

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies

The financial statements of the Town of Ulysses (the Town) have been prepared in conformity with the accounting principles prescribed by the *Accounting and Reporting Manual* permitted by the Office of Comptroller of the State of New York to meet the requirements of the State of New York, and are not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States (GAAP) established by the Governmental Accounting Standards Board (GASB). The financial statements do not include a Statement of Net Position or a Statement of Activities for the Governmental Activities, prepared on the accrual basis of accounting, or a Management's Discussion and Analysis. Under the accrual basis of accounting the Town would have recorded capital assets, net of accumulated depreciation well as long-term debt and other long-term liabilities in the government-wide financial statements. The more significant of the Town's accounting policies are described below.

Financial Reporting Entity

The Town of Ulysses, which is now located in the County of Tompkins in the State of New York, was established in 1794 and became part of Tompkins County in 1817. The Town is governed by Town Law, General Municipal Laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The following basic services are provided: fire protection, highway and street maintenance, recreation, public improvements, planning and zoning, and general administration.

All Governmental Activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus."

- a. The primary government, which is the Town of Ulysses;
- b. Organizations for which the primary government is financially accountable, and;
- c. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended by GASB No. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Town of Ulysses does not include another reporting entity.

Fund Accounting

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Town records its transactions in the fund types described below:

Fund Categories

Governmental Fund Types

The Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Fund types. The measurement focus of the Governmental Fund types is based upon determination of financial position and changes in financial position. The following are the Town's Governmental Fund Types:

General Funds - (Townwide and Parttown) are principal operating funds and include all operations not required to be recorded in other funds. Some functions are required to be financed by taxpayers outside the village; therefore, a town with a village must keep two General Funds.

Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The following Special Revenue Funds are utilized:

- **Highway Funds** - (Townwide and Parttown) were established pursuant to Highway Law, Section 141, and used to account for revenues and expenditures for highway purposes. Highway Law, Section 277, requires expenditures for repairs and improvements be financed by the area outside the village. Therefore, a town with a village must maintain two Highway Funds.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 **Summary of Significant Accounting Policies – Continued**

- **Special District Funds** - (Water, Fire Protection District, and Ambulance) have been established by the Town to record transactions for operations and maintenance for these activities.

Capital Projects Fund - Used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment.

Fiduciary Fund Types

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The Town reports the following Fiduciary Funds:

- **Agency Fund** - Used to account for money and/or property received and held in the capacity of trustee, custodian, or agent.
- **Private Purpose Trust Fund** - Used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Noncurrent Government Assets and Liabilities

Noncurrent Government Assets and Liabilities are concerned only with the measurement of financial position and not results of operations.

- **Noncurrent Government Assets** - Accounts established for capital assets of a government not accounted for through specific proprietary or fiduciary funds.
- **Noncurrent Government Liabilities** - Accounts established to account for the unmatured general long-term debt and liabilities of a government which is not recorded as a liability under another fund.

Basis of Accounting/Measurement Focus

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

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies – Continued

Basis of Accounting/Measurement Focus - Continued

Modified Accrual Basis - All Governmental Funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when the asset is received. Exceptions to this general rule are: 1) pension costs, 2) expenditures for prepaid expenses and inventory-type items are recognized at the time of the purchase, 3) principal and interest on indebtedness are not recognized as an expenditure until due, and 4) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Property Taxes

Town real property taxes are levied annually on January 1, and become a lien on that date. Taxes are collected during the period of January 1 to March 31 by the Town. The County subsequently enforces uncollected real property taxes. The County pays uncollected real property taxes to the Town no later than May 31.

Budgets and Budgetary Accounting

Budget Policies

- No later than September 30, a tentative budget is submitted by the budget officer for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than November 15, the Town Board adopts the budget.
- All modifications of the budget must be approved by the Town Board.
- Appropriations lapse at year-end.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 **Summary of Significant Accounting Policies – Continued**

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 in the Governmental Funds. Encumbrances are reported as reservations of fund balances, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Budgetary Basis of Accounting

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

Cash and Cash Equivalents

For financial statement purposes, the Town considers all highly liquid investments with original maturities of three months or less as cash equivalents.

Noncurrent Government Assets - General

Fixed assets purchased for general governmental purposes are recorded as expenditures in the Governmental Funds and are capitalized at cost in the noncurrent government assets account group. Contributed fixed assets are recorded at fair market value at the date of contributions.

Fixed assets consisting of certain infrastructure type improvements other than buildings; including roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, have not been capitalized.

Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest been capitalized on general fixed assets classified as construction in progress.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 **Summary of Significant Accounting Policies – Continued**

Vacation, Sick Leave, and Compensatory Absences

Employees of the Town are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is not entitled to payment for accumulated sick leave. However, vacation time can be accrued up to two times the employee's applicable yearly accumulation which is payable upon termination or retirement.

Payment of vacation time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes sufficient resources will be made available for the payments of vacation time when such payment becomes due.

Fund Balance Classifications - Governmental Fund Financial Statements

In accordance with the accounting principles prescribed by the New York State Office of the State Comptroller, the town classifies governmental fund balances to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 **Summary of Significant Accounting Policies – Continued**

Fund Balance Classifications - Governmental Fund Financial Statements - Continued

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Town Board has not adopted any resolutions to commit fund balance. Currently, fund balances are assigned by the Town Supervisor for encumbrances and the Board, by resolution, approves fund balance appropriations for next year's budget. The Town applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies – Continued

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to the Town within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the Town include the following:

- Unemployment Insurance Reserve - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the employer elects to convert tax (contribution) basis, any excess of funds over a sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Townwide Fund.
- Retirement Contribution Reserve - Used for the payment of retirement contributions, which are defined as all or any portion of the amount payable to either the New York State and Local Employees' Retirement System or the New York State and Local Police and Fire Retirement System, pursuant to Sections 17 or 317 of the Retirement and Social Security Law. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Townwide Fund.
- Employee Benefits Reserve - Used to accumulate funds for the payment of accrued employee benefits to employees upon separation from employment. This reserve is accounted for in the General Funds.
- Capital Reserve - Used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. This reserve is accounted for in the General Funds and the Highway Funds.
- Repairs Reserve - Used to fund maintenance or repairs in the future. This reserve is accounted for in the General Funds, the Highway Townwide Fund, and the Water Fund.

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 **Summary of Significant Accounting Policies – Continued**

Use of Estimates

The presentation of financial statements in conformity with the prescribed basis of accounting as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 **Cash and Investments**

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, as well as obligations of the state, its municipalities and school districts.

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 Cash and Investments – Continued

The written investment policy requires repurchase agreements to be purchased from banks located within the State. The underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 105% of the cost of the repurchase agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. New York State statutes govern the Town's investment policies, as discussed previously in these notes. 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 or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

The Town's aggregate bank balances are either insured or collateralized with securities held by the pledging financial institution in the Town's name.

Note 3 Other Receivables

Other receivables for the year ended December 31, 2017 consisted of:

General Townwide	
Other Receivables	\$ 6,000
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Water Fund	
Other Receivables	11,927
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Total	\$ 17,927

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 4 Noncurrent Government Assets (Fixed Assets)

Changes in fixed assets for the fiscal year ended December 31, 2017 are as follows:

Type	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 100,000			\$ 100,000
Buildings	\$ 879,878			\$ 879,878
Machinery and equipment	\$ 1,194,944	\$ 3,995	\$ 20,000	\$ 1,178,939
Infrastructure	\$ 17,767,081			\$ 17,767,081
Other capital assets	\$ 2,600,000			\$ 2,600,000
Total	\$ 22,541,903	\$ 3,995	\$ 20,000	\$ 22,525,898

Note 5 Pension Obligations-New York State and Local Employees' Retirement System (ERS) (the System)

Plan Descriptions and Benefits Provided

The Town of Ulysses participates in the New York State and Local Employees' Retirement System (the System) which includes the New York State and Local Employees' Retirement System plan (ERS). This is a cost-sharing multiple-employer defined benefit retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), 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, New York 12244.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Pension Obligations-New York State and Local Employees' Retirement System (ERS) (the System) – Continued

Plan Descriptions and Benefits Provided - Continued

The Systems are 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 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>
2017	\$ 69,754
2016	\$ 69,229
2015	\$ 102,405

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Pension Obligations-New York State and Local Employees' Retirement System (ERS) (the System) – Continued

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

At December 31, 2017, the Town reported the following liability for its proportionate share of the net pension liability for the Systems' plan. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information derived from report provided to the Town by each System.

	<u>ERS</u>
Actuarial valuation date	04/01/2016
Net pension liability	\$ 9,396,223,000
Town's portion of the Plan's total net pension liability	\$ 172,574

For the year ended December 31, 2017, the Town recognized the proportionate share of net pension expense of \$100,281 for ERS. At December 31, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	ERS
Differences between expected and actual experience	\$ 4,325	\$ 26,206
Changes of assumptions	58,958	
Net differences between projected and actual earnings on pension investments	34,470	
Changes in proportion and differenced between the Town's contributions and proportionate share of contributions	13,381	10,937
Town's contributions subsequent to the measurement date	52,315	
Total	\$ 163,449	\$ 37,143

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Pension Obligations-New York State and Local Employees' Retirement System (ERS) (the System) – Continued

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

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>
Year ended:	
2018	\$ 34,091
2019	34,091
2020	31,442
2021	(25,635)
2022	-
Thereafter	-

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Investment rate of return (net of investment expense, including inflation)	7.0%
Salary increases	3.8%
Inflation rate	2.5%
Cost of living adjustments	1.3%

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

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.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Pension Obligations-New York State and Local Employees' Retirement System (ERS) (the System) – Continued

Actuarial Assumptions - Continued

The long term 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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS</u>
Measurement date	March 31, 2017
Asset Type:	
Domestic equities	4.55%
International equities	6.35%
Real estate	5.80%
Private equity/Alternative investments	7.75%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Cash	(0.25)%
Inflation—indexed bonds	1.50%
Mortgages and bonds	1.31%

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 contributions from employers will be made at statutorily required rates, actuarially. Based on 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.

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Pension Obligations-New York State and Local Employees' Retirement System (ERS) (the System) – Continued

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 net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability	\$ 551,167	\$ 172,574	\$ (147,526)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands
	ERS
Measurement date	March 31, 2017
Employers' total pension liability	\$ 177,400,586
Plan net position	(168,004,363)
Employers net pension liability	\$ 9,396,223
Ratio of Plan Net Position to the Employers Total Pension Liability	94.70 %

Note 6 Other Postemployment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they elect to continue coverage. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7 Noncurrent Government Liabilities

Bonds Payable

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are liquidated from the General Fund.

The Town has a direct loan with the New York State Environmental Facilities Corporation outstanding as of December 31, 2017 in the amount of \$1,052,000 for renovations to Water District 3. The original amount of the loan was \$2,650,000, with the first payment due May, 2005. The loan is interest free and is not subject to the constitutional debt limit. Final maturity of the loan is May 30, 2024.

Changes in Indebtedness

The following represents changes in the Town's indebtedness and interest expenditures recognized during the year ended December 31, 2017:

	Balance January 1	Additions	Deletions	Balance December 31	Amount Due within One year
Loan Payable	\$ 1,191,000	-	\$ 139,000	\$ 1,052,000	\$ 142,000

Maturity

The following table summarizes the Town's future debt service requirements as of December 31, 2017.

Year Ending	Loan Principal	Interest	Total
2018	\$ 142,000		\$ 142,000
2019	145,000		145,000
2020	147,000		147,000
2021	150,000		150,000
2022	153,000		153,000
2023	156,000		156,000
2024	159,000		159,000
Total	\$ 1,052,000	-	\$ 1,052,000

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8 Assigned Fund Balance - General Townwide

Assigned fund balance in the General Townwide Fund at December 31, 2017 consists of the following:

Assigned For	
Recreation	\$ 24,260
Audit	5,262
Legal	3,000
Youth	3,627
	3,627
Total	\$ 36,149

Note 9 Interfund Receivables and Payables

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services, which are routine annual events for the budget and accounting process. The Town budgets and records transfers to reserves within the same fund as interfund revenues and expenditures.

Interfund receivables and payables at December 31, 2017 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenue	Interfund Expense
General Townwide	\$ 4,241	\$ 369	\$ 5,304	\$
General Parttown	5,176			31,583
Highway Townwide	1,077		540	
Highway Parttown	3,610	2,710		
Water		1,900	172	5,476
Capital			31,043	
Agency	3,079	12,204		
	3,079	12,204		
Total	\$ 17,183	\$ 17,183	\$ 37,059	\$ 37,059

Note 10 Public Entity Risk Pool

Risk Financing

The Town participates in a workers' compensation insurance plan sponsored by the Public Employer Risk Management Association, Inc. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

TOWN OF ULYSSES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10 Public Entity Risk Pool - Continued

Risk Financing – Continued

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended December 31, 2017, the Town incurred premium or contribution expenditures totaling \$20,995.

Note 11 Summary of Significant Commitments and Contingencies

General Information

The Town is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Safe Routes to School and Daily Needs Sidewalk Project

The Town and the Village of Trumansburg (the Village) collaborated on an application submitted by the Village for grant funding through New York State Transportation Assistance Program to build sidewalks within the Village and the Town. In October 2014, the Village was awarded \$811,395 with matching funds of \$202,849. The Town and the Village agreed to share the matching funds. Construction on this project started and was substantially completed in 2017.