expenditure in the (name of) fund(s). The cost of providing benefits for (number of) retirees is not separable from the cost of providing benefits for the (number of) active employees.

***The following sample outline can be used for providing note disclosures in your entity-wide financial statements if your local government prepares financial statements in accordance with GASB Statement No.’s 34 and 75. This information should be provided for each OPEB plan. Disclosures related to more than one OPEB plan, if applicable, should be combined in a manner that avoids unnecessary duplication.***

**Defined Benefit OPEB Plans**

General Information about the OPEB Plan

**OPEB Plan Description** – Include the name of the plan; who administers the plan; whether the plan is a single employer, agent multiple-employer, or cost sharing multiple-employer plan; the types of benefits; the authority under which provisions are established/amended; whether the OPEB plan issues a stand-alone report and, if so, how to obtain it; and a statement indicating that no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Additionally, if applicable, identify the authority under which requirements for the employer and nonemployer contributing entities to pay OPEB as the benefits come due are established or may be amended. Also, include the amount paid by the employer for OPEB as the benefits came due during the reporting period, if not otherwise disclosed.

**Benefits Provided** – Include the amount of payments in the measurement period attributable to the purchase of allocated insurance contracts, a brief description of the benefits for which allocated insurance contracts were purchased on the measurement period, and a statement that the obligation for the payment of benefits covered by allocated insurance contracts has been transferred from the employer to one or more insurance companies.

**Benefit Terms** – Include the classes of employees covered; the types of benefits; the key elements of the OPEB formulas; the terms and policies, if any, with respect to automatic post- employment benefit changes and ad hoc post-employment benefit changes (including cost-of-living-adjustments or COLAs), and the sharing of benefit-related costs with inactive employees; and the authority under which benefit terms are established or may be amended. If the OPEB plan is closed to new entrants, that fact should be disclosed too.

**Employees Covered by Benefit Terms** – Include the number of inactive employees or beneficiaries currently receiving benefit payments, the number of inactive employees entitled to but not yet receiving benefit payments, and the number of active employees.

**Total OPEB Liability** – Include the total OPEB liability, the measurement date of the total OPEB liability, the date of the actuarial valuation, and if applicable, the fact that update procedures were used to roll forward the total OPEB liability to the measurement date.

**Actuarial Assumptions and Other Inputs** – Include significant assumptions about inflation, healthcare cost trend rates, salary changes, ad hoc postemployment benefit changes, the sharing of benefit-related costs with inactive employees, and the discount rate applied in the measurement and the source of that rate.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|   |   |   | 1% Decrease |   | Healthcare Cost Trend Rate |   | 1% Increase |
| Total OPEB Liability | XXX |   | XXX |   | XXX |

Sensitivity of the total OPEB liability to changes in the discount rate.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|   |   |   | 1% Decrease |   | Discount Rate |   | 1% Increase |
| Total OPEB Liability | XXX |   | XXX |   | XXX |

**Changes in the Total OPEB Liability**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   |   |   |   |   |   |   |   |  | **Total OPEB Liability** |
| **Beginning Balance** |   |   |   |   |  | $XXX  |
| **Changes for the year:** |  |  |  |  |  |  |
|   | Service Cost |   |   |   |   | $XXX |   |
|   | Interest |   |   |   |   |   | $XXX |   |
|   | Changes in benefit terms |   |   |   | $XXX |   |
|   | Differences between expected and actual experiences | $XXX |   |
|   | Changes in assumptions or other inputs |   |   | $XXX |   |
|   | Benefit payments |   |   |   |   | $XXX |   |
|  | Any other changes, separately identified if individually significant | $XXX |  |
|  | **Net Changes** |  | $XXX |
| **Ending Balance** |  | $XXX |

Also, include a brief description regarding:

* The change in assumptions or other inputs and the change in benefit terms that affected the measurement of the total OPEB liability since the prior measurement date, and
* The nature of changes between the measurement date of the total OPEB liability and the employer’s reporting date that are expected to have a significant effect on the total OPEB liability and the amount of the expected resultant change in the total OPEB liability, if known.

***Note***: *If the alternative valuations method was used to measure the total OPEB liability, local governments should refer to Statement 75 for further guidance. If the local government has a special funding situation, the nonemployer contributing entities’ total proportionate share of the total OPEB liability and the employer’s proportionate share of the total OPEB liability should be disclosed.*

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

Additionally, include the amount of OPEB expense recognized during the reporting period, the balances of deferred outflows of resources and deferred inflows of resources related to OPEB, the amount of the balance of deferred outflows of resources that will be recognized as a reduction of the total OPEB liability, a schedule presenting the net amount of the balances of deferred outflows of resources and deferred inflows of resources that will be recognized as OPEB expense for each of the subsequent five years, and the amount of revenue recognized for the support provided by nonemployer contributing entities, if applicable.

Sample note disclosures can also be found in Appendix C of Statement 75.

##### Debt

[GASB Statement 88](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176170308047&acceptedDisclaimer=true), defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt, including direct borrowings and direct placements.

GASB Statement 88 defines debt as “a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed[[1]](#footnote-1) at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as a financed purchase of the underlying asset, or accounts payable.”

Direct borrowings and direct placements are now also required to be separated from all other debt disclosures. A direct borrowing is when a government engages in a loan with a lender for funding (e.g. bank, credit union, private mortgage company, etc.). A direct placement is when a government issues a debt security directly to an investor.

Additionally, there should be disclosures for summarized information about unused lines of credit, assets pledged as collateral for debt, and certain terms specified in debt agreements such as: events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses.

The below notes have been updated to reflect the above disclosure requirements.

1. Short-Term Debt

GASB Statement 88 Requirements: Any assets pledged as collateral for any short-term debt need to also be disclosed. Additionally, terms such as events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses need to be disclosed.

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects funds and the enterprise fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two 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.

|  |
| --- |
| Summary of BANs |
| Description |  | Interest Amount |  | Rate |
| Sewer |  | $XXX  |  | X.X% |
| Revaluation |  | $XXX  |  | X.X% |
| Sewer |  | $XXX  |  | X.X% |
| Total |  | $XXX  |  |  |

1. Long-Term Debt

GASB Statement 88 Requirements: Any asset’s pledged as collateral for any long-term debt need to be disclosed. Additionally, terms such as events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses need to be disclosed.

1. Outstanding indebtedness aggregated $\_\_\_\_\_. Of this amount, $\_\_\_\_\_ was subject to the constitutional debt limit and represented approximately \_\_\_\_\_% of its debt limit.
2. Serial Bonds (and Capital Notes)

The Unit 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 receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Non-Current Governmental Liabilities or in the enterprise fund in the case of Type debt. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Enterprise fund debt is liquidated with enterprise income.

1. Other Long-Term Liabilities

In addition to the above long-term debt, the local government had the following non-current liabilities:

* + Due to Employees’ Retirement System – Represents the non-current portion of the liability to the various state retirement systems.
	+ Installment Purchase Debt – Represents the remaining installments due on the purchase of equipment.
	+ Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences.
	+ Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.
1. Summary of Long-Term Liabilities

The following is a summary of long-term liabilities by fund:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | General Fund |  | Fund |  | Fund |
| Statutory Installment Bond |  |   |  |   |  |   |
| Serial Bonds |  |   |  |   |  |   |
| Capital Notes |  |   |  |   |  |   |
| Total Bonds and Notes |  | $ |  | $ |  | $ |
| Installment Purchase |  |   |  |   |  |   |
| Unfunded Retirement |  |   |  |   |  |   |
| Compensated Absences |  |   |  |   |  |   |
| Other Post-Employment Benefits |  |   |  |   |  |   |
| Total Long-Term Liabilities |  | $ |  | $ |  | $ |

1. The following is a summary of changes in long-term liabilities:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | OPEB | Bonds and Notes | Installment Purchases | Unfunded Retirement | Compensated Absences |
| Payable at beginning of fiscal year | $ | $ | $ | $ | $ |
| Additions |  |  |  |  |  |
| Deletions |  |  |  |  |  |
| Payable at end of end of fiscal year | $ | $ | $ | $ | $ |

Additions and deletions to unbilled retirement and compensating absences and other post-employment benefits are shown net since it is impractical to determine these amounts separately.

1. Long-Term Debt Maturity Schedule

The following is a statement of serial bonds and capital notes with corresponding maturity schedules:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description by Fund | Original Date Issued | Original Amount  | Rate (%) | Date Final Maturity |
| General Fund |  |  |  |  |
|   |   | $ |   |   |
|   |   | $ |   |   |
| Special Revenue Funds |  |  |  |  |
|   |   | $ |   |   |
|   |   | $ |   |   |
| Internal Service Fund |  |  |  |  |
|   |   | $ |   |   |
|   |   | $ |   |   |
| Enterprise Fund |  |  |  |  |
|   |   | $ |   |   |
|   |   | $ |   |   |
|  |  |  |  |  |
| Total |  | $ |  |  |

1. The following table summarizes the Unit ‘s future debt service requirements:

|  |  |
| --- | --- |
|  |  |
| Year Ending Date: | Principal | Interest |
| Year  | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
|  | \_\_\_\_\_\_\_\_\_\_ |  |

(\*)Should be grouped into five-year increments

1. In addition to the debt shown above, the following long-term debt has been authorized but remains unissued at Date, Year.
2. Advance Refunding of Bonds

On Date, Year, the Unit issued $\_\_\_\_\_\_ million in General Obligation Bonds with an average interest rate of \_\_\_\_\_\_ percent to advance refund $\_\_\_\_\_\_ million of outstanding Year Series bonds with an average interest rate of percent. The net proceeds of $ million (after payment of $\_\_\_\_\_\_ million in underwriting fees, insurance, and other issuance costs) plus an additional $\_\_\_\_\_\_ million of Year Series sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Year Series bonds. As a result, the Year Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The Unit advance refunded the Year Series bonds to reduce its total debt service payments over the next \_\_\_\_\_\_ years by almost $\_\_\_\_\_\_ million and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of $\_\_\_\_\_\_ million.

(Proprietary fund types, and separately constituted entities using proprietary fund accounting, would substitute this paragraph for the second paragraph above:)

Although the advance refunding resulted in the recognition of an accounting loss of $\_\_\_\_\_\_ million for the year ended Date, Year, the Unit in effect reduced its aggregate debt service payments by almost $\_\_\_\_\_\_ million over the next 25 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $\_\_\_\_\_\_ million.

***Note***: *Calculations of cash flow and present value calculations can be made by bonding attorneys or investment advisors.*

The following note will be used in years subsequent to the year of advance refunding:

Prior-Year Defeasance of Debt

In prior years, the Unit defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Unit’s financial statements. At Date, Year , $\_\_\_\_\_\_ million of bonds outstanding are considered defeased.

Additional language for gain:

The reacquisition price was less than the net carrying amount of the old debt by $\_\_\_\_\_\_. This amount is now included as a deferred inflow of resources, and the inflow is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter.

Additional language for loss:

The reacquisition price exceeded the net carrying amount of the old debt by $\_\_\_\_\_\_. This amount is now included as a deferred outflow of resources, and the outflow is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter.

1. Conduit Debt Obligations

From time to time, the Unit has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Unit, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of Date, Year, there were \_\_#\_\_ series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $\_\_\_\_\_\_.

1. The Unit has an unused line of credit in the amount of $\_\_\_\_\_.
2. Direct Borrowings

[Insert information about any direct borrowings the Unit has. If the Unit does not have any direct borrowings, omit this section.]

1. Direct Placements

[Insert information about any direct placements the Unit has. If the Unit does not have any direct placements, omit this section.]

##### Landfill Closure and Post-closure Care Costs

State and Federal laws and regulations require the Unit to place a final cover on its Type landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Unit reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of each balance sheet date. The $\_\_\_\_\_\_ reported as landfill closure and post-closure care liability represents the cumulative amount reported to date based on the use of \_\_\_\_\_\_ percent of the estimated capacity of the landfill. The Unit will recognize the remaining estimated cost of closure and post-closure care of $\_\_\_\_\_\_ as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in Year. The Unit expects to close the landfill in the Year. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

***Note***: *Use one of the following paragraphs depending on whether the landfill operation is reported in a governmental fund or an enterprise fund.*

The landfill is reported in (the general fund) (a special revenue fund) and has a liability of $\_\_\_\_\_\_.

OR

The landfill is reported in an enterprise fund and the $\_\_\_\_\_\_ liability is reported in that fund.

The Unit is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The Unit is in compliance with these requirements, and, at Date, Year, investments of $\_\_\_\_\_\_ ($\_\_\_\_\_\_ market value) are held for these purposes. These are reported as restricted assets on the balance sheet. The Unit expects that future inflation costs will be paid from interest earnings on these annual contributions.

However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

##### Interfund Receivables and Payables

Interfund receivables and payables were as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Receivables |  | Payables |
| General |  | $ |  | $ |
| Special Revenue \* |  |   |  |   |
| Capital Projects |  |   |  |   |
| Fiduciary |  |   |  |   |
| Total |  | $ |  | $ |

***Note***: *(\*) List each fund separately.*

##### Fund Equity

1. Allocation of Fund Balance

Certain funds of the Unit apply to areas less than the entire Unit. The fund equity at balance sheet date is allocated as follows:

|  |  |  |
| --- | --- | --- |
| General Fund |  | $ |
|  |  |  |
| Special Revenue Funds |  |   |
| \* |  |   |
| Special Districts |  |   |
| \* |  |   |
| Total |  | $ |
|  |  |  |
|  |  |  |

***Note***:  *(\*) List each fund/district separately.*

1. Reserves

The operating fund equity includes reserve funds established pursuant to State Law for the following purposes:

|  |  |  |
| --- | --- | --- |
| Fund | Purpose | Balance End of Year |

(Any other legal reserve or restriction or commitment of equity should also be described in this Note.)

##### Deferred Compensation Plan

The GASB issued Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments.

As a result, Statement No. 32 became effective for the New York State Deferred Compensation Plan as of October 1, 1997. Since the plan no longer meets the criteria for inclusion in New York State’s financial statements, municipalities which participate in New York State’s Deferred Compensation Plan are no longer required to report the value of the plan assets.

***Note***: *Local governments that have named a trustee should modify the note accordingly. Those local governments which serve in a trustee capacity for their own deferred compensation plan should report the plan value as a private purpose trust fund in the financial statements.*

##### Lease Commitments and Leased Assets

1. General Description of Lease Arrangments: [Insert a description of the Units lease arrangements as both the lessee and lessor. This description should include the existence/basis, terms, and conditions of any residual value guarantees provided by the lessee/any variable payments not included in the measurement of the lease liability/receivable.

In a sublease transaction, the original lessee should include the sublease in its disclosure of the general description of lease arrangements. Its lessor transactions related to subleases should be disclosed separately from its lessee transactions related to the original lease.

In a sale-leaseback transaction, the seller-lessee should disclose the terms and conditions of the sale-leaseback transactions in addition to the disclosures required of a lessee. The buyer-lessor should provide the disclosures required of a lessor.

In a lease-leaseback transaction, both parties involved should disclose gross amounts of the lease and leaseback.

The nature and extent of any leases between related parties should be disclosed.]

1. Leased assets are reported by major class, separate of other capital assets, in the Schedule of Non-Current Governmental Assets. This schedule also includes the amount of accumulated amortization for each leased asset class. The Unit accounts for leased assets in accordance with GASB 87 if they meet the materiality threshold established by the Unit of $ Amount.
2. The Unit recognized $ of outflows of resources in the reporting period for variable payments not previously included in the measurement of the lease liability

The Unit recognized $ of outflows of resources in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability.

The Unit recognized $ of inflows of resources in the reporting period from leases that cannot be determined based on the amounts displayed on the face of the financial statements.

The Unit recognized $ of inflows of resources in the reporting period for variable and other payments not previously included in the measurement of the lease receivable, including inflows of resources related to residual value guarantees and termination penalties.

1. The Unit has the following commitments pursuant to a lease agreement that has yet to commence: [insert description of commitments, if any]
2. [Insert the existence, terms and conditions of options by the lessee to terminate the lease or abate payments if the lessor has issued debt for which the principal and interest payments are secured by the lease payments, if any]
3. The following table summarizes the Unit’s total lease principal and interest requirements to maturity:

|  |  |
| --- | --- |
|  |  |
| Year Ending Date: | Principal | Interest |
| Year  | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
|  | \_\_\_\_\_\_\_\_\_\_ |  |

(\*)Should be grouped into five-year increments

##### Self-Insurance

The County established its own self-insurance plan workers’ compensation under Local Law Number of Year, pursuant to Article 5 of the Workers’ Compensation Law. The plan is open to any eligible municipality or public entity for participation. There were Number participants for the fiscal year ended Date. The County is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer’s liability in third-party suits; the limit is $ Amount with a retention of $ Amount. Settled claims have not resulted in claim against this excess liability coverage since the inception of the plan.

All funds of the County participate in the program and make payments to the self-insurance fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. A balance in the amount of $ Amount was reserved at Date.

Accounting principles generally accepted in the United States of America as adopted by the New York State Comptroller’s Office require that the loss from the incurrence of a contingent liability be accrued by a charge to income. The County’s estimated unpaid claims liability as of fiscal year end is $ Amount, and the estimated "incurred but not reported" claims liability of its self-insurance fund is $ Amount.

##### Subscription-Based Information Technology Arrangements (SBITAs)

1. General Description of SBITAs: [Insert a description of the Units SBITAs. This description should include the existence/basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined.]
2. The Unit has subscription assets totaling $\_\_\_\_\_\_\_ and related accumulated amortization of $\_\_\_\_\_\_.
3. The Unit recognized $\_\_\_\_\_ of outflows for variable payments, such as termination penalties, not previously included in the measurement of the subscription liability.
4. The following table summarizes the Unit’s total SBITA principal and interest requirements to maturity:

|  |  |
| --- | --- |
|  |  |
| Year Ending Date: | Principal | Interest |
| Year  | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
| Year - Year \* | \_\_\_\_\_\_\_\_\_\_ |   |
|  | \_\_\_\_\_\_\_\_\_\_ |  |

1. The Unit had the following commitments under SBITAs before the commencement of the subscription term: [Insert description of any commitments here]
2. Losses of $\_\_\_\_\_\_ were recognized as part of impairments for \_\_\_\_\_\_.

#####  Related Party Transactions

The following are activities undertaken jointly with other municipalities. These activities are excluded from the financial statements of all participating municipalities. Separate financial statements are issued for such joint ventures and are available from their Administrative Offices. (Please include mailing address.)

Joint ( )

The Unit of Xxxxxxx and the Unit of Xxxxxxx jointly own the Name of Venture. The venture operates under the terms of an agreement dated Date, Year. The agreement is for a period of xx years. Significant provisions of the agreement are as follows:

* 1. The boards of each municipality jointly act as the governing body for the joint venture.
	2. Debt for capital costs is issued by each participant in the following ratios:

Unit %

Unit %

* 1. The governing body has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges is to be provided by equal share contributions from the participants.

The following is an (audited) (unaudited) summary of financial information included in financial statements issued for the joint venture:

|  |
| --- |
| Balance Sheet Date: Date, Year |
| Total Assets | $ |
| Total Liabilities |   |
| Joint Venture Equity |   |
| Total Revenues Year |   |
| Total Expense Year |   |

#### Summary Disclosure of Significant Contingencies

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

A judgment for $ XXX against the Unit was ruled on Date, Year. This judgment is being appealed. Our attorney estimates that the case will either be won on appeal or the amount of the judgment will be reduced and will have no material effect on the financial statements.

#### Significant Effects of Subsequent Events

On Date, Year the Unit approved a three year capital reconstruction plan for several streets (highways). The cost is estimated to be $\_\_\_\_\_\_ and will be financed primarily with general obligation bonds of the Unit.

On Date, Year the Unit issued serial bonds for the Water System in the amount of $\_\_\_\_\_\_. The interest rate on the bonds is X.X%. The final maturity of the bonds is Year.

On Date, Year the governing board adopted a resolution increasing the sales tax from \_\_\_% to \_\_\_%. It also eliminated the sales tax on home heating fuels. These changes are effective on Date, Year.

On Date, Year , the governing board voted to transfer ownership of the public hospital to the Name non-profit private organization. It is estimated this will annually save $\_\_\_\_\_\_.

— End of Illustrative Notes —

1. For purposes of this determination, interest to be accrued and subsequently paid (such as interest on variable-rate debt) or interest to be added to the principal amount of the obligation (such as interest on capital appreciation bonds) does not preclude the amount to be settled from being considered fixed at the date the contractual obligation is established. [↑](#footnote-ref-1)