

TOWN OF CLIFTON PARK, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2018

TOWN OF CLIFTON PARK, NEW YORK

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CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of all fund types and account groups of the Town of Clifton Park, New York (the "Town") as of and for the year ended December 31, 2018, 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 financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 entity'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 Qualified Opinion

As described in Note 1(k), the Town has not recorded other postemployment benefits in accordance with generally accepted accounting principles. 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

In our opinion, except as explained in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the fund types and account groups of the Town of Clifton Park, New York as of December 31, 2018, and the results of its fund types for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only all fund types and account groups and do not purport to, and do not present fairly the financial position of the Town as of December 31, 2018, or the changes in its government-wide financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 24, 2019 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 those reports 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. Those reports are 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 24, 2019

TOWN OF CLIFTON PARK, NEW YORK

BALANCE SHEETS

ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2018

Assets	Governmental Fund Types										Fiduciary Fund Type	Account Groups	
	General	Highway	Water	Sewer	Refuse and Garbage	Park	Lighting	Ambulance	Special Grant	Capital Projects	Agency	Non-Current	Non-Current
												Governmental	Governmental
											Assets	Liabilities	
Cash	\$ 9,731,193	\$ 757,585	\$ 108,803	\$ 950,696	\$ 102,471	\$ 949,345	\$ 308,697	\$ 328,103	\$ 5,387	\$ 1,368,511	\$ 1,412,394	\$ -	\$ -
Other receivables	938,190	208,950	-	22,491	-	-	4,898	21,351	-	-	-	-	-
State and federal receivables	170,795	460,010	-	-	-	-	-	-	-	947,786	-	-	-
Due from other funds	1,421,215	850	-	814	-	27,446	-	-	-	8,849	-	-	-
Due from other governments	1,856,191	12,873	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	241,992	75,864	-	6,175	-	-	-	-	-	-	-	-	-
Cash restricted	718,184	941,517	9,854	17,680	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	26,414	-	-
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	41,446,433	-
Provisions to be made in future budgets	-	-	-	-	-	-	-	-	-	-	-	-	11,167,025
Total assets	\$ 15,077,760	\$ 2,457,649	\$ 118,657	\$ 997,856	\$ 102,471	\$ 976,791	\$ 313,595	\$ 349,454	\$ 5,387	\$ 2,325,146	\$ 1,438,808	\$ 41,446,433	\$ 11,167,025
Liabilities, Deferred Inflows of Resources and Fund Equity (Deficit)													
Liabilities:													
Accounts payable	\$ 291,703	\$ 203,223	\$ -	\$ 23,961	\$ 341	\$ 61,178	\$ 965	\$ -	\$ -	\$ 190,401	\$ -	\$ -	\$ -
Accrued liabilities	350,370	44,430	-	11,457	71,341	1,271	14,627	-	-	-	-	-	-
Other liabilities	50,620	-	-	-	-	-	-	-	5,015	-	1,437,415	-	-
Due to other funds	5,136	345,406	156,735	438	-	28,760	-	-	-	921,306	1,393	-	-
Due to other governments	3,515	-	-	-	-	-	-	-	-	-	-	-	-
Due to retirement systems	-	-	-	-	-	-	-	-	-	-	-	-	691,606
Landfill closure	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Installment purchase debt	-	-	-	-	-	-	-	-	-	-	-	-	1,485,642
Judgments and claims payable	-	-	-	-	-	-	-	-	-	-	-	-	229,000
Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	1,484,777
Bans and bonds payable	-	-	-	-	-	-	-	-	-	2,686,873	-	-	7,176,000
Total liabilities	701,344	593,059	156,735	35,856	71,682	91,209	15,592	-	5,015	3,798,580	1,438,808	-	11,167,025
Deferred Inflows of Resources	792,497	551,934	-	7,988	-	-	-	-	-	820,728	-	-	-
Fund Equity (Deficit):													
Investment in fixed assets	-	-	-	-	-	-	-	-	-	-	-	41,446,433	-
Other fund balances (deficit):													
Nonspendable	241,992	75,864	-	6,175	-	-	-	-	-	-	-	-	-
Restricted	718,184	941,517	-	17,680	-	-	-	-	-	-	-	-	-
Committed	127,197	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	3,098,345	295,275	-	930,157	30,789	885,582	298,003	349,454	372	-	-	-	-
Unassigned (deficit)	9,398,201	-	(38,078)	-	-	-	-	-	-	(2,294,162)	-	-	-
Total fund balances (deficit)	13,583,919	1,312,656	(38,078)	954,012	30,789	885,582	298,003	349,454	372	(2,294,162)	-	41,446,433	-
Total liabilities, deferred inflows of resources and fund equity (deficit)	\$ 15,077,760	\$ 2,457,649	\$ 118,657	\$ 997,856	\$ 102,471	\$ 976,791	\$ 313,595	\$ 349,454	\$ 5,387	\$ 2,325,146	\$ 1,438,808	\$ 41,446,433	\$ 11,167,025

TOWN OF CLIFTON PARK, NEW YORK
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types											
	General	Highway	Water	Sewer	Refuse and Garbage	Park	Lighting	Library	Ambulance	Special Grant	Fire Protection	Capital Projects
Revenue												
Real property taxes	\$ -	\$ 665,046	\$ 91,388	\$ 889,036	\$ 94,100	\$ 362,199	\$ 240,002	\$ -	\$ 632,424	\$ -	\$ 426,953	\$ -
Real property tax items	193,892	48,920	-	4,958	325	2,387	-	-	-	-	-	-
Non-property tax items	12,589,246	-	-	-	-	-	-	-	-	-	-	-
Departmental income	1,982,152	-	-	139,774	-	164,880	-	-	121,030	-	-	-
Intergovernmental charges	-	-	-	115,938	-	-	-	533,364	-	-	-	29,921
Use of money and property	212,157	177,750	51	1,553	113	758	399	-	168	5	-	-
Licenses and permits	385,766	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	580,306	-	-	-	-	-	-	-	-	-	-	-
Sale of property and compensation for loss	48,018	50,405	-	-	-	-	-	-	-	-	-	-
Miscellaneous local sources	22,346	5,456	-	3,795	-	516	-	-	-	-	-	-
Interfund revenues	247,031	7,030	-	754	-	-	-	-	-	-	-	-
State aid	1,572,372	416,503	-	-	-	-	-	-	-	-	-	258,629
Federal aid	-	87,007	-	-	-	-	-	-	-	323,648	-	1,158,745
Total revenue	<u>17,833,286</u>	<u>1,458,117</u>	<u>91,439</u>	<u>1,155,808</u>	<u>94,538</u>	<u>530,740</u>	<u>240,401</u>	<u>533,364</u>	<u>753,622</u>	<u>323,653</u>	<u>426,953</u>	<u>1,447,295</u>
Expenditures												
General governmental support	3,818,197	-	-	-	-	-	-	-	-	-	-	133,967
Public safety	2,110,639	-	-	-	-	-	-	-	-	-	426,953	-
Public health	8,603	-	-	-	-	-	-	-	810,767	-	-	-
Transportation	280,376	4,116,065	-	-	-	-	165,369	-	-	-	-	851,647
Economic assistance and opportunity	391,431	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	3,286,666	-	-	-	-	559,410	-	-	-	-	-	344,460
Home and community services	1,184,272	-	6,316	683,062	73,325	-	-	-	-	331,486	-	241,651
Employee benefits	2,822,311	1,191,755	-	96,029	-	11,217	-	-	-	-	-	-
Debt service (principal and interest)	176,935	453,470	91,531	222,004	-	42,902	-	533,364	-	-	-	-
Total expenditures	<u>14,079,430</u>	<u>5,761,290</u>	<u>97,847</u>	<u>1,001,095</u>	<u>73,325</u>	<u>613,529</u>	<u>165,369</u>	<u>533,364</u>	<u>810,767</u>	<u>331,486</u>	<u>426,953</u>	<u>1,571,725</u>
Other Changes												
BANs redeemed	-	-	-	-	-	-	-	-	-	-	-	553,373
Installment purchase debt	-	-	-	-	-	-	-	-	-	-	-	1,066,700
Operating transfers in	-	4,431,593	-	-	-	-	-	-	-	-	-	156,465
Operating transfers out	(4,457,829)	-	-	(130,229)	-	-	-	-	-	-	-	-
Total other changes	<u>(4,457,829)</u>	<u>4,431,593</u>	<u>-</u>	<u>(130,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,776,538</u>
Excess (deficiency) of revenue over expenditures	(703,973)	128,420	(6,408)	24,484	21,213	(82,789)	75,032	-	(57,145)	(7,833)	-	1,652,108
Fund balance (deficit), beginning of year	<u>14,287,892</u>	<u>1,184,236</u>	<u>(31,670)</u>	<u>929,528</u>	<u>9,576</u>	<u>968,371</u>	<u>222,971</u>	<u>-</u>	<u>406,599</u>	<u>8,205</u>	<u>-</u>	<u>(3,946,270)</u>
Fund balance (deficit), end of year	<u>\$ 13,583,919</u>	<u>\$ 1,312,656</u>	<u>\$ (38,078)</u>	<u>\$ 954,012</u>	<u>\$ 30,789</u>	<u>\$ 885,582</u>	<u>\$ 298,003</u>	<u>\$ -</u>	<u>\$ 349,454</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ (2,294,162)</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Clifton Park, New York has prepared its all fund types and account groups financial statements in accordance with accounting principles generally accepted in the United States of America as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretation).

The Town does not comply with GASB Statement No. 34, which requires the Town to present the government-wide financial statements on a full accrual government-wide basis as well as the fund basis. The financial statements present only all fund types and accounts groups, and do not purport to, and do not present fairly the government-wide financial position or changes in financial position of the Town.

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.

The reporting entity of the Town is based upon criteria set forth by GASB Statement No. 61, *The Financial Reporting Entity*. As required by the NYS Office of the State Comptroller (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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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 has been excluded from the reporting entity 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 nine water districts; seven 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 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 ten 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.
- 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. Substantially all the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis.

The Town has evaluated the costs and benefits of adopting GASB 75 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 debt account group had GASB 75 been adopted is not known.

OPEB costs recognized as incurred were approximately \$540,385 in 2018 for 47 retirees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Estimates

The preparation of the 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 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 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, 2018 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. CASH AND INVESTMENTS

At year end, the book amount of the Town's deposits were \$17,710,420 and the bank balance was \$17,907,299. The insured and collateral status of the year end bank balance was as follows:

Status of Bank Balances

Covered by federal deposit insurance	\$ 6,157,337
Collateralization with securities held by third party custodians for the benefit of the Town, pursuant to third party custody agreements	<u>11,553,083</u>
Total	<u>\$ 17,710,420</u>

Cash restricted in the General Fund, Highway, Water and Sewer Funds equals the amount of restricted fund balance which is detailed in Note 9.

Capital Reserves

Capital reserves are established pursuant to General Municipal Law, Section 6-C.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>January 1, 2018</u>			<u>December 31, 2018</u>
Land	\$ 6,232,602	\$ 1,107,959	\$ -	\$ 7,340,561
Improvements Other than Buildings	13,728,846	245,095	(605,486)	13,368,455
Buildings	8,304,928	-	-	8,304,928
Conservation Easement	1,535,496	-	-	1,535,496
Infrastructure	76,400	-	-	76,400
Machinery and Equipment	10,255,266	866,590	(340,237)	10,781,618
Construction in Progress	<u>63,975</u>	<u>-</u>	<u>(25,000)</u>	<u>38,975</u>
Total	<u>\$ 40,197,513</u>	<u>\$ 2,219,644</u>	<u>\$ (970,723)</u>	<u>\$ 41,446,433</u>

4. 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	\$ 169,053	\$ 72,939	\$ 241,992
Highway	75,864	-	75,864
Sewer	<u>6,175</u>	<u>-</u>	<u>6,175</u>
Total	<u>\$ 251,092</u>	<u>\$ 72,939</u>	<u>\$ 324,031</u>

5. SHORT-TERM DEBT

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects 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 periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is a summary of changes in BANs for the year ended December 31, 2018:

BANs Outstanding , January 1, 2018	\$ 3,265,247
BANs Issued	2,686,873
BANs Redeemed	<u>(3,265,247)</u>
BANs Outstanding, December 31, 2018	<u>\$ 2,686,873</u>

The following BANs are owed by the Town as of December 31, 2018:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Series 2018A	\$ 216,066	1.49%	February 8, 2019
Series 2018B	441,640	1.92%	May 24, 2019
Series 2018	700,000	2.53%	June 28, 2019
Series 2018	900,000	2.65%	October 4, 2019
Series 2018	<u>429,167</u>	2.80%	November 29, 2019
	<u>\$ 2,686,873</u>		

TOWN OF CLIFTON PARK, NEW YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt outstanding at December 31, 2018:

	Payable			Other Net	
	<u>1/1/18</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Increase</u>	<u>Payable</u>
				<u>(Decrease)</u>	<u>12/31/18</u>
Serial Bonds (a)	\$ 7,702,000	\$ -	\$ (526,000)	\$ -	\$ 7,176,000
Judgments and Claims (b)	195,000	-	-	(7,000)	188,000
Worker's Compensation (c)	35,000	-	-	-	35,000
Post Closure Landfill					
Monitoring (d)	100,000	-	-	-	100,000
Compensated Absences (e)	1,305,760	-	-	179,017	1,484,777
Installment Purchase (f)	615,388	1,066,700	(196,446)	-	1,485,642
Dental Claims (g)	6,000	-	-	-	6,000
Net Pension Liability (Footnote 10)	<u>2,038,308</u>	<u>-</u>	<u>-</u>	<u>(1,346,702)</u>	<u>691,606</u>
Total	<u>\$ 11,997,456</u>	<u>\$ 1,066,700</u>	<u>\$ (722,446)</u>	<u>\$ (1,174,685)</u>	<u>\$ 11,167,025</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.

The following is a summary of serial bonds outstanding at December 31, 2018:

<u>Serial Bonds</u>	<u>Maturity</u>	<u>Issue and</u>	<u>Interest</u>
	<u>Due Date</u>	<u>Rate</u>	<u>Amount</u>
Sherwood Forest Sewer District Refunded 2003 Sewer and Water Projects and 2005 Library, Sewer and Water Projects	2026	4.0-5.3%	\$ 61,000
Sewer, Water and Parks Projects	2030	2.0-3.0%	6,095,000
Total	2035	2.0-4.25%	<u>1,020,000</u>
			<u>\$ 7,176,000</u>

6. LONG-TERM DEBT (CONTINUED)

(a) Serial Bonds (Continued)

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, 2018:

	<u>Principal</u>	<u>Interest</u>	<u>Due from Clifton Park- Halfmoon Library</u>	
			<u>Principal</u>	<u>Interest</u>
2019	\$ 546,000	\$ 184,200	\$ 403,453	\$ 131,431
2020	552,000	172,485	408,199	123,314
2021	567,000	160,568	417,692	115,055
2022	577,000	148,300	427,185	106,606
2023	598,000	135,733	441,424	97,920
2024-2028	2,831,000	468,492	2,354,264	328,980
2029-2033	1,410,000	90,313	1,044,230	31,612
2034-2035	95,000	5,495	-	-
Total	<u>\$ 7,176,000</u>	<u>\$ 1,365,586</u>	<u>\$ 5,496,447</u>	<u>\$ 934,918</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 2009-2018. Management believes that the likelihood of a reduction is probable. Provisions for losses for taxes collected from 2009-2018 for those cases are recorded in the Non-Current Governmental Liabilities Account Group.

(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.

6. LONG-TERM DEBT (CONTINUED)

(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 \$100,000.

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, 2018:

<u>Capital Lease</u>	<u>Lease Date</u>	<u>Term of Lease</u>	<u>Balance as of December 31, 2018</u>
Highway Equipment	12/15/2014	7 years	\$ 143,159
Parks and Highway Equipment	01/27/2016	7 years	275,783
Parks and Highway Equipment	03/07/2018	5 years	<u>1,066,700</u>
Total			<u>\$ 1,485,642</u>

6. LONG-TERM DEBT (CONTINUED)

(f) Installment Purchase (Continued)

The following is a schedule of future minimum lease payments:

2019		\$ 377,745
2020		377,745
2021		304,166
2022		304,166
2023		<u>232,121</u>
		1,595,943
Amount Representing Interest		<u>(110,301)</u>
		<u>\$ 1,485,642</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	\$ 117,721
Land Lease - Shen Village NCR	150,000
Land Lease - Arena Realty Group	490,000
Other	<u>34,776</u>
Total General Fund	<u>\$ 792,497</u>
Highway Fund:	
Federal, State and Local Aid	<u>\$ 551,934</u>
Sewer Fund:	
Sewer Rents	<u>\$ 7,988</u>
Capital Projects Fund:	
Federal and State Aid	<u>\$ 820,728</u>

8. INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund receivables, payables and transfers at December 31, 2018 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	\$ 1,421,215	\$ 5,136	\$ -	\$(4,457,829)
Highway	850	345,406	4,431,593	-
Water	-	156,735	-	-
Sewer	814	438	-	(130,229)
Park	27,446	28,760	-	-
Capital Projects	8,849	921,306	156,465	-
Agency	-	1,393	-	-
Total	<u>\$ 1,459,174</u>	<u>\$ 1,459,174</u>	<u>\$ 4,588,058</u>	<u>\$(4,588,058)</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:

1. **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or contractually required to be maintained intact.
2. **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.
3. **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board.
4. **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.
5. **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.

TOWN OF CLIFTON PARK, NEW YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

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>	<u>Park Fund</u>	<u>Lighting Fund</u>
Nonspendable						
Prepaid Expenses	\$ 241,992	\$ 75,864	\$ -	\$ 6,175	\$ -	\$ -
	<u>241,992</u>	<u>75,864</u>	<u>-</u>	<u>6,175</u>	<u>-</u>	<u>-</u>
Restricted						
Water	45,016	-	-	-	-	-
Debt Service	-	-	-	17,680	-	-
Parkland	262,547	-	-	-	-	-
Historic Preservation	34,280	-	-	-	-	-
Open Space Incentive	376,341	-	-	-	-	-
Traffic	-	941,517	-	-	-	-
	<u>718,184</u>	<u>941,517</u>	<u>-</u>	<u>17,680</u>	<u>-</u>	<u>-</u>
Committed						
Capital	<u>127,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned						
Stabilization	2,000,000	-	-	-	-	-
Capital	223,021	-	-	-	-	-
Appropriated	139,105	26,463	-	243	74,719	10,000
Encumbrances	736,219	-	-	11,720	22,619	-
Highway	-	268,812	-	-	-	-
Sewer	-	-	-	918,194	-	-
Lighting	-	-	-	-	-	288,003
Park	-	-	-	-	788,244	-
	<u>3,098,345</u>	<u>295,275</u>	<u>-</u>	<u>930,157</u>	<u>885,582</u>	<u>298,003</u>
Unassigned (Deficit)						
Total	<u>9,398,201</u>	<u>-</u>	<u>(38,078)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,583,919</u>	<u>\$ 1,312,656</u>	<u>\$ (38,078)</u>	<u>\$ 954,012</u>	<u>\$ 885,582</u>	<u>\$ 298,003</u>

9. FUND BALANCE (CONTINUED)

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.

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.

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:

2018	\$ 1,004,383
2017	\$ 963,227
2016	\$ 971,808

10. PENSION PLANS (CONTINUED)

General Information (Continued)

Covered Payroll

The Town of Clifton Park's covered payroll (as defined in GASB 85) for 2018 is as follows:

ERS \$ 6,677,113

At December 31, 2018, the Town reported a liability of \$691,606 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, 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.

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

At December 31, 2018, the Town's proportion was 0.0214289%.

At December 31, 2018, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 246,673	\$ 203,842
Changes of assumptions	458,592	-
Net difference between projected and actual earnings on pension plan investments	1,004,503	1,982,787
Changes in proportion and difference between employer contributions and proportionate share of contributions	249,248	48,767
Contributions subsequent to the measurement date	<u>753,287</u>	<u>-</u>
	<u>\$ 2,712,303</u>	<u>\$ 2,235,396</u>

10. PENSION PLANS (CONTINUED)

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

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

December 31, 2019	\$ 988,705
December 31, 2020	172,436
December 31, 2021	(471,982)
December 31, 2022	<u>(212,252)</u>
	<u>\$ 476,907</u>

ERS Actuarial Assumptions. The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

Significant actuarial assumptions used in the April 1, 2016 valuation were a follows:

Interest rate	7.0%
Salary increase	3.8%
Inflation rate	2.5%
Cost of living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2011 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period August 1, 2011 - March 31, 2015.

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

10. PENSION PLANS (CONTINUED)

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 for ERS were as follows:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Target Allocation</u>
Domestic equity	4.55%	36%
International equity	6.35%	14%
Private equity	7.5%	10%
Real estate	5.55%	10%
Absolute return strategies	3.75%	2%
Opportunistic portfolio	5.68%	3%
Real assets	5.29%	3%
Bonds and mortgages	1.31%	17%
Cash	(.25%)	1%
Inflation-indexed bonds	1.25%	4%
		<u>100%</u>

Discount Rate

The discount rate used to calculate the total pension liability was 7% 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.

10. PENSION PLANS (CONTINUED)

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 7.0%, 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>ERS</u>	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
Employers’ proportionate share of the net pension liability (asset)	\$ <u>5,232,876</u>	\$ <u>691,606</u>	\$ <u>(3,150,127)</u>

Pension Plan Fiduciary Net Position

The components of the net pension liability of the fiduciary as of March 31, 2018 was as follows (in thousands):

	<u>ERS</u>
Employers’ total pension liability	\$ 183,400,590
Fiduciary net position	<u>(180,173,145)</u>
Employers’ net pension liability	<u>\$ 3,227,445</u>
Ratio of fiduciary net position to the employers’ total pension liability	<u>98.24%</u>

11. TAX ABATEMENT

The Town enters into Payment in Lieu of Taxes (“PILOTS”) agreements with some local businesses. PILOTS are often included as part of an Industrial Development Agency (“IDA”) agreement with a commercial or industrial development for the purpose of attracting or retaining business within their jurisdictions. PILOT agreements normally provide for payments of amounts lesser than would have been collected for real estate taxes for a number of years.

For the year ended December 31, 2018, the Town recognized \$29,992 in PILOT revenue under PILOT agreements expiring through December 31, 2034. Abated property taxes amounted to \$135,134 under this program.

12. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

Capital projects had deficits totaling \$2,294,162 at December 31, 2018; this deficit is caused by allowing contracts for projects funded with Bond Anticipation Notes and prior to recognizing the available revenues for the projects. The revenues will be recognized when serial bonds are issued and when eligible costs have been incurred and they are available.

The Water Fund currently has a deficit of \$38,078. 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. The Water Fund also has \$9,854 of cash restricted for debt service which has not been reported as restricted fund balance due to the deficit.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through September 24, 2019, the date the financial statements were available to be issued. On February 7, 2019, the Town issued serial bonds in the amount of \$1,533,501. The bonds mature on February 1, 2020 - 2039 and bear interest from 3-3.375%.

14. COMMITMENT AND CONTINGENCIES

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 risks 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, 2018. There was no reduction in insurance coverage during 2018. An estimate of liability is recorded at December 31, 2018 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.

14. COMMITMENT AND CONTINGENCIES (CONTINUED)

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 50 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, 2018 the Town's workers' compensation premium was \$184,218. 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.

OTHER INFORMATION

**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 financial statements of the Town of Clifton Park, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 financial statements are free from material 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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 24, 2019