

VILLAGE OF CLAYTON, NEW YORK

**Financial Statements,
Supplementary Information
And Independent Auditor's Report**

May 31, 2019

VILLAGE OF CLAYTON, NEW YORK

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Sean Hucko, CPA, LLC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

The Mayor and Village Board
Village of Clayton, New York
Clayton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and remaining aggregate fund information of the Village of Clayton, New York (the Village) as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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; this includes 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 opinions 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 Village'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 Village'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 unmodified and adverse audit opinions.

Summary of Opinions

<u>Opinion Units</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Capital Projects Fund	Unmodified
Library Fund	Unmodified
Agency Fund	Unmodified

Basis for Adverse Opinion on the Governmental Activities

As described in Note 1 to the financial statements, management has not provided supporting documentation to support the values of the capital assets in governmental activities and depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be audited. Note 5 capital assets disclosure was not audited and provided for only informational purposes. Therefore, this information is presented as unaudited.

The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Village of Clayton, New York as of May 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, water fund, sewer fund, capital projects fund, library fund, and agency fund of the Village of Clayton, New York, as of May 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020, on our consideration of the Village'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 solely 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 effectiveness of the Village's 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 Village's internal control over financial reporting and compliance.


Sean Hucko, CPA, LLC
Rochester, NY
May 13, 2020

VILLAGE OF CLAYTON, NEW YORK
Statement of Net Position
May 31, 2019

	<u>Primary Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash and equivalents	\$ 3,723,512
Restricted - cash and equivalents	1,134,470
Accounts receivable	51,566
Due from other governments	43,524
Due from fiduciary funds	72,635
Deposits	<u>2,280,647</u>
Total current assets	<u>7,306,354</u>
Noncurrent assets:	
Capital assets - land	796,284
Capital assets - depreciable, net	16,149,939
Construction in progress	<u>9,416,748</u>
Total noncurrent assets	<u>26,362,971</u>
Total assets	<u>33,669,325</u>
<u>Deferred Outflows of Resources</u>	
Pensions	<u>201,116</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	550,686
Due to employees' retirement system	24,821
Bond anticipation notes payable	9,445,500
Serial bonds payable, current portion	452,619
Installment purchase debt, current portion	<u>31,875</u>
Total current liabilities	<u>10,505,501</u>
Noncurrent liabilities:	
Serial bonds payable, excluding current portion	6,730,803
Installment purchase debt, excluding current portion	66,864
Compensated absences	83,806
Net pension liability, proportionate share	<u>277,924</u>
Total noncurrent liabilities	<u>7,159,397</u>
Total liabilities	<u>17,664,898</u>
<u>Deferred Inflows of Resources</u>	
Pensions	<u>103,865</u>
<u>Net Position</u>	
Net investment in capital assets	19,080,810
Restricted	1,134,470
Unrestricted	<u>(4,113,602)</u>
Total net position	<u>\$ 16,101,678</u>

See accompanying notes to financial statements.

VILLAGE OF CLAYTON, NEW YORK
Statement of Activities
Year ended May 31, 2019

		Program Revenue			Net (Expense) Revenue and Changes in Net Position Primary Government
Functions	Expenses	Charges for services	Operating grants	Capital grants	Governmental activities
Primary government:					
Governmental activities:					
General government support	\$ 515,689	158,740	93,298	1,204,052	940,401
Public safety	432,935	2,355	-	-	(430,580)
Transportation	749,346	444,652	-	-	(304,694)
Economic assistance and development	46,814	-	-	-	(46,814)
Culture and recreation	214,365	-	-	-	(214,365)
Home and community service	349,082	9,000	-	-	(340,082)
Debt service	89,624	-	-	-	(89,624)
Total primary government	2,397,855	614,747	93,298	1,204,052	(485,758)
General revenue:					
Property taxes and tax items					2,015,716
Departmental income					1,295,780
Use of money and property					23,628
Sale of property and compensation for loss					2,730
Miscellaneous local sources					66,605
Total general revenue					3,404,459
Change in net position					2,918,701
Net position at beginning of year, as restated					13,182,977
Net position at end of year					\$ 16,101,678

See accompanying notes to financial statements.

VILLAGE OF CLAYTON, NEW YORK
Balance Sheet - Governmental Funds
May 31, 2019

	General	Water	Sewer	Capital Projects	Library	Total Governmental Funds
<u>Assets</u>						
Cash and equivalents	\$ 82,052	738,444	246,473	2,632,416	24,127	3,723,512
Restricted - cash and equivalents	115,190	458,074	549,789	-	11,417	1,134,470
Accounts and rents receivable	13,122	1,072	37,372	-	-	51,566
Due from other funds	47,120	-	178,197	-	-	225,317
Due from other governments	41,539	-	-	1,985	-	43,524
Deposits	-	-	-	2,280,647	-	2,280,647
Total assets	\$ 299,023	1,197,590	1,011,831	4,915,048	35,544	7,459,036
<u>Liabilities, Deferred Inflows and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	50,592	23,270	43,927	329,455	3,003	450,247
Agency liabilities	40,147	3,765	3,997	-	3,877	51,786
Due to other funds	-	7,653	-	145,029	-	152,682
Due to employees' retirement system	19,938	2,021	2,279	-	583	24,821
Bond anticipation notes payable	-	-	-	9,445,500	-	9,445,500
Total liabilities	110,677	36,709	50,203	9,919,984	7,463	10,125,036
Fund equity (deficit):						
Nonspendable	-	-	-	2,280,647	-	2,280,647
Restricted	115,190	458,074	549,789	-	11,417	1,134,470
Assigned	-	702,807	411,839	-	16,664	1,131,310
Unassigned (deficit)	73,156	-	-	(7,285,583)	-	(7,212,427)
Total fund balances	188,346	1,160,881	961,628	(5,004,936)	28,081	(2,666,000)
Total liabilities, deferred inflows and fund balances	\$ 299,023	1,197,590	1,011,831	4,915,048	35,544	7,459,036

See accompanying notes to financial statements.

VILLAGE OF CLAYTON, NEW YORK
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 May 31, 2019

Total fund balances - governmental funds		\$ (2,666,000)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The assets consist of:		
Land	\$ 796,284	
Depreciable assets (net of accumulated depreciation of \$6,282,988)	16,149,939	
Construction in progress	<u>9,416,748</u>	
Total capital assets		26,362,971
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued interest		(48,653)
Net pension liability, proportionate share		(277,924)
Some deferred outflows of resources are not reported in the funds. These consist of the following:		
Deferred outflows of resources - pensions		201,116
Deferred inflows of resources - pensions		(103,865)
Long-term liabilities, including serial bonds payable, installment purchase debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		<u>(7,365,967)</u>
Total net position - end of year		<u>\$ 16,101,678</u>

See accompanying notes to financial statements.

VILLAGE OF CLAYTON, NEW YORK
Statement of Revenue, Expenditures
and Changes in Fund Balances -
Governmental Funds
Year ended May 31, 2019

	General	Water	Sewer	Capital Projects	Library	Total Governmental Funds
Revenue and other sources:						
Revenue:						
Real property taxes and tax items	\$ 1,317,610	-	-	-	61,500	1,379,110
Non-property tax items	636,606	-	-	-	-	636,606
Departmental income	102,153	586,833	601,791	-	5,003	1,295,780
Intergovernmental charges	41,605	-	444,652	-	9,000	495,257
Use of money and property	664	20,441	2,505	-	18	23,628
Licenses and permits	375	-	-	-	-	375
Fines and forfeitures	2,355	-	-	-	-	2,355
Sale of property and compensation for loss	-	-	-	-	2,730	2,730
Miscellaneous local sources	14,827	-	-	30,150	21,628	66,605
Interfund revenue	116,760	-	-	-	-	116,760
State aid	93,298	-	-	1,204,052	-	1,297,350
Total revenue	<u>2,326,253</u>	<u>607,274</u>	<u>1,048,948</u>	<u>1,234,202</u>	<u>99,879</u>	<u>5,316,556</u>
Expenditures and other uses:						
Expenditures:						
General government support	343,216	146,918	142,295	497,554	-	1,129,983
Public safety	251,164	-	-	-	-	251,164
Transportation	637,393	-	-	-	-	637,393
Economic assistance and development	46,814	-	-	-	-	46,814
Culture and recreation	145,304	-	-	2,271,566	126,411	2,543,281
Home and community services	62,315	157,894	488,413	-	-	708,622
Employee benefits	540,303	90,159	93,883	-	10,061	734,406
Debt service:						
Principal	292,280	111,200	271,778	-	-	675,258
Interest	46,100	46,157	-	-	-	92,257
Total expenditures	<u>2,364,889</u>	<u>552,328</u>	<u>996,369</u>	<u>2,769,120</u>	<u>136,472</u>	<u>6,819,178</u>
Excess of revenue over (under) expenditures	<u>(38,636)</u>	<u>54,946</u>	<u>52,579</u>	<u>(1,534,918)</u>	<u>(36,593)</u>	<u>(1,502,622)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	34,000	34,000
Transfers out	(34,000)	-	-	-	-	(34,000)
BANDs redeemed from appropriations	-	-	-	145,600	-	145,600
Total other financing sources(uses)	<u>(34,000)</u>	<u>-</u>	<u>-</u>	<u>145,600</u>	<u>34,000</u>	<u>145,600</u>
Excess (deficiency) of revenue and other financing sources over expenditures	<u>(72,636)</u>	<u>54,946</u>	<u>52,579</u>	<u>(1,389,318)</u>	<u>(2,593)</u>	<u>(1,357,022)</u>
Fund balances (deficit) at beginning of year	<u>260,982</u>	<u>1,105,935</u>	<u>909,049</u>	<u>(3,615,618)</u>	<u>30,674</u>	<u>(1,308,978)</u>
Fund balances (deficit) at end of year	<u>\$ 188,346</u>	<u>1,160,881</u>	<u>961,628</u>	<u>(5,004,936)</u>	<u>28,081</u>	<u>(2,666,000)</u>

See accompanying notes to financial statements.

VILLAGE OF CLAYTON, NEW YORK
 Reconciliation of the Statement of Revenue, Expenditures and Changes in
 Fund Balances - Governmental Funds to the Statement of Activities
 Year ended May 31, 2019

Net change in fund balances - governmental funds	\$ (1,357,022)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	\$ 4,538,217
Loss on disposal	(7,857)
Depreciation	<u>(695,101)</u>
Excess of capital outlay over depreciation expense	3,835,259
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Increase/decrease:	
Compensated absences	(11)
Accrued interest	2,633
Certain pension items are reported in the statement of activities that do not result in current financial resources and therefore are not reported as revenue in the governmental funds.	
	(91,816)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	450,978
Repayment of installment purchase debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	<u>78,680</u>
Change in net position of governmental activities	<u>\$ 2,918,701</u>

See accompanying notes to financial statements

VILLAGE OF CLAYTON, NEW YORK
Statement of Fiduciary Net Position
May 31, 2019

	Agency <u>Fund</u>
Assets - cash and equivalents	\$ <u>79,649</u>
Liabilities:	
Agency liabilities	7,014
Due to other funds	<u>72,635</u>
Total liabilities	<u>\$ 79,649</u>

See accompanying notes to financial statements.

VILLAGE OF CLAYTON, NEW YORK

Notes to Financial Statements

May 31, 2019

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

Its Charter, the Village local laws and other general laws of New York State govern the Village of Clayton (the Village), which was established in 1872. The Village Board is the legislative body responsible for overall operations. The Mayor serves as Chief Executive Officer, and the Clerk-Treasurer is the Chief Financial Officer. The following basic services are provided:

- (1) General government support
- (2) Public safety
- (3) Economic assistance and development
- (4) Streets, highway maintenance and street lighting
- (5) Playground and recreational centers
- (6) Marina and docks
- (7) Youth program
- (8) Planning and zoning boards
- (9) Storm sewers
- (10) Refuse

Also, provided are water and sewer utilities, library services and adult programs. All government activities and functions performed for the Village of Clayton are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial dependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criteria involves considering whether the activity benefits the Village and/or its citizens, or whether the activity is conducted with the geographic boundaries of the Village and is generally available to its citizens. A third criteria used in evaluating potential component units is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities.

Based on the application of these criteria, a brief review of potential component units in defining the Village's reporting entity follows:

VILLAGE OF CLAYTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

Included in the Reporting Entity

The Hawn Memorial Library was established by the Village of Clayton and granted a charter by the State Board of Regents. The Village appoints trustees, raises taxes for library purposes and has title to the real property.

Excluded from the Reporting Entity

The New York State Legislature on August 21, 1973 created the Clayton Housing Authority. The Mayor of the Village of Clayton appoints the members of its Board. The Village of Clayton does not subsidize Housing Authority operations and is not responsible for Housing Authority operating deficits. Complete financial statements of the Housing Authority can be obtained from its administrative office. Its administrative offices are:

Clayton Housing Authority
Clayton Improvement Association, Ltd.
P.O. Box 99 - 919 Strawberry Lane
Clayton, New York 13624

The following activity is undertaken jointly with the Town of Clayton:

Youth Program

The Village of Clayton contributes annual support for this program to the Town of Clayton (the Town). The Village Mayor and the Town Supervisor work together on the policies and expenditures relating to the program. The Town submits an annual report for this activity.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB) as they relate to fund accounting for fiscal accountability. Fiscal accountability is one of the primary objectives of financial reporting and is designed to demonstrate that the actions of the government during the current period have complied with public decisions concerning the raising and spending of public monies during the reporting cycle. The Village has included capital assets in its governmental activities reporting but does not have supporting documentation to support the values of the capital assets in governmental activities and depreciation expense on those assets, which is required by GAAP. Additionally, the Village has not implemented the provisions of GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB). These items are omitted from the governmental activities financial statements, and the Village will address these items in subsequent years.

In June 1999, the GASB approved Statement No. 34 - "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," which became effective for the Village for the period ended May 31, 2004. This statement requires the financial statements to include government-wide financial statements on a full accrual basis, in addition to the fund financial information presented by the Village of Clayton in these financial statements. It further requires information relating to fixed assets, including infrastructure and depreciation, component units and reconciliation between government-wide and fund statements, as well as management discussion and analysis.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

The Village uses the modified accrual basis of accounting for its funds. Under the modified accrual basis of accounting, fund revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be reasonably determined, and “available” means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes available if they are collected within 60 days after year-end. In addition to property taxes, governmental revenues susceptible to accrual include sales tax, State and Federal aid, and certain other significant revenues. Fines, permits, and parking meter revenues are not susceptible to accrual.

Fund expenditures are recorded when the liability is incurred except that:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when the related amounts are due and payable.
- Payments of principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by employees.
- Pension costs are recognized as expenditures when incurred.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

(c) Fund Accounting

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The Village’s fund types are as follows:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The Village’s governmental fund types are as follows:

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Accounting, Continued

- General Fund is the principal operating fund of the Village and accounts for the general tax revenue, miscellaneous receipts not allocated by law or contractual agreement to another fund, risk retention operations, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the Village Board.
- Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, Federal and State grants, and transfers from other governmental funds.
- Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the Village include the following:
 - Water Fund is used to report operations of the Village's water treatment and supply facilities that provide drinking water to all Village residents, and others outside the Village's boundaries.
 - Sewer Fund is used to report operations of the Village's wastewater treatment facilities and sanitary sewer system that is provided to all Village residents and other local communities outside the Village boundaries.
- Library Fund is used to report operations of the Village Public Library, the Hawn Memorial Library.

Fiduciary Funds are used to report resources that are held by the Village in a trustee or agency capacity for others and cannot be used to support the Village's own programs. Fiduciary funds include pension and other employee benefit trust funds, investment trust funds, private purpose trust funds, and agency funds. The Village does not maintain any pension, investment or private purpose trust funds but does maintain a Trust and Agency Fund which is used to account for monies and property held by the Village as agent for others pending disposition to the applicable parties.

(d) Operating Budget

Operating budgets of the Village's funds are approved after a public hearing, no later than May 1, by the Village Board. The operating budget is prepared on a modified accrual basis which differs from generally accepted accounting principles.

(e) Cash and Equivalents

Cash and equivalents include amounts in demand deposits as well as short-term investments with maturity dates within three months of the date acquired by the Village except for the cash equivalents in the investment accounts.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Cash and Equivalents, Continued

All cash and equivalents are fully secured by FDIC insurance or by obligations of New York State or federal agencies, the principal and interest of which is guaranteed by the United States, or obligations of New York State local governments.

(f) Interfund Balances and Transfers

Interfund balances and transfers arise primarily as a result of the Village's pooling of cash deposits. Interfund transfers represent payments between the funds as approved by the Village Board.

(g) Capital Assets (Unaudited)

Assets whose acquisition cost exceeds \$5,000 are considered capital assets, are valued at cost where historical records are available or at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market values on the date received. Depreciation of capital assets is not required or included in the accompanying fund financial statements.

Land and construction in progress are not depreciated. Property, plant, equipment and infrastructure of the Village are depreciated using straight line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	20 - 40
Improvements	15 - 25
Machinery and equipment	8 - 15
Infrastructure	30

(h) Budgetary Procedures and Budgetary Accounting

(a) General

The Village's Policy relating to budgetary information as shown in the accompanying financial statements is as follows:

- (1) No later than March 20 the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and proposed means of financing for all funds.
- (2) After a public hearing, no later than May 1, the Board adopts a budget.
- (3) All budget modifications must be approved by the Board. However, the Treasurer is authorized to transfer certain budgeted amounts within departments.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred. The New York State Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types. Unencumbered budget appropriations lapse at year-end.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Budgetary Procedures and Budgetary Accounting, Continued

(b) Encumbrances

Encumbrances account for purchase orders, contracts and other commitments for the expenditure reserving appropriations as a budgetary control. Open encumbrances are reported as reservations of fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

(i) Fund Balance Classifications

In fiscal 2012, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

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

- i) Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- ii) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- iii) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Village Board is the decision-making authority that can, by Board resolution, commit fund balance.
- iv) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- v) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Estimates

In preparing the financial statements in accordance with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Equivalents

State statutes govern the Village's investment policies. In addition, the Village has its own written investment policy. The Village's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit.

Collateral is required for demand deposits and certificates of deposit at 102% of all deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits at year-end were entirely covered by FDIC insurance or by collateral held by the Village's custodial banks.

(3) Property Taxes

Village real property taxes are levied annually no later than May 15 and become a lien on June 1. Taxes are collected during the period from June 1 through October 31, at which time unpaid taxes are turned over to the County of Jefferson for enforcement.

(4) Interfund Transactions

Interfund transactions at May 31, 2019 and for the year then ended were as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 47,120	-	-	34,000
Water	-	7,653	-	-
Sewer	178,197	-	-	-
Capital Projects	-	145,029	-	-
Library	-	-	34,000	-
Agency	-	<u>72,635</u>	-	-
Total	\$ <u>225,317</u>	<u>225,317</u>	<u>34,000</u>	<u>34,000</u>

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(5) Capital Assets (Unaudited)

The following is a summary of the Village's capital assets:

<u>Type</u>	<u>Balance at May 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at May 31, 2019</u>
Land	\$ 796,284	-	-	796,284
Buildings	4,811,434	-	-	4,811,434
Infrastructure	13,157,902	-	-	13,157,902
Machinery and equipment	3,107,096	18,277	78,572	3,046,801
Other improvements	1,416,790	-	-	1,416,790
Construction in progress	<u>4,896,808</u>	<u>4,519,940</u>	<u>-</u>	<u>9,416,748</u>
Totals	\$ <u>28,186,314</u>	<u>4,538,217</u>	<u>78,572</u>	<u>32,645,959</u>

The following is a summary of the Village's depreciation:

<u>Type</u>	<u>Balance at May 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at May 31, 2019</u>
Buildings	\$ 2,120,321	91,819	-	2,212,140
Other improvements	601,925	47,554	-	649,479
Machinery and equipment	2,272,763	117,145	70,715	2,319,193
Infrastructure	<u>663,593</u>	<u>438,583</u>	<u>-</u>	<u>1,102,176</u>
Totals	\$ <u>5,658,602</u>	<u>695,101</u>	<u>70,715</u>	<u>6,282,988</u>

(6) Bond Anticipation Notes

Bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not exceed more than five years beyond the original date of issue unless a portion is redeemed 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 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.

BANs outstanding at May 31, 2019 are as follows:

<u>Description</u>	<u>Issued Date</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Water improvement	2/3/2019	2/2/2020	1.1700%	\$ 1,469,451
Water improvement	5/31/2019	2/2/2020	1.1700%	1,720,549
Historic district	10/24/2018	10/24/2019	3.0000%	5,000,000
Various projects	9/20/2018	8/1/2019	3.2500%	363,000
Riverwalk 3	2/14/2019	2/13/2020	2.7500%	680,000
Riverwalk lot	8/2/2018	8/1/2019	3.0000%	<u>212,500</u>
				\$ <u>9,445,500</u>

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(7) Long-Term Debt

The following serial bonds were outstanding at May 31, 2019:

<u>Description by fund</u>	<u>Issue date</u>	<u>Original amount</u>	<u>Rate</u>	<u>Date of final maturity</u>	<u>Balance at May 31, 2019</u>
General Fund - Thousand					
Island Dock	4/2010	\$ 1,195,000	4.000%	4/2022	300,000
Water Fund:					
Refunding	5/2004	1,160,700	4.650 - 5.00%	9/2029	215,000
Westside Water	4/2011	526,000	3.75%	5/2048	412,400
Sewer Fund - Issued by New York State Environmental Facilities Corporation:					
Westside (Phase I)	8/2002	702,659	0.00%	8/2031	311,000
Eastside Sewer	9/2005	1,179,653	0.00%	9/2035	668,467
Westside (Phase II)	11/2007	3,216,530	0.00%	3/2037	1,998,000
Rehab Project	8/2015	3,569,000	0.00%	8/2045	<u>3,278,555</u>
Total					<u>\$ 7,183,422</u>

The following installment purchase debt was outstanding as of May 31, 2019:

2018 Int'l Plow lease	6/2017	\$ 164,676	3.22%	6/2021	\$ <u>98,739</u>
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The changes in the Village's long-term debt for the year ended May 31, 2019 are summarized as follows:

	<u>Balance at May 31, 2018</u>	<u>Financing proceeds/ additions</u>	<u>Principal payments/ reductions</u>	<u>Balance at May 31, 2019</u>	<u>Due within one year</u>
General obligation bonds	\$ 7,634,400	-	450,978	7,183,422	452,619
Installment purchase debt	177,419	-	78,680	98,739	31,875
Compensated absences	<u>83,795</u>	<u>11</u>	-	<u>83,806</u>	-
	<u>\$ 7,895,614</u>	<u>11</u>	<u>529,658</u>	<u>7,365,967</u>	<u>484,494</u>

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(7) Long-Term Debt, Continued

Maturity - The following is a summary of maturing debt service requirements:

Year ending May 31:	<u>General obligation bonds</u>			<u>Statutory bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 452,619	36,590	489,209	31,875	3,182	35,057
2021	404,244	30,058	434,302	32,902	2,155	35,057
2022	406,900	24,775	431,675	33,962	1,095	35,057
2023	308,541	19,493	328,034	-	-	-
2024	310,182	18,210	328,392	-	-	-
2025 - 2029	1,590,525	71,812	1,662,337	-	-	-
2030 - 2034	1,494,544	45,750	1,540,294	-	-	-
2035 - 2039	1,122,602	32,063	1,154,665	-	-	-
2040 - 2044	751,985	18,750	770,735	-	-	-
2045 - 2048	<u>341,280</u>	<u>5,404</u>	<u>346,684</u>	-	-	-
Total	\$ <u>7,183,422</u>	<u>302,905</u>	<u>7,486,327</u>	<u>98,739</u>	<u>6,432</u>	<u>105,171</u>

(8) Restricted Fund Balance

At May 31, 2019, the capital reserve funds established for various purposes are:

General Fund:	
Equipment/vehicles	\$ 55,946
Buildings/infrastructure	<u>59,244</u>
Total General Fund	\$ <u>115,190</u>
Water Fund:	
Equipment/vehicles	37,874
Buildings/infrastructure	<u>420,200</u>
Total Water Fund	\$ <u>458,074</u>
Sewer Fund:	
Equipment/vehicles	83,588
Buildings/infrastructure	<u>466,201</u>
Total Sewer Fund	\$ <u>549,789</u>
Library Fund:	
Equipment/vehicles	8,387
Buildings/infrastructure	<u>3,030</u>
Total Library Fund	\$ <u>11,417</u>

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(9) Pension Plans

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. 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 (the 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 serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The GLIP is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding scale. 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 percent of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2019	\$ 100,171	48,760
2018	98,649	44,937
2017	101,641	42,634

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2019, the Village reported the following liabilities for its proportionate share of the collective net pension liability for the System. The net pension liabilities were measured as of March 31, 2019. The total pension liability used to calculate each net pension liability was determined by an actuarial valuation. The Village's proportion of each net pension liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Village.

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Measurement date	3/31/2019	3/31/2019	
Actuarial valuation date	4/1/2018	4/1/2018	
Net pension liability	\$ 168,072	109,852	<u>277,924</u>
Village's proportion of the Plan's net pension liability	0.0023721%	0.0065503%	
Change in proportion since the prior measurement date	(0.0000362)	0.0019566	

For the year ended May 31, 2019, the Village's recognized pension expense of \$109,270 for ERS and \$75,971 for PFRS in the statement of activities.

At May 31, 2019 the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 33,097	26,686	11,282	11,729
Changes of assumptions	42,246	39,912	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	43,136	22,001
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	<u>12,465</u>	<u>21,889</u>	<u>8,537</u>	<u>7,180</u>
	87,808	88,487	62,955	40,910
Village's contributions subsequent to the measurement date	<u>16,695</u>	<u>8,126</u>	-	-
Total	<u>\$ 104,503</u>	<u>96,613</u>	<u>62,955</u>	<u>40,910</u>

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

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

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 36,455	25,973
2021	(32,442)	(673)
2022	(2,870)	3,025
2023	23,710	14,971
2024	-	4,281

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2019	
Actuarial valuation date	April 1, 2018	
	<u>ERS</u>	<u>PFRS</u>
Inflation rate	2.5%	2.5%
Salary increases	4.2	5.0
Investment rate of return (net of investment expense, including inflation)	7.0	7.0
Cost-of-living adjustments	1.3	1.3

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

The long-term 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 return, net of investment expenses 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 allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

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

Asset Class:	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return*</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies (1)	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation-indexed bonds	<u>4.00%</u>	1.25%
	<u>100.00%</u>	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 determined. 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.

(e) Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the Village's proportionate share of each net pension asset (liability) calculated using the discount rate of 7.0%, as well as what the Village's proportionate share of each net pension asset (liability) would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>Employer's proportionate share of the net pension asset (liability)</u>			
ERS	\$ <u>(734,836)</u>	<u>(168,072)</u>	<u>308,050</u>
PFRS	\$ <u>(396,989)</u>	<u>(109,852)</u>	<u>129,941</u>

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of participating employers as March 31, 2019, were as follows:

	(Dollars in Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$(189,803,429)	(34,128,100)
Plan fiduciary net position	<u>182,718,124</u>	<u>32,451,037</u>
Employers' net pension liability	\$ <u>(7,085,305)</u>	<u>(1,677,063)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	96.3%	95.1%

(g) Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of May 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2019 amounted to \$16,695 in ERS and \$8,128 for PFRS. Those amounts have been recorded as expenditures in the governmental fund statements and as deferred outflows of resources in the statement of net position.

(10) Commitments and Contingencies

In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The use of grant funds is subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of such audits is not believed to be material.

The Village has Environmental Facilities Corporation debt commitments of \$3,190,000 for water improvements to the infrastructure of the Village. As of May 31, 2019, the Village had expended \$2,543,281 of these funds. The Village has a project for Clayton Riverwalk - Historic Village under Title 23 of U.S. Code with the NYS Department of Transportation that calls for the apportionment of costs borne 75% by federal funds and 25% by local share. The total project cost to be shared is \$1,749,000. Any amounts that are over the total, will become the responsibility of the Village. The Village has submitted \$1,220,537 for reimbursement through May 31, 2019.

The Village is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment claims, employee health and accident and environmental liability. The Village purchases commercial insurance coverage for the risks of losses to which it is exposed, exclusive of unemployment claims for which the Village is self-insured and environmental liability which is not covered due to the excessive cost of coverage.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(11) Tax Abatements

As of May 31, 2019 the Village Abatement Programs included abatements on property taxes.

The Village has agreed to one active Payment in Lieu of Tax (PILOT) agreement for purpose of low-income housing, resulting in a total abatement of \$15,493 against property taxes. Additionally, Jefferson County Industrial Development Agency has made one PILOT agreement impacting the Village's property taxes, resulting in an abatement of \$51,707 for a local hotel.

(12) Deficit Fund Balance

The capital projects fund has a deficit fund balance of \$5,004,936 at May 31, 2019. This deficit is the result of project expenditures financed by short-term financing. This deficit will be reduced when permanent financing is issued to replace the short-term financing.

(13) Subsequent Events

The Village has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

On August 12, 2019 and February 13, 2020, the Village issued serial bonds in the amounts of \$452,000 and \$645,000, respectively. Additionally, on October 23, 2019 the Village issued a bond anticipation note in the amount of \$5,000,000. Lastly, on November 7, 2019, New York State Environmental Facilities Corporation issued a bond anticipation note in the amount of \$6,622,500 for the benefit of the Village.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Village and its future results and financial position is not presently determinable.

(14) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning June 1, 2019 for the Village. This Statement is not expected to have a material effect on the financial statements of the Village.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(14) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning June 1, 2020 for the Village. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Village.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning June 1, 2019 for the Village. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Village.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statements are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning June 1, 2020 for the Village. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Village.

VILLAGE OF CLAYTON, NEW YORK
Notes to Financial Statements, Continued

(14) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning June 1, 2019 for the Village. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Village.

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning June 1, 2021 for the Village. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Village.

GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2020, which is the fiscal year beginning June 1, 2021 of the Village. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Village.

GASB Statement No. 93 - "Replacement of Interbank Offered Rates." This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods after December 31, 2021, which is the fiscal year beginning June 1, 2022 for the Village. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Village.

GASB Statement No. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this State are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning June 1, 2023 for the Village. This Statement it not expected to have a material effect on the financial statements of the Village.

VILLAGE OF CLAYTON, NEW YORK
Required Supplementary Information
Schedule of Revenue and Expenditures -
Budget to Actual - General Fund
Year ended May 31, 2019

	Budget		Budgetary	Variance
	Original	Modified	Basis Actual	with Modified Budget Positive (Negative)
Revenue:				
Real property tax and tax items	\$ 1,309,773	1,308,974	1,317,610	8,636
Non-property tax items	630,000	644,347	636,606	(7,741)
Departmental income	111,200	96,225	102,153	5,928
Intergovernmental charges	27,432	35,090	41,605	6,515
Use of money and property	50	298	664	366
Licenses and permits	700	375	375	-
Fines and forfeitures	7,500	14,184	2,355	(11,829)
Sale of property and compensation for loss	3,500	-	-	-
Miscellaneous local sources	8,000	5,205	14,827	9,622
Interfund revenue	116,760	142,094	116,760	(25,334)
State aid	99,200	83,055	93,298	10,243
Total revenue	<u>2,314,115</u>	<u>2,329,847</u>	<u>2,326,253</u>	<u>(3,594)</u>
Expenditures and other uses:				
Expenditures:				
General government support	332,681	417,620	343,216	74,404
Public safety	237,853	237,853	251,164	(13,311)
Transportation	645,391	619,437	637,393	(17,956)
Economic assistance and development	47,000	47,000	46,814	186
Culture and recreation	134,007	134,007	145,304	(11,297)
Home and community services	54,862	35,955	62,315	(26,360)
Employee benefits	525,673	519,593	540,303	(20,710)
Debt service:				
Principal	260,000	240,880	292,280	(51,400)
Interest	42,648	46,100	46,100	-
Total expenditures	<u>2,280,115</u>	<u>2,298,445</u>	<u>2,364,889</u>	<u>(66,444)</u>
Other uses - operating transfers	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Total expenditures and other uses	<u>2,314,115</u>	<u>2,332,445</u>	<u>2,398,889</u>	<u>(66,444)</u>
Excess of expenditures and other uses over revenue	<u>\$ -</u>	<u>(2,598)</u>	<u>(72,636)</u>	<u>(70,038)</u>

VILLAGE OF CLAYTON, NEW YORK
 Required Supplementary Information
 Schedule of Village's Proportionate Share of the Net Pension Liability
 PFRS/ERS
 Year ended May 31, 2019

<u>PFRS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability	0.0065503%	0.0045937%	0.0046096%	0.0050818%
Village's proportionate share of the net pension liability	\$ 109,852	46,431	95,541	150,462
Village's covered payroll	\$ 242,283	214,277	206,828	204,035
Village's proportionate share of the net pension liability as a percentage of covered payroll	45.34%	21.67%	46.19%	73.74%
Plan fiduciary net position as a percentage of the total pension liability	95.1%	96.9%	93.5%	90.2%
<u>ERS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability	0.0023721%	0.0024083%	0.0025468%	0.0025289%
Village's proportionate share of the net pension liability	\$ 168,072	77,726	239,305	405,901
Village's covered payroll	\$ 676,991	662,246	665,056	656,186
Village's proportionate share of the net pension liability as a percentage of covered payroll	24.83%	11.74%	35.98%	61.86%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%

* The amounts presented for each fiscal year were determined as of each System's measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Village is presenting information for those years for which information is available.

VILLAGE OF CLAYTON, NEW YORK
 Required Supplementary Information
 Schedule of Employer's Pension Contributions
 PFRS/ERS
 Year ended May 31, 2019

<u>PFRS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 48,760	44,937	42,634	44,388
Contribution in relation to the contractually required contribution	<u>48,760</u>	<u>44,937</u>	<u>42,634</u>	<u>44,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 242,283	214,277	206,828	204,035
Contribution as a percentage of covered payroll	20.13%	20.97%	20.61%	21.76%
 <u>ERS System</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>
Contractually required contribution	\$ 100,171	98,649	101,641	126,579
Contribution in relation to the contractually required contribution	<u>100,171</u>	<u>98,649</u>	<u>101,641</u>	<u>126,579</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 676,991	662,246	655,056	656,186
Contribution as a percentage of covered payroll	14.80%	14.90%	15.52%	19.29%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Village is presenting information for those years for which information is available.