

Part II – Illustrative Notes

---

**TOWN OF CICERO**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended 12/31, 2015**

**I. Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

The Town of Cicero, (which was established in 1807), is governed by Town law and other general laws of the State of New York and various local laws. The 5 member town board is the legislative body responsible for overall operations, the Town Supervisor serves as chief executive officer.

The following basic services are provided: road repair and maintenance, zoning and planning, recreational programs, justice court services and others. In addition, the Town Board administers various special improvement districts, each of which is a separate entity created by the Town Board.

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

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

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

1. The following are activities undertaken jointly with other municipalities and are excluded from the financial statements. See Note IV for additional disclosure regarding joint ventures.

Shared Dog Control with the Town of Clay

## B. 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

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

*General Fund* – the principal operating fund and includes all operations not accounted for and reported in another fund.

*Special Revenue Funds* – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

Highway Funds, Special District Funds, Insurance Fund

*Capital Projects Fund* – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

*Debt Service Fund* – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

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

*Agency Funds* – used to account for money (and/or property) received and held in a purely custodial capacity of trustee, custodian, or agent.

*Private-Purpose Trust Funds* – accounts for all other trust arrangements under which principal and income benefit individuals, private organizations or other governments.

**C. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenditures/expenses 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.

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

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days of the end of the current fiscal year.

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

Expenditures are recorded when a liability is incurred except that:

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

**Accrual Basis** – Proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the funds.

**D. Fund Balances**

In fiscal 2014, the Town implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is now broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned.

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

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

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

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Town Board, by resolution has authorized the Town Supervisor to assign fund balance.

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

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

#### **E. Encumbrances**

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

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

General Fund	Highway Fund	Sewer Fund
\$9,310.00	\$100,865.25	\$11,928.00

**F. Capital Assets**

Capital Assets, which include property, plant, equipment, and infrastructure assets, are reported in the Schedule of Non-Current Governmental Assets. The Town defines capital assets as assets with an initial, individual cost of more than \$ 1000.00. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

**G. Investments**

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

**H. Prepaid Items**

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

**I. Deferred Outflows/Inflows of Resources**

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

**J. Insurance**

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.

**K. Compensated Absences**

Employees accrue vacation leave based primarily on the labor union contracts:

CSEA	1-4 years	10 days
	5-9 years	15 days
	10-14 years	20 days
	15 +	25 days

Members of the CSEA shall be allowed to either be paid for at the end of the calendar year or to carry over 40 hours into the next calendar year with the approval of the Highway Superintendent. Any unused vacation is paid upon termination.

TEAMSTER'S	1-4 years	10 days
	5-9 years	15 days
	10-14 years	20 days
	15+	25 days

Members of the Teamster's shall have their vacation entitlements reestablished on the anniversary date of employment of each year for use during that year and shall be allowed to carry over five (5) days of unused vacation to be used during the next year, with the appropriate Department Head approval. Any unused vacation is paid upon termination.

PBA	6-12 months	5 days
	13-36 months	10 days
	37-96 months	16 days
	97-112 months	21 days
	113+180 months	26 days

One additional day for every year over 15 (181 months) years of service with the Town of Cicero Police Department. Members may carry over no more than twenty-four hours of vacation to the next year with the approval of the Chief of Police. If there are exigent circumstances the member may be authorized to carry over more than twenty-four hours of vacation with the approval of the Chief of Police.

NON-UNION	1-4 years	10 days
	5-9 years	15 days
	10-14	20 days
	15+	25 days

Any employee who is terminated, laid off, resigns or retires from the Town will be entitled to receive cash payment for unused vacation to which the employee is properly entitled.

NON-UNION employees full-time employees shall earn sick leave at the rate of one (1) day per month for a total twelve (12) days per year. Eligible employees begin to accrue sick leave days as of their date of hire. An employee who works less than on-half (1/2) of the employee's scheduled work days in any given month will not earn sick leave for that month. Sick leave may be accumulated from year

to year up to maximum of seventy-five (75) days. Sick leave may be taken for the illness of a spouse or a dependent child. Full-time employees do receive compensation for accumulated sick leave at time of separation from employment. If an employee uses more sick leave than he or she has earned, and then resigns, the amount owed to the Town will be deducted from the final paycheck.

PBA full-time unit employees shall be credited with ninety six (96) hours, at a maximum of one day per month, of sick leave per year. After ten (10) years of continuous service, the Town shall pay the employee for all accumulated hours over three hundred and fifty (350) upon separation.

TEAMSTER'S full-time employees shall accumulate paid sick days at a rate of one (1) day per month. Employees shall be eligible to accrue sick days as of the employee's first day of employment with the Town. Employees can accumulate up to seventy-five (75) days and shall be paid at full retirement.

CSEA full-time employees shall receive twelve (12) days of sick leave each year, earned at a rate of one day per month. Each employee shall be allowed to accumulate fifty (50) days of sick leave. Upon retirement from the Town, any unused sick leave up to fifty (50) days shall be paid in a separate paycheck.

## II. Stewardship, Compliance, Accountability

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

- a. No later than September 30th, the budget officer submits a tentative budget to the town board for the fiscal year commencing the following January 1<sup>st</sup>. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20th, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board. (However, the town comptroller is authorized to transfer certain budgeted amounts within departments.)
- d. Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.
- e. Budgets are adopted annually on a basis consistent with generally accepted accounting principles.
- f. Appropriations in all budgeted funds do not lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

### B. Property Taxes

Real property taxes are levied annually no later than January 1<sup>st</sup>. The collection of taxes is effectively guaranteed by the County of Onondaga, and the town receives the total amount levied in the year to which the levy applies. Taxes collected during the period December 26th to April 2nd.

Unpaid town taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year-end are relieved as county taxes in the subsequent year.

The town is permitted by the Constitution of New York State to levy taxes Up to 1.0040% of the five-year average full-assessed valuation for general governmental services other, than the payment of debt service and capital expenditures. For the year ended December 31, 2015, the town had a legal margin of \$11,950,412.

In June of 2011 New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property that may be levied by the town in a particular year, beginning with 2012-2013 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (SPI-U), subject to certain limited exceptions and adjustments.

### III. Detail Notes on All Funds

#### A. Assets

##### 1. Cash and Investments

The Town investment policies are governed by 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 Town Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

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

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least a percentage provided for by law of the cost of the repurchase agreement.

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

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the BNY MELLON custodial bank in the Town's name. They consisted of:

## Deposits

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

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	
General A	115,204	115,204.	\$250,000 Insured (FDIC)
General A	1,385,572	1,385,572.	Collateral Held by Town's Custodial Bank
General B	992,380	992,380	Collateral Held by Town's Custodial Bank
Highway	24,637.	24,637.	\$250,000 Insured (FDIC)
Highway	1,299,746.	1,299,746	Collateral Held by Town's Custodial Bank
Sewer	120.	120.	\$250,000 Insured (FDIC)
Sewer	448,512.	448,512.	Collateral Held by Town's Custodial Bank
Water	25,327.	25,327.	\$250,000 Insured (FDIC)
Lighting	13.	13.	\$250,000 Insured (FDIC)
Lighting	69,723.	69,723.	\$250,000 Insured (FDIC)
Drainage	262,791.	262,791.	Collateral Held by Town's Custodial Bank
Refuse	6,270.	6,270	\$250,000 Insured (FDIC)
Fire Protection	1,187.	1,187.	\$250,000 Insured (FDIC)
Unemployment	30,829.	30,829.	\$250,000 Insured (FDIC)
Hydrants	1,404.	1,404.	\$250,000 Insured (FDIC)
Parks 277	93,560.	93,560.	\$250,000 Insured (FDIC)
Building	77,081.	77,081.	\$250,000 Insured (FDIC)
Trust & Agency Ex	22,654.	22,654	\$250,000 Insured (FDIC)

## 2. Changes in Capital Assets

A summary of changes in capital fixed assets follows:

<u>Type</u>	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>
Land	<u>\$3,520,400</u>	<u>\$</u>	<u>\$ 65,499</u>	<u>\$3,454,901</u>
Buildings	<u>\$3,245,400</u>	<u>\$</u>	<u>\$104,000</u>	<u>\$3,141,400</u>
Improvements Other Than Buildings	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Machinery and Equipment	<u>\$3,455,624</u>	<u>\$2,082,172</u>	<u>\$</u>	<u>\$5,537,796.</u>
Construction Work In Progress	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$10,221,424</u>	<u>\$2,082,172.</u>	<u>\$169,499</u>	<u>\$12,134,097</u>

## **B. Liabilities**

### **1. Pension Plans**

#### Plan Description

The Town of Cicero participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. The NET POSITION OF THE System is held in the New York State Common Retirement Fund (the fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the Systems. 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. Benefit can be charged for future members only by enactment of a State statute. The Town of Cicero 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 may be found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

#### Benefits Provided

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

#### *Tiers 1 and 2*

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

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

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

#### *Tiers 3, 4, and 5*

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

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

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

#### *Tier 6*

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

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

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

#### *Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit

of one-half of final average salary, and the 20-Year Plans allow a retirement after

20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

#### *Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

#### *Accidental Disability Benefits*

For all eligible Tier 1 and 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Worker's Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

#### *Ordinary Death Benefits*

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

#### *Post-Retirement Benefit Increases*

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

#### Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System 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 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for the entire length of

service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2015	\$472,532.00	\$226,040.00
2014	\$516,415.00	\$270,713.00
2013	\$483,346.00	\$255,271.00
2012	\$390,798.00	\$227,260.00
2011	\$414,158.00	\$194,687.00

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

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

Reserve account and will be used to offset future increases in contribution rates.

The law requires participating employers to make payments on current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

Chapter 105 of the Laws of 2010 of the State of New York authorizes local governments to make available a retirement incentive program. The cost of the program would be billed and paid over five years beginning February 1, 2012.

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

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

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program

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

At March 31, 2015, the Town of Cicero reported a liability of \$357,469 for ERS plan and \$92,676 for PFRS plan for its proportionate share of the net pension liability. The net pension was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Cicero's proportion of the net 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.

At December 31, 2015, the town's proportion was 8.5 percent, which was an increase of 1 percent for its proportion measured March 31, 2015.

	Deferred Outflows		Deferred Inflows	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$11,443	\$11,176		
Changes of Assumptions	\$0.00	\$0.00	\$0.00	\$0.00
Net difference between projected and actual earning on Pension plan investment	\$62,088	\$31,114	\$0.00	\$0.00
Changes in proportion and differences Between LG contributions and proportionate Share of contributions	\$962.00	\$0.00	\$0.00	\$28,282
LG contributions subsequent to the measurement Date				
<b>Total</b>	<b>\$74,493</b>	<b>\$42,290</b>	<b>\$0.00</b>	<b>\$28,282</b>

\$116,783 reported as deferred outflows of resources related to pensions resulting from towns contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 03/31/2015. 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 Ending March 31:	ERS	PFRS
2016	\$18,623	\$4,357
2017	\$18,623	\$4,357
2018	\$18,623	\$4,357
2019	\$18,623	\$4,357
2020	\$0.00	\$(3,421)
Thereafter	\$0.00	\$0.00

#### Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015.

	<u>ERS</u>	<u>PFRS</u>
Inflation	3.0%	3.0%
Salary increases	3.8%	4.5%
Investment rate of return (net of investment expense, including inflation)	7.0%	7.5%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31,2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included I the target asset allocation as of March 27, 2015 are summarized below.

Broad US Equity	2.774%
Broad International Equity	1.112%
Int. Duration Fixed Income	0.600%
CRF Non-Core FI	0.173%
TIPS	0.080%
Core Real Estate	0.140%
Non-Core Real Estate	0.300%
Diversified Hedge Funds	0.203%
CRF Private Equity	1.100%
CRF Real Assets	0.260%
CRF Opportunistic	0.258%
Cash Equivalents	0.045
<b>Expected Arithmetic Return</b>	<b>7.345%</b>

#### Discount Rate

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, 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 (6.5%) or 1-percent-point higher (8.5%) than the current rate.

		<b>1% Decrease 6.5%</b>	<b>Current Assumption 7.5%</b>	<b>1% Increase 8.5%</b>
Town's proportionate share of the net pension liability	<b>ERS</b>	\$2,382,687	\$357,469	(\$1,352,317)
	<b>PFRS</b>	\$1,233,931	\$ 92,676	(\$863,765)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows;

	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$31,996,510	\$20,437,651	\$52,434,161
Plan net position	\$323,754	\$209,244	\$532,998
Employers' net pension liability	\$357,469	\$92,676	\$450,145
Ratio of plan net position to the Employers' total pension liability	%0.0105815	%.0336685	

2. Length of Service Awards Program (LOSAP)

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

The Town's financial statements are for the year ended 2015.

**Length of Service Awards Program – LOSAP**

The Town established a defined benefit LOSAP for the active volunteer firefighters of the South Bay Volunteer Fire Department. The program took effect on March 1, 1990. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program. The Town does make an annual contribution to LOSAP Programs for four other Volunteer Fire Departments within the Town but do not sponsor these programs. These departments are; Cicero Fire Department, Brewerton Fire Department, North Syracuse Fire Department.

**Program Description**

**Participation, vesting and service credit**

Active volunteer firefighters who have reached the age of 18 and who have completed 1 years of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 year of firefighting service or upon attaining the

program's entitlement age. The program's entitlement age is age 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

### **Benefits**

A participant's benefit under the program a Life Annuity with 10 years certain equal to \$10 multiplied by the number of years of firefighting service prior to March 1, 1992, plus \$15.00 multiplied by the person's total number of years of firefighting service after February 29, 1992. The number of years of firefighting service used to compute the benefit cannot exceed thirty (30) years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. This program provides statutorily mandated death and disability benefits. The program also provides optional line-of-duty death benefits in the amount of the greater of \$10,000 insurance face amount or the present value of accrued benefit.

### **Fiduciary Investment and Control**

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board. The governing board of the sponsor has retained and designated McNeil & Company to assist in the administration of the program. The designated program administrator's functions include; Participant enrollment forms, reminder letter to sponsor with review list for current anniversary date, participants benefit calculation at time of severance or retirement, preparation of explanation of plan benefits, schedule of benefits and costs, auxiliary fund valuation and suggested deposit, summary of required annual contribution, actuarial review and recommended benefit enhancements. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Town Supervisor.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated 03/01/1990, and the trustee is Town of Cicero Supervisor.

Authority to invest program assets is vested in trustee. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Thomas M. Zavist, FSA, EA at Ascensus. Portions of the following information are derived from a report prepared by the actuary dated 04/08/2016.

## **Program Financial Condition**

### **Assets and Liabilities**

#### **Valuation Date 12/31/2015**

Actuarial Present Value of Benefits at (5.25% discount Rate)		\$603,993.00
Less: Assets Available for Benefits		\$326,856.78
	<u>% of Total Mutual Funds</u>	
Putnam Absolute Return 500	48 %	\$ 158,425.32
Putnam Income A	10	32,621.90
Putnam short Duration Income A	10	32,006.61
BlackRock Global Allocation C	22	70,850.54
PIMCO Total Return A	10	32,952.41
Less: Liabilities		(0.00)
Total Net Assets Available for Benefits		<b>\$326,856.78</b>
Total Unfunded Benefits		\$277,136.00
Less: Unfunded Liability for Prior Service		\$277,136.00

### **Prior Service Costs**

Prior service costs are being amortized over a range of 10 to 21 years at a discount rate of 5.25%

### **Receipts and Disbursements**

Plan Net Assets, beginning of year 2015	\$451,387.56
Changes during the year:	
+ Plan contributions	50,000.00
+ Investment income earned	
+/- Changes in fair market value of investments	1,117.54
- Plan Distributions	(171,693.17)
- Other	
Administrative and Other Fees/Charges	(3,955.15)
Plan Net Assets, end of year	\$ 326,856.78

**Contributions**

Amount of sponsor’s contribution recommended by actuary: (Min) \$47,075.00  
Amount of sponsor’s actual contribution: \$ 50,000.00

**Administration Fees**

Fees paid to designated program administrator: \$  
Fees paid to trustee: \$  
Fees paid for investment management (if separate from fee paid to trustee):  
Fee paid to actuary: \$ (2000.00)  
Other administration fees: \$ (1,955.15)

**Funding Methodology and Actuarial Assumptions**

**Normal Costs**

The actuarial valuation methodology used by the actuary to determine the sponsor’s contribution is Unit Credit Cost Method. The assumptions used by the actuary to determine the sponsor’s contribution and the actuarial present value of benefits are as follows:

Assumed rate of return on investment 5.25%

Mortality Tables used for

Withdrawal \_\_\_\_\_ None \_\_\_\_\_  
Disability \_\_\_\_\_ None \_\_\_\_\_  
Retirement \_\_\_\_\_ 100% at Entitlement Age  
Death (Actives) \_\_\_\_\_ None \_\_\_\_\_  
Death (Inactive) \_\_\_\_\_ 1994 GAR Male  
Other \_\_\_\_\_ None \_\_\_\_\_

**3. Post- Employment 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 reach normal retirement age while working for the Town. 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 expenditure in the year paid.

During the year 2015 \$85,828.28 was paid on behalf of 7 retirees and recorded as expenditure in the General and Highway funds.

During the year \$953,944.63 (including dental for active employees) was paid on behalf of 7 retirees and 68 active employees and is recorded as expenditure in the General and Highway Funds. The cost of providing benefits for 7 retirees is not separable from the cost of providing benefits for the 68 active employees.

4. Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects funds and the enterprise fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Summary of BANs

<u>Description</u>	<u>Interest Amount</u>	<u>Rate</u>
Various Projects	-0-	1.12%
Highway Paving	\$19,467.	1.69%
Revaluation	\$ 678.	1.69%
Water	\$ 149.	1.69%
Equipment	\$ 2686.	1.69%
Vehicles	\$ 822.	1.69%
Total	\$23,802.	

5. Long-Term Debt

a. Outstanding indebtedness aggregated \$3,930,711 of this amount, \$3,519,791 was subject to the constitutional debt limit and represented approximately 2.23 % of its debt limit.

b. Serial Bonds (and Capital Notes)

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 recorded in the Schedule of Non-Current Governmental Liabilities. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Other Long-Term Liabilities

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

Installment Purchase Debt – Represents the remaining installments due on the purchase of equipment.

d. Summary of Long-Term Liabilities

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

	<u>General Fund</u>	<u>Water Fund</u>	<u>Highway Fund</u>
Serial Bonds	\$		<u>\$1,420,000</u>
Total Bonds	<u>\$</u>		<u>\$1,420,000</u>
Installment Purchase	\$		<u>\$ 95,220</u>
Total Long-Term Liabilities	<u>\$</u>		<u>\$1,843,363</u>

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

	OPEB	Bonds and Notes	Installment Purchases	Unfunded Retirement	Compensated Absences
Payable at beginning of fiscal year	\$	\$1,620,000	\$223,364	\$	\$
Additions					
Deletions		\$ 200,000	\$128,144.		
Payable at end of end of fiscal year	\$	\$1,420,000	\$95,220	\$	\$

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

f. Long-Term Debt Maturity Schedule

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

<u>Description by Fund</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Rate (%)</u>	<u>Date Final Maturity</u>
<u>Outstanding</u>				
Highway Fund	<u>07/15/2006</u>	<u>\$2,900,000</u>	<u>4.08028</u>	<u>06/15/2021</u>
Total				<u>\$ 1,420,000.</u>

g. The following table summarizes the Town's future debt service requirements:

<u>Year Ending Date:</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
<u>2015</u>	<u>200,000</u>	<u>71,917.50</u>
<u>2016</u>	<u>210,000</u>	<u>61,798.75</u>
<u>2017</u>	<u>220,000</u>	<u>51,620.00</u>
<u>2018</u>	<u>230,000</u>	<u>41,270.00</u>
<u>2019</u>	<u>240,000</u>	<u>30,340.00</u>
<u>2020</u>	<u>255,000</u>	<u>18,643.75</u>
<u>2021</u>	<u>265,000</u>	<u>6,293.75</u>

**C. Interfund Receivables and Payables**

Interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General B		\$13,263.37
MS – Self Insurance	\$13,263.37	
Total	<b><u>\$ 13,263.37.</u></b>	<b><u>\$13,263.37.</u></b>

**D. Fund Equity**

The following reserved funds and fund balances appear on the 2015 annual financial report.

**Certain funds of the Town apply to areas less than the entire Town. These Fund Balances are allocated as follows:**

Part Town General Fund	864,597.15
Highway Funds Part Town	975,566.24
Water Districts	25,326.66
Fire Protection	-6,238.80.
Light District Funds	38,908.74
Drainage Funds	256,778.08
Sewer District Funds	434,785.80
Refuse	6,270.31
Hydrants	1,404.37

**Reserves**

Star Reserves – Assessor/Tax Receiver	2,236.47
Park User Reserve	22,688.46
277 Fees – Reserve	93,559.51
DWI Reserves – Judges	8,510.03
IT Equipment Reserves	15,414.11
Seized Property Reserve	33.78
DWI Reserve – Police	15,259.14
Building Facilities Improvement Reserve	62,820.31
Unemployment Insurance Reserve	30,828.96
Third Party Administrator Reserve	5,285.98
Sea Wall Reserve	10,000.00

Whole Town Fund Balance is:	1,739,588.77
-----------------------------	--------------

**E. Deferred Compensation Plan**

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

As a result, Statement No. 32 became effective for the New York State Deferred Compensation Plan as of October 1, 1997. Since the plan no longer meets the

criteria for inclusion in New York State's financial statements, municipalities which participate in New York State's Deferred Compensation Plan are no longer required to report the value of the plan assets.

**- End of Illustrative Notes -**