

Town/Village of Harrison, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2016

Town/Village of Harrison, New York

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Independent Auditors' Report

**The Honorable Supervisor/Mayor and Town/Village Board
of the Town/Village of Harrison, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town/Village of Harrison, New York ("Town/Village") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town/Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town/Village, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2D in the notes to the financial statements which disclose the effects of the Town/Village's adoption of the provision of Governmental Accounting Standards Board Statement No. 73 "Accounting and Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town/Village's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2016 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2016.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town/Village as of and for the year ended December 31, 2015 (not presented herein), and have issued our report thereon dated May 3, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2015 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2015.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

June 22, 2017

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Town/Village of Harrison, New York

Management's Discussion and Analysis (MD&A) December 31, 2016

Introduction

As management of the Town/Village of Harrison, New York ("Town/Village"), we offer readers of the Town/Village's financial statements this narrative overview and analysis of the financial activities of the Town/Village for the fiscal year ended December 31, 2016. It should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements, which immediately follow this section, to enhance understanding of the Town/Village's financial performance.

Financial Highlights

- ❖ On the government-wide financial statements, the liabilities and deferred inflows of resources of the Town/Village exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$48,429,651. Of this amount, a deficit of \$89,030,036 is unrestricted. This deficit results primarily from the accrual of certain operating liabilities pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 34, which will be satisfied in future years, including borrowings for judgments and claims, retirement system obligations, compensated absences and the accrual of the Town/Village's annual other post employment benefit obligations in accordance with the provisions of GASB Statement No. 45 coupled with the reporting of the Town/Village's proportionate share of the net pension liability in accordance with GASB Statement No. 68.
- ❖ In addition to the impact of the Town/Village's OPEB obligations, the government-wide financial statements for the year ended December 31, 2016 are also significantly impacted by the provisions of GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the Town/Village's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost-sharing employers are required to report in their government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At December 31, 2016, the Town/Village reported in its Statement of Net Position a liability of \$17,414,047 for its proportionate share of the ERS and PFRS net pension liabilities. More detailed information about the Town/Village's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.
- ❖ As of the close of the current fiscal year, the Town/Village's governmental funds reported combined ending fund balances of \$34,597,510, a decrease of \$4,018,726 from the previous fiscal year before the cumulative effect of change in accounting principle. This was primarily due to capital outlay expended of \$10,417,713 in the current year. However, exclusive of the Capital Projects Fund, the net change in fund balance for the governmental funds would have been \$14,372,244.

- ❖ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,260,719 or 31.7% of total General Fund expenditures and other financing uses for 2016. This is an increase of \$2,737,611 from the previous year and was primarily caused by higher than anticipated mortgage tax revenues, police fees and building permit revenues.
- ❖ During the current fiscal year, the Town/Village did not issue any public improvement bonds but retired \$5,602,880 of general obligation bonded debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town/Village's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town/Village's finances, in a manner similar to a private-sector business. The Harrison Parking Authority ("Authority") is a discretely presented component unit of the primary government. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority. Since the Town/Village does not guarantee the Authority's debt and the Authority does not provide services entirely or almost entirely to the Town/Village, the financial statements of the Authority have been reflected as a discretely presented component unit. Separate financial statements have not been issued for the Authority.

The statement of net position presents information on all of the Town/Village's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Town/Village is improving or deteriorating.

The statement of activities presents information showing how the Town/Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused vacation leave, certain pension obligations and other post employment benefit obligations ("OPEB")).

The government-wide financial statements distinguish functions of the Town/Village that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Town/Village that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the Town/Village include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town/Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town/Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town/Village maintains seven individual governmental funds: the General Fund, Debt Service Fund, Capital Projects Fund, Special Districts Fund, Highway Fund, Public Library Fund and the Special Purpose Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund and the Special District's Fund, all of which are considered to be major funds. Data for the other three governmental funds, which are considered non-major funds, is combined into a single, aggregated presentation. Individual information on each of these non-major governmental funds is provided in the form of combining and individual fund schedules and statements elsewhere in this report.

The Town/Village adopts annual budgets for the General Fund, Debt Service Fund, Special Districts Fund, Highway Fund, and Public Library Fund. A budgetary comparison statement has been provided for the General Fund and the Special District Fund within the basic financial statements to demonstrate compliance with the respective budget.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Proprietary Fund

The Town/Village maintains an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the Town/Village's various functions. The Town/Village uses an internal service fund to account for its self-insured health benefits. These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type functions. The Internal Service Fund is combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the

internal service fund is provided in the form of individual fund statements elsewhere in this report.

The proprietary fund financial statements can be found in the basic financial statements section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Town/Village programs. The Town/Village maintains an Agency Fund. The Town/Village holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment and remittance of resources to the appropriate individual, organization or government.

The Fiduciary fund financial statements can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the Town/Village's other post employment benefit obligations, schedule of proportionate share of the net pension liability for ERS and PFRS, schedule of contributions for ERS and PFRS, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town/Village, liabilities and deferred inflows of resources exceeded assets deferred outflows of resources by \$48,429,651 at the close of the most recent fiscal year. By far, the largest portion of the Town/Village's net position (\$35,253,262) is its net investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction- in-progress), less any related debt outstanding that was used to acquire those assets. The Town/Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town/Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

| | December 31, | |
|----------------------------------|----------------------------|----------------------------|
| | 2016 | 2015 |
| | Governmental Activities | Governmental Activities |
| Current Assets | \$ 92,085,579 | \$ 95,068,757 |
| Capital Assets, Net | 92,961,332 | 87,178,094 |
| Total Assets | 185,046,911 | 182,246,851 |
| Deferred Outflows of Resources | 20,987,282 | 5,625,831 |
| Current Liabilities | 54,370,761 | 60,156,458 |
| Long-term Liabilities | 197,380,551 | 164,382,983 |
| Total Liabilities | 251,751,312 | 224,539,441 |
| Deferred Inflows of Resources | 2,712,532 | 227,667 |
| Net Position | | |
| Net Investment in Capital Assets | 35,253,262 | 34,456,232 |
| Restricted | 5,347,123 | 2,759,400 |
| Unrestricted | (89,030,036) | (74,110,058) |
| Total Net Position | \$ (48,429,651) | \$ (36,894,426) |

An additional portion of the Town/Village's net position, \$5,347,123, represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

| | December 31, | |
|---------------------------|---------------------|---------------------|
| | 2016 | 2015 |
| Law enforcement | \$ 554,473 | \$ 554,473 |
| Debt service | 1,653,925 | 737,698 |
| Special districts | 144,927 | - |
| Trusts | 958,719 | 814,281 |
| Parklands | 705,064 | 652,948 |
| Pension benefits | 1,330,015 | - |
| Total Net Position | \$ 5,347,123 | \$ 2,759,400 |

The remaining balance of unrestricted net position, which is a deficit of \$89,030,036, must be financed from future operations. This deficit does not mean that the Town/Village does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including retirement incentives and other pension obligations, compensated absences and other post employment benefit obligations that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payments are made.

Change in Net Position

| | December 31, | |
|---|-------------------------------|-------------------------------|
| | 2016 | 2015 |
| REVENUES | | |
| Program Revenues | | |
| Charges for Services | \$ 10,518,103 | \$ 8,332,641 |
| Operating Grants and Contributions | 806,865 | 1,026,117 |
| Capital Grants and Contributions | 708,227 | 2,304,532 |
| General Revenues: | | |
| Real Property Taxes | 51,087,480 | 50,255,688 |
| Other Tax Items | 1,939,238 | 1,895,835 |
| Non-Property Taxes | 4,659,179 | 4,594,568 |
| Unrestricted Use of Money and Property | 38,279 | 23,875 |
| Unrestricted State Aid | 1,385,323 | 1,531,981 |
| Gain on sale of equipment | 75,355 | 18,881 |
| Sale of property and Compensation for loss | 16,343 | 13,496 |
| Miscellaneous | 865,796 | 655,980 |
| Insurance recoveries | 50,154 | 91,019 |
| Total Revenues | <u>72,150,342</u> | <u>70,744,613</u> |
| PROGRAM EXPENSES | | |
| General Government | | |
| Support | 17,528,508 | 14,855,066 |
| Public Safety | 34,908,598 | 32,060,630 |
| Health | 562,479 | 566,983 |
| Transportation | 9,343,299 | 10,048,792 |
| Economic Assistance and Opportunity | 332,139 | 277,203 |
| Culture and Recreation | 11,041,591 | 10,171,717 |
| Home and Community Services | 9,182,454 | 9,004,746 |
| Interest | 2,016,842 | 2,212,737 |
| Total Expenses | <u>84,915,910</u> | <u>79,197,874</u> |
| Change in Net Position | <u>(12,765,568)</u> | <u>(8,453,261)</u> |
| NET POSITION | | |
| Beginning, as reported | (36,894,426) | (28,597,521) |
| Cumulative Effect of Change in Accounting Principle | <u>1,230,343</u> | <u>156,356</u> |
| Beginning, as restated | <u>(35,664,083)</u> | <u>(28,441,165)</u> |
| Ending | <u><u>\$ (48,429,651)</u></u> | <u><u>\$ (36,894,426)</u></u> |

Governmental Activities

Governmental activities decreased the Town/Village's net position by \$12,765,568 prior to the cumulative effect of change in accounting principle.

For the fiscal year ended December 31, 2016, revenues from governmental activities totaled \$72,150,342. Tax revenues (\$57,685,897), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (80%). Last year tax revenues represented 80%, (\$56,745,821) and total revenue was \$70,744,613.

The largest components of governmental activities' expenses are public safety (41%), general government support (21%), culture and recreation (13%) and transportation (11%). This is comparative to last year when the largest components of governmental activities' expenses were public safety (40%), general government support (19%), culture and recreation (13%) and transportation (13%).

Financial Analysis of the Town/Village's Funds

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

Governmental Funds

The focus of the Town/Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town/Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town/Village itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Town/Village Board.

As of the end of the current fiscal year, the Town/Village's governmental funds reported combined ending fund balances of \$34,597,510, a decrease of \$4,018,726 from the prior year fund balance. The nonspendable fund balance component is \$2,339,908 and consists of amounts representing prepaid expenditures and long-term receivables. Prepaid expenditures have been established to account for a portion of the ERS and PFRS and health insurance payments made in advance. Long-term receivables, representing amounts due from the Authority, have been classified as nonspendable to indicate that the amounts will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. Fund balance of \$6,504,266 is restricted for law enforcement, workers compensation, debt service, capital projects, pension benefits, trusts and parklands. The Town/Village has committed \$1,294,000 for future capital projects. The assigned fund balance classification aggregates \$8,198,597, consisting of purchases on order in the amount of \$142,451 in the General Fund, \$10,858 in the Special Districts Fund and \$3,575 in the Highway Fund; amounts utilized to balance the fiscal 2017 budget (\$28,142 in the Debt Service Fund); and amounts available to be used at the Town/Village's discretion in funds other than the General Fund (\$5,761,360 in the Special Districts Fund, \$1,877,692 for highway purposes and \$374,519 for library purposes in the non-major funds). The remaining fund balance of \$16,260,719 is unassigned and represents the remaining positive fund balance in the General Fund after the amounts have been restricted, committed or assigned for other purposes.

The General Fund is the primary operating fund of the Town/Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$16,260,719. This is an increase of \$3,561,970 from last year where the unassigned fund balance was \$13,523,108. Revenues and other financing sources were \$54,840,729, which was \$2,956,806 more than the final budget, primarily from higher than anticipated tax revenues, building permit revenues which exceeded the final budget by approximately \$619,000 as well as fines and forfeitures and state aid which exceeded the final budget by \$185,908 due to better than anticipated mortgage tax revenues. Savings were also achieved throughout all expenditure categories due to tight controls on expenditures.

The Debt Service Fund reflects a restricted fund balance of \$1,613,999 at the end of the current fiscal year, an increase of \$924,931 from the previous year. The Town/Village did not issue any public improvement bonds for capital projects. The Town/Village did retire \$5,602,880 of long-term bonded indebtedness.

The Capital Projects Fund reflects a restricted fund balance of \$1,187,346 at the end of the current fiscal year, a decrease of \$10,355,518 from the previous year. Total revenues, inclusive of transfers totaled \$1,041,633. Capital outlay expenditures totaled \$10,417,713.

The Special Districts Fund's total fund balance at the end of the current fiscal year was \$7,405,703, an increase of \$2,612,709 (inclusive of a cumulative effect of change in accounting principle relating to the Fire Service Awards Program) from the previous year. This was due in part to increase in real property taxes, an increase in water rents in Water District No. 2 and expenditures savings in the area of public safety.

The non-major governmental funds consisting of the Highway, Public Library and Special Purpose funds reflected an aggregate fund balance of \$4,149,822, an increase of \$474,265 from the prior year. This was due primarily from increased state aid revenues and expenditure savings in the area of employee benefits particularly in the Highway Fund.

General Fund Budgetary Highlights

There was a difference between the original and final revenue budget for the General Fund of \$2,473,436. This difference is attributable to an increase in non-property taxes of 355,179 mostly due to non-property distribution from County, increases in licenses and permits of \$744,929 mostly due to building permits, increases in fines and forfeitures of \$660,022, increases in state aid, primarily due to mortgage tax revenues and miscellaneous revenues of \$433,284.

The difference between the expenditures originally budgeted and the final appropriation budget for the General Fund was \$1,367,912 (\$45,075,175 vs. \$46,443,087). These changes were mainly in the areas of general support, public safety and home and community services.

Capital Assets and Debt Administration

Capital Assets

The Town/Village's net investment in capital assets for governmental activities at December 31, 2016, net of \$95,462,821 of accumulated depreciation, was \$92,961,332. This investment in capital assets includes land, buildings and improvements, infrastructure, vehicles, machinery and equipment and construction-in-progress.

Capital Assets
December 31,

| Asset | 2016 | 2015 |
|---------------------------------|----------------------|----------------------|
| Land | \$ 2,331,480 | \$ 2,331,480 |
| Buildings and improvements | 43,692,769 | 43,403,594 |
| Infrastructure | 107,343,046 | 101,343,157 |
| Machinery and equipment | 6,130,514 | 5,849,470 |
| Vehicles | 17,770,830 | 15,976,432 |
| Construction-in-progress | 11,155,514 | 9,692,758 |
| Less - accumulated depreciation | <u>(95,462,821)</u> | <u>(91,418,797)</u> |
| Total (net of depreciation) | <u>\$ 92,961,332</u> | <u>\$ 87,178,094</u> |

Additional information on the Town/Village's capital assets can be found in Note 3D in the notes to financial statements.

Long-term Debt

During the current fiscal year, the Town/Village retired \$5,602,880 of principal on general obligation bonds through budgetary appropriations. The Town/Village did not issue any general obligation serial bonds in 2016.

At the end of the current fiscal year, the Town/Village had total bonded debt outstanding of \$61,474,015 (\$58,477,270 for capital construction and \$2,996,745 for judgments and claims). As required by New York State Law, all bonds issued by the Town/Village are general obligation bonds, backed by the full faith and credit of the Town/Village.

Additional information on the Town/Village's long-term debt can be found in Note 3G in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town/Village of Harrison, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Maureen McKenzie, Comptroller, Town/Village of Harrison, 1 Heineman Place, Harrison, New York 10528.

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Town/Village of Harrison, New York

Statement of Net Position
December 31, 2016

| | Primary Government | Component Unit |
|---------------------------------------|----------------------------|-------------------------------|
| | Governmental Activities | Harrison Parking Authority |
| ASSETS | | |
| Cash and equivalents | \$ 41,118,281 | \$ - |
| Investments | 1,079,784 | - |
| Receivables | | |
| Taxes | 41,954,260 | - |
| Accounts | 4,528,150 | - |
| State and Federal aid | 1,065,196 | - |
| Due from component unit | 608,953 | - |
| Prepaid expenses | 1,730,955 | - |
| Capital assets | | |
| Not being depreciated | 13,486,994 | 608,953 |
| Being depreciated, net | 79,474,338 | - |
| Total Assets | 185,046,911 | 608,953 |
| DEFERRED OUTFLOWS OF RESOURCES | 20,987,282 | - |
| LIABILITIES | | |
| Accounts payable | 3,157,012 | - |
| Accrued liabilities | 1,398,000 | - |
| Due to other governments | 22,920 | - |
| Due to school district | 47,522,243 | - |
| Unearned revenues | 2,053,684 | - |
| Due to primary government | - | 608,953 |
| Accrued interest payable | 216,902 | - |
| Non-current liabilities | | |
| Due within one year | 6,667,000 | - |
| Due in more than one year | 190,713,551 | - |
| Total Liabilities | 251,751,312 | 608,953 |
| DEFERRED INFLOWS OF RESOURCES | 2,712,532 | - |
| NET POSITION | | |
| Net investment in capital assets | 35,253,262 | - |
| Restricted for | | |
| Law enforcement | 554,473 | - |
| Debt service | 1,653,925 | - |
| Special districts | 144,927 | - |
| Trusts | 958,719 | - |
| Parklands | 705,064 | - |
| Pension benefits | 1,330,015 | - |
| Unrestricted | (89,030,036) | - |
| Total Net Position | \$ (48,429,651) | \$ - |

The notes to the financial statements are an integral part of this statement.

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Town/Village of Harrison, New York

Statement of Activities

Year Ended December 31, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities | | | | | |
| General government support | \$ 17,528,508 | \$ 3,210,694 | \$ 46,664 | \$ - | \$ (14,271,150) |
| Public safety | 34,908,598 | 3,939,317 | 82,058 | - | (30,887,223) |
| Health | 562,479 | - | - | - | (562,479) |
| Transportation | 9,343,299 | 58,104 | 145,667 | 603,516 | (8,536,012) |
| Economic assistance and opportunity | 332,139 | 21,256 | - | - | (310,883) |
| Culture and recreation | 11,041,591 | 794,758 | 529,234 | - | (9,717,599) |
| Home and community services | 9,182,454 | 2,493,974 | 3,242 | 88,117 | (6,597,121) |
| Interest | 2,016,842 | - | - | 16,594 | (2,000,248) |
| Total Governmental Activities | \$ 84,915,910 | \$ 10,518,103 | \$ 806,865 | \$ 708,227 | (72,882,715) |
| General revenues | | | | | |
| Real property taxes | | | | | 51,087,480 |
| Other tax items | | | | | |
| Payments in lieu of taxes | | | | | 671,434 |
| Interest and penalties on real property taxes | | | | | 614,170 |
| Utilities gross receipts taxes | | | | | 653,634 |
| Non-property taxes | | | | | |
| Non-property tax distribution from County | | | | | 4,011,288 |
| Franchise fees | | | | | 647,891 |
| Unrestricted use of money and property | | | | | 38,279 |
| Gain on sale of equipment | | | | | 75,355 |
| Sale of property and compensation for loss | | | | | 16,343 |
| Unrestricted State aid | | | | | 1,385,323 |
| Miscellaneous | | | | | 865,796 |
| Insurance recoveries | | | | | 50,154 |
| Total General Revenues | | | | | 60,117,147 |
| Change in Net Position | | | | | (12,765,568) |
| NET POSITION | | | | | |
| Beginning, as reported | | | | | (36,894,426) |
| Cumulative Effect of Change in Accounting Principle | | | | | 1,230,343 |
| Beginning, as restated | | | | | (35,664,083) |
| Ending | | | | | \$ (48,429,651) |

The notes to the financial statements are an integral part of this statement.

Town/Village of Harrison, New York

Balance Sheet
Governmental Funds
December 31, 2016

| | General | Debt Service | Capital Projects |
|---|----------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and equivalents | \$ 24,159,513 | \$ 1,632,702 | \$ 2,697,633 |
| Investments | - | - | - |
| | <u>24,159,513</u> | <u>1,632,702</u> | <u>2,697,633</u> |
| Taxes receivable | <u>41,954,260</u> | - | - |
| Other receivables | | | |
| Accounts | 1,552,502 | 9,439 | - |
| State and Federal aid | 1,065,196 | - | - |
| Due from component unit | 608,953 | - | - |
| Due from other funds | <u>1,158</u> | - | - |
| | <u>3,227,809</u> | <u>9,439</u> | <u>-</u> |
| Prepaid expenditures | <u>1,197,232</u> | - | - |
| Total Assets | <u>\$ 70,538,814</u> | <u>\$ 1,642,141</u> | <u>\$ 2,697,633</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 1,007,565 | \$ - | \$ 1,510,287 |
| Due to other governments | 22,920 | - | - |
| Due to school district | 47,522,243 | - | - |
| Unearned revenues | 306,300 | - | - |
| Due to other funds | - | - | - |
| Total Liabilities | <u>48,859,028</u> | <u>-</u> | <u>1,510,287</u> |
| Deferred inflows of resources | | | |
| Deferred tax revenues | <u>1,467,288</u> | - | - |
| Total Liabilities and Deferred Inflows of Resources | <u>50,326,316</u> | <u>-</u> | <u>1,510,287</u> |
| Fund balances | | | |
| Nonspendable | 1,806,185 | - | - |
| Restricted | 709,143 | 1,613,999 | 1,187,346 |
| Committed | 1,294,000 | - | - |
| Assigned | 142,451 | 28,142 | - |
| Unassigned | <u>16,260,719</u> | - | - |
| Total Fund Balances | <u>20,212,498</u> | <u>1,642,141</u> | <u>1,187,346</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 70,538,814</u> | <u>\$ 1,642,141</u> | <u>\$ 2,697,633</u> |

The notes to the financial statements are an integral part of this statement.

| Special Districts | Other Governmental | Total Governmental Funds |
|----------------------|-----------------------|--------------------------------|
| \$ 5,502,487 | \$ 4,027,363 | \$ 38,019,698 |
| 1,079,784 | - | 1,079,784 |
| 6,582,271 | 4,027,363 | 39,099,482 |
| - | - | 41,954,260 |
| 2,733,081 | 30,925 | 4,325,947 |
| - | - | 1,065,196 |
| - | - | 608,953 |
| - | - | 1,158 |
| 2,733,081 | 30,925 | 6,001,254 |
| 303,470 | 230,253 | 1,730,955 |
| \$ 9,618,822 | \$ 4,288,541 | \$ 88,785,951 |

| | | |
|--------------|--------------|---------------|
| \$ 358,754 | \$ 138,719 | \$ 3,015,325 |
| - | - | 22,920 |
| - | - | 47,522,243 |
| 1,853,207 | - | 2,159,507 |
| 1,158 | - | 1,158 |
| 2,213,119 | 138,719 | 52,721,153 |
| - | - | 1,467,288 |
| 2,213,119 | 138,719 | 54,188,441 |
| 303,470 | 230,253 | 2,339,908 |
| 1,330,015 | 1,663,783 | 6,504,286 |
| - | - | 1,294,000 |
| 5,772,218 | 2,255,786 | 8,198,597 |
| - | - | 16,260,719 |
| 7,405,703 | 4,149,822 | 34,597,510 |
| \$ 9,618,822 | \$ 4,288,541 | \$ 88,785,951 |

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Town/Village of Harrison, New York

Reconciliation of Governmental Funds Balance Sheet to
The Government-Wide Statement of Net Position
December 31, 2016

| | |
|---|--|
| Fund Balances - Total Governmental Funds | <u>\$ 34,597,510</u> |
| Amounts Reported for Governmental Activities in the Statement of Net Position are Difference Because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | <u>92,961,332</u> |
| Net position of the Internal Service Fund is included with government activities. | <u>1,866,922</u> |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Real property taxes | <u>1,467,288</u> |
| Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities. Deferred amounts on refunding bonds Deferred amounts on net pension assets (liabilities) | <u>1,220,062</u> <u>17,054,688</u> <u>18,274,750</u> |
| Long-term and other liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Accrued interest payable Bonds payable Bond anticipation note payable Compensated absences Net pension liability Claims payable Other post employment benefit obligations payable | <u>(216,902)</u> <u>(63,112,223)</u> <u>(635,000)</u> <u>(1,298,646)</u> <u>(17,414,047)</u> <u>(2,268,139)</u> <u>(112,652,496)</u> <u>(197,597,453)</u> |
| Net Position of Governmental Activities | <u><u>\$ (48,429,651)</u></u> |

The notes to the financial statements are an integral part of this statement.

Town/Village of Harrison, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2016

| | General | Debt Service | Capital Projects |
|--|---------------|-----------------|---------------------|
| REVENUES | | | |
| Real property taxes | \$ 37,123,930 | \$ - | \$ - |
| Other tax items | 1,939,238 | - | - |
| Non-property taxes | 4,659,179 | - | - |
| Departmental income | 2,921,083 | - | - |
| Use of money and property | 160,759 | 7,111 | - |
| Licenses and permits | 2,728,729 | - | - |
| Fines and forfeitures | 2,160,900 | - | - |
| Sale of property and compensation for loss | 16,343 | - | - |
| State aid | 1,452,018 | - | 603,516 |
| Miscellaneous | 877,124 | 9,439 | 88,117 |
| Total Revenues | 54,039,303 | 16,550 | 691,633 |
| EXPENDITURES | | | |
| Current | | | |
| General government support | 9,105,017 | - | - |
| Public safety | 19,947,554 | - | - |
| Health | 562,479 | - | - |
| Transportation | 447,496 | - | - |
| Economic assistance and opportunity | 148,999 | - | - |
| Culture and recreation | 3,486,620 | - | - |
| Home and community services | 2,875,068 | - | - |
| Employee benefits | 8,380,709 | - | - |
| Debt service | | | |
| Principal | - | 5,602,880 | - |
| Interest | - | 2,117,880 | - |
| Capital outlay | - | - | 10,417,713 |
| Total Expenditures | 44,953,942 | 7,720,760 | 10,417,713 |
| Excess (Deficiency) of Revenues Over Expenditures | 9,085,361 | (7,704,210) | (9,726,080) |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond anticipation note issued | 635,000 | - | - |
| Insurance recoveries | 50,154 | - | - |
| Sale of equipment | 75,355 | - | - |
| Transfers in | 40,917 | 8,620,401 | 350,000 |
| Transfers out | (6,324,817) | - | (977,438) |
| Total Other Financing Sources (Uses) | (5,523,391) | 8,620,401 | (627,438) |
| Net Change in Fund Balances | 3,561,970 | 916,191 | (10,353,518) |
| FUND BALANCES | | | |
| Beginning of Year, as reported | 16,650,528 | 725,950 | 11,540,864 |
| Cumulative Effect of Change in Accounting Principle | - | - | - |
| Beginning of Year, as restated | 16,650,528 | 725,950 | 11,540,864 |
| End of Year | \$ 20,212,498 | \$ 1,642,141 | \$ 1,187,346 |

The notes to the financial statements are an integral part of this statement.

| Special Districts | Other Governmental | Total Governmental Funds |
|----------------------|-----------------------|--------------------------------|
| \$ 5,868,220 | \$ 7,865,844 | \$ 50,857,994 |
| - | - | 1,939,238 |
| - | - | 4,659,179 |
| 2,507,988 | 76,967 | 5,506,038 |
| 6,652 | 5,762 | 180,284 |
| - | - | 2,728,729 |
| - | - | 2,160,900 |
| 13,500 | - | 29,843 |
| - | 101,332 | 2,156,866 |
| 52,323 | 549,273 | 1,576,276 |
| 8,448,683 | 8,599,178 | 71,795,347 |
| 107,153 | - | 9,212,170 |
| 3,105,869 | - | 23,053,423 |
| - | - | 562,479 |
| - | 3,606,171 | 4,053,667 |
| - | - | 148,999 |
| - | 1,521,466 | 5,008,086 |
| 522,518 | 257,212 | 3,654,798 |
| 1,621,714 | 2,740,064 | 12,742,487 |
| - | - | 5,602,880 |
| - | - | 2,117,880 |
| - | - | 10,417,713 |
| 5,357,254 | 8,124,913 | 76,574,582 |
| 3,091,429 | 474,265 | (4,779,235) |
| - | - | 635,000 |
| - | - | 50,154 |
| - | - | 75,355 |
| - | - | 9,011,318 |
| (1,709,063) | - | (9,011,318) |
| (1,709,063) | - | 760,509 |
| 1,382,366 | 474,265 | (4,018,726) |
| 4,792,994 | 3,675,557 | 37,385,893 |
| 1,230,343 | - | 1,230,343 |
| 6,023,337 | 3,675,557 | 38,616,236 |
| \$ 7,405,703 | \$ 4,149,822 | \$ 34,597,510 |

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Town/Village of Harrison, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (4,018,726)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.

| | |
|-----------------------------|--------------------|
| Capital outlay expenditures | 10,198,140 |
| Depreciation expense | <u>(4,414,902)</u> |
| | <u>5,783,238</u> |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|---------------------|----------------|
| Real property taxes | <u>229,486</u> |
|---------------------|----------------|

Bond proceeds and other long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized on the statement of activities.

| | |
|---|------------------|
| Bond anticipation note issued | (635,000) |
| Principal paid on bonds | 5,602,880 |
| Principal paid on retirement incentives and other pension obligations | 53,257 |
| Amortization of loss on refunding and issuance premium | <u>42,034</u> |
| | <u>5,063,171</u> |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|---|---------------------|
| Accrued interest | 59,004 |
| Compensated absences | (90,864) |
| Claims | 161,751 |
| Pension assets (obligations) | (1,748,567) |
| Other post employment benefit obligations | <u>(17,486,336)</u> |
| | <u>(19,105,012)</u> |

Internal service funds are used by management to charge the cost of risk activities to individual funds. The net expense of the internal service funds is reported with governmental activities

(717,725)

Change in Net Position of Governmental Activities \$ (12,765,568)

Town/Village of Harrison, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General And Special Districts Funds
Year Ended December 31, 2016

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|---------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 37,328,565 | \$ 37,328,565 | \$ 37,123,930 | \$ (204,635) |
| Other tax items | 1,901,947 | 1,901,947 | 1,939,238 | 37,291 |
| Non-property taxes | 4,304,000 | 4,304,000 | 4,659,179 | 355,179 |
| Departmental income | 2,073,900 | 2,716,631 | 2,921,083 | 204,452 |
| Use of money and property | 114,500 | 114,500 | 160,759 | 46,259 |
| Licenses and permits | 1,983,800 | 1,983,800 | 2,728,729 | 744,929 |
| Fines and forfeitures | 1,474,000 | 1,500,878 | 2,160,900 | 660,022 |
| Sale of property and compensation for loss | 5,000 | 5,596 | 16,343 | 10,747 |
| State aid | 1,242,655 | 1,266,110 | 1,452,018 | 185,908 |
| Miscellaneous | 431,900 | 443,840 | 877,124 | 433,284 |
| Total Revenues | 50,860,267 | 51,565,867 | 54,039,303 | 2,473,436 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 8,678,420 | 9,578,762 | 9,105,017 | 473,745 |
| Public safety | 19,974,012 | 20,650,621 | 19,947,554 | 703,067 |
| Health | 582,000 | 582,000 | 562,479 | 19,521 |
| Transportation | 493,448 | 499,707 | 447,496 | 52,211 |
| Economic assistance and opportunity | 151,083 | 151,083 | 148,999 | 2,084 |
| Culture and recreation | 3,546,281 | 3,558,821 | 3,486,620 | 72,201 |
| Home and community services | 3,333,332 | 3,024,117 | 2,875,068 | 149,049 |
| Employee benefits | 8,316,599 | 8,397,976 | 8,380,709 | 17,267 |
| Total Expenditures | 45,075,175 | 46,443,087 | 44,953,942 | 1,489,145 |
| Excess of Revenues Over Expenditures | 5,785,092 | 5,122,780 | 9,085,361 | 3,962,581 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond anticipation note issued | - | 635,000 | 635,000 | - |
| Insurance recoveries | - | 27,312 | 50,154 | 22,842 |
| Sale of equipment | 24,000 | 24,000 | 75,355 | 51,355 |
| Transfers in | - | - | 40,917 | 40,917 |
| Transfers out | (6,324,822) | (6,324,822) | (6,324,817) | 5 |
| Total Other Financing Uses | (6,300,822) | (5,638,510) | (5,523,391) | 115,119 |
| Net Change in Fund Balances | (515,730) | (515,730) | 3,561,970 | 4,077,700 |
| FUND BALANCES | | | | |
| Beginning of Year, as reported | 515,730 | 515,730 | 16,650,528 | 16,134,798 |
| Cumulative Effect of Change in Accounting Principle | - | - | - | - |
| Beginning of Year, as restated | 515,730 | 515,730 | 16,650,528 | 16,134,798 |
| End of Year | \$ - | \$ - | \$ 20,212,498 | \$ 20,212,498 |

The notes to the financial statements are an integral part of this statement.

| Special Districts Fund | | | |
|------------------------|-----------------|--------------|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| \$ 5,868,220 | \$ 5,868,220 | \$ 5,868,220 | \$ - |
| - | - | - | - |
| - | - | - | - |
| 1,369,411 | 1,369,411 | 2,507,988 | 1,138,577 |
| 3,500 | 3,500 | 6,652 | 3,152 |
| - | - | - | - |
| - | - | - | - |
| - | - | 13,500 | 13,500 |
| - | - | - | - |
| 31,800 | 33,850 | 52,323 | 18,473 |
| 7,272,931 | 7,274,981 | 8,448,683 | 1,173,702 |
| 36,826 | 119,027 | 107,153 | 11,874 |
| 3,293,928 | 3,345,314 | 3,105,869 | 239,445 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 822,751 | 937,751 | 522,518 | 415,233 |
| 1,668,814 | 1,637,375 | 1,621,714 | 15,661 |
| 5,822,319 | 6,039,467 | 5,357,254 | 682,213 |
| 1,450,612 | 1,235,514 | 3,091,429 | 1,855,915 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| (1,509,063) | (1,709,063) | (1,709,063) | - |
| (1,509,063) | (1,709,063) | (1,709,063) | - |
| (58,451) | (473,549) | 1,382,366 | 1,855,915 |
| 58,451 | 473,549 | 4,792,994 | 4,319,445 |
| - | - | 1,230,343 | 1,230,343 |
| 58,451 | 473,549 | 6,023,337 | 5,549,788 |
| \$ - | \$ - | \$ 7,405,703 | \$ 7,405,703 |

Town/Village of Harrison, New York

**Statement of Net Position
Proprietary Fund
December 31, 2016**

| | Governmental Activities- Internal Service Fund |
|----------------------|---|
| ASSETS | |
| Cash and equivalents | \$ 3,098,583 |
| Accounts receivable | <u>308,026</u> |
| Total Assets | <u>3,406,609</u> |
| LIABILITIES | |
| Accounts payable | 141,687 |
| Accrued liabilities | <u>1,398,000</u> |
| Total Liabilities | <u>1,539,687</u> |
| NET POSITION | |
| Unrestricted | <u><u>\$ 1,866,922</u></u> |

The notes to the financial statements are an integral part of this statement.

Town/Village of Harrison, New York

Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Fund
Year Ended December 31, 2016

| | Governmental Activities- Internal Service Fund |
|---------------------------|---|
| OPERATING REVENUES | |
| Charges for services | \$ 11,613,073 |
| Insurance reimbursements | <u>1,056,828</u> |
| Total Operating Revenues | <u>12,669,901</u> |
| OPERATING EXPENSES | |
| Insurance | 418,346 |
| Employee benefits | 12,610,216 |
| Contractual | <u>359,064</u> |
| Total Operating Expenses | <u>13,387,626</u> |
| Loss from Operations | (717,725) |
| NET POSITION | |
| Beginning of Year | <u>2,584,647</u> |
| End of Year | <u><u>\$ 1,866,922</u></u> |

The notes to the financial statements are an integral part of this statement.

Town/Village of Harrison, New York

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2016

| | Governmental Activities- Internal Service Fund |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from charges for services | \$ 11,613,073 |
| Cash received from insurance reimbursements | 1,166,262 |
| Cash payments to vendors | (359,064) |
| Cash payments to insurance carriers and claimants | <u>(13,172,661)</u> |
| Net Cash from Operating Activities | (752,390) |
| CASH AND EQUIVALENTS | |
| Beginning of Year | <u>3,850,973</u> |
| End of Year | <u><u>\$ 3,098,583</u></u> |
| RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES | |
| Loss from operations | \$ (717,725) |
| Adjustments to reconcile loss from operations to net cash from operating activities | |
| Changes in operating assets and liabilities | |
| Accounts receivable | 109,434 |
| Accounts payable | 5,901 |
| Accrued liabilities | <u>(150,000)</u> |
| Net Cash from Operating Activities | <u><u>\$ (752,390)</u></u> |

The notes to the financial statements are an integral part of this statement.

Town/Village of Harrison, New York

Statement of Net Position

Fiduciary Fund

December 31, 2016

| | <u>Agency Fund</u> |
|-----------------------------|-------------------------|
| ASSETS | |
| Cash and equivalents | \$ 1,731,905 |
| Accounts receivable | <u>2,714</u> |
| Total Assets | <u>1,734,619</u> |
| LIABILITIES | |
| Accounts payable | 72,630 |
| Employee payroll deductions | 5,467 |
| Guarantee and bid deposits | <u>1,656,522</u> |
| Total Liabilities | <u>\$ 1,734,619</u> |

The notes to the financial statements are an integral part of this statement

Town/Village of Harrison, New York

Pension Trust Fund
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2016

ADDITIONS

| | | |
|---|----|-------|
| Earnings on investments | \$ | - |
| Pension contribution | | - |
| Net change in fair value of investments | | - |
| | | <hr/> |
| Total Additions | | - |

DEDUCTIONS

| | | |
|-----------------------------|--|-------|
| Pension benefits | | - |
| | | <hr/> |
| Change in Plan Net Position | | - |
| | | <hr/> |

NET POSITION

| | | |
|---|----|-------------|
| Beginning of Year, as reported | | 1,230,343 |
| Cumulative Effect of Change in Accounting Principle | | <hr/> |
| | | (1,230,343) |
| Beginning of Year, as restated | | <hr/> |
| End of Year | \$ | - |
| | | <hr/> <hr/> |

The notes to the financial statements are an integral part of this statement

Town/Village of Harrison, New York

Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The Town of Harrison, New York was established in 1696. The Village of Harrison, New York was established in 1975. The Village of Harrison is coterminous with the Town of Harrison and the Village Board is comprised of the members of the Town Board. New York State law has designated certain government functions as a Town responsibility, while other functions are the responsibility of Village government. For financial reporting purposes all references to the entity are captioned Town/Village. The Town/Village operates in accordance with both Town and Village Law and the various other applicable laws of the State of New York. The Town Board and the Village Board of Trustees are the legislative bodies responsible for overall operation. The Town Supervisor/Village Mayor serves as the chief executive and chief financial officer. The Town/Village provides the following services to its residents: public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town/Village conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town/Village's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the Town/Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town/Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component unit is included in the Town/Village's reporting entity because of its operational relationship with the Town/Village.

The Harrison Parking Authority ("Authority") was formed in 2006, for the purpose of constructing, operating and maintaining a parking structure in the Town/Village. The Authority is a public benefit corporation organized under the Laws of the State of New York. Members of the Authority are appointed by the Mayor for a specified term. These members are also members of the Town/Village Board. While the Town/Village will provide the accounting services, Authority members have complete responsibility of the Authority and accountability for fiscal matters. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority. Since the Town/Village does not guarantee the Authority's debt and the Authority does not provide services entirely or almost entirely to the Town/Village, the financial statements of the Authority have been reflected as a discretely presented component unit. Separate financial statements have not been issued for the Authority.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Town/Village as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town/Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town/Village does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the Internal Service Fund is charges to customers for services. Operating expenses include the cost of administrative expenses and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the Town/Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town/Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary and Proprietary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

presentation. The Town/Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town/Village's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Town/Village and is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition or construction of major capital facilities.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the Town/Village is as follows:

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town/Village's water, sewer and fire protection districts. The major revenues of this fund are real property taxes and departmental income.

The Town/Village also reports the following non-major governmental funds:

Special Revenue Funds:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.

Public Library Fund - The Public Library Fund is used to account for the activities of the Town/Village's Public Library.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town/Village in accordance with the terms of a trust agreement.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

- b. Proprietary Fund - Proprietary funds include internal service funds. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Town/Village has established its Health Benefits Fund as an internal service fund.
- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town/Village in an agency capacity on behalf of others. The Agency Fund is primarily utilized to account for various deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, retirement incentives and other pension obligations, certain claims and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1 - Summary of Significant Accounting Policies (Continued)

Component Unit

The component unit is presented on the basis of accounting that most accurately reflects its activities. The component unit is accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of this fund are included on the balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net position. The Authority is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Town/Village's deposits and investment policies are governed by State statutes. The Town/Village has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town/Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town/Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments (except Length of Service Awards Program investments, which are discussed in Note 3F) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Town/Village's policy provides for no credit risk on investments.

The Town/Village follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town/Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town/Village does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town/Village's name. The Town/Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2016.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town/Village does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town/Village's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town/Village collects town/village, highway, special districts, county and school district taxes. Town/Village taxes for the period January 1st to December 31st are levied on January 1st and are due on February 1st, with the first half payable without penalty until February 28th/29th and the second half payable without penalty until June 30th. County taxes are due April 1st and are payable without penalty to April 30th. School district taxes for the period July 1st to June 30th are levied on July 1st and are due September 1st, with the first half payable without penalty until September 30th and the second half payable without penalty until January 31st. The Town/Village guarantees the full payment of the County and school district warrants and assumes the responsibility for uncollected taxes. The Town/Village also has the responsibility for conducting in-rem foreclosure proceedings.

The Town/Village functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts located within the Town/Village with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the Town/Village to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town/Village must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school district taxes, the Charter provides that the Town/Village satisfy the warrant of the school

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

district by April 5th. Thus the Town's/Village's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town/Village must satisfy its obligation to the municipalities regardless of the amounts collected. The County tax warrant is due in October and uncollected County taxes have been accounted for in a manner similar to Town/Village taxes. The collection of school district taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town/Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From Component Unit - the due from component unit represents amounts advanced to the Authority in the form of a note plus accrued interest. The note is due on demand.

Due From/To Other Funds - During the course of its operations, the Town/Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Town/Village. Purchases of inventorable items at various locations are recorded as expenses/expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town/Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town/Village chose to include all such items regardless of their acquisition date or amount. The Town/Village was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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 is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Town/Village are depreciated using the straight line method over the following estimated useful lives.

| <u>Class</u> | <u>Life in Years</u> |
|----------------------------|--------------------------|
| Buildings and improvements | 20-50 |
| Infrastructure | 15-50 |
| Machinery and equipment | 5-20 |
| Vehicles | 5-8 |

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of amounts received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town/Village has reported unearned revenues of \$306,300 for fees received in advance in the General Fund and \$1,747,384 for amounts not available in the current year in the Special Districts Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town/Village has reported deferred outflows of resources of \$1,220,062 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town/Village has reported deferred inflows of resources of \$1,467,288 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The Town/Village also reports deferred outflows of resources in relation to its pension obligations. These amount are detailed in the discussion of the Town/Village's pension plans in Note 3G.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Town/Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town/Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for law enforcement, debt service, special districts, trusts, parklands and pension benefits. The balance is classified as unrestricted.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town/Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town/Village Board is the highest level of decision making authority for the Town/Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town/Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town/Village Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town/Village Board for amounts assigned for balancing the subsequent year's budget or the Town/Village Comptroller/Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town/Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town/Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Special Districts, Highway and Public Library funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 22, 2017.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town/Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget advisory committee an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget advisory committee, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town/Village Board.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) The Town/Village Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town/Village Board shall become the preliminary budget.
- e) On or before December 10th, the Town/Village Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town/Village Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, Highway, Special Districts, Public Library and Debt Service funds.
- i) Budgets for General, Highway, Special Districts, Public Library and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Special Purpose and Proprietary funds.
- j) The Town/Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town/Village Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also requires a majority vote by the Board.
- k) Appropriations in General, Highway, Special Districts, Public Library and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Town/Village Board.

B. Property Tax Limitation

The Village component of the Town/Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2016 inclusive of exclusions, was \$156,000,877 which exceeded the actual levy by \$145,984,867.

The Town is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town/Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town/Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town/Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town/Village. The Town/Village Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town/Village Board first enacts, by a vote of at least sixty percent of the total voting power of the Town/Village Board, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

The Special Districts Fund - Fire Protection District No. 5 reflects a deficit of \$1,158 as of December 31, 2016. The Town/Village will address this deficit in the ensuing year.

D. Cumulative Effect of Change in Accounting Principle

The Town/Village, for the year ended December 31, 2016, implemented the requirements of GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" that address financial reporting for assets accumulated for purposes of providing the Length of Service Awards Program ("LOSAP") pensions. As a result of adopting this standard, a cumulative effect for the change in accounting principle of (\$1,230,343) was recorded in the Pension Trust Fund and \$1,230,343 in the Fire Protection District No. 1 Fund and the government-wide financial statements.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2016 consisted of the following:

| | |
|-----------------------|----------------------|
| Town/Village taxes | \$ 267,542 |
| County taxes | 168,211 |
| School District taxes | 40,404,601 |
| Tax liens | <u>1,113,906</u> |
| | <u>\$ 41,954,260</u> |

School district taxes are offset by liabilities to the school district which will be paid no later than April 5, 2017. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$1,467,288, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

B. Due From Component Unit

The due from component unit of \$608,953 as of December 31, 2016 represents amounts advanced in 2006, 2007 and 2008 to the Authority totaling \$475,000 plus accrued interest of \$133,953. Interest is payable at 4%. The note is due on demand.

C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2016 were as follows:

| <u>Fund</u> | <u>Due From</u> | <u>Due To</u> |
|-------------------|-----------------|-----------------|
| General | \$ 1,158 | \$ - |
| Special Districts | - | <u>1,158</u> |
| | <u>\$ 1,158</u> | <u>\$ 1,158</u> |

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

D. Capital Assets

Changes in the Town/Village's capital assets are as follows:

| <u>Class</u> | <u>Balance January 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2016</u> |
|---|--|---------------------|-----------------------|--|
| Capital Assets, not being depreciated | | | | |
| Land | \$ 2,331,480 | \$ - | \$ - | \$ 2,331,480 |
| Construction-in-progress | <u>9,692,758</u> | <u>4,191,820</u> | <u>(2,729,064)</u> | <u>11,155,514</u> |
| Total Capital Assets, not being depreciated | <u>\$ 12,024,238</u> | <u>\$ 4,191,820</u> | <u>\$ (2,729,064)</u> | <u>\$ 13,486,994</u> |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

| Class | Balance January 1, 2016 | Additions | Deletions | Balance December 31, 2016 |
|--|-------------------------------|--------------|----------------|---------------------------------|
| Capital Assets, being depreciated | | | | |
| Buildings and improvements | \$ 43,403,594 | \$ 289,175 | \$ - | \$ 43,692,769 |
| Infrastructure | 101,343,157 | 5,999,889 | - | 107,343,046 |
| Machinery and equipment | 5,849,470 | 281,044 | - | 6,130,514 |
| Vehicles | 15,976,432 | 2,165,276 | (370,878) | 17,770,830 |
| Total Capital Assets, being depreciated | 166,572,653 | 8,735,384 | (370,878) | 174,937,159 |
| Less Accumulated Depreciation for | | | | |
| Buildings and improvements | 10,813,311 | 956,486 | - | 11,769,797 |
| Infrastructure | 65,687,204 | 2,135,782 | - | 67,822,986 |
| Machinery and equipment | 3,962,088 | 332,638 | - | 4,294,726 |
| Vehicles | 10,956,194 | 989,996 | (370,878) | 11,575,312 |
| Total Accumulated Depreciation | 91,418,797 | 4,414,902 | (370,878) | 95,462,821 |
| Total Capital Assets, being depreciated, net | \$ 75,153,856 | \$ 4,320,482 | \$ - | \$ 79,474,338 |
| Capital Assets, net | \$ 87,178,094 | \$ 8,512,302 | \$ (2,729,064) | \$ 92,961,332 |

Depreciation expense was charged to the Town/Village's functions and programs as follows:

| | |
|--|--------------|
| Governmental Activities | |
| General Government Support | \$ 493,119 |
| Public Safety | 645,706 |
| Transportation | 1,784,324 |
| Culture and Recreation | 520,841 |
| Home and Community Services | 970,912 |
| Total Depreciation Expense - Governmental Activities | \$ 4,414,902 |

Capital Assets - Component Unit

Changes in the Authority's capital assets are as follows:

| Class | Balance January 1, 2016 | Additions | Balance December 31, 2016 |
|---------------------------------------|-------------------------------|-----------|---------------------------------|
| Capital Assets, not being depreciated | | | |
| Construction-in-progress | \$ 589,953 | \$ 19,000 | \$ 608,953 |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

E. Accrued Liabilities - Unpaid Claim Liabilities

The Internal Service Fund reflects health benefit claim liabilities. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities in the Internal Service Fund is as follows:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Balance - Beginning of Year | \$ 1,548,000 | \$ 1,080,000 |
| Provision for Claims and Claims Adjustment Expenses | 12,610,216 | 11,243,949 |
| Claims and Claims Adjustment Expenses Paid | (12,760,216) | (10,775,949) |
| Balance - End of Year | <u>\$ 1,398,000</u> | <u>\$ 1,548,000</u> |

F. Fire Service Awards Program

The Town/Village, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer firefighters of the West Harrison Fire Department. This program began in 2005. This Program is a single employer defined benefit plan established as a grantor/rabbi trust and, as such, the assets are subject to the claims of the Town/Village's general creditors. The Program is accounted for in the Town/Village's financial statements within the Fire Protection District No. 1 Fund.

Active volunteer firefighters, upon attainment of age 18 and completion of one year of service, are eligible to become participants in the Program. Participants are fully vested upon attainment of Active volunteer firefighters, upon attainment of age 18, and upon earning 50 or more points in a calendar year after 2005 under the provisions of the Program point system, are eligible to become participants in the Program. 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 five years of firefighting service rendered prior to the establishment of the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age the later of age 62 or the participant's age after earning 50 program points, shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

each year of service credit, up to a maximum of 40 years. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the Town/Village's Board, are authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by fund. Separate financial statements are not issued by the Program.

Current membership in the Program is comprised of the following:

| <u>Group</u> | <u>December 31, 2016</u> |
|---|------------------------------|
| Active - Vested | 38 |
| Retirees and beneficiaries currently receiving benefits | 16 |
| Terminated employees entitled to benefits but not yet receiving them | 9 |

The Town/Village's Board has retained and designated Penflex, Inc. to assist in the administration of the Program. Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing the amount of the service award to be paid to a participant or to a participant's designated beneficiary. As authorized by the Town/Village Board, Penflex, Inc. then directs the paying agent to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and written confirmation to the Town/Village of Harrison.

Program assets are required to be held in trust by Article 11-A of the General Municipal Law of the State of New York, 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. Authority to invest the Program's assets is vested in the Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town/Village.

The Town/Village is required to retain an actuary to determine the amount of the Town/Village's contributions to the Program. The actuarial firm retained for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated March 13, 2017.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

| | | | |
|--|---------------|----|-------------------------|
| Actuarial Present Value of Benefits at December 31, 2016 | | | <u>\$ 1,203,212</u> |
| Less: Assets Available for Benefits | | | |
| | % of total | | |
| Cash | <u>1.01 %</u> | \$ | <u>11,113</u> |
| Fixed income mutual funds | <u>44.52</u> | | <u>487,511</u> |
| International equities | <u>9.97</u> | | <u>109,198</u> |
| US Equities | <u>24.21</u> | | <u>265,157</u> |
| Mixed assets | <u>19.90</u> | | <u>217,917</u> |
| Accounts receivable | <u>0.39</u> | | <u>4,160</u> |
| Total Net Assets Available for Benefits | | | <u>(1,095,056)</u> |
| Total Unfunded Benefits | | | 108,156 |
| Less: Unfunded Liability for Prior Service | | | <u>(70,280)</u> |
| Unfunded Normal Benefits | | | <u><u>\$ 37,876</u></u> |

Prior service costs are being amortized over ten years at a discount rate of 5.5%.

The investments above in fixed income, mixed assets, US Equities, international equities and mixed assets are measured using Level 1 inputs.

Certificates of deposit are reported using a cost-based measure and are not subject to the fair value hierarchy.

The Town/Village is required to contribute the amounts necessary to finance the Program as actuarially determined using the [entry age normal frozen initial liability cost] method. The net pension obligation is not amortized on a separate basis. The assumed investment rate of return is 5.5% and there are no cost of living adjustments.

The Town/Village's annual Program cost, the percentage of the annual Program cost contributed to the plan and the net pension obligation for the current and two preceding fiscal years were as follows:

| | Annual Required Contribution | Actual Contribution | Percentage of Annual Program Cost Contributed | Net Pension Obligation |
|------|------------------------------------|------------------------|--|------------------------------|
| 2016 | \$ 115,318 | \$ 115,318 | 100 % | \$ - |
| 2015 | 115,660 | 115,660 | 100 | - |
| 2014 | 117,796 | 117,796 | 100 | - |

The schedule of funding progress for the defined benefit pension plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued) December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The current contributions were charged to the Special District's Fund-Fire Protection District No.1. Administrative fees of \$4,872 were also charged to the fund in connection with the administration of the plan.

G. Long-Term Liabilities

The following table summarizes changes in the Town/Village's long-term indebtedness for the year ending December 31, 2016:

| | Balance January 1, 2016 | New Issues/ Additions | Maturities and/or Payments | Balance December 31, 2016 | Due Within One Year |
|---|-------------------------------|--------------------------|----------------------------------|---------------------------------|------------------------|
| Bonds Payable - Capital Construction | \$ 63,802,546 | \$ - | \$ 5,325,276 | \$ 58,477,270 | \$ 5,324,686 |
| Bonds Payable - Judgments and claims | 3,274,349 | - | 277,604 | 2,996,745 | 350,314 |
| Plus - Unamortized premium on bonds | 1,796,191 | - | 157,983 | 1,638,208 | - |
| | <u>68,873,086</u> | <u>-</u> | <u>5,760,863</u> | <u>63,112,223</u> | <u>5,675,000</u> |
| Other Non-Current Liabilities | | | | | |
| Bond anticipation note payable | - | 635,000 | - | 635,000 | 635,000 |
| Compensated absences | 1,207,782 | 211,864 | 121,000 | 1,298,646 | 130,000 |
| Net pension liability | 2,672,945 | 14,741,102 | - | 17,414,047 | - |
| Retirement incentives and other pension obligations | 53,257 | - | 53,257 | - | - |
| Claims payable | 2,429,890 | 2,207,780 | 2,369,531 | 2,268,139 | 227,000 |
| Other post employment benefit obligations payable | 95,166,160 | 22,601,980 | 5,115,644 | 112,652,496 | - |
| Total Other Non-Current Liabilities | <u>101,530,034</u> | <u>40,397,726</u> | <u>7,659,432</u> | <u>134,268,328</u> | <u>992,000</u> |
| Total Long-Term Liabilities | <u>\$ 170,403,120</u> | <u>\$ 40,397,726</u> | <u>\$ 13,420,295</u> | <u>\$ 197,380,551</u> | <u>\$ 6,667,000</u> |

Liabilities for bonds are liquidated by the Debt Service Fund. Each fund's liability for compensated absences, net pension liability, retirement incentives and other pension obligations, claims and other post employment benefit obligations are liquidated by the respective fund.

Bonds Payable

Bonds payable at December 31, 2016 are comprised of the following individual issues:

| Purpose | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at December 31, 2016 |
|--|------------------|-----------------------------|-------------------|-------------------|--|
| Fire Protection District No. 2 | 1998 | 300,000 | September, 2018 | 4.800 | \$ 30,000 |
| Fire Protection District No. 1 | 2000 | 650,000 | August, 2020 | 5.300-5.500 | 140,000 |
| Public Improvements | 2007 | 6,415,310 | December, 2017 | 4.000 | 290,000 |
| Public Improvements | 2008 | 6,905,000 | June, 2021 | 3.625-4.000 | 3,140,000 |
| Public Improvements | 2008 | 5,733,820 | June, 2027 | 4.125-4.400 | 4,015,000 |
| Refunding Bonds | 2011 | 10,280,000 | May, 2022 | 3.000-4.000 | 2,785,000 |
| Public Improvements and Tax Certiorari | 2011 | 10,696,070 | March, 2025 | 3.000-4.000 | 7,620,000 |
| Public Improvements | 2012 | 3,804,700 | March, 2032 | 2.250-3.000 | 3,240,000 |
| Public Improvements | 2012 | 9,970,135 | December, 2032 | 2.000-2.500 | 8,330,000 |
| Public Improvements and Tax Certiorari | 2013 | 7,963,063 | December, 2033 | 3.000-4.000 | 7,345,000 |
| Refunding Bonds | 2013 | 15,775,000 | December, 2028 | 3.000-5.000 | 12,785,000 |
| Public Improvements and Tax Certiorari | 2014 | 4,757,880 | December, 2027 | 2.000-2.375 | 4,410,000 |
| Public Improvements | 2015 | 7,344,015 | September, 2035 | 2.000-4.000 | 7,344,015 |
| | | | | | <u>\$ 61,474,015</u> |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$2,117,880 were recorded in the fund financial statements in the Debt Service Fund.

Interest expense of \$2,016,842 was recorded in the government-wide financial statements for governmental activities.

Bond Anticipation Note Payable

The schedule below details the changes in bond anticipation notes payable. The bond anticipation notes was issued to fund tax certiorari payment.

| | Original Issue Date | Maturity Date | Interest Rate | Balance January 1, 2016 | New Issues | Balance December 31, 2016 |
|------------------------|---------------------------|------------------|------------------|-------------------------------|---------------|---------------------------------|
| Bond Anticipation Note | 12/21/2016 | 2/21/2017 | 1.61 % | \$ - | \$ 635,000 | \$ 635,000 |

Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. The Town/Village, pursuant to GASB guidance, has not recorded these liabilities in the fund financial statements since it has demonstrated ability to consummate financing or a renewal of the notes prior to the issuance of the financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt and retirement incentives and other pension obligations outstanding as of December 31, 2016, including interest payments of \$13,254,742 are as follows:

| Year Ending December 31, | Bonds | | Bond Anticipation Notes | | Total | |
|-----------------------------|----------------------|----------------------|-------------------------|-----------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 5,969,015 | \$ 1,938,303 | \$ 635,000 | \$ 1,704 | \$ 6,604,015 | \$ 1,940,007 |
| 2018 | 6,005,000 | 1,746,507 | - | - | 6,005,000 | 1,746,507 |
| 2019 | 5,915,000 | 1,559,675 | - | - | 5,915,000 | 1,559,675 |
| 2020 | 5,935,000 | 1,358,744 | - | - | 5,935,000 | 1,358,744 |
| 2021 | 5,325,000 | 1,159,447 | - | - | 5,325,000 | 1,159,447 |
| 2022-2026 | 18,040,000 | 3,759,539 | - | - | 18,040,000 | 3,759,539 |
| 2027-2031 | 10,390,000 | 1,491,364 | - | - | 10,390,000 | 1,491,364 |
| 2032-2035 | 3,895,000 | 239,459 | - | - | 3,895,000 | 239,459 |
| | <u>\$ 61,474,015</u> | <u>\$ 13,253,038</u> | <u>\$ 635,000</u> | <u>\$ 1,704</u> | <u>\$ 62,109,015</u> | <u>\$ 13,254,742</u> |

The above general obligation bonds are direct obligations of the Town/Village for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town/Village.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

The Town/Village is obligated to pay accumulated sick leave to CSEA employees who retire from the Town/Village in good standing. Bargaining unit members shall be paid for accumulated sick days exceeding 165, to a maximum of 215. The Town/Village is also obligated to pay accrued vacation leave up to a maximum of 30 days to CSEA employees and 21 days for firefighters. Police Officers and Teamsters must take vacation in the year it is earned. It may not be accumulated, except at management's convenience. The value of the compensated absences has been reflected in the government-wide financial statements.

Pension Plans

New York State and Local Retirement System

The Town/Village 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 the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that 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 Town/Village also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

| | <u>Tier/Plan/Option</u> | <u>Rate</u> |
|----------|-------------------------|-------------|
| ERS-Town | 2 75I | 19.8 % |
| | 3 A14 | 16.0 |
| | 4 A15 | 16.0 |
| | 5 A15 | 13.1 |
| | 6 A15 | 9.3 |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

| | <u>Tier/Plan/Option</u> | <u>Rate</u> |
|-------------|-------------------------|-------------|
| ERS-Village | 3 A14 | 16.0% |
| | 4 A15 | 16.0 |
| | 5 A15 | 13.1 |
| | 6 A15 | 9.3 |
| PFRS-Police | 2 384D | 24.1% |
| | 5 384D | 19.5 |
| | 6 375I | 8.6 |
| | 6 384D | 14.5 |
| PFRS-Fire | 2 384 | 20.2% |
| | 2 384D | 24.1 |

At December 31, 2016, the Town/Village reported a liability of \$8,284,651 for its proportionate share of the net pension liability of ERS and a liability of \$9,129,396 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town/Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2016, the Town/Village's proportion was .0516169% for ERS and .3083435% for PFRS which was a decrease of .0036813% for ERS and an increase of .015952 for PFRS from its proportion measured as of March 31, 2015.

For the year ended December 31, 2016, the Town/Village recognized pension expense in the government-wide financial statements of \$2,973,461 for ERS and \$3,303,268 for PFRS. Pension expenditures of \$2,099,694 for ERS and \$2,488,260 for PFRS were recorded in the fund financial statements and were charged to the following funds:

| <u>Fund</u> | <u>ERS</u> | <u>PFRS</u> |
|------------------------|---------------------|---------------------|
| General - Town | \$ 1,181,990 | \$ 2,026,291 |
| General - Village | 384,908 | - |
| Special Districts | 43,163 | 461,969 |
| Non-Major Governmental | | |
| Highway | 338,317 | - |
| Public Library | 151,316 | - |
| | <u>\$ 2,099,694</u> | <u>\$ 2,488,260</u> |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2016, the Town/Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | ERS | | PFRS | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 41,865 | \$ 982,007 | \$ 81,883 | \$ 1,380,255 |
| Changes in assumptions | 2,209,267 | - | 3,935,652 | - |
| Net difference between projected and actual earnings on pension plan investments | 4,914,910 | - | 5,116,288 | - |
| Changes in proportion and differences between Town/Village contributions and proportionate share of contributions | 147,924 | 100,877 | 19,894 | 249,393 |
| Town/Village contributions subsequent to the measurement date | 1,587,608 | - | 1,711,929 | - |
| | <u>\$ 8,901,574</u> | <u>\$ 1,082,884</u> | <u>\$ 10,865,646</u> | <u>\$ 1,629,648</u> |

The \$1,587,608 and \$1,711,929 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Town's accrued contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

| Year Ended March 31, | ERS | PFRS |
|----------------------|--------------|--------------|
| 2017 | \$ 1,582,226 | \$ 1,773,425 |
| 2018 | 1,582,226 | 1,773,425 |
| 2019 | 1,582,226 | 1,773,425 |
| 2020 | 1,484,404 | 1,702,187 |
| 2021 | - | 501,607 |

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liabilities to March 31, 2016. The total pension liabilities for the March 31, 2015 measurement date were determined by using an actuarial valuation as of April 1, 2015. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

| | |
|----------------------------|---|
| Inflation | 2.5% |
| Salary scale | 3.8% in ERS, 4.5% in PFRS indexed by service |
| Investment rate of return | 7.0% compounded annually, net of investment expenses, including inflation |
| Cost of living adjustments | 1.3% annually |

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

| <u>Asset Type</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|------------------------------|---|
| Domestic Equity | 38 % | 7.30 % |
| International Equity | 13 | 8.55 |
| Private Equity | 10 | 11.00 |
| Real Estate | 8 | 8.25 |
| Absolute Return Strategies | 3 | 6.75 |
| Opportunistic Portfolio | 3 | 8.60 |
| Real Assets | 3 | 8.65 |
| Bonds and Mortgages | 18 | 4.00 |
| Cash | 2 | 2.25 |
| Inflation Indexed Bonds | 2 | 4.00 |
| | <u>100 %</u> | |

The discount rate used to calculate the total pension liability was 7.0%. 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 determined. Based upon those 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.

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

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

| | 1% Decrease (6.0%) | Current Assumption (7.0%) | 1% Increase (8.0%) |
|--|--------------------------|---------------------------------|--------------------------|
| Town/Village's proportionate share of the ERS net pension liability (asset) | <u>\$ 18,681,286</u> | <u>\$ 8,284,651</u> | <u>\$ (500,061)</u> |
| Town/Village's proportionate share of the PFRS net pension liability (asset) | <u>\$ 20,391,465</u> | <u>\$ 9,129,396</u> | <u>\$ (310,660)</u> |

The components of the collective net pension liability as of the March 31, 2016 measurement date were as follows:

| | ERS | PFRS | Total |
|---|----------------------|---------------------|----------------------|
| Total pension liability | \$ 172,303,544 | \$ 30,347,727 | \$ 202,651,271 |
| Fiduciary net position | <u>156,253,265</u> | <u>27,386,940</u> | <u>183,640,205</u> |
| Employers' net pension liability | <u>\$ 16,050,279</u> | <u>\$ 2,960,787</u> | <u>\$ 19,011,066</u> |
| Fiduciary net position as a percentage of total pension liability | <u>90.7%</u> | <u>90.2%</u> | <u>90.6%</u> |

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2016 represent the employer contribution for the period of April 1, 2016 through December 31, 2016 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2016 were \$1,587,608 and \$1,711,929 respectively.

Voluntary Defined Contribution Plan

The Town/Village also offers a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Retirement Incentives and Other Pension Obligations

The ERS and PFRS charges to participating governments increased significantly in 2003. Consequently, the State Legislature enacted Chapter 49 of the Laws of 2003. This Chapter authorized local governments to amortize the portion of their respective contribution which exceeded 7% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

The State Legislature enacted Chapter 260 of the Laws of 2004 for ERS and PFRS. This Chapter authorized local governments to amortize the portion of their respective 2005 contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Additionally, the State Legislature enacted Chapter 260 of the Laws of 2005 for PFRS. This Chapter authorized local governments to amortize the portion of their respective 2006 contribution which exceeded 10.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

The Town/Village has elected to amortize the maximum allowable ERS and PFRS contributions as follows:

| | Amount Amortized - Town PFRS | Current Year Principal Payments | Current Year Interest Payments | Balance Due | Due Within One Year |
|------|---------------------------------------|---------------------------------------|--------------------------------------|----------------|---------------------------|
| 2005 | \$ 431,799 | \$ 53,257 | \$ 2,663 | \$ - | \$ - |

The current year principal and interest payments were charged to retirement expenditures in the General Fund.

The obligations have been satisfied in 2016.

Claims Payable

The government-wide financial statements reflect general and workers' compensation liabilities, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

| | Year Ended December 31, | |
|---|-------------------------|--------------|
| | 2016 | 2015 |
| Balance - Beginning of Year | \$ 2,429,890 | \$ 1,344,596 |
| Provision for Claims and Claims Adjustment Expenses | 2,207,780 | 3,298,799 |
| Claims and Claims Adjustment Expenses Paid | (2,369,531) | (2,213,505) |
| Balance - End of Year | \$ 2,268,139 | \$ 2,429,890 |
| Due Within One Year | \$ 227,000 | \$ 243,000 |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Town/Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town/Village may vary according to length of service. Substantially all of the Town/Village's employee's may become eligible for those benefits if they reach normal retirement age while working for the Town/Village. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The Town/Village's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town/Village is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the Town/Village's general assets. Funding has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

| Year Ended December 31, | Pre-65 Medical | Post-65 Medical | Medicare Part B | Prescription Drug |
|----------------------------|-------------------|--------------------|--------------------|----------------------|
| 2017 | 7.500 % | 6.500 % | 5.800 % | 10.500 % |
| 2018 | 7.250 | 6.250 | 5.700 | 10.500 |
| 2019 | 7.000 | 6.000 | 5.600 | 10.250 |
| 2020 | 6.750 | 5.750 | 5.500 | 10.250 |
| 2021 | 6.500 | 5.500 | 5.400 | 10.000 |
| 2022 | 6.307 | 5.473 | 5.390 | 9.223 |
| 2023 | 6.113 | 5.447 | 5.380 | 8.447 |
| 2024 | 5.920 | 5.420 | 5.370 | 7.670 |
| 2025 | 5.727 | 5.394 | 5.360 | 6.894 |
| 2035 | 5.340 | 5.340 | 5.340 | 5.340 |
| 2045 | 4.974 | 4.974 | 4.974 | 4.974 |
| 2055 | 4.745 | 4.745 | 4.745 | 4.745 |
| 2065 | 4.600 | 4.600 | 4.600 | 4.600 |
| 2075+ | 3.886 | 3.886 | 3.886 | 3.886 |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 21 years remaining in the amortization period. The actuarial assumptions included a 3.0% investment rate of return, a 2.25% inflation rate and rate. The Town/Village currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of December 31, 2016 was as follows:

| | |
|-------------------------------------|------------|
| Active Employees | 261 |
| Retired Employees and Dependents | <u>472</u> |
| | <u>733</u> |

Amortization Component:

| | |
|---|-----------------------|
| Actuarial Accrued Liability as of January 1, 2016 | \$ 298,253,278 |
| Assets at Market Value | <u>-</u> |
| Unfunded Actuarial Accrued Liability ("UAAL") | <u>\$ 298,253,278</u> |
| Covered Payroll (active plan members) | <u>\$ 23,397,812</u> |
| UAAL as a Percentage of Covered Payroll | <u>1274.71%</u> |
| Annual Required Contribution | \$ 24,602,303 |
| Interest on Net OPEB Obligation | 2,854,985 |
| Adjustment to Annual Required Contribution | <u>(4,855,308)</u> |
| Annual OPEB Cost | 22,601,980 |
| Contributions Made | <u>(5,115,644)</u> |
| Increase in Net OPEB Obligation | 17,486,336 |
| Net OPEB Obligation - Beginning of Year | <u>95,166,160</u> |
| Net OPEB Obligation - End of Year | <u>\$ 112,652,496</u> |

The Town/Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding year is as follows:

| <u>Fiscal Year Ended December 31,</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|---|-----------------------------|---|------------------------------------|
| 2016 | \$ 22,601,980 | 22.63 % | \$ 112,652,496 |
| 2015 | 21,292,850 | 27.03 | 95,166,160 |
| 2014 | 20,673,241 | 25.02 | 79,629,184 |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

H. Joint Venture

The Town/Village, together with the Town of Mamaroneck and Village of Mamaroneck, participate in the Westchester Joint Water Works. The purpose of the joint venture is to acquire, construct, provide, maintain and operate a water works system.

The following is an audited summary of special purpose financial information included in the financial statements of the joint venture.

Balance Sheet Date - December 31, 2016

| | |
|--------------------------|---------------|
| Total Assets | \$ 11,241,821 |
| Total Liabilities | 44,049,422 |
| Net Deficit | (32,807,611) |
| Total Revenues | 29,469,096 |
| Total Expenses | 29,563,443 |
| Decrease in Net Position | (94,347) |

I. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

| Transfers Out | Transfers In | | | Total |
|------------------------|---------------------|---------------------|-----------------------|---------------------|
| | General Fund - Town | Debt Service Fund | Capital Projects Fund | |
| General Fund - Village | \$ - | \$ 6,324,817 | \$ - | \$ 6,324,817 |
| Capital Project Fund | 40,917 | 936,521 | - | 977,438 |
| Special Districts Fund | - | 1,359,063 | 350,000 | 1,709,063 |
| | <u>\$ 40,917</u> | <u>\$ 8,620,401</u> | <u>\$ 350,000</u> | <u>\$ 9,011,318</u> |

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Town General Fund and Capital Projects Fund expenditures.

J. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt,

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Law Enforcement - the component of net position that represents the proceeds of seized funds which are restricted by New York State for use in law enforcement activities.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Special Districts - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

Restricted for Trusts - the component of net position that reports the amounts set aside in accordance with the terms of the grants.

Restricted for Parklands - the component of net position established pursuant to Section 277 of Town Law to report funds received by the Town/Village in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

Restricted for Pension Benefits - The component of net position that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town/Village of Harrison, New York

Notes to Financial Statements (Continued) December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

K. Fund Balances

| | 2016 | | | | | | 2015 | | | | | |
|--------------------------------|---------------|-------------------|-----------------------|------------------------|------------------------------|---------------|---------------|-------------------|-----------------------|------------------------|------------------------------|---------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Special Districts Fund | Non-Major Governmental Funds | Total | General Fund | Debt Service Fund | Capital Projects Fund | Special Districts Fund | Non-Major Governmental Funds | Total |
| Nonspendable: | | | | | | | | | | | | |
| Prepaid expenditures | \$ 1,197,232 | \$ - | \$ - | \$ 303,470 | \$ 230,253 | \$ 1,730,955 | \$ 1,312,630 | \$ - | \$ - | \$ 329,989 | \$ 250,651 | \$ 1,893,270 |
| Long-term receivables | 608,953 | - | - | - | - | 608,953 | 589,953 | - | - | - | - | 589,953 |
| Total Nonspendable | 1,806,185 | - | - | 303,470 | 230,253 | 2,339,908 | 1,902,583 | - | - | 329,989 | 250,651 | 2,483,223 |
| Restricted: | | | | | | | | | | | | |
| Law enforcement | 554,473 | - | - | - | - | 554,473 | 554,473 | - | - | - | - | 554,473 |
| Workers' compensation | 142,886 | - | - | - | - | 142,886 | 142,886 | - | - | - | - | 142,886 |
| Debt service | 11,784 | 1,613,999 | - | - | - | 1,625,783 | 11,748 | 689,068 | - | - | - | 700,816 |
| Capital Projects | - | - | 1,187,346 | - | - | 1,187,346 | - | - | 11,540,864 | - | - | 11,540,864 |
| Pension Benefits | - | - | - | 1,330,015 | - | 1,330,015 | - | - | - | - | - | - |
| Trusts | - | - | - | - | 958,719 | 958,719 | - | - | - | - | 814,281 | 814,281 |
| Parklands | - | - | - | - | 705,064 | 705,064 | - | - | - | - | 652,948 | 652,948 |
| Total Restricted | 709,143 | 1,613,999 | 1,187,346 | 1,330,015 | 1,663,783 | 6,504,286 | 709,107 | 689,068 | 11,540,864 | - | 1,467,229 | 14,406,268 |
| Committed - | | | | | | | | | | | | |
| Future Capital Projects | 1,294,000 | - | - | - | - | 1,294,000 | - | - | - | - | - | - |
| Assigned: | | | | | | | | | | | | |
| Purchases on order: | | | | | | | | | | | | |
| General government support | 89,856 | - | - | - | - | 89,856 | 421,370 | - | - | - | - | 421,370 |
| Public safety | 52,595 | - | - | 10,858 | - | 63,453 | 70,144 | - | - | 3,451 | - | 73,595 |
| Transportation | - | - | - | - | 3,575 | 3,575 | 14,595 | - | - | - | 3,150 | 17,745 |
| Culture and recreation | - | - | - | - | - | - | 9,621 | - | - | - | - | 9,621 |
| Home and community services | - | - | - | - | - | - | - | - | - | 200 | - | 200 |
| | 142,451 | - | - | 10,858 | 3,575 | 156,884 | 515,730 | - | - | 3,651 | 3,150 | 522,531 |
| Subsequent year's expenditures | - | 28,142 | - | - | - | 28,142 | - | 36,882 | - | 55,000 | - | 91,882 |
| Major funds | - | - | - | 5,761,360 | - | 5,761,360 | - | - | - | 4,404,354 | - | 4,404,354 |
| Highway purposes | - | - | - | - | 1,877,692 | 1,877,692 | - | - | - | - | 1,651,726 | 1,651,726 |
| Library purposes | - | - | - | - | 374,519 | 374,519 | - | - | - | - | 302,801 | 302,801 |
| Total Assigned | 142,451 | 28,142 | - | 5,772,218 | 2,255,786 | 8,198,597 | 515,730 | 36,882 | - | 4,463,005 | 1,957,677 | 6,973,294 |
| Unassigned | 16,260,719 | - | - | - | - | 16,260,719 | 13,523,108 | - | - | - | - | 13,523,108 |
| Total Fund Balances | \$ 20,212,498 | \$ 1,642,141 | \$ 1,187,346 | \$ 7,405,703 | \$ 4,149,822 | \$ 34,597,510 | \$ 16,650,528 | \$ 725,950 | \$ 11,540,864 | \$ 4,792,994 | \$ 3,675,557 | \$ 37,385,893 |

Town/Village of Harrison, New York

Notes to Financial Statements (Continued)
December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of net position are described above. Those additional elements which are not reflected in the statement of Net Position but are reported in the governmental funds' balance sheet are described below.

Prepaid Expenditures has been established to account for employee retirement and other costs paid in advance. The amount is classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-term Receivables have been classified as nonspendable to indicate the long-term nature of receivables due from the component unit which will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. These funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Restricted for Workers' Compensation represents funds to be used for a specific purpose in accordance with Section 6-j of New York State General Municipal Law.

The Town/Village has committed \$1,294,000 for future capital projects.

Purchases on order are assigned and represent the Town/Village's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at December 31, 2016, the Town/Village Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town/Village, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. There are also numerous tort claims pending against the Town/Village. Town/Village management has indicated there are individual tort claims for amounts in excess of insurance coverage. However, it is anticipated that insurance coverage will be sufficient to satisfy any resolution of the tort claims pending against the Town/Village. The Town/Village's claims administrator has reviewed the status of pending general liability and workers' compensation actions and has determined that the amounts reflected as liabilities in the Statement of Net Position are sufficient to satisfy any payments arising therefrom.

There are currently certiorari proceedings pending, the results of which could require the payment of future tax refunds by the Town/Village if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Town/Village of Harrison, New York

Notes to Financial Statements (Concluded)
December 31, 2016

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Risk Management

The Town/Village purchases various conventional insurance policies to reduce its exposure to loss. The Town/Village is self-insured for workers' compensation and general liability claims to the extent of \$450,000 and \$100,000, respectively, per occurrence, with a maximum potential annual liability of \$1 million for general liability for 2016. General liability claims in excess of this amount are insured to a limit of \$11 million including property damage under an excess liability policy. Public officials' liability insurance coverage is also maintained with a policy limit of \$875,000, after a self-insured retention of \$125,000. This coverage is also included in the excess \$11 million policy. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The Town/Village is self-insured for health benefits. A plan administrator has been retained to review and approve all claims. The Town/Village has specific stop-loss insurance, which establishes a maximum exposure limit of \$175,000 for each individual covered in the plan. At December 31, 2016, the Town/Village has recorded a liability of \$1,398,000 in the Internal Service Fund, which represents claims incurred and claims incurred but not reported

C. Contingencies

Westchester Joint Water Works ("WJWW"), a joint venture of the Town/Village as reported in Note 3.G., is currently being fined by the New York State Health Department for not meeting a Supreme Court of the State of New York ruling requiring the construction of a filtration plant by December 3, 2008. These fines amount to \$39,560,000 as of December 31, 2016 and continue to accrue at \$13,750 a day. The Town/Village's share of these fines is approximately 56.0 % of the total.

Management of the WJWW has indicated that the State is holding in abeyance the imposition of these fines although they continue to be accrued by the WJWW. The Town/Village has not accrued their share in the Special District Fund – Water District as the expectation of management is that the fines will be suspended or replaced with a negotiated settlement as the WJWW signed an intermunicipal agreement with the county for a filtration plant alternative.

The Town/Village participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the Town/Village's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town/Village anticipates such amounts, if any, to be immaterial.

Note 5 - Subsequent Event

The Town/Village, in February 2017, issued refunding serial bonds in the amount of \$5,610,000, the proceeds of which will be used to retire \$6,285,000 in serial bonds. The refunding bonds mature annually through June 2027 and bear interest at rates ranging from 3-5% depending on maturity.

The Town/Village, on January 26, 2017, issued public improvement serial bonds, 2017 Series A in the amount of \$9,349,300 due December 15, 2016, with interest at a rate of 3%.

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Town/Village of Harrison, New York

**Required Supplementary Information - Schedule of Funding Progress
Fire Service Awards Program
Last Six Fiscal Years**

| <u>Actuarial Valuation Date December 31,</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability</u> | <u>Unfunded (Overfunded) Actuarial Accrued Liability</u> | <u>Funded Ratio</u> |
|--|--|--|--|-------------------------|
| 2011 | \$ 765,275 | \$ 842,405 | \$ 77,130 | 90.84 % |
| 2012 | 933,006 | 905,907 | (27,099) | 102.99 |
| 2013 | 902,137 | 980,843 | 78,706 | 91.98 |
| 2014 | 974,092 | 1,039,377 | 65,285 | 93.72 |
| 2015 | 996,886 | 1,099,140 | 102,254 | 90.70 |
| 2016 | 1,095,056 | 1,203,212 | 108,156 | 91.01 |

Town/Village of Harrison, New York

Required Supplementary Information - Schedule of Funding Progress Other Post Employment Benefits Last Three Fiscal Years

| Valuation Date | Actuarial | | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Liability as a Percentage of Covered Payroll |
|---------------------|-----------------|-------------------|---|--------------|-----------------|---|
| | Value of Assets | Accrued Liability | | | | |
| January 1, 2014 | - | \$ 249,202,288 | \$ 249,202,288 | - % | 21,587,075 | 1154.41 % |
| January 1, 2015 (1) | - | 262,260,966 | 262,260,966 | - | 21,773,723 | 1204.48 |
| January 1, 2016 (2) | - | 298,253,278 | 298,253,278 | - | 23,397,812 | 1274.71 |

(1) The following assumptions were modified with respect to the January 1, 2015 valuation date:

The annual rate of increase in health care costs was revised as of January 1, 2015 to better reflect future expectations, including updating long-term rates based on the Society of Actuaries Getzen model. A review of published national trend survey data in relation to the retiree health plan offerings was the basis for this change. The revised assumption resulted in an increase in liabilities.

Rates of turnover and retirement were determined based on the April 1, 2010 to March 31, 2015 experience study released by the actuaries for the New York State Employees' Retirement System and the New York State Police and Fire Retirement System. Revised tables have been utilized as of January 1, 2015 to better reflect recent experience. The revised assumption resulted in an increase in liabilities.

The mortality assumption has been revised as of January 1, 2015 to the sex-distinct RP-2014 Mortality tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with the Scale MP-2015 mortality improvement scale on a generational basis in order to reflect the continued improvement in mortality rates. The revised assumption resulted in a decrease in liabilities.

The election coverage percentage 1) for PFRS retirees at age 65 was revised from 10% to 0%, 2) for PFRS surviving spouses from 100% to 0% and 3) for ERS surviving spouses from 100% to 50% as of January 1, 2015 to better reflect actual experience. A review of the valuation data from January 1, 2009 to January 1, 2015 was the basis for the change. The revised assumption resulted in a decrease in liabilities.

(2) The following assumptions were modified with respect to the January 1, 2016 valuation date:

The annual rate of increase in health care costs was revised to better reflect future expectations. A review of published national trend survey data in relation to the retiree health plan offerings and an update to the Getzen model released in September 2016 was the basis for this change. The revised assumption resulted in an increase in liabilities.

The mortality assumption has been revised as of December 31, 2016 to the sex-distinct RP-2014 Mortality tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with the Scale MP-2016 mortality improvement scale on a generational basis. The revised assumption resulted in a minimal decrease in liabilities.

Town/Village of Harrison, New York

Required Supplementary Information - Schedule of the Town/Village's Proportionate Share of the Net Pension Liability New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

| | 2016 (2) | 2015 |
|--|----------------------|----------------------|
| Town/Village's proportion of the net pension liability (asset) | <u>0.0516169%</u> | <u>0.0552982%</u> |
| Town/Village's proportionate share of the net pension liability (asset) | <u>\$ 8,284,651</u> | <u>\$ 1,868,110</u> |
| Town/Village's covered payroll | <u>\$ 13,880,279</u> | <u>\$ 13,450,800</u> |
| Town/Village's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>59.69%</u> | <u>13.89%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>90.70%</u> | <u>97.90%</u> |

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Town/Village of Harrison, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|
| Contractually required contribution | \$ 2,131,643 | \$ 2,447,573 |
| Contributions in relation to the contractually required contribution | <u>(2,131,643)</u> | <u>(2,447,573)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Town/Village's covered payroll | <u>\$ 14,193,012</u> | <u>\$ 13,963,555</u> |
| Contributions as a percentage of covered-employee payroll | <u>15.02%</u> | <u>17.53%</u> |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Town/Village of Harrison, New York

Required Supplementary Information - Schedule of the Town/Village's Proportionate Share of the Net Pension Liability New York State and Local Police and Fire Retirement System Last Ten Fiscal Years (1)

| | 2016 (2) | 2015 |
|--|----------------------|---------------------|
| Town/Village's proportion of the net pension liability (asset) | <u>0.3083435%</u> | <u>0.2923915%</u> |
| Town/Village's proportionate share of the net pension liability (asset) | <u>\$ 9,129,396</u> | <u>\$ 804,835</u> |
| Town/Village's covered payroll | <u>\$ 10,050,196</u> | <u>\$ 9,815,085</u> |
| Town/Village's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>90.84%</u> | <u>8.20%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>90.20%</u> | <u>99.00%</u> |

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Town/Village of Harrison, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)**

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| Contractually required contribution | \$ 2,305,912 | \$ 2,471,756 |
| Contributions in relation to the contractually required contribution | <u>(2,305,912)</u> | <u>(2,471,756)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Town/Village's covered payroll | <u>\$ 9,898,572</u> | <u>\$ 9,908,337</u> |
| Contributions as a percentage of covered-employee payroll | <u>23.30%</u> | <u>24.95%</u> |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Town/Village of Harrison, New York

General Fund
Combining Balance Sheet - Sub Funds
December 31, 2016
(With Comparative Totals for 2015)

| | | | Totals | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Town | Village | 2016 | 2015 |
| ASSETS | | | | |
| Cash and equivalents | \$ 15,236,892 | \$ 8,922,621 | \$ 24,159,513 | \$ 19,413,376 |
| Taxes receivable | - | 41,954,260 | 41,954,260 | 42,881,356 |
| Other receivables | | | | |
| Accounts | 1,449,188 | 103,314 | 1,552,502 | 946,462 |
| State and Federal aid | 1,065,196 | - | 1,065,196 | 1,036,045 |
| Due from component unit | - | 608,953 | 608,953 | 589,953 |
| Due from other funds | - | 1,158 | 1,158 | 1,158 |
| | 2,514,384 | 713,425 | 3,227,809 | 2,573,618 |
| Prepaid expenditures | 1,014,070 | 183,162 | 1,197,232 | 1,312,630 |
| Total Assets | <u>\$ 18,765,346</u> | <u>\$ 51,773,468</u> | <u>\$ 70,538,814</u> | <u>\$ 66,180,980</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 657,150 | \$ 350,415 | \$ 1,007,565 | \$ 768,358 |
| Due to other governments | - | 22,920 | 22,920 | 29,032 |
| Due to school district | - | 47,522,243 | 47,522,243 | 47,164,060 |
| Unearned revenues | 306,300 | - | 306,300 | 331,200 |
| Total Liabilities | 963,450 | 47,895,578 | 48,859,028 | 48,292,650 |
| Deferred inflows of resources | | | | |
| Deferred tax revenues | - | 1,467,288 | 1,467,288 | 1,237,802 |
| Total Liabilities and Deferred Inflows of Resources | <u>963,450</u> | <u>49,362,866</u> | <u>50,326,316</u> | <u>49,530,452</u> |
| Fund balances | | | | |
| Nonspendable | 1,014,070 | 792,115 | 1,806,185 | 1,902,583 |
| Restricted | 697,359 | 11,784 | 709,143 | 709,107 |
| Committed | 1,294,000 | - | 1,294,000 | - |
| Assigned | 140,230 | 2,221 | 142,451 | 515,730 |
| Unassigned | 14,656,237 | 1,604,482 | 16,260,719 | 13,523,108 |
| Total Fund Balances | <u>17,801,896</u> | <u>2,410,602</u> | <u>20,212,498</u> | <u>16,650,528</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 18,765,346</u> | <u>\$ 51,773,468</u> | <u>\$ 70,538,814</u> | <u>\$ 66,180,980</u> |

See independent auditors' report.

Town/Village of Harrison, New York

General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Sub Funds
Year Ended December 31, 2016
(With Comparative Totals for 2015)

| | | | Totals | |
|---|---------------|--------------|---------------|---------------|
| | Town | Village | 2016 | 2015 |
| REVENUES | | | | |
| Real property taxes | \$ 27,183,319 | \$ 9,940,611 | \$ 37,123,930 | \$ 36,567,121 |
| Other tax items | - | 1,939,238 | 1,939,238 | 1,895,835 |
| Non-property taxes | 4,659,179 | - | 4,659,179 | 4,594,568 |
| Departmental income | 2,921,083 | - | 2,921,083 | 2,331,860 |
| Use of money and property | 151,076 | 9,683 | 160,759 | 142,696 |
| Licenses and permits | 2,728,729 | - | 2,728,729 | 2,637,391 |
| Fines and forfeitures | 2,146,057 | 14,843 | 2,160,900 | 1,642,291 |
| Sale of property and compensation for loss | - | 16,343 | 16,343 | 13,496 |
| State aid | 768,523 | 683,495 | 1,452,018 | 1,624,791 |
| Federal aid | - | - | - | 4,006 |
| Miscellaneous | 680,529 | 196,595 | 877,124 | 664,020 |
| Total Revenues | 41,238,495 | 12,800,808 | 54,039,303 | 52,118,075 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 7,321,250 | 1,783,767 | 9,105,017 | 7,716,347 |
| Public safety | 19,947,554 | - | 19,947,554 | 19,317,438 |
| Health | 562,479 | - | 562,479 | 566,983 |
| Transportation | 447,496 | - | 447,496 | 461,420 |
| Economic assistance and opportunity | 148,999 | - | 148,999 | 140,433 |
| Culture and recreation | 3,486,620 | - | 3,486,620 | 3,428,222 |
| Home and community services | 212,660 | 2,662,408 | 2,875,068 | 3,050,204 |
| Employee benefits | 5,683,731 | 2,696,978 | 8,380,709 | 8,491,312 |
| Total Expenditures | 37,810,789 | 7,143,153 | 44,953,942 | 43,172,359 |
| Excess of Revenues Over Expenditures | 3,427,706 | 5,657,655 | 9,085,361 | 8,945,716 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond anticipation note issued | - | 635,000 | 635,000 | - |
| Insurance recoveries | 50,154 | - | 50,154 | 91,019 |
| Sale of equipment | 75,355 | - | 75,355 | 18,881 |
| Transfers in | 40,917 | - | 40,917 | 62,807 |
| Transfers out | - | (6,324,817) | (6,324,817) | (6,133,365) |
| Total Other Financing Sources (Uses) | 166,426 | (5,689,817) | (5,523,391) | (5,960,658) |
| Net Change in Fund Balances | 3,594,132 | (32,162) | 3,561,970 | 2,985,058 |
| FUND BALANCES | | | | |
| Beginning of Year | 14,207,764 | 2,442,764 | 16,650,528 | 13,665,470 |
| End of Year | \$ 17,801,896 | \$ 2,410,602 | \$ 20,212,498 | \$ 16,650,528 |

See independent auditors' report.

Town/Village of Harrison, New York

General Fund - Town
Comparative Balance Sheet - Sub Fund
December 31,

| | 2016 | 2015 |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and equivalents | \$ 15,236,892 | \$ 12,187,663 |
| Receivables | | |
| Accounts | 1,449,188 | 887,936 |
| State and Federal aid | 1,065,196 | 1,036,045 |
| | <u>2,514,384</u> | <u>1,923,981</u> |
| Prepaid expenditures | <u>1,014,070</u> | <u>1,106,347</u> |
| Total Assets | <u>\$ 18,765,346</u> | <u>\$ 15,217,991</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 657,150 | \$ 679,027 |
| Unearned revenues | <u>306,300</u> | <u>331,200</u> |
| Total Liabilities | <u>963,450</u> | <u>1,010,227</u> |
| Fund balance | | |
| Nonspendable | 1,014,070 | 1,106,347 |
| Restricted | 697,359 | 697,359 |
| Committed | 1,294,000 | - |
| Assigned | 140,230 | 511,009 |
| Unassigned | <u>14,656,237</u> | <u>11,893,049</u> |
| Total Fund Balance | <u>17,801,896</u> | <u>14,207,764</u> |
| Total Liabilities and Fund Balance | <u>\$ 18,765,346</u> | <u>\$ 15,217,991</u> |

See independent auditors' report.

Town/Village of Harrison, New York

General Fund - Town
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Sub Fund
Years Ended December 31,

| | 2016 | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 27,183,319 | \$ 27,183,319 | \$ 27,183,319 | \$ - |
| Non-property taxes | 4,304,000 | 4,304,000 | 4,659,179 | 355,179 |
| Departmental income | 1,848,900 | 2,491,631 | 2,921,083 | 429,452 |
| Use of money and property | 109,500 | 109,500 | 151,076 | 41,576 |
| Licenses and permits | 1,983,800 | 1,983,800 | 2,728,729 | 744,929 |
| Fines and forfeitures | 1,444,000 | 1,470,878 | 2,146,057 | 675,179 |
| State aid | 661,452 | 684,907 | 768,523 | 83,616 |
| Federal aid | - | - | - | - |
| Miscellaneous | 331,600 | 343,540 | 680,529 | 336,989 |
| Total Revenues | 37,866,571 | 38,571,575 | 41,238,495 | 2,666,920 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 7,838,584 | 7,792,755 | 7,321,250 | 471,505 |
| Public safety | 19,974,012 | 20,650,621 | 19,947,554 | 703,067 |
| Health | 582,000 | 582,000 | 562,479 | 19,521 |
| Transportation | 493,448 | 499,707 | 447,496 | 52,211 |
| Economic assistance and opportunity | 151,083 | 151,083 | 148,999 | 2,084 |
| Culture and recreation | 3,546,281 | 3,558,821 | 3,486,620 | 72,201 |
| Home and community services | 213,813 | 215,173 | 212,660 | 2,513 |
| Employee benefits | 5,602,359 | 5,683,736 | 5,683,731 | 5 |
| Total Expenditures | 38,401,580 | 39,133,896 | 37,810,789 | 1,323,107 |
| Excess (Deficiency) of Revenues Over Expenditures | (535,009) | (562,321) | 3,427,706 | 3,990,027 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries | - | 27,312 | 50,154 | 22,842 |
| Sale of equipment | 24,000 | 24,000 | 75,355 | 51,355 |
| Transfers in | - | - | 40,917 | 40,917 |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | 24,000 | 51,312 | 166,426 | 115,114 |
| Net Change in Fund Balance | (511,009) | (511,009) | 3,594,132 | 4,105,141 |
| FUND BALANCE | | | | |
| Beginning of Year | 511,009 | 511,009 | 14,207,764 | 13,696,755 |
| End of Year | \$ - | \$ - | \$ 17,801,896 | \$ 17,801,896 |

See independent auditors' report.

2015

| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------|-----------------|---------------|---|
| \$ 26,702,102 | \$ 26,702,102 | \$ 26,702,102 | \$ - |
| 4,303,517 | 4,303,517 | 4,594,568 | 291,051 |
| 1,868,900 | 1,963,691 | 2,081,310 | 117,619 |
| 109,500 | 109,500 | 137,268 | 27,768 |
| 1,983,800 | 1,983,800 | 2,637,391 | 653,591 |
| 1,444,000 | 1,444,000 | 1,598,251 | 154,251 |
| 661,452 | 716,645 | 868,005 | 151,360 |
| - | - | 4,006 | 4,006 |
| 331,600 | 339,930 | 512,601 | 172,671 |
| 37,404,871 | 37,563,185 | 39,135,502 | 1,572,317 |
| 7,507,742 | 7,665,316 | 6,882,458 | 782,858 |
| 19,529,585 | 19,724,988 | 19,317,438 | 407,550 |
| 582,000 | 582,000 | 566,983 | 15,017 |
| 483,096 | 483,098 | 461,420 | 21,678 |
| 158,945 | 158,945 | 140,433 | 18,512 |
| 3,504,148 | 3,512,476 | 3,428,222 | 84,254 |
| 211,988 | 211,932 | 209,656 | 2,276 |
| 5,571,248 | 5,787,969 | 5,787,967 | 2 |
| 37,548,752 | 38,126,724 | 36,794,577 | 1,332,147 |
| (143,881) | (563,539) | 2,340,925 | 2,904,464 |
| 24,000 | 10,658 | 91,019 | 80,361 |
| - | 24,000 | 18,881 | (5,119) |
| - | - | 62,807 | 62,807 |
| - | (136,000) | (136,000) | - |
| 24,000 | (101,342) | 36,707 | 138,049 |
| (119,881) | (664,881) | 2,377,632 | 3,042,513 |
| 119,881 | 664,881 | 11,830,132 | 11,165,251 |
| \$ - | \$ - | \$ 14,207,764 | \$ 14,207,764 |

Town/Village of Harrison, New York

General Fund - Town

Schedule of Revenues and Other Financing Sources Compared to Budget - Sub Fund

Year Ended December 31, 2016

(With Comparative Actuals for 2015)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | 2015 Actual |
|---|----------------------|----------------------|----------------------|---|----------------------|
| REAL PROPERTY TAXES | \$ 27,183,319 | \$ 27,183,319 | \$ 27,183,319 | \$ - | \$ 26,702,102 |
| NON-PROPERTY TAXES | | | | | |
| Non-property tax distribution from County | 3,744,000 | 3,744,000 | 4,011,288 | 267,288 | 3,961,775 |
| Franchise fees | 560,000 | 560,000 | 647,891 | 87,891 | 632,793 |
| | <u>4,304,000</u> | <u>4,304,000</u> | <u>4,659,179</u> | <u>355,179</u> | <u>4,594,568</u> |
| DEPARTMENTAL INCOME | | | | | |
| Clerk fees | 7,000 | 7,000 | 11,747 | 4,747 | 7,789 |
| Police fees | 493,000 | 1,135,731 | 1,544,969 | 409,238 | 612,325 |
| Fire inspection fees | 195,000 | 195,000 | 197,012 | 2,012 | 232,873 |
| Parking meters and permit fees | 340,000 | 340,000 | 347,782 | 7,782 | 363,380 |
| Parks and recreation charges | 763,000 | 763,000 | 772,755 | 9,755 | 788,456 |
| Recreation commissions | 1,900 | 1,900 | 3,140 | 1,240 | 3,718 |
| Zoning fees | 5,000 | 5,000 | 6,855 | 1,855 | 7,585 |
| Community services | 1,000 | 1,000 | 1,967 | 967 | 1,588 |
| Planning Board fees | 19,000 | 19,000 | 11,500 | (7,500) | 17,970 |
| Planning Board parking fees | - | - | 2,100 | 2,100 | 21,650 |
| Senior lunch program fees | 24,000 | 24,000 | 21,256 | (2,744) | 23,976 |
| | <u>1,848,900</u> | <u>2,491,631</u> | <u>2,921,083</u> | <u>429,452</u> | <u>2,081,310</u> |
| USE OF MONEY AND PROPERTY | | | | | |
| Earnings on investments | 17,500 | 17,500 | 28,640 | 11,140 | 18,495 |
| Rentals of real property | 92,000 | 92,000 | 122,436 | 30,436 | 118,773 |
| | <u>109,500</u> | <u>109,500</u> | <u>151,076</u> | <u>41,576</u> | <u>137,268</u> |

LICENSES AND PERMITS

| | | | | | |
|--------------------------------|------------------|------------------|------------------|----------------|------------------|
| Street opening permits | 60,000 | 60,000 | 125,850 | 65,850 | 64,173 |
| Building permits | 1,900,000 | 1,900,000 | 2,518,769 | 618,769 | 2,495,138 |
| Wetlands permits | - | - | - | - | 4,740 |
| Bingo licenses | 300 | 300 | 87 | (213) | 106 |
| Dog license fund apportionment | 3,500 | 3,500 | 4,648 | 1,148 | 4,480 |
| Other licenses and permits | 20,000 | 20,000 | 79,375 | 59,375 | 68,754 |
| | <u>1,983,800</u> | <u>1,983,800</u> | <u>2,728,729</u> | <u>744,929</u> | <u>2,637,391</u> |

FINES AND FORFEITURES

| | | | | | |
|--------------------------|------------------|------------------|------------------|----------------|------------------|
| Fines and forfeited bail | <u>1,444,000</u> | <u>1,470,878</u> | <u>2,146,057</u> | <u>675,179</u> | <u>1,598,251</u> |
|--------------------------|------------------|------------------|------------------|----------------|------------------|

STATE AID

| | | | | | |
|----------------|----------------|----------------|----------------|---------------|----------------|
| Per capita | 113,852 | 113,852 | 113,852 | - | 113,852 |
| Mortgage tax | 515,000 | 515,000 | 587,976 | 72,976 | 661,343 |
| Youth programs | 7,600 | 7,600 | 7,206 | (394) | - |
| Bus shelters | 25,000 | 25,000 | 46,664 | 21,664 | 37,617 |
| Police grant | - | 14,175 | 3,545 | (10,630) | - |
| Justice court | - | 9,280 | 9,280 | - | 55,193 |
| | <u>661,452</u> | <u>684,907</u> | <u>768,523</u> | <u>83,616</u> | <u>868,005</u> |

FEDERAL AID

| | | | | | |
|-----------------------------|----------|----------|----------|----------|--------------|
| Emergency management agency | - | - | - | - | 2,912 |
| Cops grant | - | - | - | - | 1,094 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,006</u> |

MISCELLANEOUS

| | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Refunds of prior year's expenditures | 130,000 | 130,000 | 416,391 | 286,391 | 261,559 |
| Gifts and donations | - | 11,940 | 11,328 | (612) | 8,040 |
| Medicare Part D reimbursement | 170,000 | 170,000 | 194,014 | 24,014 | 199,278 |
| Unclassified | 31,600 | 31,600 | 58,796 | 27,196 | 43,724 |
| | <u>331,600</u> | <u>343,540</u> | <u>680,529</u> | <u>336,989</u> | <u>512,601</u> |

TOTAL REVENUES

| | | | | | |
|--|-------------------|-------------------|-------------------|------------------|-------------------|
| | <u>37,866,571</u> | <u>38,571,575</u> | <u>41,238,495</u> | <u>2,666,920</u> | <u>39,135,502</u> |
|--|-------------------|-------------------|-------------------|------------------|-------------------|

(Continued)

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Town/Village of Harrison, New York

General Fund - Town

Schedule of Revenues and Other Financing Sources Compared to Budget - Sub Fund (Continued)

Year Ended December 31, 2016

(With Comparative Actuals for 2015)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | 2015 Actual |
|---|----------------------|----------------------|----------------------|---|----------------------|
| OTHER FINANCING SOURCES | | | | | |
| Insurance recoveries | \$ - | \$ 27,312 | \$ 50,154 | \$ 22,842 | \$ 91,019 |
| Sale of equipment | 24,000 | 24,000 | 75,355 | 51,355 | 18,881 |
| Transfers in | | | | | |
| Capital Projects Fund | - | - | 40,917 | 40,917 | 62,807 |
| TOTAL OTHER FINANCING SOURCES | <u>24,000</u> | <u>51,312</u> | <u>166,426</u> | <u>115,114</u> | <u>172,707</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 37,890,571</u> | <u>\$ 38,622,887</u> | <u>\$ 41,404,921</u> | <u>\$ 2,782,034</u> | <u>\$ 39,308,209</u> |

Town/Village of Harrison, New York

General Fund - Town

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub Fund

Year Ended December 31, 2016

(With Comparative Actuals for 2015)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | 2015 Actual |
|--|--------------------|------------------|------------------|---|------------------|
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Town Board | \$ 73,784 | \$ 73,784 | \$ 71,803 | \$ 1,981 | \$ 72,337 |
| Town Justice | 669,476 | 705,634 | 705,615 | 19 | 659,674 |
| Supervisor | 318,158 | 325,542 | 320,794 | 4,748 | 316,122 |
| Finance | 415,343 | 406,530 | 398,877 | 7,653 | 402,353 |
| Auditor | 40,105 | 40,105 | 36,105 | 4,000 | 34,635 |
| Receiver of Taxes | 232,581 | 232,581 | 231,241 | 1,340 | 226,295 |
| Purchasing | 136,059 | 136,059 | 127,674 | 8,385 | 140,057 |
| Assessor | 211,517 | 211,586 | 211,581 | 5 | 204,175 |
| Town Clerk | 225,826 | 225,826 | 219,928 | 5,898 | 216,131 |
| Archive Grant | 5,320 | 5,320 | 2,106 | 3,214 | 2,011 |
| Town Attorney | 887,696 | 901,196 | 826,523 | 74,673 | 888,693 |
| Engineer | 504,065 | 504,065 | 369,532 | 134,533 | 309,841 |
| Elections | 43,000 | 43,000 | 41,169 | 1,831 | 40,978 |
| Commissioner of Public Works | 347,563 | 347,563 | 345,153 | 2,410 | 314,634 |
| Central services | 279,625 | 279,625 | 266,834 | 12,791 | 229,212 |
| Buildings | 1,463,840 | 1,464,590 | 1,355,932 | 108,658 | 1,325,352 |
| Central garage | 781,325 | 699,948 | 673,589 | 26,359 | 674,684 |
| Central data processing | 424,497 | 424,497 | 413,515 | 10,982 | 412,395 |
| Special items | | | | | |
| Special services | 392,520 | 468,065 | 426,970 | 41,095 | 138,861 |
| General code | 6,000 | 6,000 | 4,758 | 1,242 | 2,782 |
| Youth Council | 950 | 950 | - | 950 | 369 |
| Unallocated insurance | 140,000 | 140,000 | 134,047 | 5,953 | 135,224 |
| Taxes and assessments on property | 110,000 | 110,000 | 108,464 | 1,536 | 107,056 |
| Metropolitan commuter transportation mobility tax | 29,334 | 29,334 | 29,040 | 294 | 28,587 |
| Contingent account | 100,000 | 10,955 | - | 10,955 | - |
| | <u>7,838,584</u> | <u>7,792,755</u> | <u>7,321,250</u> | <u>471,505</u> | <u>6,882,458</u> |

PUBLIC SAFETY

| | | | | | |
|----------------------------|------------|------------|------------|---------|------------|
| Police | 10,702,764 | 11,230,414 | 10,677,406 | 553,008 | 10,077,679 |
| Employee benefits - Police | 8,047,220 | 8,176,476 | 8,110,902 | 65,574 | 8,105,126 |
| Youth forum | 39,756 | 39,756 | 33,125 | 6,631 | 66,151 |
| Traffic control | 189,098 | 208,801 | 207,324 | 1,477 | 187,270 |
| Fire inspection | 140,111 | 140,111 | 127,235 | 12,876 | 125,119 |
| Control of animals | 48,000 | 48,000 | 46,649 | 1,351 | 46,470 |
| Safety inspection | 807,063 | 807,063 | 744,913 | 62,150 | 709,623 |

| | | | | | |
|--|-------------------|-------------------|-------------------|----------------|-------------------|
| | <u>19,974,012</u> | <u>20,650,621</u> | <u>19,947,554</u> | <u>703,067</u> | <u>19,317,438</u> |
|--|-------------------|-------------------|-------------------|----------------|-------------------|

HEALTH

| | | | | | |
|-----------|----------------|----------------|----------------|---------------|----------------|
| Ambulance | <u>582,000</u> | <u>582,000</u> | <u>562,479</u> | <u>19,521</u> | <u>566,983</u> |
|-----------|----------------|----------------|----------------|---------------|----------------|

TRANSPORTATION

| | | | | | |
|-----------------|----------------|----------------|----------------|---------------|----------------|
| Street lighting | <u>493,448</u> | <u>499,707</u> | <u>447,496</u> | <u>52,211</u> | <u>461,420</u> |
|-----------------|----------------|----------------|----------------|---------------|----------------|

ECONOMIC ASSISTANCE AND OPPORTUNITY

| | | | | | |
|--------------------|----------------|----------------|----------------|--------------|----------------|
| Community services | <u>151,083</u> | <u>151,083</u> | <u>148,999</u> | <u>2,084</u> | <u>140,433</u> |
|--------------------|----------------|----------------|----------------|--------------|----------------|

CULTURE AND RECREATION

| | | | | | |
|-----------------------------------|----------------|----------------|----------------|----------|----------------|
| Parks, playgrounds and recreation | 3,318,706 | 3,319,306 | 3,247,619 | 71,687 | 3,196,392 |
| Celebrations | 2,000 | 13,940 | 13,940 | - | 10,330 |
| Historian | 2,200 | 2,200 | 1,686 | 514 | 224 |
| Public library | <u>223,375</u> | <u>223,375</u> | <u>223,375</u> | <u>-</u> | <u>221,756</u> |

| | | | | | |
|--|------------------|------------------|------------------|---------------|------------------|
| | <u>3,546,281</u> | <u>3,558,821</u> | <u>3,486,620</u> | <u>72,201</u> | <u>3,428,702</u> |
|--|------------------|------------------|------------------|---------------|------------------|

HOME AND COMMUNITY SERVICES

| | | | | | |
|----------------------------|--------------|--------------|--------------|-----------|--------------|
| Zoning | 2,050 | 2,050 | 238 | 1,812 | 806 |
| Planning | 126,363 | 127,723 | 127,052 | 671 | 122,960 |
| Council for the arts | 82,500 | 82,500 | 82,500 | - | 82,500 |
| ETPA administrative charge | <u>2,900</u> | <u>2,900</u> | <u>2,870</u> | <u>30</u> | <u>2,910</u> |

| | | | | | |
|--|----------------|----------------|----------------|--------------|----------------|
| | <u>213,813</u> | <u>215,173</u> | <u>212,660</u> | <u>2,513</u> | <u>209,176</u> |
|--|----------------|----------------|----------------|--------------|----------------|

(Continued)

Town/Village of Harrison, New York

General Fund - Town

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub Fund (Continued)

Year Ended December 31, 2016

(With Comparative Actuals for 2015)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | 2015 Actual |
|--|-----------------------------|-----------------------------|-----------------------------|---|-----------------------------|
| EMPLOYEE BENEFITS | | | | | |
| State retirement | \$ 1,165,389 | \$ 1,181,990 | \$ 1,181,990 | \$ - | \$ 1,413,547 |
| Social security | 654,020 | 650,084 | 650,083 | 1 | 633,987 |
| Workers' compensation benefits | 350,000 | 246,037 | 246,037 | - | 312,132 |
| Disability benefits | 9,500 | 8,326 | 8,326 | - | 8,434 |
| Unemployment benefits | 5,000 | 2,231 | 2,230 | 1 | 5,984 |
| Welfare benefits | 28,000 | 25,888 | 25,888 | - | 25,650 |
| Health, dental and life insurance | 3,390,450 | 3,569,180 | 3,569,177 | 3 | 3,388,233 |
| | <u>5,602,359</u> | <u>5,683,736</u> | <u>5,683,731</u> | <u>5</u> | <u>5,787,967</u> |
| TOTAL EXPENDITURES | 38,401,580 | 39,133,896 | 37,810,789 | 1,323,107 | 36,794,577 |
| OTHER FINANCING USES | | | | | |
| Transfers out | | | | | |
| Capital Projects Fund | - | - | - | - | 136,000 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 38,401,580</u> | <u>\$ 39,133,896</u> | <u>\$ 37,810,789</u> | <u>\$ 1,323,107</u> | <u>\$ 36,930,577</u> |

See independent auditors' report.

Town/Village of Harrison, New York

General Fund - Village
Comparative Balance Sheet - Sub Fund
December 31,

| | 2016 | 2015 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and equivalents | \$ 8,922,621 | \$ 7,225,713 |
| Taxes receivable | 41,954,260 | 42,881,356 |
| Receivables | | |
| Accounts | 103,314 | 58,526 |
| Due from component unit | 608,953 | 589,953 |
| Due from other funds | 1,158 | 1,158 |
| | 713,425 | 649,637 |
| Prepaid expenditures | 183,162 | 206,283 |
| Total Assets | <u>\$ 51,773,468</u> | <u>\$ 50,962,989</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 350,415 | \$ 89,331 |
| Due to other governments | 22,920 | 29,032 |
| Due to school district | 47,522,243 | 47,164,060 |
| Total Liabilities | 47,895,578 | 47,282,423 |
| Deferred inflows of resources | | |
| Deferred tax revenues | 1,467,288 | 1,237,802 |
| Total Liabilities and Deferred Inflows of Resources | <u>49,362,866</u> | <u>48,520,225</u> |
| Fund balance | | |
| Nonspendable | 792,115 | 796,236 |
| Restricted | 11,784 | 11,748 |
| Assigned | 2,221 | 4,721 |
| Unassigned | 1,604,482 | 1,630,059 |
| Total Fund Balance | <u>2,410,602</u> | <u>2,442,764</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 51,773,468</u> | <u>\$ 50,962,989</u> |

See independent auditors' report.

Town/Village of Harrison, New York

General Fund - Village
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Sub Fund
Years Ended December 31,

| | 2016 | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 10,145,246 | \$ 10,145,246 | \$ 9,940,611 | \$ (204,635) |
| Other tax items | 1,901,947 | 1,901,947 | 1,939,238 | 37,291 |
| Departmental income | 225,000 | 225,000 | - | (225,000) |
| Use of money and property | 5,000 | 5,000 | 9,683 | 4,683 |
| Fines and forfeitures | 30,000 | 30,000 | 14,843 | (15,157) |
| Sale of property and compensation for loss | 5,000 | 5,596 | 16,343 | 10,747 |
| State aid | 581,203 | 581,203 | 683,495 | 102,292 |
| Miscellaneous | 100,300 | 100,300 | 196,595 | 96,295 |
| Total Revenues | 12,993,696 | 12,994,292 | 12,800,808 | (193,484) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government support | 839,836 | 1,786,007 | 1,783,767 | 2,240 |
| Home and community services | 3,119,519 | 2,808,944 | 2,662,408 | 146,536 |
| Employee benefits | 2,714,240 | 2,714,240 | 2,696,978 | 17,262 |
| Total Expenditures | 6,673,595 | 7,309,191 | 7,143,153 | 166,038 |
| Excess of Revenues Over Expenditures | 6,320,101 | 5,685,101 | 5,657,655 | (27,446) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond anticipation note issued | - | 635,000 | 635,000 | - |
| Transfers out | (6,324,822) | (6,324,822) | (6,324,817) | 5 |
| Total Other Financing Uses | (6,324,822) | (5,689,822) | (5,689,817) | 5 |
| Net Change in Fund Balance | (4,721) | (4,721) | (32,162) | (27,441) |
| FUND BALANCE | | | | |
| Beginning of Year | 4,721 | 4,721 | 2,442,764 | 2,438,043 |
| End of Year | \$ - | \$ - | \$ 2,410,602 | \$ 2,410,602 |

See independent auditors' report.

| 2015 | | | |
|--------------------|-----------------|--------------|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| \$ 9,986,821 | \$ 9,986,821 | \$ 9,865,019 | \$ (121,802) |
| 1,822,572 | 1,822,572 | 1,895,835 | 73,263 |
| 225,000 | 225,000 | 250,550 | 25,550 |
| 10,000 | 10,000 | 5,428 | (4,572) |
| 30,000 | 30,000 | 44,040 | 14,040 |
| 5,000 | 5,000 | 13,496 | 8,496 |
| 581,203 | 581,203 | 756,786 | 175,583 |
| 100,300 | 100,300 | 151,419 | 51,119 |
| 12,760,896 | 12,760,896 | 12,982,573 | 221,677 |
| 857,890 | 857,890 | 833,889 | 24,001 |
| 3,058,635 | 3,058,635 | 2,840,548 | 218,087 |
| 2,794,370 | 2,794,370 | 2,703,345 | 91,025 |
| 6,710,895 | 6,710,895 | 6,377,782 | 333,113 |
| 6,050,001 | 6,050,001 | 6,604,791 | 554,790 |
| - | - | - | - |
| (6,056,722) | (6,057,222) | (5,997,365) | 59,857 |
| (6,056,722) | (6,057,222) | (5,997,365) | 59,857 |
| (6,721) | (7,221) | 607,426 | 614,647 |
| 6,721 | 7,221 | 1,835,338 | 1,828,117 |
| \$ - | \$ - | \$ 2,442,764 | \$ 2,442,764 |

Town/Village of Harrison, New York

General Fund - Village
Schedule of Revenues and Other Financing Sources Compared to Budget - Sub Fund
Year Ended December 31, 2016
(With Comparative Actuals for 2015)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | 2015 Actual |
|---|--------------------|-----------------|--------------|---|----------------|
| REAL PROPERTY TAXES | \$ 10,145,246 | \$ 10,145,246 | \$ 9,940,611 | \$ (204,635) | \$ 9,865,019 |
| OTHER TAX ITEMS | | | | | |
| Payments in lieu of taxes | 666,947 | 666,947 | 671,434 | 4,487 | 588,078 |
| Interest and penalties on real property taxes | 500,000 | 500,000 | 614,170 | 114,170 | 556,789 |
| Utilities gross receipts taxes | 735,000 | 735,000 | 653,634 | (81,366) | 750,968 |
| | 1,901,947 | 1,901,947 | 1,939,238 | 37,291 | 1,895,835 |
| DEPARTMENTAL INCOME | | | | | |
| Commercial garbage fees | 225,000 | 225,000 | - | (225,000) | 250,550 |
| USE OF MONEY AND PROPERTY | | | | | |
| Earnings on investments | 5,000 | 5,000 | 9,683 | 4,683 | 5,428 |
| FINES AND FORFEITURES | | | | | |
| Fines and forfeited bail | 30,000 | 30,000 | 14,843 | (15,157) | 44,040 |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | | |
| Sale of recycled materials | 5,000 | 5,596 | 16,343 | 10,747 | 13,496 |
| STATE AID | | | | | |
| Per capita | 66,203 | 66,203 | 95,519 | 29,316 | 95,443 |
| Mortgage tax | 515,000 | 515,000 | 587,976 | 72,976 | 661,343 |
| | 581,203 | 581,203 | 683,495 | 102,292 | 756,786 |

MISCELLANEOUSRefunds of prior year's expenditures
Miscellaneous

| | | | | |
|------------|------------|------------|-----------|----------|
| 100,000 | 100,000 | 196,232 | 96,232 | 151,419 |
| <u>300</u> | <u>300</u> | <u>363</u> | <u>63</u> | <u>-</u> |

| | | | | |
|----------------|----------------|----------------|---------------|----------------|
| <u>100,300</u> | <u>100,300</u> | <u>196,595</u> | <u>96,295</u> | <u>151,419</u> |
|----------------|----------------|----------------|---------------|----------------|

TOTAL REVENUES

| | | | | |
|------------|------------|------------|-----------|------------|
| 12,993,696 | 12,994,292 | 12,800,808 | (193,484) | 12,982,573 |
|------------|------------|------------|-----------|------------|

OTHER FINANCING SOURCES

Bond anticipation note issued

| | | | | |
|----------|----------------|----------------|----------|----------|
| <u>-</u> | <u>635,000</u> | <u>635,000</u> | <u>-</u> | <u>-</u> |
|----------|----------------|----------------|----------|----------|

TOTAL REVENUES AND**OTHER FINANCING SOURCES**

| | | | | |
|----------------------|----------------------|----------------------|---------------------|----------------------|
| <u>\$ 12,993,696</u> | <u>\$ 13,629,292</u> | <u>\$ 13,435,808</u> | <u>\$ (193,484)</u> | <u>\$ 12,982,573</u> |
|----------------------|----------------------|----------------------|---------------------|----------------------|

Town/Village of Harrison, New York

General Fund - Village

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub Fund

Year Ended December 31, 2016

(With Comparative Actuals for 2015)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | 2015 Actual |
|--|----------------------|----------------------|----------------------|---|----------------------|
| GENERAL GOVERNMENT SUPPORT | | | | | |
| Auditor | \$ 22,345 | \$ 21,767 | \$ 21,595 | \$ 172 | \$ 20,965 |
| Law | 125,583 | 126,161 | 126,161 | - | 122,488 |
| Special items | | | | | |
| Special services | 1,500 | 1,350 | 1,350 | - | 1,440 |
| Stormwater management plan | 4,721 | 2,500 | 2,500 | - | 2,000 |
| Bond and note issuance costs | 6,200 | 1,885 | 1,885 | - | - |
| Unallocated insurance | 115,000 | 117,203 | 117,203 | - | 115,000 |
| Taxes and assessments on property | 110,000 | 107,125 | 107,124 | 1 | 105,716 |
| Judgments and claims | 445,639 | 1,399,168 | 1,398,234 | 934 | 458,120 |
| Metropolitan commuter transportation mobility tax | 8,848 | 8,848 | 7,715 | 1,133 | 8,160 |
| | <u>839,836</u> | <u>1,786,007</u> | <u>1,783,767</u> | <u>2,240</u> | <u>833,889</u> |
| HOME AND COMMUNITY SERVICES | | | | | |
| Refuse and garbage collection | <u>3,119,519</u> | <u>2,808,944</u> | <u>2,662,408</u> | <u>146,536</u> | <u>2,840,548</u> |
| EMPLOYEE BENEFITS | | | | | |
| State retirement | 409,390 | 384,909 | 384,908 | 1 | 436,811 |
| Social security | 199,079 | 178,258 | 175,266 | 2,992 | 183,864 |
| Workers' compensation benefits | 550,000 | 526,899 | 526,899 | - | 540,483 |
| Disability benefits | 3,171 | 3,171 | 2,502 | 669 | 2,632 |
| Unemployment benefits | 8,600 | 8,600 | 2,703 | 5,897 | 4,253 |
| Welfare benefits | 29,000 | 29,000 | 24,700 | 4,300 | 25,888 |
| Health, dental and life insurance | 1,515,000 | 1,583,403 | 1,580,000 | 3,403 | 1,509,414 |
| | <u>2,714,240</u> | <u>2,714,240</u> | <u>2,696,978</u> | <u>17,262</u> | <u>2,703,345</u> |
| TOTAL EXPENDITURES | <u>6,673,595</u> | <u>7,309,191</u> | <u>7,143,153</u> | <u>166,038</u> | <u>6,377,782</u> |
| OTHER FINANCING USES | | | | | |
| Transfers out | | | | | |
| Debt Service Fund | <u>6,324,822</u> | <u>6,324,822</u> | <u>6,324,817</u> | <u>5</u> | <u>5,997,365</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 12,998,417</u> | <u>\$ 13,634,013</u> | <u>\$ 13,467,970</u> | <u>\$ 166,043</u> | <u>\$ 12,375,147</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

| | <u>2016</u> | <u>2015</u> |
|----------------------|---------------------|-------------------|
| ASSETS | | |
| Cash and equivalents | \$ 1,632,702 | \$ 713,208 |
| Accounts receivable | <u>9,439</u> | <u>12,742</u> |
| Total Assets | <u>\$ 1,642,141</u> | <u>\$ 725,950</u> |
| FUND BALANCE | | |
| Restricted | \$ 1,613,999 | \$ 689,068 |
| Assigned | <u>28,142</u> | <u>36,882</u> |
| Total Fund Balance | <u>\$ 1,642,141</u> | <u>\$ 725,950</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Debt Service Fund

Comparative Schedule of Revenues, Expenditures and Changes in

Fund Balance - Budget and Actual

Years Ended December 31,

| | 2016 | | | |
|---|--------------------|-----------------|--------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUES | | | | |
| Use of money and property | \$ - | \$ - | \$ 7,111 | \$ 7,111 |
| State aid | - | - | - | - |
| Miscellaneous | - | - | 9,439 | 9,439 |
| Total Revenues | - | - | 16,550 | 16,550 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Bonds | | | | |
| Principal | 5,602,880 | 5,602,880 | 5,602,880 | - |
| Interest | 2,117,883 | 2,117,883 | 2,117,880 | 3 |
| Total Expenditures | 7,720,763 | 7,720,763 | 7,720,760 | 3 |
| Deficiency of Revenues Over Expenditures | (7,720,763) | (7,720,763) | (7,704,210) | 16,553 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 7,683,881 | 7,683,881 | 8,620,401 | 936,520 |
| Net Change in Fund Balance | (36,882) | (36,882) | 916,191 | 953,073 |
| FUND BALANCE | | | | |
| Beginning of Year | 36,882 | 36,882 | 725,950 | 689,068 |
| End of Year | \$ - | \$ - | \$ 1,642,141 | \$ 1,642,141 |

See independent auditors' report.

2015

| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------|-----------------|-------------|---|
| \$ - | \$ - | \$ 8,553 | \$ 8,553 |
| - | - | 107,227 | 107,227 |
| - | - | 122,091 | 122,091 |
| - | - | 237,871 | 237,871 |
| 5,403,063 | 5,403,063 | 5,403,063 | - |
| 2,140,974 | 2,140,974 | 2,084,963 | 56,011 |
| 7,544,037 | 7,544,037 | 7,488,026 | 56,011 |
| (7,544,037) | (7,544,037) | (7,250,155) | 293,882 |
| 7,457,137 | 7,457,137 | 7,433,964 | (23,173) |
| (86,900) | (86,900) | 183,809 | 270,709 |
| 86,900 | 86,900 | 542,141 | 455,241 |
| \$ - | \$ - | \$ 725,950 | \$ 725,950 |

Town/Village of Harrison, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|----------------------|
| ASSETS | | |
| Cash and equivalents | <u>\$ 2,697,633</u> | <u>\$ 13,091,685</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 1,510,287 | \$ 1,550,821 |
| FUND BALANCE | | |
| Restricted | <u>1,187,346</u> | <u>11,540,864</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,697,633</u> | <u>\$ 13,091,685</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Capital Projects Fund

**Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance**

Years Ended December 31,

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|----------------------|
| REVENUES | | |
| State aid | \$ 603,516 | \$ 1,077 |
| Federal aid | - | 77,835 |
| Miscellaneous | <u>88,117</u> | <u>1,987,701</u> |
| Total Revenues | 691,633 | 2,066,613 |
| EXPENDITURES | | |
| Capital outlay | <u>10,417,713</u> | <u>9,340,408</u> |
| Deficiency of Revenues Over Expenditures | <u>(9,726,080)</u> | <u>(7,273,795)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Bonds issued | - | 7,344,015 |
| Transfers in | 350,000 | 876,152 |
| Transfers out | <u>(977,438)</u> | <u>(95,333)</u> |
| Total Other Financing Sources (Uses) | <u>(627,438)</u> | <u>8,124,834</u> |
| Net Change in Fund Balance | (10,353,518) | 851,039 |
| FUND BALANCE | | |
| Beginning of Year | <u>11,540,864</u> | <u>10,689,825</u> |
| End of Year | <u>\$ 1,187,346</u> | <u>\$ 11,540,864</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Special Districts Fund
Combining Balance Sheet - Sub Funds
December 31, 2016
(With Comparative Totals for 2015)

| | Water District No. 2 | Sewer Districts | |
|---|----------------------------|-----------------|------------------|
| | | No. 1 | Maintenance |
| ASSETS | | | |
| Cash and equivalents | \$ 3,983,204 | \$ 6,442 | \$ 51,156 |
| Investments | - | - | - |
| Accounts receivable | 2,470,943 | - | - |
| Prepaid expenditures | - | - | 36,824 |
| Total Assets | \$ 6,454,147 | \$ 6,442 | \$ 87,980 |
| LIABILITIES AND FUND BALANCES (DEFICITS) | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ 2,009 |
| Unearned revenues | 1,853,207 | - | - |
| Due to other funds | - | - | - |
| Total Liabilities | 1,853,207 | - | 2,009 |
| Fund balances (deficits) | | | |
| Nonspendable | - | - | 36,824 |
| Restricted | - | - | - |
| Assigned | 4,600,940 | 6,442 | 49,147 |
| Total Fund Balances (Deficits) | 4,600,940 | 6,442 | 85,971 |
| Total Liabilities and Fund Balances (Deficits) | \$ 6,454,147 | \$ 6,442 | \$ 87,980 |

See independent auditors' report.

| Fire Protection Districts | | | | Fire Service Awards Program | Totals | |
|---------------------------|-------------------|-----------------|----------------|-----------------------------------|---------------------|---------------------|
| No. 1 | No. 2 | No. 3 | No. 5 | | 2016 | 2015 |
| \$ 731,044 | \$ 716,363 | \$ 3,165 | \$ - | \$ 11,113 | \$ 5,502,487 | \$ 4,119,102 |
| - | - | - | - | 1,079,784 | 1,079,784 | - |
| - | 23,020 | - | - | 239,118 | 2,733,081 | 2,493,849 |
| 104,406 | 162,240 | - | - | - | 303,470 | 329,989 |
| <u>\$ 835,450</u> | <u>\$ 901,623</u> | <u>\$ 3,165</u> | <u>\$ -</u> | <u>\$ 1,330,015</u> | <u>\$ 9,618,822</u> | <u>\$ 6,942,940</u> |
| | | | | | | |
| \$ 242,829 | \$ 113,916 | \$ - | \$ - | \$ - | \$ 358,754 | \$ 294,972 |
| - | - | - | - | - | 1,853,207 | 1,853,816 |
| - | - | - | 1,158 | - | 1,158 | 1,158 |
| <u>242,829</u> | <u>113,916</u> | <u>-</u> | <u>1,158</u> | <u>-</u> | <u>2,213,119</u> | <u>2,149,946</u> |
| | | | | | | |
| 104,406 | 162,240 | - | - | - | 303,470 | 329,989 |
| - | - | - | - | 1,330,015 | 1,330,015 | - |
| 488,215 | 625,467 | 3,165 | (1,158) | - | 5,772,218 | 4,463,005 |
| <u>592,621</u> | <u>787,707</u> | <u>3,165</u> | <u>(1,158)</u> | <u>1,330,015</u> | <u>7,405,703</u> | <u>4,792,994</u> |
| <u>\$ 835,450</u> | <u>\$ 901,623</u> | <u>\$ 3,165</u> | <u>\$ -</u> | <u>\$ 1,330,015</u> | <u>\$ 9,618,822</u> | <u>\$ 6,942,940</u> |

Town/Village of Harrison, New York

Special Districts Fund
Combining Schedule of Revenues, Expenditures and Changes
in Fund Balances - Sub Funds
Year Ended December 31, 2016
(With Comparative Totals for 2015)

| | Water District No. 2 | Sewer Districts | |
|--|----------------------------|-----------------|------------------|
| | | No. 1 | Maintenance |
| REVENUES | | | |
| Real property taxes | \$ 194,325 | \$ - | \$ 656,818 |
| Departmental income | 2,471,552 | - | - |
| Use of money and property | 2,852 | - | 390 |
| Net change in fair value of investments | - | - | - |
| Sale of property and compensation for loss | - | - | - |
| State aid | - | - | - |
| Miscellaneous | - | - | - |
| Total Revenues | 2,668,729 | - | 657,208 |
| EXPENDITURES | | | |
| Current | | | |
| General government support | - | - | - |
| Public safety | - | - | - |
| Home and community services | 28,642 | - | 493,876 |
| Employee benefits | 1,259 | - | 137,405 |
| Total Expenditures | 29,901 | - | 631,281 |
| Excess of Revenues Over Expenditures | 2,638,828 | - | 25,927 |
| OTHER FINANCING USES | | | |
| Transfers out | (1,118,700) | - | (152,383) |
| Net Change in Fund Balances | 1,520,128 | - | (126,456) |
| FUND BALANCES (DEFICITS) | | | |
| Beginning of Year, as reported | 3,080,812 | 6,442 | 212,427 |
| Cumulative Effect of Change in Accounting Principle | - | - | - |
| Beginning of Year, as restated | 3,080,812 | 6,442 | 212,427 |
| End of Year | <u>\$ 4,600,940</u> | <u>\$ 6,442</u> | <u>\$ 85,971</u> |

See independent auditors' report.

| Fire Protection Districts | | | | Fire Service Awards Program | Eliminations | Totals | |
|---------------------------|--------------|-----------|------------|-----------------------------------|--------------|--------------|--------------|
| No. 1 | No. 2 | No. 3 | No. 5 | | | 2016 | 2015 |
| \$ 870,539 | \$ 4,079,765 | \$ 32,273 | \$ 34,500 | \$ - | \$ - | \$ 5,868,220 | \$ 5,791,237 |
| 34,500 | 1,936 | - | - | 115,318 | (115,318) | 2,507,988 | 1,538,500 |
| 896 | 2,503 | 11 | - | 36,804 | (36,804) | 6,652 | 5,273 |
| - | - | - | - | 30,510 | (30,510) | - | - |
| 13,500 | - | - | - | - | - | 13,500 | - |
| - | - | - | - | - | - | - | 10,550 |
| - | 52,323 | - | - | - | - | 52,323 | 52,263 |
| 919,435 | 4,136,527 | 32,284 | 34,500 | 182,632 | (182,632) | 8,448,683 | 7,397,823 |
| 2,301 | 104,755 | 97 | - | - | - | 107,153 | 31,803 |
| 596,726 | 2,542,690 | 31,625 | 34,500 | 82,960 | (182,632) | 3,105,869 | 3,193,596 |
| - | - | - | - | - | - | 522,518 | 409,195 |
| 21,765 | 1,461,285 | - | - | - | - | 1,621,714 | 1,588,966 |
| 620,792 | 4,108,730 | 31,722 | 34,500 | 82,960 | (182,632) | 5,357,254 | 5,223,560 |
| 298,643 | 27,797 | 562 | - | 99,672 | - | 3,091,429 | 2,174,263 |
| (170,820) | (267,160) | - | - | - | - | (1,709,063) | (1,800,073) |
| 127,823 | (239,363) | 562 | - | 99,672 | - | 1,382,366 | 374,190 |
| 464,798 | 1,027,070 | 2,603 | (1,158) | - | - | 4,792,994 | 4,418,804 |
| - | - | - | - | 1,230,343 | - | 1,230,343 | - |
| 464,798 | 1,027,070 | 2,603 | (1,158) | 1,230,343 | - | 6,023,337 | 4,418,804 |
| \$ 592,621 | \$ 787,707 | \$ 3,165 | \$ (1,158) | \$ 1,330,015 | \$ - | \$ 7,405,703 | \$ 4,792,994 |

Town/Village of Harrison, New York

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2016
(With Comparative Totals for 2015)

| | Highway | Public Library | Special Purpose |
|--|---------------------|-------------------|---------------------|
| ASSETS | | | |
| Cash and equivalents | \$ 1,949,489 | \$ 407,968 | \$ 1,669,906 |
| Receivables | | | |
| Accounts | 21,565 | 3,285 | 6,075 |
| State and Federal aid | - | - | - |
| | 21,565 | 3,285 | 6,075 |
| Prepaid expenditures | 176,255 | 53,998 | - |
| Total Assets | <u>\$ 2,147,309</u> | <u>\$ 465,251</u> | <u>\$ 1,675,981</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 89,787 | \$ 36,734 | \$ 12,198 |
| Fund balances | | | |
| Nonspendable | 176,255 | 53,998 | - |
| Restricted | - | - | 1,663,783 |
| Assigned | 1,881,267 | 374,519 | - |
| Total Fund Balances | <u>2,057,522</u> | <u>428,517</u> | <u>1,663,783</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,147,309</u> | <u>\$ 465,251</u> | <u>\$ 1,675,981</u> |

See independent auditors' report.

| Total Non-Major Governmental Funds | |
|---------------------------------------|---------------------|
| 2016 | 2015 |
| <u>\$ 4,027,363</u> | <u>\$ 3,492,432</u> |
| 30,925 | 27,077 |
| - | 89,767 |
| <u>30,925</u> | <u>116,844</u> |
| <u>230,253</u> | <u>250,651</u> |
| <u>\$ 4,288,541</u> | <u>\$ 3,859,927</u> |
| | |
| <u>\$ 138,719</u> | <u>\$ 184,370</u> |
| | |
| 230,253 | 250,651 |
| 1,663,783 | 1,467,229 |
| <u>2,255,786</u> | <u>1,957,677</u> |
| <u>4,149,822</u> | <u>3,675,557</u> |
| | |
| <u>\$ 4,288,541</u> | <u>\$ 3,859,927</u> |

Town/Village of Harrison, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2016
(With Comparative Totals for 2015)

| | Highway | Public Library | Special Purpose |
|---|--------------|-------------------|--------------------|
| REVENUES | | | |
| Real property taxes | \$ 5,445,670 | \$ 2,420,174 | \$ - |
| Departmental income | 58,104 | 18,863 | - |
| Use of money and property | 3,660 | 1,299 | 803 |
| State aid | 92,888 | 8,444 | - |
| Miscellaneous | 49,119 | 1,030 | 499,124 |
| | | | |
| Total Revenues | 5,649,441 | 2,449,810 | 499,927 |
| | | | |
| EXPENDITURES | | | |
| Current | | | |
| Transportation | 3,606,171 | - | - |
| Culture and recreation | - | 1,475,305 | 46,161 |
| Home and community services | - | - | 257,212 |
| Employee benefits | 1,833,586 | 906,478 | - |
| | | | |
| Total Expenditures | 5,439,757 | 2,381,783 | 303,373 |
| | | | |
| Excess of Revenues Over Expenditures | 209,684 | 68,027 | 196,554 |
| | | | |
| OTHER FINANCING USES | | | |
| Transfers out | - | - | - |
| | | | |
| Net Change in Fund Balances | 209,684 | 68,027 | 196,554 |
| | | | |
| FUND BALANCES | | | |
| Beginning of Year | 1,847,838 | 360,490 | 1,467,229 |
| | | | |
| End of Year | \$ 2,057,522 | \$ 428,517 | \$ 1,663,783 |

See independent auditors' report.

| Total Non-Major Governmental Funds | |
|---------------------------------------|---------------------|
| 2016 | 2015 |
| \$ 7,865,844 | \$ 7,740,062 |
| 76,967 | 63,826 |
| 5,762 | 4,857 |
| 101,332 | 339,572 |
| 549,273 | 508,746 |
| <u>8,599,178</u> | <u>8,657,063</u> |
| 3,606,171 | 3,874,353 |
| 1,521,466 | 1,486,443 |
| 257,212 | 274,379 |
| <u>2,740,064</u> | <u>2,407,525</u> |
| <u>8,124,913</u> | <u>8,042,700</u> |
| 474,265 | 614,363 |
| - | (344,152) |
| 474,265 | 270,211 |
| <u>3,675,557</u> | <u>3,405,346</u> |
| <u>\$ 4,149,822</u> | <u>\$ 3,675,557</u> |

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Town/Village of Harrison, New York

Highway Fund
Comparative Balance Sheet
December 31,

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Cash and equivalents | <u>\$ 1,949,489</u> | <u>\$ 1,664,135</u> |
| Receivables | | |
| Accounts | 21,565 | 26,465 |
| State and Federal aid | <u>-</u> | <u>89,767</u> |
| | <u>21,565</u> | <u>116,232</u> |
| Prepaid expenditures | <u>176,255</u> | <u>192,962</u> |
| Total Assets | <u><u>\$ 2,147,309</u></u> | <u><u>\$ 1,973,329</u></u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | <u>\$ 89,787</u> | <u>\$ 125,491</u> |
| Fund balance | | |
| Nonspendable | 176,255 | 192,962 |
| Assigned | <u>1,881,267</u> | <u>1,654,876</u> |
| Total Fund Balance | <u>2,057,522</u> | <u>1,847,838</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 2,147,309</u></u> | <u><u>\$ 1,973,329</u></u> |

See independent auditors' report.

Town/Village of Harrison, New York

Highway Fund

Comparative Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended December 31,

| | 2016 | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 5,445,670 | \$ 5,445,670 | \$ 5,445,670 | \$ - |
| Departmental income | 98,000 | 98,000 | 58,104 | (39,896) |
| Use of money and property | 3,400 | 3,400 | 3,660 | 260 |
| State aid | 88,000 | 88,000 | 92,888 | 4,888 |
| Miscellaneous | 18,000 | 18,156 | 49,119 | 30,963 |
| Total Revenues | 5,653,070 | 5,653,226 | 5,649,441 | (3,785) |
| EXPENDITURES | | | | |
| Current | | | | |
| Transportation | 3,928,749 | 3,822,784 | 3,606,171 | 216,613 |
| Employee benefits | 1,727,471 | 1,833,592 | 1,833,586 | 6 |
| Total Expenditures | 5,656,220 | 5,656,376 | 5,439,757 | 216,619 |
| Excess (Deficiency) of Revenues Over Expenditures | (3,150) | (3,150) | 209,684 | 212,834 |
| OTHER FINANCING USES | | | | |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (3,150) | (3,150) | 209,684 | 212,834 |
| FUND BALANCE | | | | |
| Beginning of Year | 3,150 | 3,150 | 1,847,838 | 1,844,688 |
| End of Year | \$ - | \$ - | \$ 2,057,522 | \$ 2,057,522 |

See independent auditors' report.

| 2015 | | | |
|--------------------|------------------|---------------------|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| \$ 5,348,898 | \$ 5,348,898 | \$ 5,348,898 | \$ - |
| 98,000 | 98,000 | 52,370 | (45,630) |
| 3,400 | 3,400 | 2,994 | (406) |
| 88,000 | 329,941 | 329,942 | 1 |
| 18,000 | 18,825 | 16,337 | (2,488) |
| <u>5,556,298</u> | <u>5,799,064</u> | <u>5,750,541</u> | <u>(48,523)</u> |
| 3,854,455 | 3,996,698 | 3,874,353 | 122,345 |
| <u>1,701,843</u> | <u>1,698,214</u> | <u>1,569,592</u> | <u>128,622</u> |
| <u>5,556,298</u> | <u>5,694,912</u> | <u>5,443,945</u> | <u>250,967</u> |
| - | 104,152 | 306,596 | 202,444 |
| - | (154,152) | (154,152) | - |
| - | (50,000) | 152,444 | 202,444 |
| - | 50,000 | 1,695,394 | 1,645,394 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,847,838</u> | <u>\$ 1,847,838</u> |

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Town/Village of Harrison, New York

Public Library Fund
Comparative Balance Sheet
December 31,

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and equivalents | \$ 407,968 | \$ 343,521 |
| Accounts receivable | 3,285 | - |
| Prepaid expenditures | <u>53,998</u> | <u>57,689</u> |
| Total Assets | <u>\$ 465,251</u> | <u>\$ 401,210</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | <u>\$ 36,734</u> | <u>\$ 40,720</u> |
| Fund balance | | |
| Nonspendable | 53,998 | 57,689 |
| Assigned | <u>374,519</u> | <u>302,801</u> |
| Total Fund Balance | <u>428,517</u> | <u>360,490</u> |
| Total Liabilities and Fund Balance | <u>\$ 465,251</u> | <u>\$ 401,210</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Public Library Fund

Comparative Schedule of Revenues, Expenditures and Changes in

Fund Balance - Budget and Actual

Years Ended December 31,

| | 2016 | | | |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUES | | | | |
| Real property taxes | \$ 2,420,174 | \$ 2,420,174 | \$ 2,420,174 | \$ - |
| Departmental income | 10,000 | 10,000 | 18,863 | 8,863 |
| Use of money and property | 1,000 | 1,000 | 1,299 | 299 |
| State aid | 8,000 | 8,000 | 8,444 | 444 |
| Miscellaneous | - | - | 1,030 | 1,030 |
| Total Revenues | 2,439,174 | 2,439,174 | 2,449,810 | 10,636 |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and recreation | 1,491,795 | 1,491,795 | 1,475,305 | 16,490 |
| Employee benefits | 947,379 | 947,379 | 906,478 | 40,901 |
| Total Expenditures | 2,439,174 | 2,439,174 | 2,381,783 | 57,391 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 68,027 | 68,027 |
| OTHER FINANCING USES | | | | |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | - | - | 68,027 | 68,027 |
| FUND BALANCE | | | | |
| Beginning of Year | - | - | 360,490 | 360,490 |
| End of Year | \$ - | \$ - | \$ 428,517 | \$ 428,517 |

See independent auditors' report.

2015

| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------|------------------|-------------------|---|
| \$ 2,391,164 | \$ 2,391,164 | \$ 2,391,164 | \$ - |
| 15,000 | 15,000 | 11,456 | (3,544) |
| 1,500 | 1,500 | 1,208 | (292) |
| 8,000 | 8,000 | 9,630 | 1,630 |
| - | - | 1,348 | 1,348 |
| <u>2,415,664</u> | <u>2,415,664</u> | <u>2,414,806</u> | <u>(858)</u> |
| 1,460,496 | 1,520,185 | 1,466,873 | 53,312 |
| 955,168 | 950,494 | 837,933 | 112,561 |
| <u>2,415,664</u> | <u>2,470,679</u> | <u>2,304,806</u> | <u>165,873</u> |
| - | (55,015) | 110,000 | 165,015 |
| - | (190,000) | (190,000) | - |
| - | (245,015) | (80,000) | 165,015 |
| - | 245,015 | 440,490 | 195,475 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 360,490</u> | <u>\$ 360,490</u> |

Town/Village of Harrison, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and equivalents | \$ 1,669,906 | \$ 1,484,776 |
| Accounts receivable | <u>6,075</u> | <u>612</u> |
| Total Assets | <u>\$ 1,675,981</u> | <u>\$ 1,485,388</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 12,198 | \$ 18,159 |
| Fund balance | | |
| Restricted | <u>1,663,783</u> | <u>1,467,229</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,675,981</u> | <u>\$ 1,485,388</u> |

See independent auditors' report.

Town/Village of Harrison, New York

**Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,**

| | <u>2016</u> | <u>2015</u> |
|--------------------------------------|---------------------|---------------------|
| REVENUES | | |
| Use of money and property | \$ 803 | \$ 655 |
| Miscellaneous | <u>499,124</u> | <u>491,061</u> |
| Total Revenues | <u>499,927</u> | <u>491,716</u> |
| EXPENDITURES | | |
| Current | | |
| Culture and recreation | 46,161 | 19,570 |
| Home and community services | <u>257,212</u> | <u>274,379</u> |
| Total Expenditures | <u>303,373</u> | <u>293,949</u> |
| Excess of Revenues Over Expenditures | 196,554 | 197,767 |
| FUND BALANCE | | |
| Beginning of Year | <u>1,467,229</u> | <u>1,269,462</u> |
| End of Year | <u>\$ 1,663,783</u> | <u>\$ 1,467,229</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Internal Service Fund - Health Benefits Fund
Comparative Statement of Net Position
December 31,

| | <u>2016</u> | <u>2015</u> |
|----------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and equivalents | \$ 3,098,583 | \$ 3,850,973 |
| Accounts receivable | <u>308,026</u> | <u>417,460</u> |
| Total Assets | <u>3,406,609</u> | <u>4,268,433</u> |
| LIABILITIES | | |
| Accounts payable | 141,687 | 135,786 |
| Accrued liabilities | <u>1,398,000</u> | <u>1,548,000</u> |
| Total Liabilities | <u>1,539,687</u> | <u>1,683,786</u> |
| NET POSITION | | |
| Unrestricted | <u>\$ 1,866,922</u> | <u>\$ 2,584,647</u> |

Town/Village of Harrison, New York

Internal Service Fund - Health Benefits Fund

Comparative Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31,

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|---------------------|---------------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 11,613,073 | \$ 11,131,109 |
| Insurance reimbursements | <u>1,056,828</u> | <u>1,042,014</u> |
| Total Operating Revenues | <u>12,669,901</u> | <u>12,173,123</u> |
| OPERATING EXPENSES | | |
| Insurance | 418,346 | 260,903 |
| Employee benefits | 12,610,216 | 11,243,949 |
| Contractual | <u>359,064</u> | <u>368,412</u> |
| Total Operating Expenses | <u>13,387,626</u> | <u>11,873,264</u> |
| Income (Loss) from Operations | (717,725) | 299,859 |
| NET POSITION | | |
| Beginning of Year | <u>2,584,647</u> | <u>2,284,788</u> |
| End of Year | <u>\$ 1,866,922</u> | <u>\$ 2,584,647</u> |

See independent auditors' report.

Town/Village of Harrison, New York

Internal Service Fund - Health Benefits Fund
Comparative Statement of Cash Flows
Years Ended December 31,

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from charges for services | \$ 11,613,073 | \$ 11,131,109 |
| Cash received from insurance reimbursements | 1,166,262 | 713,441 |
| Cash payments to vendors | (359,064) | (368,412) |
| Cash payments to insurance carriers and claimants | <u>(13,172,661)</u> | <u>(11,074,348)</u> |
| Net Cash from Operating Activities | (752,390) | 401,790 |
| CASH AND EQUIVALENTS | | |
| Beginning of Year | <u>3,850,973</u> | <u>3,449,183</u> |
| End of Year | <u>\$ 3,098,583</u> | <u>\$ 3,850,973</u> |
| RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES | | |
| Income (loss) from operations | \$ (717,725) | \$ 299,859 |
| Adjustments to reconcile income (loss) from operations to net cash from operating activities | | |
| Changes in assets and liabilities | | |
| Accounts receivable | 109,434 | (328,573) |
| Accounts payable | 5,901 | (37,496) |
| Accrued liabilities | <u>(150,000)</u> | <u>468,000</u> |
| Net Cash from Operating Activities | <u>\$ (752,390)</u> | <u>\$ 401,790</u> |

See independent auditors' report.