All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

TOWN of Clinton

County of Dutchess

For the Fiscal Year Ended 12/31/2016

Recd'
2/23/2017
Carol Jn Mikin
Town Clerk.

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AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS, (CONTINUED)

4. Insurance

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

5. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year, but may accumulate no more than a maximum of 40 days. Upon separation from service, employees are paid up to 25 days. All amounts are paid from current appropriations.

B. Fund Equity

1. Reserves

The Capital Projects Fund Equity includes capital cash reserves established for the following purposes. Funds were borrowed in 2016 and will be repaid in 2017.

Recreation equipment/property	$	(68,466)
Total Projects	$	(68,466)

TOWN OF CLINTON, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity - The Town of Clinton is governed by its Charter, the general laws of the State of New York and various local laws. The Town Board, is the legislative body responsible for the overall operations, the Town Supervisor serves as chief executive officer and the chief fiscal officer.

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

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

B. Basis of Presentation - The accounts of the local government 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 (retained revenues less expenditures), 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 various funds are summarized by type in the financial statements. The following fund types and account groups are used:

1. Governmental Fund Types

Governmental funds are those through which most governmental functions of the town are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

1. Governmental Fund Types, (Continued)

(a) General Fund - The principal operating fund and includes all operations not required to be recorded in other funds.

(b) Capital Projects Fund - Used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital outlays.

(c) Special Reserve Fund – Use to account for financial resources allocated from other funds for the building improvements and equipment purchases.

2. Fiduciary Funds

(a) Trust and Agency Funds - Used to account for money and/or property received and held in the capacity of trustee, custodian or agent. These include expendable trusts, non-expendable trusts and agency funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Basis of Accounting

1. Governmental and Fiduciary Funds

The modified accrual basis of accounting is followed by the governmental and fiduciary 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 to be used to pay liabilities of the current period.

Material revenue sources considered susceptible to accrual include state and federal aid and certain user charges in the special revenue funds. For those types of revenue sources, such as grants, where expenditures are the prime factor for determining eligibility, revenues are recognized when the expenditure is made.

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

(a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.

(b) Principal and interest on indebtedness are not recognized as an expenditure until due.

(c) Pension costs which are recognized as an expenditure when due (See Note 2-B-1).

(d) Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as anexpenditure when paid.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. General Budget Policies

The Town employs the following budgetary procedures:

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 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Town except for the capital projects, special grant and capital sewer funds.

2. After public hearings are conducted to obtain taxpayer comments, but no later than November 20th, the town board adopts the budget.

3. All revisions that alter appropriations of any department or fund must be approved by the town board.

4. Budgetary controls for the capital projects funds are established through resolutions authorizing individual projects, which remain in effect for the life of the project.

5. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

E. Budget Basis of Accounting

Except for capital project funds and as indicated below, budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amounts of encumbrances carried forward from the prior year.

F. Real Property Taxes

Town real property taxes are levied annually no later than January 1 and become a lien on January 1. Taxes are collected during the period January 1st to September 1st. Taxes for county purposes are levied together with taxes for the town and special district purposes are a single bill. The town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the town.

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Assets

1. Cash and Investments

The Town's investment policies are governed by State statutes. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State of its localities. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance at 105 percent. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. A summary of deposits at December 31, 2016 is as follows:

		Chase	M&T Bank	Class System
Insured	$	69,080	716,973	
Collateralized				103,018
Total deposits		69,080	716,973	103,018
FDIC Insurance		69,080	250,000	
Collateral	$		466,973	103,018

2. Fixed Assets

The following is a summary of changes in the fixed assets account group:

		Balance at 1/1/16	2016 Additions	Balance at 12/31/16
Land	$	168,905	15,698	184,603
Buildings		1,754,677		1,754,677
Improvements		3,365,585	212,952	3,578,537
Machinery and Equipment		1,907,360	31,591	1,938,951
	$	7,196,527	260,241	7,456,768

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS, (Continued)

B. Liabilities

1. Pension Plans

The Town of Clinton participates in the New York Employees' Retirement Systems. These are a cost sharing multiple public employer retirement system. The systems provide 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 (Comptroller) 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 their funds. These 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 Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

The systems are noncontributory except for employees who joined the Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Town's contributions made to the Systems were equal to 100% of the contributions required for each year.

In 1989 and future years, the system's billings are based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to begin making payments on a current basis, while amortizing existing unpaid amounts relating to the system's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. The Town elected to make the full payment on December 15, 1989.

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS, (CONTINUED)

B. Liabilities, (Continued)

2. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the capital projects funds. BAN's must be renewed annually.

State law requires that BAN's issued for capital purposes by converted to long-term obligations within five years after the original issue date. As of December 31, 2016 there were no outstanding BAN's.

3. Long-Term Debt - Serial Bonds

(a) The Town of Clinton, like most governmental units, borrows money in order to acquire land or equipment or construct buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities are recorded in the general long-term debt account group. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized by the town board to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. On March 1, 2013, a bond was issued to pay off all outstanding BAN's. This bond is for $1,750,000. As of December 31, 2016, bond outstanding was $1,320,000.