

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies

A. The Reporting Entity

The Town of Woodbury, incorporated in 1889, is governed by the Charter of the Town of Woodbury, the Municipal Law and other general laws of the State of New York and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of four council people and the Town Supervisor, with each member having one equally weighted vote. The Supervisor serves as Chief Executive Officer, as well as Chief Fiscal Officer of the Town.

The Town provides the following services: police protection, public library, recreation, and refuse collection.

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

The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The financial statements of the Town have been prepared in conformity with the basis of accounting required by the New York State Comptroller's Office and described in the Uniform System of Accounts published by that office. It is a basis of accounting other than accounting principles generally accepted in the United States of America and more further explained in Note 1. E.

B. Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two fund types, as follows:

GOVERNMENTAL FUND TYPES

The accounting and reporting treatment applied to assets and liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue funds include Highway-Outside Village, Water Districts, Sewer Districts, Refuse District, Cottonwood Court and General Fund-Outside Village.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

FIDUCIARY FUND TYPE

Trust and Agency Fund

Trust and Agency Fund is used to account for assets held by the Town in a trustee capacity, or as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

Private Purpose Trust Fund

The John P. Burke Memorial Fund accounts for all donations and all disbursements as approved by the committee established for this purpose.

C. Schedules

Included in this report are schedules which are used to establish accounting control and accountability for Non-current Assets and Non-current Liabilities. These schedules are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of the results of operations.

Non-current Assets

Non-current Assets includes real and personal property, otherwise known as "fixed assets" with an estimated useful of generally more than three years and an original cost of \$5,000. The Town does not depreciate its non-current assets, but only accounts for additions and disposals. Deferred outflows related to the Town's proportional share of the NYS Employee Retirement System retirement liability are also considered non-current assets of the Town. Deferred outflows include the portion of the pension contribution made after the measurement date which is allocated to the current year.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

C. Schedules (Continued)

Non-current liabilities expected to be financed (paid) from governmental fund types are accounted for in this schedule, not in the governmental funds. They are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity.

Non-current Liabilities

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities until in the year due. Therefore, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Non-current Liabilities schedule. Such non-current liabilities include bonded debt, compensated absences amounts due employees in the future, the Town's proportionate share of the NYS Employee Retirement System net pension liability and post-employment benefits.

Deferred inflows related to the Town's proportionate share of the NYS Employee Retirement System retirement liability are also considered non-current liabilities of the Town.

D. Fund Balance Classification

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

Nonspendable:

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

Restricted:

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

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the Town has classified the following reserve funds as restricted fund balances: \$416,193.13 Town Building Reserve, \$14,676.23 Town Equipment Reserve and Outside Village Equipment Reserve \$46,790.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

D. Fund Balance Classification (Continued)

Committed:

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

Assigned:

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

Unassigned:

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

E. Regulatory Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts, and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Under the Uniform System of Accounts prescribed by the New York State Comptroller's Office all governmental funds are accounted for using the "modified accrual basis" of accounting. Their revenues are recognized when they become measurable and available as net current assets. The period of availability is generally defined as including sixty days following the end of the fiscal year. However, grant revenues are recognized when the reimbursable expenditure is incurred. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the "modified accrual basis" of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are generally not accrued; and (2) principal and interest on non-current debt which is recognized when due; and (3) expenditures for most inventory-type items which are recognized at time of purchase.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Investments

Cash includes amounts in demand and time deposits as well as short-term investments. State statutes and the Town's own investment policy govern the investment policies of the Town. The Town may invest its funds in banks or trust companies authorized to do business in the State of New York, as well as investing in obligations of the U.S. Treasury, U.S. Agencies, and obligations of the State of New York and its political subdivisions.

Demand and time deposits and repurchase agreements not covered by Federal Deposit Insurance, must be collateralized by the financial institutions with investments governed under state statutes. All of the Town's deposits were covered by Federal Deposit Insurance, or were collateralized with securities held by a third party custodian as of December 31, 2019.

G. Accounts Receivable

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

H. Inventories and Prepaid Items

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

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

I. Capital Assets

Capital assets are reported at historical costs. The Town depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capital asset thresholds and estimated lives of assets reported are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	20 years
Building and Building Improvements	5,000	15 - 50 years
Machinery & Equipment	5,000	5 - 15 years

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

J. Infrastructure

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not reported any of its infrastructure assets in the financial statements.

K. Vested Employee Benefits

In accordance with the UPSEU 2018-2022 contract, employees with 10 years of consecutive employment are eligible to accumulate 150 days of sick time payable at their current rate of pay at retirement or separation from service. Under the same contract, employees hired after January 1, 2006 have the ability to accumulate 75 days of sick time that are payable at retirement or separation from service after 15 consecutive years of employment.

Under the 2014-2018 PBA contract for Dispatchers, those hired on or before May 17, 1995 shall be paid at retirement or separation from employment a maximum accumulation of 150 sick days after 10 years of full time employment. Under the same contract, employees hired after May 18, 1995 will be paid a maximum of 75 sick days after 10 years of employment. Negotiations have begun for the Dispatcher contract.

Under the PBA Police Contract for 2019-2023, after ten years as a police officer, the officers are eligible to be paid a maximum of 150 accumulated sick days upon retirement, separation or dismissal. An officer hired on or after August 1, 2014 and upon retirement, separation from service or dismissal after 15 years as a police officer shall be paid accumulated sick leave up to 100 days, or have these days applied to early retirement, at the option of the police officer.

In addition, any accumulated vacation time, unused at the close of the fiscal year, is also calculated as part of compensated absences. Upon retirement or resignation from employment of the Town, the employee is eligible to receive his accumulated number of sick and vacation days multiplied by his current daily rate. As of December 31, 2019 thirty eight (38) employees vested their rights in sick leave and vacation time in the amount of \$681,831.44. This amount and the corresponding Employer's FICA/Medicare Share of \$52,160.11 have been accrued in the Non-current Liabilities Schedule in the total amount of \$733,991.55.

L. Risk Retention

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

M. Property Taxes

Real property taxes are levied annually no later than December 15th and become a lien on January 1 through March 31. Taxes for County and State purposes are levied together with taxes for the Town and Special District purposes as a single bill. The Town and Special District's receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in Town and for unpaid County and State taxes. Unpaid Town Taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are re-levied as County taxes in the subsequent year.

N. Budgets

No later than September 30th, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds. After public hearings are conducted to obtain taxpayer comments, the Town Board adopts the budget, which can be no later than November 20th. All modifications of the budget must be approved by the governing board.

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

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as assigned fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

P. Unemployment Insurance

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

Q. Deferred Compensation

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

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

R. Pervasiveness of Estimates

The preparation of financial statements, in conformity with the basis of accounting required by the New York State Comptroller's Office and described in the Uniform System of Accounts published by that office, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, contingent liabilities and useful lives of long-lived assets.

NOTE 2 - Interfund Activity

The following is a summary of amounts due from and due to other funds, as of December 31, 2019. These interfund balances will be paid during the subsequent fiscal.

FUND	AMOUNT RECEIVABLE	AMOUNT PAYABLE
General	\$ 38,472	\$ -
General - OS Town	16,288	-
Library	5,269	-
Business District	-	(12,588)
Refuse	3,043	-
Agency	-	(50,484)
TOTALS	\$ 63,072	\$ (63,072)

The Town did not have any inter fund transfers that occurred during the fiscal ended December 31, 2019.

NOTE 3 – Capital Assets

Capital asset balances and activity for the year ended December 31, 2019 were as follows:

ASSETS	BALANCE			BALANCE
	DECEMBER 31		DECEMBER 31	
	2018	ADDITIONS	DISPOSALS	2019
Land	\$ 768,002	\$ -	\$ -	\$ 768,002
Buildings	4,409,586	-	-	4,409,586
Improvements	79,032	27,850	-	106,882
Machinery & Equipment	1,127,114	207,850	(106,958)	1,228,006
Total	6,383,734	235,700	(106,958)	6,512,476

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 – Capital Assets (Continued)

DEPRECIATION	BALANCE			BALANCE
	DECEMBER 31	ADDITIONS	DISPOSALS	DECEMBER 31
	2018			2019
Buildings	\$ (2,034,017)	\$ (162,442)	\$ -	\$ (2,196,459)
Improvements	(53,076)	(3,301)	-	(56,377)
Machinery & Equipment	(597,815)	(140,244)	87,332	(650,727)
Total	<u>(2,684,908)</u>	<u>(305,987)</u>	<u>87,332</u>	<u>(2,903,563)</u>

NOTE 4 – Short Term Debt

Bond anticipation notes can be used for any purpose for which bonds are authorized, and are generally accounted for in the Capital Projects Fund, since maturities cannot exceed one year. Local finance law allows the notes to be renewed, up to five years for capital purposes and up to the period of probable usefulness for assessable improvements, provided that stipulated annual reductions of principal are made. The Town did not have any Bond Anticipation Notes outstanding at December 31, 2019.

NOTE 5 - Long Term Debt

The Town borrows money in order to acquire land or equipment, to construct buildings or to make public improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are backed by the full faith and credit of the Town. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities.

The annual requirements to amortize bonded debt as of December 31, 2019, are as follows:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
DECEMBER 31,			
2020	\$ 385,000	\$ 27,225	\$ 412,225
2021	\$ 385,000	\$ 21,600	\$ 406,600
2022	\$ 355,000	\$ 16,200	\$ 371,200
2023	\$ 355,000	\$ 11,475	\$ 366,475
2024	\$ 50,000	\$ 6,750	\$ 56,750
2025-2026	\$ 100,000	\$ 13,500	\$ 113,500
TOTAL	<u>\$ 1,630,000</u>	<u>\$ 96,750</u>	<u>\$ 1,726,750</u>

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 - Long Term Debt (Continued)

The following is a summary of the Town's outstanding Bonds as of December 31, 2019:

PURPOSE	ORIGINAL ISSUE DATE	FINAL MATURITY DATE	ORIGINAL INTEREST RATE	ORIGINAL AMOUNT OF ISSUE	AMOUNT OUTSTANDING AT
					December 31, 2019
2007 Public Improvement	06/28/07	07/15/26	4.50%	\$ 2,136,700	\$ 400,000
2015 Refunding Serial Bond for 2003 Public Improvement	10/01/15	10/01/23	4.50%	\$ 2,925,000	\$ 1,230,000
TOTAL					1,630,000

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

	BALANCE			BALANCE	AMOUNTS
	DECEMBER 31	INCREASE	(DECREASE)		
	2018				2019
Net Pension Liability - Proportionate Share	\$ 731,261	\$ 826,862	\$ -	\$ 1,558,123	-
Total OPEB Liability	33,762,550	-	(4,747,500)	29,015,050	
Compensated Absences	701,663	32,329	-	733,992	-
Serial Bonds	2,075,000	-	(445,000)	1,630,000	445,000
TOTAL	\$ 37,270,474	\$ 859,191	\$ (5,192,500)	\$ 32,937,165	\$ 445,000

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – Pension Plans

A. Plan Description

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

B. Funding Policy

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

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

Plan Year Ended March 31:	<u><i>ERS</i></u>	<u><i>PFRS</i></u>
2019	\$ <u>278,716</u>	\$ <u>482,810</u>
2018	\$ <u>271,341</u>	\$ <u>485,151</u>
2017	\$ <u>291,468</u>	\$ <u>488,779</u>

The Town's contributions made to the Systems were equal to 100 percent of the contributions required, whether paid in full or amortized, for each year.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – Pension Plans (Continued)

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

At December 31, 2019, the Town reported a liability of \$731,261 for its proportionate share of the net pension liability. This amount is recorded as a long-term liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Employees’ Retirement System in reports provided to the Town.

At December 31, 2019, the Town’s proportion of the Employees’ Retirement System and Police and Fire Employees’ Retirement System net pension liability was .0064636 % and .0656001 %, respectively. At December 31, 2018, the Town’s proportion of the Employees’ Retirement System and Police and Fire Employees’ Retirement System net pension liability was .0065494 % and .0514351 %, respectively.

For the year ended December 31, 2019, the Town recognized pension expense of \$1,051,394. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 357,442	\$ 148,203
Changes of Assumptions	514,831	-
Net difference between projected and actual earnings on pension plan investments	-	337,874
Changes in proportion and differences between Town contributions and proportionate share of contributions	246,107	206,339
Town contributions subsequent to the measurement date	624,356	-
Total	\$ 1,742,736	\$ 692,416

\$624,356 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:

2020	\$ 346,502
2021	(135,887)
2022	(16,818)
2023	198,605
2024	33,562

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – Pension Plans (Continued)

D. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuation were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation rate	2.5%	2.5%
Salary increases	4.2%	5.0%
Investment rate of return	7.0%	7.0%
Cost of living adjustments	1.3%	1.3%

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

The actuarial assumptions used in the April 1, 2018 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentages and by adding expected inflation.

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	4.55%	36%
International Equity	6.35	14%
Private Equity	7.50	10%
Real Estate	5.55	10%
Absolute Return Strategies	3.75	2%
Opportunistic Portfolio	5.68	3%
Real Assets	5.29	3%
Bonds & Mortgages	1.31	17%
Cash	-0.25	1%
Inflation-Indexed Bonds	1.25	4%
		<hr style="width: 100%; border: 0.5px solid black;"/> 100% <hr style="width: 100%; border: 0.5px solid black;"/>

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – Pension Plans (Continued)

E. Discount Rate

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. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town’s proportionate share of the ERS and PFRS net pension liability calculated using the discount rate of 7.0 percent, as well as what the Town’s proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Town's Proportionate Share of the ERS Net Pension Asset/(Liability)	\$ (2,002,311)	\$ (457,968)	\$ 839,389
Town's Proportionate Share of the PFRS Net Pension Asset/(Liability)	\$ (3,975,796)	\$ (1,100,155)	\$ 1,301,339

G. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all employers as of March 31, 2019, were as follows:

	(Dollars in Thousands)	
	Employees’ Retirement System	Police & Fire Retirement System
Employers’ total pension asset/(liability)	\$ (189,803,429)	\$ (34,128,100)
Plan net position	182,718,124	32,451,037
Employers’ net pension asset/(liability)	\$ (7,085,305)	\$ (1,677,063)
Ratio of Plan net position to the employers’ total pension asset/(liability)	96.27%	95.09%

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7- Other Postemployment Benefits

A. Plan Description

The Town provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts and human resource policies. The benefit levels, employee contributions and employer contributions are governed by the contractual agreements. A trust that meets the criteria in paragraph 4 of GASB Statement 75 has not been established.

B. Benefits Provided

The Town's OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses and dependent children. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System (ERS) as well as the provisions of the Town's agreements with its employees. The following eligibility rules currently apply to the Town's employees:

- Staff: eligibility for retirement under ERS; 10 years of service
- Police: eligibility for retirement under ERS; 10 years of service

Medical and prescription drug benefits are offered to retirees on a Town-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Town's plan providing an additional layer of coverage. The Town reimburses Medicare Part B premiums for retirees and their spouses, and for those surviving spouses who choose to pay for coverage.

The Town's contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, estimated to be \$576,889 during the year ended December 31, 2019.

The benefit terms are dependent on which contract covers each employee for contribution rates for new retirees are as follows:

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7- Other Postemployment Benefits (Continued)

B. Benefits Provided (Continued)

Group	Provider Options	Years of Service	Age	Town Contributions (Fixed)		Reimburse Part B Premium		
				Individual	Family	Individual	Spouse	Surviving Spouse
Police	NYSHIP	20 +	under 65	1,042.85	2,412.77	N	N	N
			over 65	403.27	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,773.19	Y	Y	Y
			over 65, 2 on Medicare	N/A	1,133.57	Y	Y	Y
UPSEU Hired before 1/1/2006	NYSHIP	10 +	55 - 65	1,042.85	2,412.77	N	N	N
			over 65	403.27	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,773.19	Y	Y	Y
			over 65, 2 on Medicare	N/A	1,133.57	Y	Y	Y
UPSEU Hired on or after 1/1/2006	NYSHIP	15 +	55 - 65	834.28	1,930.22	N	N	N
			over 65	322.62	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,418.55	Y	Y	Y
			over 65, 2 on Medicare	N/A	906.86	Y	Y	Y
Dispatchers Hired before 12/1/2008	NYSHIP	1 +	under 65	1,042.85	2,412.77	N	N	N
			over 65	403.27	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,773.19	Y	Y	Y
			over 65, 2 on Medicare	N/A	1,133.57	Y	Y	Y
Dispatchers Hired on or after 12/1/2008	NYSHIP	10 +	under 65	834.28	1,930.22	N	N	N
			over 65	322.62	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,418.55	Y	Y	Y
			over 65, 2 on Medicare	N/A	906.86	Y	Y	Y
Elected officials & Non-union Hired before 1/1/2003	NYSHIP	10 +	55 - 65	1,042.85	2,412.77	N	N	N
			over 65	403.27	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,773.19	Y	Y	Y
			over 65, 2 on Medicare	N/A	1,133.57	Y	Y	Y
Elected officials & Non-union Hired on or after 1/1/2003	NYSHIP	1 +	under 65	834.28	1,930.22	N	N	N
			over 65	322.62	N/A	Y	Y	Y
			over 65, 1 on Medicare	N/A	1,418.55	Y	Y	Y
			over 65, 2 on Medicare	N/A	906.86	Y	Y	Y

Group	Provider Options	Years of Service	Age	Individual	Individual Spouse	Individual and Child	Family
				Individual	Individual Spouse	Individual and Child	Family
All employees	MVP	1 +	under 65	702.52	1,405.04	1,194.28	2,002.18

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7- Other Postemployment Benefits (Continued)

C. Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by benefit terms:

Active employees	48
Retired	35
Total employees covered by benefit terms	83

D. Total OPEB Liability

The Town obtained an actuarial valuation report as of December 31, 2019. The liability for other postemployment benefits was measured as of December 31, 2019 and totaled \$31,236,090.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.75%
Projected Salary Increases, Including Wage Inflation	2.75%
Discount Rate	3.26%
Healthcare Cost Trend Rates	Ranging from 7.6% for pharmacy, 4.6% for medical, 4% for dental and 3% for vision, reduced incrementally to an ultimate rate of 4.7% for pharmacy and medical and 3% for dental and vision after 7 years
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	None

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7- Other Postemployment Benefits (Continued)

E. Actuarial Assumptions and Other Inputs (Continued)

- The discount rate was based on a review of the yield derived from the 20 Year S&P Municipal Bond High Grade Rate Index.
- Mortality Rates were based on RP2000 Mortality Table for males and females projected 18 years, which does not include a margin for future improvements in longevity.

F. Changes in the Total OPEB Liability during the year ended 12/31/19:

Balance - Beginning		\$	<u>33,762,550</u>
Changes for the Year:			
Service Cost			2,292,784
Interest			1,377,130
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience			(8,076,631)
Changes in Assumptions or Other Inputs			2,457,146
Benefit Payments			<u>(576,889)</u>
Net Changes			<u>(2,526,460)</u>
Balance - Ending		\$	<u>31,236,090</u>

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate:

	1% Decrease		Discount Rate		1% Increase
	2.26%		3.26%		4.26%
Total OPEB Liability	\$ 36,193,120	\$	31,236,090	\$	27,242,090

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7- Other Postemployment Benefits (Continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trends:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	6.6% decreasing to 2%	7.6% decreasing to 3%	8.6% decreasing to 4%
Total OPEB Liability	\$ 26,914,000	\$ 31,236,090	\$ 36,578,320

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Town did recognize OPEB expense. The Town uses an alternative method for calculating the OPEB liability. Deferred inflows and outflows of resources are not calculated using the alternative method.

NOTE 8- Contingencies

Grant Funding

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

Certiorari Proceedings

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

Judgments and Claims

A few claims against the Town are presently pending for zoning issues and other miscellaneous matters. Although final outcome of these matters is not known at this time, management of the Town does not believe that the final settlement of these matters will have a materially adverse effect on the financial condition of the Town.

TOWN OF WOODBURY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 - Subsequent Events

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 May 1, 2020.

NOTE 10 – New Reporting Standards

GASB has issued Statements 83 through 93, none of which are expected to have any substantive effects on the Town's financial position.

NOTE 11 – Uncertainty

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Town as of May 1, 2020, management believes that a material impact on the Town's financial position and results of future operations is reasonably possible.