

# TOWN OF MINDEN

## Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2016

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial statements of the Town of Minden 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 are described below.

#### A. FINANCIAL REPORTING ENTITY

The Town of Minden (which was established in 1798), is governed by the town law and other general laws of the State of New York and various local laws and ordinances. The town board, which is the legislative body responsible for the overall operation of the town, consists of the supervisor and four councilmen. The supervisor serves as the chief fiscal officer of the town.

The town provides the following basic services: highway repairs and improvements; snow removal and other miscellaneous highway department functions; fire protection to the town outside the Village of Fort Plain; and general government functions such as assessor, justice, and town clerk services. All governmental activities and functions performed for the Town of Minden are the direct responsibility of the town. Therefore, no other governmental organizations have been included in or excluded from the town's reporting entity.

#### B. BASIS OF PRESENTATION

The accounts of the town are organized on the basis of funds or accounting 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 balances, revenues, and expenditures. The various funds are summarized by type in the financial statements. Certain funds of the town are utilized to account for resources derived from, and expenditures applicable to an area less than the entire town. 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 the town's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The follow are the town's governmental fund types:

##### a) *General Funds:*

The General Fund is the principal fund and includes all operations not required to be recorded in other funds.

Town-Wide: Used to account for those operations and transactions which are a charge against the entire area of the town.

Town Outside Village: Used to record transactions which are required by a statute to be a charge on the area of the town outside the village.

**b) Special Revenue Funds:**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue of the town includes the following:

Special Fire Protection District: Used to account for appropriations and corresponding financing sources for fire protection coverage to this district which encompasses all of the area of the Town of Minden outside the Village of Fort Plain.

Highway Fund: Used to account for revenues and expenditures for highway purposes in accordance with Section [4] of the Highway Law.

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

Trust and Agency Funds: Trust and Agency funds are used for the purpose of accounting for money received and held in the capacity of trustee, custodian, or agent. Securities pledged by banking institutions to secure funds on deposit are not included herein since such securities are not assets of the governmental reporting entity.

**2. Account Groups:**

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

**C. BASIS OF ACCOUNTING:**

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements.

**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 to be used to pay liabilities of the current period.

Material Revenue Sources considered susceptible to accrual include state and federal aid and sales tax.

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 disbursements.

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

**c)** Compensated absences such as vacation, and sick leave are charged as expenditures when paid. See Note III.A.2.

**d)** Pension costs are recognized as expenditures when paid. See Note III.A.1.

**2. Fiduciary Funds:**

Transactions relating to agency funds are accounted for on the accrual basis of accounting.

**3. Account Groups:**

General Fixed Assets are recorded at actual or estimated cost or, in the case of gifts and contributions at the fair market value at the time received. No provision for depreciation is required. General long-term debt liabilities are recorded at the actual or estimated liability amount.

## **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 1. The tentative budget includes proposed expenditures and the proposed means of financing for the general and special revenue funds.
- 2.** After public hearings are conducted to obtain taxpayer comments, but no later than November 20, the town board adopts the preliminary budget..
- 3.** All revisions that alter appropriations of any department or fund must be approved by the town board.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. THE YEAR 2000 (Y2K) ISSUE**

The main computer and related software that runs both the General Accounting System and the Payroll System was updated to make it Y2K compliant during the last quarter of 1998. The backup system and other ancillary computers were tested and brought into compliance through software modification and replacement during the 1999 fiscal year. As of February 4, 2017 all systems have been tested and are currently running live with no detected problems (Y2K or otherwise).

## **III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

### **A. LIABILITIES**

#### **1. Pension Plans:**

The town participated in the New York State and Local Employees' Retirement System. Generally all employees, except certain part-time employees, participate in the System. The System is noncontributory except for employees who joined the System after July 27, 1976 and have less than ten years of service in the system. These employees contribute 3% of their salary. Employee contributions are currently sent to the Employees' Retirement System

The Systems billings are currently based on Chapter 62 of the Laws of 1989 and Chapter 210 of the Laws of 1990 of the State of New York. The legislation requires participating employers to make payments on a current basis derived by using a modified projected unit credit actuarial funding method. December 15, 2016 was the prepayment due date covering the System's fiscal year ending March 31, 2017. December 15<sup>th</sup> will be the prepayment date for amounts due on each succeeding year's liability. Any under or over payment of the estimate paid for the System's fiscal year ending March 31<sup>st</sup> will be included in the succeeding December 15<sup>th</sup> payment.

#### **2. Compensated Absences:**

Pursuant to a contractual agreement, highway department employees are entitled to eleven sick days per year and up to four weeks of vacation leave per year. The expenditure for these fringe benefits is recorded at the time the benefit is paid. This leave time may not be accumulated or carried forward into the next year. Accordingly, there is no liability for compensated absences at December 31<sup>st</sup>.