

TOWN OF CLIFTON PARK, NEW YORK
REGULATORY BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2015

TOWN OF CLIFTON PARK, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members of
the Town Board of the Town
of Clifton Park, New York

We have audited the accompanying regulatory basis financial statements of the Town of Clifton Park, New York (the "Town") as of and for the year ended December 31, 2015, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these regulatory basis financial statements in accordance with accounting principles prescribed by the New York State Office of the State Comptroller. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory basis financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the Town prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are described in Note 1 to the financial statements. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Clifton Park, New York, as of December 31, 2015, and the changes in its financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

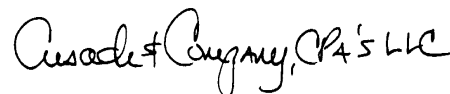
As described in Note 1(k), the Town has not recorded other postemployment benefits in accordance with the regulatory basis of accounting. The amounts that would have been recorded as a liability, had other postemployment benefits been recorded in accordance with generally accepted accounting principles, is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except as explained in the previous paragraph, the regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the Town of Clifton Park, New York as of December 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles prescribed by the New York State Office of the State Comptroller.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 22, 2016

TOWN OF CLIFTON PARK, NEW YORK

GENERAL FUND

REGULATORY BASIS BALANCE SHEET

DECEMBER 31, 2015

Assets

Cash	\$ 8,195,003
Cash - restricted	555,149
Other receivables	872,485
State and Federal receivables	178,296
Due from other funds	1,415,435
Due from other governments	1,837,096
Prepaid expenses	<u>267,477</u>

Total Assets \$ 13,320,941

Liabilities

Accounts payable	\$ 438,250
Accrued liabilities	157,593
Due to other funds	2,358
Due to other governments	<u>3,513</u>

Total Liabilities 601,714

Deferred Inflows of Resources

Unearned revenue	<u>347,536</u>
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Fund Balance

Nonspendable	267,477
Restricted	555,149
Committed	64,354
Assigned	2,299,021
Unassigned	<u>9,185,690</u>

Total Fund Balance 12,371,691

Total Liabilities, Deferred Inflows of Resources
and Fund Balance \$ 13,320,941

TOWN OF CLIFTON PARK, NEW YORK
GENERAL FUND

REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Modified</u>	<u>* Actual</u>	<u>Variance</u>
	<u>Budget</u>		
Revenues			
Real property tax items	\$ 144,388	\$ 145,648	\$ 1,260
Non-property tax items	11,713,181	11,724,935	11,754
Departmental income	1,729,226	2,244,489	515,263
Use of money and property	589,034	640,041	51,007
Licenses and permits	323,591	362,668	39,077
Fines and forfeitures	502,032	515,415	13,383
Sales of property and compensation for loss	21,789	30,732	8,943
Miscellaneous local sources	3,000	10,015	7,015
Interfund revenues	271,505	252,794	(18,711)
State aid	1,771,447	1,771,448	1
Federal aid	-	27,981	27,981
Total Revenues	17,069,193	17,726,166	656,973
Other Financing Sources			
Proceeds from long-term leases	-	279,583	279,583
Total Revenues and Other Financing Sources	17,069,193	18,005,749	936,556
Expenditures			
General government support	2,653,990	2,426,545	227,445
Public safety	2,060,891	1,981,367	79,524
Health	9,300	6,860	2,440
Transportation	406,302	353,612	52,690
Economic assistance and opportunity	378,376	309,532	68,844
Culture and recreation	3,429,850	3,282,670	147,180
Home and community services	1,321,130	1,072,849	248,281
Employee benefits	2,771,627	2,649,484	122,143
Debt service (principal and interest)	847	847	-
Total Expenditures	13,032,313	12,083,766	948,547
Other Financing Uses			
Operating transfers	4,036,880	4,037,428	(548)
Total Expenditures and Other Financing Uses	17,069,193	16,121,194	947,999
Excess of Revenues and Other Financing Services Over Expenditures and Other Financing Uses			
	\$ -	1,884,555	\$ 1,884,555
Fund Balance - January 1, 2015		10,487,136	
Fund Balance - December 31, 2015		\$ 12,371,691	

* Actual Departmental Revenue and Home and Community Services expenditures have been reduced by \$31,440 to reflect escrow receipts and payments which are not budgeted. Additionally, actual revenues include \$322,400 in departmental income from restricted funds which was not budgeted.

TOWN OF CLIFTON PARK, NEW YORK
HIGHWAY FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 449,885
Cash-restricted	771,716
Other receivables	33,884
Due from other governments	8,784
Prepaid expenses	88,982
Due from other funds	<u>78,252</u>
Total Assets	<u><u>\$ 1,431,503</u></u>
Liabilities	
Accounts payable	\$ 153,949
Accrued liabilities	64,442
Due to other funds	<u>164,975</u>
Total Liabilities	<u><u>383,366</u></u>
Deferred Inflows of Resources	
Unearned revenue	<u>20,000</u>
Fund Balance	
Nonspendable	88,982
Restricted	771,716
Assigned	<u>167,439</u>
Total Fund Balance	<u>1,028,137</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 1,431,503</u></u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	Modified Budget	Actual	Variance
Revenues			
Real property tax	\$ 507,441	\$ 507,441	\$ -
Real property tax items	27,433	28,480	1,047
Department revenue	-	28,508	28,508
Use of money and property	327,043	327,436	393
Sales of property and compensation for loss	-	7,446	7,446
Miscellaneous	-	5,337	5,337
State aid	<u>371,763</u>	<u>371,763</u>	<u>-</u>
Total Revenues	<u>1,233,680</u>	<u>1,276,411</u>	<u>42,731</u>
Other Financing Sources			
Operating transfers	<u>4,016,880</u>	<u>4,016,880</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u><u>5,250,560</u></u>	<u><u>5,293,291</u></u>	<u><u>42,731</u></u>
Expenditures			
Transportation	3,988,711	3,714,360	274,351
Employee benefits	1,146,499	1,127,165	19,334
Debt service	<u>314,477</u>	<u>314,478</u>	<u>(1)</u>
Total Expenditures	<u><u>5,449,687</u></u>	<u><u>5,156,003</u></u>	<u><u>293,684</u></u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures			
	<u><u>\$ (199,127)</u></u>	<u>137,288</u>	<u><u>\$ 336,415</u></u>
Fund Balance - January 1, 2015		<u>890,849</u>	
Fund Balance - December 31, 2015		<u><u>\$ 1,028,137</u></u>	

TOWN OF CLIFTON PARK, NEW YORK
WATER FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 166,628
Due from other funds	337
Total Assets	<u>\$ 166,965</u>
Liabilities	
Accounts payable	\$ 10,699
Due to other funds	178,584
Total Liabilities	<u>189,283</u>
Fund Balance (Deficit)	
Unassigned Deficit	<u>(22,318)</u>
Total Liabilities, Deferred Inflows of Resources and Unassigned Deficit	<u>\$ 166,965</u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 91,321	\$ 91,321	\$ -
Real property tax items	2,156	-	(2,156)
Use of money and property	-	21	21
Total Revenues	<u>93,477</u>	<u>91,342</u>	<u>(2,135)</u>
Expenditures			
Home and community services	7,022	5,634	1,388
Debt service (principal and interest)	93,917	93,917	-
Total Expenditures	<u>100,939</u>	<u>99,551</u>	<u>1,388</u>
Deficiency of Revenues Over Expenditures	<u>\$ (7,462)</u>	(8,209)	<u>\$ (747)</u>
Unassigned Deficit - January 1, 2015		<u>(14,109)</u>	
Unassigned Deficit - December 31, 2015		<u>\$ (22,318)</u>	

TOWN OF CLIFTON PARK, NEW YORK
SEWER FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 993,089
Other receivables	38,074
State and Federal receivables	31,250
Due from other funds	92,814
Prepaid expenses	6,270
Total Assets	<u>\$ 1,161,497</u>
Liabilities	
Accounts payable	\$ 13,653
Accrued liabilities	26,619
Due to other funds	118,779
Total Liabilities	<u>159,051</u>
Deferred Inflows of Resources	
Unearned revenues	<u>40,853</u>
Fund Balance	
Nonspendable	6,270
Restricted	29,830
Assigned	925,493
Total Fund Balance	<u>961,593</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,161,497</u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 839,405	\$ 839,405	\$ -
Real property tax items	10,515	8,477	(2,038)
Departmental income	129,347	149,253	19,906
Intragovernmental charges	107,910	108,157	247
Use of money and property	-	623	623
Miscellaneous local sources	-	58,698	58,698
Total Revenues	<u>1,087,177</u>	<u>1,164,613</u>	<u>77,436</u>
Expenditures			
Home and community services	888,180	616,185	271,995
Employee benefits	86,316	84,447	1,869
Debt service (principal and interest)	131,091	130,990	101
Total Expenditures	<u>1,105,587</u>	<u>831,622</u>	<u>273,965</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,410)</u>	332,991	<u>\$ 351,401</u>
Fund Balance - January 1, 2015		<u>628,602</u>	
Fund Balance - December 31, 2015		<u>\$ 961,593</u>	

TOWN OF CLIFTON PARK, NEW YORK
REFUSE AND GARBAGE FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 99,668
Due from other funds	23,809
Total Assets	<u>\$ 123,477</u>
Liabilities	
Due to other funds	\$ 76,682
Total Liabilities	<u>76,682</u>
Fund Balance	
Assigned	46,795
Total Fund Balance	<u>46,795</u>
Total Liabilities and Fund Balance	<u>\$ 123,477</u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property taxes and tax items	\$ 94,544	\$ 94,324	\$ (220)
Use of money and property	-	12	12
Total Revenues	<u>94,544</u>	<u>94,336</u>	<u>(208)</u>
Expenditures			
Home and community services	94,544	84,087	10,457
Total Expenditures	<u>94,544</u>	<u>84,087</u>	<u>10,457</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	10,249	<u>\$ 10,249</u>
Fund Balance - January 1, 2015		<u>36,546</u>	
Fund Balance - December 31, 2015		<u>\$ 46,795</u>	

TOWN OF CLIFTON PARK, NEW YORK
PARK FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 1,036,049
Accounts receivable	180
Due from other funds	<u>1,183</u>
Total Assets	<u><u>\$ 1,037,412</u></u>
Liabilities	
Accounts payable	\$ 39,198
Accrued expenses	280
Due to other funds	<u>3,292</u>
Total Liabilities	<u>42,770</u>
Fund Balance	
Assigned (\$103,630 appropriated for 2016 budget)	<u>994,642</u>
Total Fund Balance	<u>994,642</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,037,412</u></u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 319,631	\$ 319,632	\$ 1
Real property tax items	1,325	1,325	-
Departmental income	153,372	153,619	247
Use of money and property	<u>220</u>	<u>616</u>	<u>396</u>
Total Revenues	<u>474,548</u>	<u>475,192</u>	<u>644</u>
Expenditures			
Culture and recreation	558,977	423,996	134,981
Employee benefits	9,424	9,014	410
Debt service	<u>8,339</u>	<u>8,339</u>	-
Total Expenditures	<u>576,740</u>	<u>441,349</u>	<u>135,391</u>
Excess (Deficiency) of Revenues Over Expenditures	<u><u>\$ (102,192)</u></u>	33,843	<u><u>\$ 136,035</u></u>
Fund Balance - January 1, 2015		<u>960,799</u>	
Fund Balance - December 31, 2015		<u><u>\$ 994,642</u></u>	

TOWN OF CLIFTON PARK, NEW YORK
LIGHTING FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets		
Cash	\$	213,655
Total Assets	\$	<u>213,655</u>
Liabilities		
Accounts payable	\$	4,131
Accrued expenses		<u>11,527</u>
Total Liabilities		<u>15,658</u>
Fund Balance		
Assigned		<u>197,997</u>
Total Fund Balance		<u>197,997</u>
Total Liabilities and Fund Balance	\$	<u>213,655</u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 265,000	\$ 265,001	\$ 1
Use of money and property	-	29	29
Total Revenues	<u>265,000</u>	<u>265,030</u>	<u>30</u>
Expenditures			
Transportation	<u>265,000</u>	<u>243,214</u>	<u>21,786</u>
Total Expenditures	<u>265,000</u>	<u>243,214</u>	<u>21,786</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	21,816	<u>\$ 21,816</u>
Fund Balance - January 1, 2015		<u>176,181</u>	
Fund Balance - December 31, 2015		<u>\$ 197,997</u>	

TOWN OF CLIFTON PARK, NEW YORK
LIBRARY FUND

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Actual</u>
Revenues	
Intergovernmental charges	\$ 527,668
Total Revenues	<u>527,668</u>
Expenditures	
Debt service (principal and interest)	<u>527,668</u>
Total Expenditures	<u>527,668</u>
Excess of Revenues Over Expenditures	-
Fund Balance - January 1, 2015	<u>-</u>
Fund Balance - December 31, 2015	<u>\$ -</u>

TOWN OF CLIFTON PARK, NEW YORK
AMBULANCE FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 502,019
Other receivables	12,277
Total Assets	<u>\$ 514,296</u>
Fund Balance	
Assigned	\$ 514,296
Total Fund Balance	<u>514,296</u>
Total Liabilities and Fund Balance	<u>\$ 514,296</u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	Modified Budget	Actual	Variance
Revenues			
Real property taxes	\$ 710,083	\$ 710,085	\$ 2
Departmental income	<u>136,862</u>	<u>80,982</u>	<u>(55,880)</u>
Total Revenues	<u>846,945</u>	<u>791,067</u>	<u>(55,878)</u>
Expenditures			
Health	<u>846,945</u>	<u>846,944</u>	<u>1</u>
Total Expenditures	<u>846,945</u>	<u>846,944</u>	<u>1</u>
Deficiency of Revenues Over Expenditures	<u>\$ -</u>	(55,877)	<u>\$ (55,877)</u>
Fund Balance - January 1, 2015		<u>570,173</u>	
Fund Balance - December 31, 2015		<u>\$ 514,296</u>	

TOWN OF CLIFTON PARK, NEW YORK
SPECIAL GRANT FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 2,999
Total Assets	<u>\$ 2,999</u>
Liabilities	
Accrued expenses	<u>\$ 2,469</u>
Fund Balance	
Assigned	<u>530</u>
Total Fund Balance	<u>530</u>
Total Liabilities and Fund Balance	<u>\$ 2,999</u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Actual</u>
Revenues	
Federal aid	\$ 302,448
Total Revenues	<u>302,448</u>
Expenditures	
Home and community services	<u>304,579</u>
Total Expenditures	<u>304,579</u>
Deficiency of Expenditures Over Revenues	(2,131)
Fund Balance - January 1, 2015	<u>2,661</u>
Fund Balance - December 31, 2015	<u>\$ 530</u>

TOWN OF CLIFTON PARK, NEW YORK
FIRE PROTECTION FUND

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	<u>Actual</u>
Revenues	
Real property taxes	\$ 390,352
Total Revenues	<u>390,352</u>
Expenditures	
Public safety	<u>390,352</u>
Total Expenditures	<u>390,352</u>
Excess of Revenues Over Expenditures	-
Fund Balance - January 1, 2015	<u>-</u>
Fund Balance - December 31, 2015	<u>\$ -</u>

TOWN OF CLIFTON PARK, NEW YORK
CAPITAL PROJECTS FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 661,123
Federal and State receivables	913,632
Due from other governments	8,765
Prepaid expenses	<u>3,167</u>
Total Assets	<u><u>\$ 1,586,687</u></u>
Liabilities	
Accounts payable and retainage	\$ 107,690
Due to other funds	1,065,809
Bond anticipation notes payable	<u>1,698,860</u>
Total Liabilities	<u><u>2,872,359</u></u>
Deferred Inflows of Resources	
Unearned revenues	<u>923,533</u>
Fund Balance (Deficit)	
Nonspendable	3,167
Unassigned Deficit	<u>(2,212,372)</u>
Total Fund Balance (Deficit)	<u><u>(2,209,205)</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	<u><u>\$ 1,586,687</u></u>

Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Deficit
For the Year Ended December 31, 2015

	<u>Actual</u>
Revenues and Other Financing Sources	
Miscellaneous revenue	\$ 58,526
Federal aid	61,640
Operating transfers	20,548
BANs redeemed from appropriations	<u>23,140</u>
Total Revenues and Other Financing Sources	<u><u>163,854</u></u>
Expenditures	
Transportation	656,762
Culture and recreation	267,651
Home and community services	<u>2,656</u>
Total Expenditures	<u><u>927,069</u></u>
Deficiency of Revenues and Other Financing Sources Over Expenditures	(763,215)
Fund Deficit - January 1, 2015	<u>(1,445,990)</u>
Fund Deficit - December 31, 2015	<u><u>\$ (2,209,205)</u></u>

TOWN OF CLIFTON PARK, NEW YORK
AGENCY FUND

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Cash	\$ 2,793,745
Other assets	<u>20,310</u>
Total Assets	<u><u>\$ 2,814,055</u></u>
Liabilities	
Agency liabilities	\$ 2,812,704
Due to other funds	<u>1,351</u>
Total Liabilities	<u><u>\$ 2,814,055</u></u>

TOWN OF CLIFTON PARK, NEW YORK
NON-CURRENT GOVERNMENTAL ASSETS ACCOUNT GROUP

Regulatory Basis Balance Sheet
December 31, 2015

Assets	
Land	\$ 6,232,602
Improvements other than buildings	10,594,585
Buildings	8,304,928
Conservation easement	1,535,496
Infrastructure	76,400
Machinery and equipment	9,351,430
Construction in progress	<u>45,975</u>
Total Capital Assets	36,141,416
Deferred outflows of resources	<u>1,426,175</u>
Total Non-Current Governmental Asset Account Group	<u>\$ 37,567,591</u>
Investment in fixed assets	
Other	\$ 36,141,416
	<u>1,426,175</u>
	<u>\$ 37,567,591</u>

TOWN OF CLIFTON PARK, NEW YORK
NON-CURRENT GOVERNMENTAL LIABILITIES ACCOUNT GROUP

Regulatory Basis Balance Sheet
December 31, 2015

Assets

Due from the Clifton Park-Halfmoon Public Library	\$ 6,649,847
Provisions to be made in future budgets	<u>5,339,099</u>
Total Assets	<u><u>\$ 11,988,946</u></u>

Liabilities

Landfill closure and post closure costs	\$ 125,000
Installment purchase debt	981,811
Judgments and claims payable	211,000
Compensated absences	1,168,857
Bonds payable	8,718,000
Net pension liability	<u>784,278</u>
Total Liabilities	<u><u>\$ 11,988,946</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Clifton Park, New York (“the Town”) have been prepared in conformity with accounting principles prescribed by the New York State Office of the State Comptroller for complying with Article 3, Section 30 of General Municipal Law in which every municipal corporation is required to make an annual financial report (Annual Update Document or “AUD”). The most significant difference between this regulatory basis of accounting and Generally Accepted Accounting Principles (“GAAP”) is that Government Accounting Standards Board (“GASB”) Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” need not be implemented to meet the requirements of General Municipal Law. GASB 34 requires significant changes including:

- Government-Wide Reporting
- Focus on Major Funds
- Changes in Budgetary Reporting
- Full Accrual Accounting Including Depreciation
- Management’s Discussion and Analysis
- Capitalization of Infrastructure Assets

Management has considered the costs and benefits of adopting GASB 34 and determined that reporting in financial statements utilizing another comprehensive basis of accounting as opposed to GAAP makes fiscal sense for the Town.

Although the AUD does not require the reporting of modified budget information, a budget to actual comparison has been included in these financial statements for each applicable fund.

The following is a summary of significant accounting policies:

A. Financial Reporting Entity

The Town of Clifton Park, New York, the primary government, was incorporated in 1828, and is governed by the Charter of the Town of Clifton Park, the Town law and other general laws of the State of New York and various local laws and ordinances. The Town Board is the legislative body responsible for the overall operation of the Town and consists of the Supervisor and four council members. The Supervisor serves as chief executive officer and chief fiscal officer of the Town.

The Town provides the following basic services: public safety, police protection, parks and recreation, sewer, water, lighting and highway maintenance.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The reporting entity of the Town is based upon criteria set forth by GASB Statement No. 61, *The Financial Reporting Entity*. As required by OSC guidelines, the AUD of the reporting entity includes the Town (the primary government) and its blended component units. The Town has determined it has no blended component units based on the criteria set forth in GASB Statement 61. The following potential component units were excluded from the reporting entity:

Clifton Park Water Authority - This potential component unit has a separate appointed board and provides service to residents, generally within the geographic boundaries of the government. Although the Town Board appoints the board of the potential component unit, it is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over their daily operations, approve their budget, is not required to provide funding, and is not responsible for their debt.

Fire Districts - There are several fire districts which provide services to residents of the Town. Real property taxes for these districts are levied with the Town property tax levy. These districts are separate legal entities with separate governing boards and are not fiscally dependent on the Town. Therefore, they are excluded from the reporting entity.

In conformity with OSC guidelines, the financial statements of the following component unit have been excluded from the AUD as a discretely presented unit because it is not a blended component unit and issues separate financial statements.

Industrial Development Agency

The Town of Clifton Park Industrial Development Agency (the Agency) is a Public Benefit Corporation created by state legislation to promote the economic welfare, recreation opportunities and prosperity of the Town inhabitants. Members of the Agency are appointed by the Town Board which exercises no oversight responsibility. The Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The municipality is not liable for Agency bonds or notes.

Complete financial statements of the component unit can be obtained directly from their administrative office.

The Town of Clifton Park
Industrial Development Agency
One Town Hall Plaza
Clifton Park, New York 12065

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types and account groups are used:

Governmental Fund Types

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

- a. General Fund - To account for all unrestricted resources except for those required to be accounted for in another fund. It operates within the financial limits of an annual budget adopted by the Town Board.
- b. Special Revenue Funds - To account for the proceeds of special revenue resources other than major capital projects or to finance specified activities as required by law or administrative regulations. Funds operate within the financial limits of an annual budget adopted by the Town Board and consist of the following:
 - 1) Lighting Fund - The Lighting District Fund is used to record the taxes levied in the lighting district and the expenditures made to the utility company providing the lighting for the district.
 - 2) Water Fund - The Town has a total of six water districts; two operating water districts and four districts which have been created for the sole purpose of paying for the debt to establish these districts. The Clifton Park Water Authority and the Town of Ballston Spa provide the water service.
 - 3) Park Funds - There are thirteen park districts throughout the Town. Each district levies taxes on property owners within the District. Expenditures are made for maintenance and equipment for the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Fund Types (Continued)

b. Special Revenue Funds (Continued)

- 4) Sewer Funds - The Town has eight operating sewer districts. Their revenues are obtained from property taxes.
- 5) Refuse and Garbage District Fund - The Town established the Clifton Knolls Refuse and Garbage District. Taxes are levied on property owners within the District. Expenditures are made for the collection of brush and leaves within the District.
- 6) Highway Fund - Used to account for the revenues and expenditures for repairs and improvements to town highways; purchase, repair, maintenance and storage of highway machinery; tools and equipment, pursuant to Section 133 of the Highway Law; controlling weeds and brush along highway and snow removal for highways.
- 7) Special Grant Fund - Section 8 Housing - Used to account for funds received from the federal government to operate a public housing program for eligible low-income families and the elderly through an authorized public housing agency.
- 8) Library Fund - Used to account for the funds received and then transferred to the Clifton Park/Halfmoon Public Library for the proportionate share of the Town of Clifton Park.
- 9) Ambulance Fund - This fund is used to account for the amount raised in real estate taxes. (Beginning in 2014, the Town no longer collected user fees and then transferred them to the Ambulance Companies).
- 10) Fire Protection Fund - This fund is used to account for the amount raised in real estate taxes and then transferred to the Clifton Park Water Authority.

c. Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

d. Fiduciary Funds

Agency Funds - Agency funds are used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Fund Types (Continued)

e. Accounts Groups

Account groups are used to establish accounting control and accountability for general long-term debt and general fixed assets. They are concerned with measurement of financial position and not results of operations.

- a. The Non-Current Governmental Assets Account Group - used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes.
- b. The Non-Current Governmental Liabilities Account Group - used to account for all long-term debt. Also included are the estimated compensated absences liability of the Town and other long-term obligations.

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 various funds and account groups. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus. Measurement focus is the determination of what should be measured, i.e. expenditures or expenses.

1. Governmental Funds - The modified accrual basis of accounting is followed by the governmental funds. Under this basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter, within 60 days to be used to pay liabilities of the current period.

Material revenue sources considered susceptible to accrual include real property taxes, State and Federal aid, sales tax and certain use charges in the special revenue funds. For those types of revenue sources, such as grants, where expenditures are the prime factors for determining eligibility, revenues are recognized when the expenditure is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid expenses or inventory-type items are recognized at the time of the disbursement.
- b. Principal and interest on indebtedness are recognized as an expenditure when due.
- c. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when due.

D. Property Taxes and Collections

Town real property taxes are levied together with Saratoga County property taxes annually no later than January 1 and become a lien on April 1. Taxes for County purposes are levied together with taxes for Town and special district purposes as a single bill.

The Town is responsible for collecting Town and County taxes; however, the Town is authorized to satisfy its entire tax roll from the first taxes collected. The balance and subsequent collections are remitted to the County and the County is responsible for the collection of delinquent taxes.

E. Budgetary Data

1. Budget Policies

- a. The budget policies of the primary government are as follows:
 - 1) No later than September 30, the Budget Officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. No later than October 5, the Town Clerk submits a tentative budget to the Town Board. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Town.
 - 2) After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Legislature adopts the budget.
 - 3) All revisions that alter appropriations of any department or fund must be approved by the Town Board, except for interdepartmental adjustments less than \$5,000 which may be approved by the Comptroller.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Data (Continued)

2. Encumbrances

Encumbrances are reservations of the fund balance for outstanding purchase commitments. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

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

F. Cash and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Demand accounts and certificates of deposit are authorized to be used. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State or its localities.

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

G. Capital Assets

Capital assets with an original cost of \$1,000 or more and an estimated useful life of two years or more are reported at historical costs, or estimated historical cost if actual is unavailable.

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds.

H. Deferred Compensation Plan

Employees of the Town may elect to participate in the Town's Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

Under the terms of the amended Plan agreement, these monies are no longer subject to the claims of the Town's general creditors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Under the terms of contractual agreements and Town policy, substantially all employees are entitled to accrued vacation and sick leave up to specified maximum amounts. Upon termination or retirement specified amounts are paid to eligible employees.

Payment of vacation and sick leave recorded in the Non-Current Governmental Liabilities Account Group is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave.

Estimated vacation and sick leave accumulated by governmental fund type employees and additional salary related payments have been recorded in the Non-current Governmental Liabilities Account Group.

J. Retirement Plans

The Town provides retirement benefits for its employees through contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, some of which require employee contributions.

K. Other Postemployment Benefits ("OPEB")

In addition to providing pension benefits, the Town also provides certain health care benefits for retired employees and their dependents. Substantially all of the Town employees may become eligible for those benefits if they reach normal retirement age while working for the Town.

Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45") requires the Town to recognize the cost of pension benefits to be reflected in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 requires the services of an actuary to calculate current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than current practice which recognized expense on a pay-as-you-go basis.

The Town has evaluated the costs and benefits of adopting GASB 45 and determined that at this time the cost outweighs the benefit. Therefore, the Town has continued to recognize OPEB costs on a pay-as-you-go basis, which is not in accordance with generally accepted accounting principles. The amount that would be recorded in the Non-current Governmental Liabilities Account Group had GASB 45 been adopted is not known.

OPEB costs recognized as incurred were approximately \$369,029 in 2015 for 36 retirees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Estimates

The preparation of the regulatory basis financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates. The significant estimates included in the regulatory basis financial statements include the estimate of claims incurred but not reported for the self-insured workers' compensation and medical plans. It is reasonably possible that the estimates noted above will change in the near term due to one or more future events which would be material to the regulatory basic financial statements.

The Town has not provided for a complete estimate of sales tax revenue because the available information does not report the final adjustments, if any, that may be imposed by the State as a result of their tax enforcement procedures.

M. Self-Insurance

1. Workers' Compensation

The Town participates in the County's self-insurance pool (the Plan) to cover under the Workers' Compensation Law. Other cities, towns, villages, fire districts, youth commissions and public benefit corporations within the County of Saratoga can participate. Each participant is billed by the Plan for their share of the estimated costs for the ensuing year. Any deficiencies in the amounts billed are added to next year's bill.

As described in Note 6 the Town has retained a portion of the liability for the claims it has incurred.

2. Dental Benefit Plan

The Town is self-insured for dental benefits on a cost-reimbursement basis. Under the program, the Town is responsible for claim payments.

All known claims filed and an estimate of all incurred but unreported claims existing at December 31, 2015 have been recorded as accounts payable in the general fund.

The Town establishes dental claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on estimates of outstanding claims, the process used in computing claim liabilities does not necessarily result in an exact amount. Adjustments to claim liabilities are charged or credited to the liability in the periods in which they are made.

2. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2015, the Town implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the Town to report as a liability its portion of the collective net pension liability in the New York State Employees' Retirement Systems.

3. CASH AND INVESTMENTS

At year end, the book amount of the Town's deposits was \$16,440,728 and the bank balance was \$16,438,795. The insured and collateral status of the year end bank balance was as follows:

Status of Bank Balances

Covered by federal deposit insurance	\$ 2,044,989
Collateralization with securities held by third party custodians for the benefit of the Town, pursuant to third party custody agreements	<u>14,393,806</u>
Total	<u>\$ 16,438,795</u>

Cash restricted in the General Fund and Highway Fund equal the amount of restricted fund balance which is detailed in Note 9.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>January 1, 2015</u>			<u>December 31, 2015</u>
Land	\$ 6,232,602	\$ -	\$ -	\$ 6,232,602
Improvements Other than Buildings	10,462,443	132,142		10,594,585
Buildings	8,304,928	-	-	8,304,928
Conservation Easement	1,535,496	-	-	1,535,496
Infrastructure	76,400	-	-	76,400
Machinery and Equipment	9,172,462	486,816	(307,848)	9,351,430
Construction in Progress	46,346	7,000	(7,371)	45,975
Total	<u>\$ 35,830,677</u>	<u>\$ 625,958</u>	<u>\$ (315,219)</u>	<u>\$ 36,141,416</u>

5. PREPAID EXPENSES

The Town elected to prepay its required contributions to the New York State and Local Employees' Retirement System. Prepaid expenses by fund consists of the following:

	<u>Pension</u>	<u>Other</u>	<u>Total Prepaid Expenses</u>
General	\$ 195,689	\$ 71,788	\$ 267,477
Highway	88,552	430	88,982
Sewer	6,216	54	6,270
Capital Projects	-	3,167	3,167
Total	<u>\$ 290,457</u>	<u>\$ 75,439</u>	<u>\$ 365,896</u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt outstanding at December 31, 2015:

	<u>Payable 1/1/15</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Other Net Increase (Decrease)</u>	<u>Payable 12/31/15</u>
Serial Bonds (a)	\$ 9,223,000	\$ -	\$ (505,000)	\$ -	\$ 8,718,000
Judgments and Claims (b)	155,000	-	-	15,000	170,000
Worker's Compensation (c)	35,000	-	-	-	35,000
Post Closure Landfill Monitoring (d)	200,000	-	-	(75,000)	125,000
Compensated Absences (e)	1,132,777	-	-	36,080	1,168,857
Installment Purchase (f)	990,484	279,583	(288,256)	-	981,811
Dental Claims (g)	6,000	-	-	-	6,000
Net Pension Liability (Footnote 10)	<u>1,049,078</u>	<u>-</u>	<u>-</u>	<u>(264,800)</u>	<u>784,278</u>
Total	<u>\$ 12,791,339</u>	<u>\$ 279,583</u>	<u>\$ (793,256)</u>	<u>\$ (288,720)</u>	<u>\$ 11,988,946</u>

(a) Serial Bonds

Serial Bonds - 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. 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.

6. LONG-TERM DEBT (CONTINUED)

(a) Serial Bonds (Continued)

The following is a summary of serial bonds outstanding at December 31, 2015:

<u>Serial Bonds</u>	<u>Maturity Due Date</u>	<u>Issue and Rate</u>	<u>Interest Amount</u>
Sherwood Forest Sewer District	2026	4.0-5.3%	\$ 78,000
Sewer, Water and Parks Projects	2035	2.0-4.25%	1,175,000
Refunded 2003 Sewer & Water Projects and 2005 Library and Sewer & Water Projects	2030	2.0-3.0%	<u>7,465,000</u>
Total			<u>\$ 8,718,000</u>

The Town of Clifton Park issued Library General Obligation Serial Bonds to finance construction of an addition to the Clifton Park-Halfmoon Public Library. This activity is accounted for in the Library Fund and the receivable and related debt is included in the Non-Current Governmental Liabilities Account Group. Repayment of the debt and related interest is provided for in the annual budget of the Clifton Park-Halfmoon Public Library.

The following is a schedule of principal and interest payments for future debt service requirements and the total principal and interest payment due from the Clifton Park Library as of December 31, 2015:

	<u>Principal</u>	<u>Interest</u>	<u>Due from Clifton Park- Halfmoon Library</u>	
			<u>Principal</u>	<u>Interest</u>
2016	\$ 505,000	\$ 217,490	\$ 374,973	\$ 154,783
2017	511,000	206,680	384,467	147,189
2018	526,000	195,655	393,959	139,405
2019	546,000	184,200	403,453	131,431
2020	552,000	172,485	408,199	123,314
2021-2025	2,839,000	679,144	2,188,137	488,367
2026-2030	2,964,000	297,615	2,496,659	191,806
2031-2035	275,000	32,142	-	-
Total	<u>\$ 8,718,000</u>	<u>\$ 1,985,411</u>	<u>\$ 6,649,847</u>	<u>\$ 1,376,295</u>

(b) Judgment and Claims

Several tax certiorari actions are pending against the Town for reductions in the assessed value of various properties. The petitions are for taxes collected from 1996-2014. Management believes that the likelihood of a reduction is probable. Provisions for losses for taxes collected from 1996-2014 for those cases are recorded in the Non-Current Governmental Liabilities Account Group.

6. LONG-TERM DEBT (CONTINUED)

(c) Workers' Compensation

The Town participates in the County's self-insurance pool for workers compensation. Under terms of the Plan the Town retains liability for the portion of a claim that is estimated to exceed the shared liability limit. The Town has determined the estimated value for this potential loss and recorded the liability in the Non-Current Governmental Liabilities Account Group.

(d) Post Closure Landfill Monitoring

The Town of Clifton Park entered into an Order of Consent with the Department of Environmental Conservation (DEC) on April 30, 1991 for the purpose of ensuring the proper maintenance and future closure of the Town's landfill. This order includes specific requirements and deadlines for the Town to follow and meet or they could be subject to penalties. The Town ceased accepting refuse after October 1, 1991 in accordance with the consent order. The status of compliance with the consent order is subject to review by the Department of Environmental Conservation. The current estimated liability for post closure care costs of the landfill is approximately \$125,000.

However, the actual cost of post closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The liability is recorded in the Non-Current Governmental Liabilities Account Group and is funded in the general fund through current appropriations.

(e) Compensated Absences

Compensated absences represents the estimated value of the earned and unused leave credits, based on current salary rates.

(f) Installment Purchase

The following is a summary of capital leases outstanding at December 31, 2015:

<u>Capital Lease</u>	<u>Lease Date</u>	<u>Term of Lease</u>	<u>Balance as of December 31, 2015</u>
Highway Equipment	09/28/2006	10 years	\$ 48,122
Highway Equipment	07/20/2007	10 years	28,988
Highway Equipment	11/12/2008	10 years	98,207
Highway Equipment	12/15/2011	7 years	178,654
Highway Equipment	12/15/2014	7 years	348,257
Parks Equipment	12/31/2015	7 years	279,583
Total			<u>\$ 981,811</u>

6. LONG-TERM DEBT (CONTINUED)

The following is a schedule of future minimum lease payments:

2016		\$ 308,846
2017		231,396
2018		177,882
2019		115,668
2020		115,668
Thereafter		<u>84,177</u>
		1,033,637
Amount Representing Interest		<u>(51,826)</u>
		<u><u>\$ 981,811</u></u>

(g) Dental Claims

Dental claims represents incurred but not reported claims.

7. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, deferred inflows of resources is reduced and revenue is recognized.

Deferred inflows of resources consists of the following:

General Fund:		
Arena Deferred Income		\$ 164,272
Land Lease		156,000
Other		<u>27,264</u>
Total General Fund		<u><u>\$ 347,536</u></u>
Highway Fund:		
Federal and State Aid		<u><u>\$ 20,000</u></u>
Sewer Fund:		
Sewer Rents		<u><u>\$ 40,853</u></u>
Capital Projects Fund:		
Federal and State Aid		<u><u>\$ 923,533</u></u>

8. INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund receivables, payables and transfers at December 31, 2015 and for the year then ended were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Operating Transfer Revenue</u>	<u>Operating Transfer Expense</u>
General	\$ 1,415,435	\$ 2,358	\$ -	\$ 4,037,428
Highway	78,252	164,975	4,016,880	-
Capital Projects	-	1,065,809	20,548	-
Park	1,183	3,292	-	-
Sewer	92,814	118,779	-	-
Water	337	178,584	-	-
Refuse and Garbage	23,809	76,682	-	-
Agency	-	1,351	-	-
Total	<u>\$ 1,611,830</u>	<u>\$ 1,611,830</u>	<u>\$ 4,037,428</u>	<u>\$ 4,037,428</u>

9. FUND BALANCE

The Town has implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB 54 defines five categories of fund balance as follows:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board.
- **Assigned** fund balance includes amounts that are constrained by the Town Board to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for the ensuing year’s budget.
- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

9. FUND BALANCE (CONTINUED)

Fund balances for major funds are detailed as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Nonspendable				
Prepaid Expenses	\$ 267,477	\$ 88,982	\$ -	\$ 6,270
Restricted				
Water	44,989	-	-	-
Debt Service	-	-	-	29,830
Parkland	219,857	-	-	-
Historic Preservation	34,269	-	-	-
Open Space	256,034	-	-	-
Traffic	-	771,716	-	-
	<u>555,149</u>	<u>771,716</u>	<u>-</u>	<u>29,830</u>
Committed				
Capital	<u>64,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned				
Stabilization	2,000,000	-	-	-
Capital	299,021	-	-	-
Highway	-	167,439	-	-
Sewer Fund	-	-	-	925,493
	<u>2,299,021</u>	<u>167,439</u>	<u>-</u>	<u>925,493</u>
Unassigned (Deficit)	<u>9,185,690</u>	<u>-</u>	<u>(22,318)</u>	<u>-</u>
Total	<u>\$ 12,371,691</u>	<u>\$ 1,028,137</u>	<u>\$ (22,318)</u>	<u>\$ 961,593</u>

The Town Board determines whether restricted, committed, assigned or unassigned amounts are considered to have been spent first when resources are available from multiple constraint levels. The default policy is that resources are first spent from the highest constraint level.

Restricted fund balance in the general fund and highway fund have been restated by \$187,608 and \$742,816, respectively, to reflect restricted funds that had been previously recorded in the agency fund.

10. PENSION PLANS

General Information

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and New York State. The System is a cost sharing multiple-employer, public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

10. PENSION PLANS (CONTINUED)

General Information (Continued)

Plan Description and Benefits Provided. 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, 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 (the “Comptroller”) serves as sole trustee and administrative head of the System. System benefits are established under provisions of the New York State Retirement and Social Security Laws (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues 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 System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined the 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 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the Systems’ fiscal year ending March 31.

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

2015	\$ 1,161,829
2014	\$ 1,264,680
2013	\$ 1,220,581

Chapter 260 of the laws of 2004 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ended March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ended March 31, 2011 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The Town has not bonded or amortized any portion of their retirement obligations.

10. PENSION PLANS (CONTINUED)

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

At December 31, 2015, the Town reported a liability of \$784,278 for its proportionate share of the net pension liability. The net pension liability 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'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.

At December 31, 2015, the Town's proportion was .02321155% percent.

At December 31, 2015, the Town reported deferred outflows of resources related to pensions from the following sources:

	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 25,106
Net difference between projected and actual earnings on pension plan investments	136,219
Changes in proportion and difference between employer contributions and proportionate share of contributions	103,021
Contributions subsequent to the measurement date	<u>1,161,829</u> <u>\$ 1,426,175</u>

The net amount of the employer's balances of deferred outflows of resources related to pensions will be recognized in pension expense as follows:

December 31, 2016	\$ 1,161,829
December 31, 2017	66,087
December 31, 2018	66,087
December 31, 2019	66,086
December 31, 2020	66,086
	\$ 1,426,175

ERS 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.

10. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions (Continued)

Significant actuarial assumptions used in the April 1, 2014 valuation were a follows:

Interest rate	7.5%
Salary increase	4.9%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on 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 August 1, 2005 - March 31, 2010.

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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 for ERS were as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return ERS</u>
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation-indexed bonds	4.00%

10. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% for ERS. 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 Assets/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 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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
<u>ERS</u>			
Employers' proportionate share of the net pension asset (liability)	<u>\$ (5,227,553)</u>	<u>\$ (784,278)</u>	<u>\$ 2,966,948</u>

Pension Plan Fiduciary Net Position

The components of the net pension liability of the fiduciary as of March 31, 2015 was as follows (in thousands):

	<u>ERS</u>
Fiduciary total pension liability	\$ (164,591,504)
Fiduciary net position	<u>161,213,259</u>
Fiduciary net pension liability	<u><u>(3,378,245)</u></u>
Ratio of fiduciary net position to the fiduciary total pension liability	<u><u>97.9%</u></u>

10. PENSION PLANS (CONTINUED)

Restatement of Net Position

For the fiscal year ended December 31, 2015, the Town implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of a liability related to the Town's participation in the New York State Employees' retirement systems. The Town's non-current governmental liabilities account group has been restated as follows:

Non-Current Governmental Liabilities Account Group, as Previously Stated	\$ 11,742,261
GASB Statement No. 68 Implementation	<u>1,049,078</u>
Non-Current Governmental Liabilities Account Group, as Restated	<u>\$ 12,791,339</u>

11. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

Capital projects had deficits totaling \$2,209,205 at December 31, 2015; this deficit is caused by allowing contracts for projects prior to recognizing the available revenues for the projects. The revenues will be recognized when eligible costs have been incurred and they are available.

The Water Fund currently has a deficit of \$22,318. This deficit has occurred from the General Fund loaning money to the Water Fund in order to pay for excess capacity in the construction of a water line. This excess capacity will be repaid to the General Fund when new users are approved and added to the water line.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through September 22, 2016, the date the financial statements were available to be issued. No such events or transactions were identified.

13. COMMITMENT AND CONTINGENCIES

The Town has received significant amounts of Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

13. COMMITMENT AND CONTINGENCIES (CONTINUED)

The Town has leased the arena to a management company. As part of the agreement the Town has granted a mortgage on the arena for the purpose of expanding the facility. The Town is not obligated to repay the debt incurred by the lease, except to the extent of the collateral given.

The Town is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town has purchased commercial insurance, for all risk above, with minimal deductible amounts except for certain health benefits insurance and workers' compensation insurance. Settled claims have not exceeded the commercial coverage by any material amounts during the year ended December 31, 2015. There was no reduction in insurance coverage during 2015. An estimate of liability is recorded at December 31, 2015 for outstanding claims or for any potential claims incurred but not reported as of that date in the Non-Current Governmental Liabilities Account Group for all other risks.

In February 2008, the Town signed an intermunicipal agreement with the Town of Halfmoon to design and construct a hiking and biking trail at the estimated cost of \$2.1 million.

In 2013, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. The balance of those defeased bonds, maturing on various dates with a final maturity in 2030, was \$7,300,000 at December 31, 2015.

The Town participated in a self-insurance plan for workers' compensation under County of Saratoga Local Law No. 1 and 2, pursuant to Article 5 of the Workers' Compensation Law. The plan, which currently has 53 participants, is open to any eligible municipality or public entity for participation. The County of Saratoga, New York is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's third party suit; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historic estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2015 the Town's workers' compensation premium was \$103,897. The Town's annual workers' compensation premium is included in the County tax levy for the given fiscal year, therefore no expenditure is reflected in the Town's financial statements for workers' compensation. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020.

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Supervisor and
Members of the Town Board
Town of Clifton Park, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the Town of Clifton Park, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Town of Clifton Park, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clifton Park, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Clifton Park, New York's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Clifton Park, New York's regulatory basis financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Clifton Park, New York's regulatory basis financial statements are free from misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Clifton Park, New York's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 22, 2016