

*TOWN OF CLIFTON PARK, NEW YORK*

*REGULATORY BASIS FINANCIAL STATEMENTS*

*DECEMBER 31, 2012*

**TOWN OF CLIFTON PARK, NEW YORK**

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**DECEMBER 31, 2012**

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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

### Report on the Financial Statements

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, 2012, 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 of 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 effects of the matters 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, 2012, and the changes in its financial position for the year then ended.

## **Basis for Qualified Opinion on Regulatory Basis of Accounting**

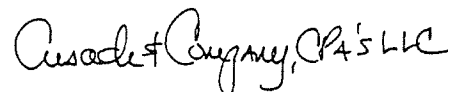
As described in Note 1(k), the Town has not recorded other postemployment benefits in accordance with generally accepted accounting principles. The amounts that would have been recorded as a liability, had other postemployment benefits been recorded in accordance with generally accepted accounting principles,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

## **Qualified Opinion 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, 2012, 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 December 9, 2013 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  
December 9, 2013

*TOWN OF CLIFTON PARK, NEW YORK*  
*GENERAL FUND*  
*REGULATORY BASIS BALANCE SHEET*  
*DECEMBER 31, 2012*

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<b>Assets</b>	
Cash	\$ 7,981,942
Cash - restricted	133,748
Other receivables	609,959
State and Federal receivables	322,634
Due from other funds	2,003,737
Due from other governments	1,872,882
Prepaid expenses	<u>293,873</u>
 Total Assets	 <u>\$ 13,218,775</u>
 <b>Liabilities</b>	
Accounts payable	\$ 493,054
Accrued liabilities	390,854
Due to other funds	73,657
Deferred revenues	<u>548,399</u>
 Total Liabilities	 <u>1,505,964</u>
 <b>Fund Balance</b>	
Nonspendable	293,873
Restricted	133,748
Assigned	3,251,176
Unassigned	<u>8,034,014</u>
 Total Fund Balance	 <u>11,712,811</u>
 Total Liabilities and Fund Balance	 <u>\$ 13,218,775</u>

**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, 2012*

	<b><u>Modified Budget</u></b>	<b><u>* Actual</u></b>	<b><u>Encumbrances</u></b>	<b><u>Variance</u></b>
<b>Revenues</b>				
Real property tax items	\$ 120,718	\$ 142,663	\$ -	\$ 21,945
Non-property tax items	10,000,000	10,965,830	-	965,830
Departmental income	1,472,405	1,523,975	-	51,570
Use of money and property	584,600	597,622	-	13,022
Licenses and permits	200,000	294,070	-	94,070
Fines and forfeitures	587,300	588,260	-	960
Sales of property and compensation for loss	-	2,602	-	2,602
Miscellaneous local sources	2,100	92,433	-	90,333
Interfund revenues	210,190	236,434	-	26,244
State aid	1,764,697	1,776,683	-	11,986
Federal aid	<u>25,200</u>	<u>58,520</u>	<u>-</u>	<u>33,320</u>
<b>Total Revenues</b>	<u>14,967,210</u>	<u>16,279,092</u>	<u>-</u>	<u>1,311,882</u>
<b>Expenditures</b>				
General government support	2,476,835	2,225,101	5,418	246,316
Public safety	1,928,223	1,859,298	2,777	66,148
Health	20,260	11,720	-	8,540
Transportation	320,294	219,558	-	100,736
Economic assistance and opportunity	359,832	276,050	46,966	36,816
Culture and recreation	3,133,084	2,807,128	63,970	261,986
Home and community services	1,463,100	1,050,925	164,457	247,718
Employee benefits	2,465,577	2,621,529	-	(155,952)
Debt service (principal and interest)	<u>2,679</u>	<u>2,679</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	12,169,884	11,073,988	283,588	812,308
<b>Other Financing Uses</b>				
Operating transfers	<u>3,982,055</u>	<u>3,978,615</u>	<u>-</u>	<u>3,440</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>16,151,939</u>	<u>15,216,685</u>	<u>283,588</u>	<u>815,748</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses</b>	<u>\$ (1,184,729)</u>	1,226,489	<u>\$ (283,588)</u>	<u>\$ 2,127,630</u>
Fund Balance, as Restated - January 1, 2012		<u>10,486,322</u>		
<b>Fund Balance - December 31, 2012</b>		<u>\$ 11,712,811</u>		

\* Actual Departmental Revenue and Home and Community Services have been reduced by \$164,082 to reflect escrow receipts and payments which are not budgeted.

**TOWN OF CLIFTON PARK, NEW YORK**  
**HIGHWAY FUND**

**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 248,735
Other receivables	116,159
State and Federal receivables	260,737
Due from other governments	13,600
Prepaid expenses	80,705
Due from other funds	<u>140,011</u>
Total Assets	<u>\$ 859,947</u>
<b>Liabilities</b>	
Accounts payable	\$ 133,882
Accrued liabilities	96,210
Deferred revenue	97,400
Due to other funds	<u>30,991</u>
Total Liabilities	<u>358,483</u>
<b>Fund Balance</b>	
Nonspendable	80,705
Assigned	<u>420,759</u>
Total Fund Balance	<u>501,464</u>
Total Liabilities and Fund Balance	<u>\$ 859,947</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Modified</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Real property tax	\$ 430,734	\$ 430,735	\$ 1
Real property tax items	30,280	29,715	(565)
Use of money and property	242,000	308,162	66,162
Sales of property and compensation for loss	1,173	1,173	-
Miscellaneous	1,560	1,560	-
State aid	332,731	588,470	255,739
Federal aid	<u>124,687</u>	<u>109,688</u>	<u>(14,999)</u>
Total Revenues	1,163,165	1,469,503	306,338
<b>Other Financing Sources</b>			
Operating transfers	<u>3,972,055</u>	<u>3,972,055</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>5,135,220</u>	<u>5,441,558</u>	<u>306,338</u>
<b>Expenditures</b>			
Transportation	4,142,478	3,870,037	272,441
Employee benefits	1,037,455	1,036,537	918
Debt service	<u>240,899</u>	<u>240,898</u>	<u>1</u>
Total Expenditures	<u>5,420,832</u>	<u>5,147,472</u>	<u>273,360</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b>	<u>\$ (285,612)</u>	294,086	<u>\$ 579,698</u>
Fund Balance, as Restated - January 1, 2012		<u>207,378</u>	
<b>Fund Balance - December 31, 2012</b>		<u>\$ 501,464</u>	

*TOWN OF CLIFTON PARK, NEW YORK*  
*WATER FUND*

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 150,703
Other receivables	2,522
Total Assets	<u>\$ 153,225</u>
<b>Liabilities</b>	
Accrued liabilities	\$ 877
Deferred revenue	2,115
Due to other funds	160,937
Total Liabilities	<u>163,929</u>
<b>Fund Balance</b>	
Unassigned Deficit	<u>(10,704)</u>
Total Fund Balance	<u>(10,704)</u>
Total Liabilities and Fund Balance	<u>\$ 153,225</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Real property tax	\$ 69,462	\$ 69,462	\$ -
Departmental income	4,888	20,976	16,088
Use of money and property	67	117	50
Total Revenues	<u>74,417</u>	<u>90,555</u>	<u>16,138</u>
<b>Expenditures</b>			
Home and community services	10,365	12,481	(2,116)
Debt service (principal and interest)	71,114	71,114	-
Total Expenditures	<u>81,479</u>	<u>83,595</u>	<u>(2,116)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (7,062)</u>	6,960	<u>\$ 14,022</u>
Fund Balance (Deficit) - January 1, 2012		<u>(17,664)</u>	
<b>Fund Balance (Deficit) - December 31, 2012</b>		<u>\$ (10,704)</u>	

**TOWN OF CLIFTON PARK, NEW YORK**  
**SEWER FUND**

**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 1,146,179
Other receivables	49,053
State and Federal receivables	31,250
Due from other funds	55,807
Prepaid expenses	6,847
Total Assets	<u>\$ 1,289,136</u>
<b>Liabilities</b>	
Accounts payable	\$ 60,033
Accrued liabilities	23,959
Deferred revenues	66,523
Due to other funds	70,695
Total Liabilities	<u>221,210</u>
<b>Fund Balance</b>	
Nonspendable	6,847
Restricted	29,830
Assigned	1,031,249
Total Fund Balance	<u>1,067,926</u>
Total Liabilities and Fund Balance	<u>\$ 1,289,136</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	Modified Budget	Actual	Variance
<b>Revenues</b>			
Real property tax	\$ 798,438	\$ 798,438	\$ -
Real property tax items	10,471	4,165	(6,306)
Departmental income	117,198	123,786	6,588
Intragovernmental charges	107,254	107,336	82
Use of money and property	1,000	4,118	3,118
Miscellaneous local sources	-	774	774
State aid	-	1,802	1,802
Federal aid	-	5,407	5,407
Total Revenues	<u>1,034,361</u>	<u>1,045,826</u>	<u>11,465</u>
<b>Expenditures</b>			
Home and community services	1,158,670	1,104,796	53,874
Employee benefits	74,841	72,357	2,484
Debt service (principal and interest)	132,986	132,440	546
Total Expenditures	<u>1,366,497</u>	<u>1,309,593</u>	<u>56,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (332,136)</u>	<u>(263,767)</u>	<u>\$ 68,369</u>
Fund Balance, as Restated - January 1, 2012		<u>1,331,693</u>	
Fund Balance - December 31, 2012		<u>\$ 1,067,926</u>	

**TOWN OF CLIFTON PARK, NEW YORK**  
**REFUSE AND GARBAGE FUND**

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>		
Cash	\$	114,669
Total Assets	\$	<u>114,669</u>
<b>Liabilities</b>		
Accounts payable	\$	867
Due to other funds		<u>77,548</u>
Total Liabilities		<u>78,415</u>
<b>Fund Balance</b>		
Assigned		<u>36,254</u>
Total Fund Balance		<u>36,254</u>
Total Liabilities and Fund Balance	\$	<u>114,669</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Real property taxes and tax items	\$ 94,100	\$ 94,324	\$ 224
Use of money and property	<u>-</u>	<u>198</u>	<u>198</u>
Total Revenues	<u>94,100</u>	<u>94,522</u>	<u>422</u>
<b>Expenditures</b>			
Home and community services	<u>119,943</u>	<u>119,972</u>	<u>(29)</u>
Total Expenditures	<u>119,943</u>	<u>119,972</u>	<u>(29)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (25,843)</u>	<u>(25,450)</u>	<u>\$ 393</u>
<b>Fund Balance - January 1, 2012</b>		<u>61,704</u>	
<b>Fund Balance - December 31, 2012</b>		<u>\$ 36,254</u>	

**TOWN OF CLIFTON PARK, NEW YORK**  
**PARK FUND**

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 718,975
Due from other funds	2,295
Total Assets	<u>\$ 721,270</u>
 <b>Liabilities</b>	
Accounts payable	\$ 29,812
Accrued expenses	1,559
Due to other funds	4,998
Total Liabilities	<u>36,369</u>
 <b>Fund Balance</b>	
Assigned	<u>684,901</u>
Total Fund Balance	<u>684,901</u>
Total Liabilities and Fund Balance	<u>\$ 721,270</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Real property tax	\$ 307,281	\$ 307,282	\$ 1
Real property tax items	1,208	1,208	-
Departmental income	141,328	164,889	23,561
Use of money and property	-	1,317	1,317
Total Revenues	<u>449,817</u>	<u>474,696</u>	<u>24,879</u>
 <b>Expenditures</b>			
Culture and recreation	507,915	321,838	186,077
Employee benefits	8,036	7,709	327
Debt service	8,075	8,075	-
Total Expenditures	<u>524,026</u>	<u>337,622</u>	<u>186,404</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (74,209)</u>	137,074	<u>\$ 211,283</u>
Fund Balance - January 1, 2012		<u>547,827</u>	
<b>Fund Balance - December 31, 2012</b>		<u>\$ 684,901</u>	

*TOWN OF CLIFTON PARK, NEW YORK*  
*LIGHTING FUND*

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 136,114
Due from other funds	43
Total Assets	<u>\$ 136,157</u>
<b>Liabilities</b>	
Accounts payable	\$ 22,081
Accrued expenses	4,821
Due to other funds	64
Total Liabilities	<u>26,966</u>
<b>Fund Balance</b>	
Assigned	<u>109,191</u>
Total Fund Balance	<u>109,191</u>
Total Liabilities and Fund Balance	<u>\$ 136,157</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Real property tax	\$ 275,000	\$ 275,002	\$ 2
Use of money and property	-	437	437
Total Revenues	<u>275,000</u>	<u>275,439</u>	<u>439</u>
<b>Expenditures</b>			
Transportation	<u>275,000</u>	<u>239,985</u>	<u>35,015</u>
Total Expenditures	<u>275,000</u>	<u>239,985</u>	<u>35,015</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	35,454	<u>\$ 35,454</u>
Fund Balance - January 1, 2012		<u>73,737</u>	
<b>Fund Balance - December 31, 2012</b>		<u>\$ 109,191</u>	

*TOWN OF CLIFTON PARK, NEW YORK*  
*LIBRARY FUND*

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**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Actual</u>
<b>Revenues</b>	
Intergovernmental charges	\$ <u>683,974</u>
Total Revenues	<u>683,974</u>
<b>Expenditures</b>	
Debt service (principal and interest)	<u>683,974</u>
Total Expenditures	<u>683,974</u>
<b>Excess of Revenues Over Expenditures</b>	-
<b>Fund Balance - January 1, 2012</b>	<u>-</u>
<b>Fund Balance - December 31, 2012</b>	<u>\$ -</u>

*TOWN OF CLIFTON PARK, NEW YORK*  
*AMBULANCE FUND*

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 709,525
Other receivables	<u>172,297</u>
Total Assets	<u><u>\$ 881,822</u></u>
<b>Liabilities</b>	
Due to other funds	<u>\$ 550,369</u>
<b>Fund Balance</b>	
Assigned	<u>331,453</u>
Total Fund Balance	<u>331,453</u>
Total Liabilities and Fund Balance	<u><u>\$ 881,822</u></u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Real property taxes	\$ 892,238	\$ 892,239	\$ 1
Departmental income	1,002,366	943,659	(58,707)
Use of money and property	<u>-</u>	<u>518</u>	<u>518</u>
Total Revenues	<u>1,894,604</u>	<u>1,836,416</u>	<u>(58,188)</u>
<b>Expenditures</b>			
Health	<u>1,894,604</u>	<u>1,894,603</u>	<u>1</u>
Total Expenditures	<u>1,894,604</u>	<u>1,894,603</u>	<u>1</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u><u>\$ -</u></u>	(58,187)	<u><u>\$ (58,187)</u></u>
Fund Balance - January 1, 2012		<u>389,640</u>	
 <b>Fund Balance - December 31, 2012</b>		<u><u>\$ 331,453</u></u>	

*TOWN OF CLIFTON PARK, NEW YORK*  
*SPECIAL GRANT FUND*

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 23,999
Total Assets	<u>\$ 23,999</u>
<b>Liabilities</b>	
Accrued expenses	\$ 1,561
<b>Fund Balance</b>	
Assigned	<u>22,438</u>
Total Fund Balance	<u>22,438</u>
Total Liabilities and Fund Balance	<u>\$ 23,999</u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Actual</u>
<b>Revenues</b>	
Federal aid	\$ 270,119
Total Revenues	<u>270,119</u>
<b>Expenditures</b>	
Home and community services	<u>301,280</u>
Total Expenditures	<u>301,280</u>
<b>Excess of Expenditures Over Revenues</b>	(31,161)
<b>Fund Balance - January 1, 2012</b>	<u>53,599</u>
<b>Fund Balance - December 31, 2012</b>	<u>\$ 22,438</u>

*TOWN OF CLIFTON PARK, NEW YORK*  
*FIRE PROTECTION FUND*

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**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Actual</u>
<b>Revenues</b>	
Real property taxes	\$ 350.661
Total Revenues	<u>350.661</u>
<b>Expenditures</b>	
Public safety	<u>350.661</u>
Total Expenditures	<u>350.661</u>
<b>Excess of Revenues Over Expenditures</b>	-
Fund Balance - January 1, 2012	<u>-</u>
Fund Balance - December 31, 2012	<u><u>\$ -</u></u>

*TOWN OF CLIFTON PARK, NEW YORK*  
*CAPITAL PROJECTS FUND*

---

**Regulatory Basis Balance Sheet**  
**December 31, 2012**

<b>Assets</b>	
Cash	\$ 452,718
Federal and State receivables	855,203
Prepaid expenses	<u>3,167</u>
Total Assets	<u><u>\$ 1,311,088</u></u>
<b>Liabilities</b>	
Accounts payable and retainage	\$ 56,337
Due to other funds	1,231,438
Deferred revenues	<u>856,248</u>
Total Liabilities	<u><u>2,144,023</u></u>
<b>Fund Balance</b>	
Nonspendable	3,167
Unassigned Deficit	<u>(836,102)</u>
Total Fund Balance	<u>(832,935)</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,311,088</u></u>

**Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>Actual</u>
<b>Revenues and Other Financing Sources</b>	
Miscellaneous revenue	\$ 12,078
Federal aid	9,775
Operating transfers	<u>6,560</u>
Total Revenues and Other Financing Sources	<u><u>28,413</u></u>
<b>Expenditures</b>	
Culture and recreation	54,462
Home and community services	<u>11,489</u>
Total Expenditures	<u><u>65,951</u></u>
<b>Deficiency of Revenues and Other Financing Sources</b>	
<b>Over Expenditures</b>	(37,538)
Fund Balance (Deficit) - January 1, 2012	<u>(795,397)</u>
<b>Fund Balance (Deficit) - December 31, 2012</b>	<u><u>\$ (832,935)</u></u>

*TOWN OF CLIFTON PARK, NEW YORK*  
*AGENCY FUND*

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

Assets	
Cash	\$ 2,606,705
Other assets	2,120
Total Assets	<u>\$ 2,608,825</u>
Liabilities	
Agency liabilities	\$ 2,607,629
Due to other funds	1,196
Total Liabilities	<u>\$ 2,608,825</u>

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

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

Assets	
Land	\$ 5,604,934
Improvements other than buildings	8,365,036
Buildings	8,476,416
Conservation easement	1,535,496
Infrastructure	76,400
Machinery and equipment	<u>8,563,782</u>
	<u>\$ 32,622,064</u>
Investment in Fixed Assets	<u>\$ 32,622,064</u>

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

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**Regulatory Basis Balance Sheet**  
**December 31, 2012**

Assets	
Due from the Clifton Park-Halfmoon Public Library	\$ 7,691,104
Provisions to be made in future budgets	<u>4,632,686</u>
Total Assets	<u><u>\$ 12,323,790</u></u>
Liabilities	
Landfill closure and post closure costs	\$ 200,000
Installment purchase debt	995,026
Judgments and claims payable	141,000
Compensated absences	1,094,764
Bonds payable	<u>9,893,000</u>
Total Liabilities	<u><u>\$ 12,323,790</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 District 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 District 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 most recent district was created in 2005. The Clifton Park Water Authority and the Town of Ballston Spa provide the water service.
  - 3) Park District 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 District 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 and user fees and then transferred to the Ambulance Companies that operate in the Town.
- 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.

Effective for the year ended December 31, 2009, 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 was approximately \$400,000 in 2012 for 37 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 5 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, 2012 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 claims 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 was \$14,424,012 and the bank balance was \$15,127,788. The insured and collateral status of the year end bank balance was as follows:

**Status of Bank Balances**

Covered by federal deposit insurance	\$ 3,267,728
CLASS (A)	
Collateralization with securities held by third party custodians for the benefit of the Town, pursuant to third party custody agreements	<u>11,860,060</u>
Total	<u>\$ 15,127,788</u>

(A) CLASS is a cooperative investment program pursuant to article 5G of the General Municipal Law. All investments are directed by the Agent Fiscal Officer in accordance with the Municipal Cooperation Agreement. Collateral held for repurchase agreements is held in a third party bank custodial account in the name of the Agent Participant for the benefit of the CLASS participants. The CLASS program is classified not as a depository, but an investment in accordance with section eleven of General Municipal Law, therefore, should collateral need to be liquidated, the municipality will receive a prorated share based on their investment in the program at that time.

Cash restricted in the General Fund consist of \$133,748 related to the Capital Reserve.

**TOWN OF CLIFTON PARK, NEW YORK**  
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2012

**3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Balance</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2012</u>
Land	\$ 5,604,934	\$ -	\$ -	\$ 5,604,934
Improvements Other than Buildings	8,301,261	63,775	-	8,365,036
Buildings	8,438,369	38,047	-	8,476,416
Conservation Easement	1,535,496	-	-	1,535,496
Infrastructure (A)	76,400	-	-	76,400
Machinery and Equipment	8,428,436	196,146	60,800	8,563,782
Total	<u>\$ 32,384,896</u>	<u>\$ 297,968</u>	<u>\$ 60,800</u>	<u>\$ 32,622,064</u>

(A) Infrastructure consists of a water tower.

**4. PREPAID EXPENSES**

The Town elected to prepay its required contributions to the New York State and Local Employees' Retirement System. The prepayment is equal to \$278,616 as of December 31, 2012 and is included as part of the prepaid expenses line item at December 31, 2012. Prepaid expenses by fund consists of the following:

<u>Fund</u>	<u>Amount</u>
General	\$ 293,873
Highway	80,705
Sewer	6,847
Capital Projects	3,167
Total	<u>\$ 384,592</u>

In addition, a breakdown of the balance of prepaid expenses in the general fund consists of:

<u>Description</u>	<u>Amount</u>
Retirement	\$ 244,162
Insurance	44,774
Other	4,937
Total	<u>\$ 293,873</u>

**TOWN OF CLIFTON PARK, NEW YORK**  
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2012

**5. LONG-TERM DEBT**

The following is a summary of changes in long-term debt outstanding at December 31, 2012:

	<u>Payable</u> <u>1/1/12</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Other Net</u> <u>Other Net</u> <u>(Increase)</u>	<u>Payable</u> <u>12/31/12</u>
Serial Bonds (a)	\$ 10,365,300	\$ -	\$ (472,300)	\$ -	\$ 9,893,000
Judgments and Claims (b)	100,000	-	-	-	100,000
Worker's Compensation (c)	35,000	-	-	-	35,000
Post Closure Landfill					
Monitoring (d)	200,000	-	-	-	200,000
Compensated Absences (e)	1,065,359	-	-	29,405	1,094,764
Installment Purchase (f)	1,190,016	-	(194,990)	-	995,026
Dental Claims (g)	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
<b>Total</b>	<u>\$ 12,961,675</u>	<u>\$ -</u>	<u>\$ (667,290)</u>	<u>\$ 29,405</u>	<u>\$ 12,323,790</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, 2012:

<u>Serial Bonds</u>	<u>Issue and</u> <u>Due Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
Sherwood Forest Sewer District	1996-2026	4.0-5.3%	\$ 93,000
Arena & Sewer Project	1995-2015	5.4-5.9%	30,000
Library (A)	1988-2013	7.55%	85,000
Sewer & Water Projects	2003-2023	4.2%	615,000
Library (A)	2005-2030	4.0-4.375%	7,691,104
Sewer & Water Projects	2005-2030	4.0-4.375%	63,896
Sewer, Water and Parks Programs	2012-2035	2.0-4.25%	<u>1,315,000</u>
Total			<u>\$ 9,893,000</u>

(A) 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.

**5. LONG-TERM DEBT (CONTINUED)**

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, 2012:

			<u>Due from Clifton Park Library</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 485,000	\$ 403,954	\$ 374,336	\$ 320,600
2014	420,000	382,456	304,048	303,289
2015	435,000	365,756	313,856	291,127
2016	440,000	348,507	328,568	278,573
2017	456,000	331,247	343,280	265,430
2018-2022	2,598,000	1,369,408	1,941,984	1,108,910
2023-2027	2,864,000	823,935	2,393,152	674,468
2028-2032	2,040,000	220,613	1,691,880	148,100
2033-2035	<u>155,000</u>	<u>11,978</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,893,000</u>	<u>\$ 4,257,854</u>	<u>\$ 7,691,104</u>	<u>\$ 3,390,497</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 1996-2010. Management believes that the likelihood of a reduction is probable. Provisions for losses for taxes collected from 1996-2010 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.

(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 \$200,000.

**5. LONG-TERM DEBT (CONTINUED)**

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, 2012:

<u>Capital Lease</u>	<u>Lease Date</u>	<u>Term of Lease</u>	<u>Balance as of December 31, 2012</u>
Highway Equipment	09/28/2006	10 years	\$ 307,182
Highway Equipment	07/20/2007	10 years	108,511
Highway Equipment	11/12/2008	10 years	233,414
Highway Equipment	12/15/2011	7 years	345,919
Total			<u>\$ 995,026</u>

The following is a schedule of future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 205,701	\$ 35,917
2014	213,227	27,671
2015	221,048	19,852
2016	180,450	11,727
2017	174,600	9,605
	<u>\$ 995,026</u>	<u>\$ 104,772</u>

(g) Dental Claims

Dental claims represents incurred but not reported claims.

**6. DEFERRED REVENUE**

Deferred revenues are reported on the balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Deferred revenue consists of the following:

General Fund:	
Arena Ground Lease	\$ 102,500
Arena Deferred Income	75,738
Federal & State Aid	196,226
Land Lease	162,000
Other	<u>11,935</u>
Total General Fund	<u>\$ 548,399</u>
 Highway Fund:	
Federal and State Aid	<u>\$ 97,400</u>
 Water Fund:	
Water Charges	<u>\$ 2,115</u>
 Sewer Fund:	
Sewer Rents	<u>\$ 66,523</u>
 Capital Projects Fund:	
Federal and State Aid	<u>\$ 856,248</u>

**7. INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS**

Interfund receivables and payables at December 31, 2012 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Operating Transfer Revenue</u>	<u>Operating Transfer Expense</u>
General Fund	\$ 2,003,737	\$ 73,657	\$ -	\$ 3,978,615
Highway Funds	140,011	30,991	3,972,055	-
Capital Projects	-	1,231,438	6,560	-
Park Districts	2,295	4,998	-	-
Sewer Districts	55,807	70,695	-	-
Water Districts	-	160,937	-	-
Refuse and Garbage	-	77,548	-	-
Ambulance	-	550,369	-	-
Lighting	43	64	-	-
Agency	-	1,196	-	-
Total	<u>\$ 2,201,893</u>	<u>\$ 2,201,893</u>	<u>\$ 3,978,615</u>	<u>\$ 3,978,615</u>

**8. FUND BALANCE**

The Town 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. The Town had no committed fund balances at December 31, 2012.
- **Assigned** fund balance includes amounts that are constrained by the Town's intent 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.

**8. FUND BALANCE (CONTINUED)**

- **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.

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	\$ 293,873	\$ 80,705	\$ -	\$ 6,847
Restricted				
Water	44,952	-	-	-
Open Space	88,796	-	-	-
Debt Service	-	-	-	29,830
	<u>133,748</u>	<u>-</u>	<u>-</u>	<u>29,830</u>
Assigned				
Encumbrances	283,588	-	-	-
Subsequent Years Budget	650,000	-	-	-
Stabilization	2,000,000	-	-	-
Capital	299,021	-	-	-
Grooms Tavern	18,567	-	-	-
Highway Fund	-	420,759	-	-
Sewer Fund	-	-	-	1,031,249
	<u>3,251,176</u>	<u>420,759</u>	<u>-</u>	<u>1,031,249</u>
Unassigned (Deficit)	<u>8,034,014</u>	<u>-</u>	<u>(10,704)</u>	<u>-</u>
Total	<u>\$11,712,811</u>	<u>\$ 501,464</u>	<u>\$ (10,704)</u>	<u>\$ 1,067,926</u>

**9. PENSION PLANS**

The Town of Clifton Park participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance. The Plans are a cost sharing multiple-employer and 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

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany.

**9. PENSION PLANS (CONTINUED)**

Funding Policies

The ERS is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary, until such time as they obtain ten years of service credit and employees who joined after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	<u>ERS</u>
2012	\$,114,465
2011	\$ 902,271
2010	\$ 650,166

The Town's contributions made to the Systems were equal to 100 percent of the contribution.

**10. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Deficit Fund Balance*

Capital projects had deficits totaling \$832,935 at December 31, 2012; 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 \$10,704. 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. There were no repayments to the excess capacity in 2012.

*Overdrawn Appropriations*

General Fund expenditures for employee benefits for the year ended December 31, 2012 exceeded appropriations by \$155,952 as a result of a change in accounting for pension costs (Note 13).

**11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through December 9, 2013, the date the financial statements were available to be issued.

**12. 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 disallowance, if any, will be immaterial.

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, 2012. There was no reduction in insurance coverage during 2012. An estimate of liability is recorded at December 31, 2012 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 with each Town responsible for 10% of the cost and the federal government responsible for 80%.

**13. RESTATED FUND BALANCE**

In September 2011, the New York State Comptroller's Office issued an accounting bulletin which clarified the accounting for retirement costs. As a result, the Town was required to change its accounting policy in regards to retirement costs and their recognition. As a result, the fund balances at December 31, 2011 for the general fund, highway fund and sewer fund were reduced by \$371,070, \$242,466 and \$9,744, respectively, to conform to this change.

**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 financial statements of the Town of Clifton Park, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2013.

**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.

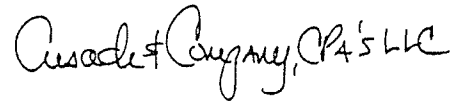
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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  
December 9, 2013