

Carol A. Golden, Certified Public Accountant
Specializing in Governmental Accounting, Audits and Consulting Services
Horseheads, NY 14845

Independent Accountant's Compilation Report

Town of Caton
Supervisor Lynn Tucker, and
Members of the Town Board
11161 Hendy Hollow Road
Corning, New York 14830

Supervisor Lynn Tucker and Members of the Town Board:

I have compiled the Town of Caton's (the Town's) financial statements for the General, Highway, Street Lighting, Capital Projects and Agency Funds and other finance related information included in the accompanying Annual Update Document (AUD) for the year ended December 31, 2017. I have not audited or reviewed the financial statements and other information included in the AUD and, accordingly, do not express an opinion or provide assurance about whether the financial statements and other information are in accordance with the basis of accounting and other accounting requirements prescribed by the Office of the State Comptroller (OSC), New York State.

Management is responsible for the preparation and fair presentations of the financial statements and other information included in this AUD in accordance with the basis of accounting and other accounting requirements prescribed by OSC and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of these financial statements. The management of the Town includes the Town Supervisor who is directly responsible for financial reporting and the Town Board which provides oversight for all Town financial affairs.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. The objective of a compilation is to assist management in presenting information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements and other information included in this AUD are presented in accordance with the requirements of OSC and General Municipal Law §30, and are not intended to be a complete presentation of the Town's assets, liabilities and fund balances in accordance with Generally Accepted Accounting Principles (GAAP). Note 1 of these financial statements describes the primary differences between financial statements prepared in accordance with GAAP and the OSC special purpose (regulatory) framework.

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During my compilation, I noted certain departures from the special purpose framework prescribed by OSC. The nature of these departures are discussed in Note 7 of these financial statements.

Lastly, as indicated on page 2 of the 2017 AUD, OSC includes financial information from the Town's previous fiscal year (i.e. 2016) in this prescribed form. The Town's 2016 AUD was also compiled and filed with OSC by this firm. A copy of this firm's 2016 Independent Accountant's Compilation Report is available for viewing at the Office of Town Clerk, Town of Caton.

Carol A. Golden

Carol A. Golden
Certified Public Accountant

March 29, 2018
Horseheads, New York

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

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
TOWN of Caton
County of Steuben
For the Fiscal Year Ended 12/31/2017

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL 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

TOWN OF Caton

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2016 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2017:

- (A) GENERAL
- (DA) HIGHWAY-TOWN-WIDE
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (SL) LIGHTING
- (TA) AGENCY
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2016 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption)

All numbers in this report will be rounded to the nearest dollar.

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	2,330	A200	1,443
Cash In Time Deposits	278,264	A201	297,403
Petty Cash	150	A210	150
TOTAL Cash	280,744		298,996
Prepaid Expenses		A480	2,580
Additional Description: Prepaid Retirement Exp			
TOTAL Prepaid Expenses	0		2,580
Cash In Time Deposits Special Reserves	396,106	A231	272,535
TOTAL Restricted Assets	396,106		272,535
TOTAL Assets and Deferred Outflows of Resources	676,850		574,111

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable		A600	1,890
TOTAL Accounts Payable	0		1,890
Accrued Liabilities		A601	0
TOTAL Accrued Liabilities	0		0
Overpayments & Clearing Account		A690	0
TOTAL Other Liabilities	0		0
Due To Other Funds		A630	115,097
Additional Description: Financing for Cap Project from Bldg Reserve			
TOTAL Due To Other Funds	0		115,097
Due To Other Governments		A631	0
TOTAL Due To Other Governments	0		0
TOTAL Liabilities	0		116,986
Fund Balance			
Capital Reserve	396,106	A878	157,438
Additional Description: does not = A231 because of A630			
TOTAL Restricted Fund Balance	396,106		157,438
Assigned Appropriated Fund Balance	50,560	A914	31,958
TOTAL Assigned Fund Balance	50,560		31,958
Unassigned Fund Balance	230,183	A917	267,728
TOTAL Unassigned Fund Balance	230,183		267,728
TOTAL Fund Balance	676,850		457,124
TOTAL Liabilities, Deferred Inflows And Fund Balance	676,850		574,110

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	244,519	A1001	242,965
TOTAL Real Property Taxes	244,519		242,965
Other Payments In Lieu of Taxes		A1081	0
Interest & Penalties On Real Prop Taxes	3,387	A1090	3,112
TOTAL Real Property Tax Items	3,387		3,112
Non Prop Tax Dist By County		A1120	0
Franchises	3,645	A1170	3,106
TOTAL Non Property Tax Items	3,645		3,106
Clerk Fees	657	A1255	845
Other General Departmental Income		A1289	0
Contributions, Private Agencies-Youth	249	A2070	0
Refuse & Garbage Charges	16	A2130	17
Other Home & Community Services Income	48	A2189	136
TOTAL Departmental Income	970		997
Interest And Earnings	680	A2401	566
Rental of Real Property		A2410	0
TOTAL Use of Money And Property	680		566
Dog Licenses	3,081	A2544	3,401
Licenses, Other	156	A2545	419
Building And Alteration Permits	1,242	A2555	1,900
Permits, Other		A2590	0
TOTAL Licenses And Permits	4,479		5,719
Fines And Forfeited Bail	3,294	A2610	4,560
Fines & Pen-Dog Cases	35	A2611	0
TOTAL Fines And Forfeitures	3,329		4,560
Sales, Other	545	A2655	39
Sales of Real Property		A2660	0
Sales of Equipment		A2665	0
TOTAL Sale of Property And Compensation For Loss	545		39
Refunds of Prior Year's Expenditures	1,306	A2701	3,088
Gifts And Donations	570	A2705	452
Unclassified (specify)	2,012	A2770	136
TOTAL Miscellaneous Local Sources	3,889		3,676
St Aid, Revenue Sharing	17,616	A3001	17,616
St Aid, Mortgage Tax	23,281	A3005	36,581
St Aid, Real Property Tax Administration		A3040	3,214
St Aid - Other (specify)		A3089	0
St Aid, Other Public Safety	0	A3389	0
St Aid, Other Transportation	0	A3589	0
St Aid, Youth Programs	0	A3820	271
TOTAL State Aid	40,897		57,682
Federal Aid - Other		A4089	0
Fed Aid Other Public Safety	250	A4389	0
TOTAL Federal Aid	250		0
TOTAL Revenues	306,589		322,420

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Other Sources			
Statutory Installment Bonds		A5720	0
TOTAL Proceeds of Obligations	0		0
TOTAL Other Sources	0		0
TOTAL Detail Revenues And Other Sources	306,589		322,420

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Legislative Board, Pers Serv	5,200	A10101	5,200
Legislative Board, Contr Expend	80	A10104	80
TOTAL Legislative Board	5,280		5,280
Municipal Court, Pers Serv	6,250	A11101	6,336
Municipal Court, Equip & Cap Outlay	3,715	A11102	1,204
Municipal Court, Contr Expend	916	A11104	1,418
TOTAL Municipal Court	10,881		8,957
Supervisor,pers Serv	5,021	A12201	5,021
Supervisor,equip & Cap Outlay	657	A12202	0
Supervisor,contr Expend	3,763	A12204	4,434
TOTAL Supervisor	9,441		9,455
Budget, Pers Serv	7,036	A13401	7,292
Budget, Equip & Cap Outlay	311	A13402	0
Budget, Contr Expend	6,275	A13404	4,052
TOTAL Budget	13,622		11,343
Assessment, Pers Serv	15,500	A13551	15,500
Assessment, Equip & Cap Outlay	2,577	A13552	1,200
Assessment, Contr Expend	352	A13554	389
TOTAL Assessment	18,429		17,089
Clerk,pers Serv	13,834	A14101	14,296
Clerk,equip & Cap Outlay	176	A14102	3,779
Clerk,contr Expend	1,065	A14104	1,107
TOTAL Clerk	15,075		19,181
Law, Contr Expend	2,165	A14204	1,413
TOTAL Law	2,165		1,413
Personnel, Pers Serv		A14301	0
Personnel,equip & Cap Outlay		A14302	0
Personnel, Contr Expend	2,106	A14304	1,956
TOTAL Personnel	2,106		1,956
Elections, Contr Expend	2,539	A14504	3,323
TOTAL Elections	2,539		3,323
Buildings, Pers Serv	692	A16201	640
Buildings, Equip & Cap Outlay		A16202	0
Buildings, Contr Expend	18,966	A16204	11,316
TOTAL Buildings	19,658		11,956
Central Print & Mail,contr Expend	2,985	A16704	2,207
TOTAL Central Print & Mail	2,985		2,207
Unallocated Insurance, Contr Expend	22,315	A19104	24,632
TOTAL Unallocated Insurance	22,315		24,632
Municipal Assn Dues, Contr Expend	700	A19204	700
TOTAL Municipal Assn Dues	700		700
Taxes & Assess On Munic Prop, Contr Expend	165	A19504	176
TOTAL Taxes & Assess On Munic Prop	165		176
TOTAL General Government Support	125,361		117,670
Police, Pers Serv	6,200	A31201	6,200

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Police, Equip & Cap Outlay	2,387	A31202	656
Police, Contr Expend	1,160	A31204	2,393
TOTAL Police	9,747		9,250
Control of Animals, Contr Expend	4,438	A35104	5,063
TOTAL Control of Animals	4,438		5,063
Safety Inspection, Pers Serv	9,318	A36201	9,318
Safety Inspection, Contr Expend	2,102	A36204	3,772
TOTAL Safety Inspection	11,420		13,090
Misc Public Safety, Contr Expend	200	A39894	200
TOTAL Misc Public Safety	200		200
TOTAL Public Safety	25,804		27,602
Public Health, Contr Expend		A40104	121
TOTAL Public Health	0		121
Registrar of Vital Statistics, Pers Serv	400	A40201	404
TOTAL Registrar of Vital Statistics	400		404
Laboratory, Contr Expend		A40254	0
TOTAL Laboratory	0		0
Other Public Health, Contr Expend		A41894	0
TOTAL Other Public Health	0		0
Ambulance, Contr Expend	9,353	A45404	8,860
TOTAL Ambulance	9,353		8,860
TOTAL Health	9,753		9,385
Street Admin, Pers Serv	37,332	A50101	38,088
Street Admin, Contr Expend	70	A50104	950
TOTAL Street Admin	37,402		39,038
Garage, Contr Expend	16,436	A51324	10,774
TOTAL Garage	16,436		10,774
TOTAL Transportation	53,838		49,812
Parks, Pers Serv		A71101	0
Parks, Equip & Cap Outlay	0	A71102	0
Parks, Contr Expend	6,949	A71104	2,963
TOTAL Parks	6,949		2,963
Youth Prog, Pers Serv	2,006	A73101	2,101
Youth Prog, Equip & Cap Outlay		A73102	0
Youth Prog, Contr Expend	496	A73104	743
TOTAL Youth Prog	2,502		2,844
Library, Contr Expend	0	A74104	
TOTAL Library	0		0
Celebrations, Contr Expend	2,500	A75504	0
TOTAL Celebrations	2,500		0
Adult Recreation, Contr Expend	495	A76204	2,495
TOTAL Adult Recreation	495		2,495
TOTAL Culture And Recreation	12,447		8,302

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Zoning, Contr Expend		A80104	0
TOTAL Zoning	0		0
Planning, Contr Expend	4,673	A80204	4,916
TOTAL Planning	4,673		4,916
Cemetery, Contr Expend	2,650	A88104	636
TOTAL Cemetery	2,650		636
TOTAL Home And Community Services	7,323		5,553
State Retirement System	10,977	A90108	10,483
Social Security, Employer Cont	8,331	A90308	8,545
Worker's Compensation, Empl Bnfts	44,324	A90408	49,504
Unemployment Insurance, Empl Bnfts	0	A90508	0
Hospital & Medical (dental) Ins, Empl Bnft	0	A90608	0
TOTAL Employee Benefits	63,633		68,531
Debt Principal, Bond Anticipation Notes		A97306	0
TOTAL Debt Principal	0		0
Debt Interest, Bond Anticipation Notes		A97307	0
TOTAL Debt Interest	0		0
TOTAL Expenditures	298,158		286,854
Transfers, Other Funds	0	A99019	0
Transfers, Capital Projects Fund		A99509	255,292
TOTAL Operating Transfers	0		255,292
TOTAL Other Uses	0		255,292
TOTAL Detail Expenditures And Other Uses	298,158		542,146

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	668,420	A8021	676,850
Restated Fund Balance - Beg of Year	668,420	A8022	676,850
ADD - REVENUES AND OTHER SOURCES	306,589		322,420
DEDUCT - EXPENDITURES AND OTHER USES	298,158		542,146
Fund Balance - End of Year	676,850	A8029	457,133

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

2018 Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	242,965	A1049N	296,384
Est Rev - Real Property Tax Items	3,000	A1099N	3,000
Est Rev - Non Property Tax Items	1,500	A1199N	1,500
Est Rev - Departmental Income	550	A1299N	550
Est Rev - Use of Money And Property	800	A2499N	50
Est Rev - Licenses And Permits	3,000	A2599N	3,200
Est Rev - Fines And Forfeitures	1,500	A2649N	3,000
Est Rev - Miscellaneous Local Sources		A2799N	350
Est Rev - State Aid	47,000	A3099N	44,616
TOTAL Estimated Revenues	300,315		352,650
Appropriated Fund Balance	50,560	A599N	31,958
TOTAL Estimated Other Sources	50,560		31,958
TOTAL Estimated Revenues And Other Sources	350,875		384,608

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(A) GENERAL

2018 Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - General Government Support	142,244	A1999N	144,902
App - Public Safety	27,618	A3999N	30,712
App - Health	10,673	A4999N	10,842
App - Transportation	48,888	A5999N	49,656
App - Culture And Recreation	15,652	A7999N	13,246
App - Home And Community Services	9,100	A8999N	7,550
App - Employee Benefits	76,700	A9199N	77,700
TOTAL Appropriations	330,875		334,608
Other Budgetary Purposes	20,000	A962N	
App - Interfund Transfer		A9999N	50,000
TOTAL Other Uses	20,000		50,000
TOTAL Appropriations And Other Uses	350,875		384,608

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(DA) HIGHWAY-TOWN-WIDE

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	14,563	DA200	10,336
Cash In Time Deposits	240,928	DA201	176,558
TOTAL Cash	255,491		186,893
Due From State And Federal Government	16,432	DA410	
TOTAL State And Federal Aid Receivables	16,432		0
Prepaid Expenses		DA480	5,237
TOTAL Prepaid Expenses	0		5,237
Cash In Time Deposits Special Reserves	424,810	DA231	409,903
TOTAL Restricted Assets	424,810		409,903
TOTAL Assets and Deferred Outflows of Resources	696,733		602,033

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(DA) HIGHWAY-TOWN-WIDE

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable	191,002	DA600	40,766
TOTAL Accounts Payable	191,002		40,766
Accrued Liabilities	2,852	DA601	3,553
TOTAL Accrued Liabilities	2,852		3,553
Due To Other Funds		DA630	0
TOTAL Due To Other Funds	0		0
TOTAL Liabilities	193,854		44,319
Fund Balance			
Capital Reserve	261,134	DA878	409,903
TOTAL Restricted Fund Balance	261,134		409,903
Assigned Appropriated Fund Balance	88,037	DA914	
Assigned Unappropriated Fund Balance	153,708	DA915	147,811
TOTAL Assigned Fund Balance	241,745		147,811
TOTAL Fund Balance	502,879		557,714
TOTAL Liabilities, Deferred Inflows And Fund Balance	696,733		602,033

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(DA) HIGHWAY-TOWN-WIDE

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	616,383	DA1001	620,500
TOTAL Real Property Taxes	616,383		620,500
Interest And Earnings	1,403	DA2401	886
TOTAL Use of Money And Property	1,403		886
Sales of Scrap & Excess Materials	313	DA2650	
Sales of Equipment	51,702	DA2665	
Insurance Recoveries	0	DA2680	
TOTAL Sale of Property And Compensation For Loss	52,015		0
Refunds of Prior Year's Expenditures	1,928	DA2701	5,684
Unclassified (specify)		DA2770	
TOTAL Miscellaneous Local Sources	1,928		5,684
St Aid, Consolidated Highway Aid	134,632	DA3501	156,812
St Aid, Suburban Hwy Improv Pro Additional Description (Pave NY State Aid)		DA3502	35,343
TOTAL State Aid	134,632		192,155
TOTAL Revenues	806,363		819,226
Interfund Transfers		DA5031	
TOTAL Interfund Transfers	0		0
TOTAL Other Sources	0		0
TOTAL Detail Revenues And Other Sources	806,363		819,226

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(DA) HIGHWAY-TOWN-WIDE

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Maint of Streets, Pers Serv	62,225	DA51101	79,043
Maint of Streets, Contr Expend	117,475	DA51104	122,470
TOTAL Maint of Streets	179,700		201,513
Perm Improve Highway, Pers Serv	17,758	DA51121	1,033
Perm Improve Highway, Equip & Cap Outlay	137,094	DA51122	47,942
Perm Improve Highway, Contr Expend		DA51124	140,830
TOTAL Perm Improve Highway	154,852		189,804
Maint of Bridges, Pers Serv	0	DA51201	0
Maint of Bridges, Contr Expend	0	DA51204	0
TOTAL Maint of Bridges	0		0
Machinery, Pers Serv	14,939	DA51301	19,334
Machinery, Equip & Cap Outlay	401,136	DA51302	39,462
Machinery, Contr Expend	51,853	DA51304	43,962
TOTAL Machinery	467,928		102,758
Brush And Weeds, Contr Expend	0	DA51404	0
TOTAL Brush And Weeds	0		0
Snow Removal, Pers Serv	56,707	DA51421	55,656
Snow Removal, Contr Expend	101,511	DA51424	102,948
TOTAL Snow Removal	158,218		158,604
TOTAL Transportation	960,699		652,679
State Retirement, Empl Bnfts	22,286	DA90108	21,283
Social Security , Empl Bnfts	11,071	DA90308	11,578
Worker's Compensation, Empl Bnfts	13,979	DA90408	14,071
Unemployment Insurance, Empl Bnfts	0	DA90508	5,328
Hospital & Medical (dental) Ins, Empl Bnft	59,772	DA90608	59,451
TOTAL Employee Benefits	107,107		111,711
Debt Principal, Bond Anticipation Notes	0	DA97306	0
TOTAL Debt Principal	0		0
Debt Interest, Bond Anticipation Notes	0	DA97307	0
TOTAL Debt Interest	0		0
TOTAL Expenditures	1,067,807		764,391
Transfers, Capital Projects Fund		DA99509	
TOTAL Operating Transfers	0		0
TOTAL Other Uses	0		0
TOTAL Detail Expenditures And Other Uses	1,067,807		764,391

TOWN OF Caton
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(DA) HIGHWAY-TOWN-WIDE

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	764,323	DA8021	502,879
Restated Fund Balance - Beg of Year	764,323	DA8022	502,879
ADD - REVENUES AND OTHER SOURCES	806,363		819,226
DEDUCT - EXPENDITURES AND OTHER USES	1,067,807		764,391
Fund Balance - End of Year	502,879	DA8029	557,714

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(DA) HIGHWAY-TOWN-WIDE

2018 Budget Summary

Code Description	2017	EdpCode	2018
Estimated Revenues			
Est Rev - Real Property Taxes	620,500	DA1049N	612,786
Est Rev - Use of Money And Property	300	DA2499N	400
Est Rev - State Aid	190,167	DA3099N	190,180
TOTAL Estimated Revenues	810,967		803,366
Appropriated Fund Balance	88,037	DA599N	
TOTAL Estimated Other Sources	88,037		0
TOTAL Estimated Revenues And Other Sources	899,004		803,366

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(DA) HIGHWAY-TOWN-WIDE

2018 Budget Summary

Code Description	2017	EdpCode	2018
Appropriations			
App - Transportation	625,304	DA5999N	638,180
App - Employee Benefits	125,200	DA9199N	125,200
TOTAL Appropriations	750,504		763,380
Other Budgetary Purposes	148,500	DA962N	39,986
TOTAL Other Uses	148,500		39,986
TOTAL Appropriations And Other Uses	899,004		803,366

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash		H200	173
TOTAL Cash	0		173
Due From State And Federal Government		H410	110,449
TOTAL State And Federal Aid Receivables	0		110,449
Due From Other Funds		H391	115,097
Additional Description: Due From General Bldg Reserve			
TOTAL Due From Other Funds	0		115,097
TOTAL Assets and Deferred Outflows of Resources	0		225,719

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2016	EdpCode	2017
Accounts Payable		H600	115,097
TOTAL Accounts Payable	0		115,097
Due To Other Funds		H630	0
TOTAL Due To Other Funds	0		0
TOTAL Liabilities	0		115,097
Fund Balance			
Committed Fund Balance		H913	11,776
Additional Description: Retained Percentages as of 12/31/17			
TOTAL Committed Fund Balance	0		11,776
Assigned Appropriated Fund Balance		H914	1,406
Assigned Unappropriated Fund Balance		H915	97,439
TOTAL Assigned Fund Balance	0		98,846
TOTAL Fund Balance	0		110,622
TOTAL Liabilities, Deferred Inflows And Fund Balance	0		225,719

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Misc Revenue, Other Govts		H2389	
TOTAL Intergovernmental Charges	0		0
St Aid, Consolidated Highway Aid		H3501	110,449
TOTAL State Aid	0		110,449
TOTAL Revenues	0		110,449
Interfund Transfers		H5031	255,292
TOTAL Interfund Transfers	0		255,292
TOTAL Other Sources	0		255,292
TOTAL Detail Revenues And Other Sources	0		365,741

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Garage, Equip & Cap Outlay		H51322	255,119
TOTAL Garage	0		255,119
TOTAL Transportation	0		255,119
TOTAL Expenditures	0		255,119
TOTAL Detail Expenditures And Other Uses	0		255,119

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year		H8021	
Restated Fund Balance - Beg of Year		H8022	
ADD - REVENUES AND OTHER SOURCES			365,741
DEDUCT - EXPENDITURES AND OTHER USES			255,119
Fund Balance - End of Year		H8029	110,622

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Deferred Outflows of Resources - Pensions	150,889	K496	
Additional Description: this account was eliminated by OSC in 2017. See Note#1, pg 45.			
TOTAL Deferred Outflows of Resources	150,889		0
TOTAL Assets and Deferred Outflows of Resources	150,889		0

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2016	EdpCode	2017
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	150,889	K159	
TOTAL Investments in Non-Current Government Assets	150,889		0
TOTAL Fund Balance	150,889		0
TOTAL	150,889		0

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(SL) LIGHTING

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash		SL200	0
Cash In Time Deposits	5,180	SL201	4,509
TOTAL Cash	5,180		4,509
TOTAL Assets and Deferred Outflows of Resources	5,180		4,509

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(SL) LIGHTING

Balance Sheet

Code Description	2016	EdpCode	2017
Fund Balance			
Assigned Appropriated Fund Balance	998	SL914	698
Assigned Unappropriated Fund Balance	4,182	SL915	3,812
TOTAL Assigned Fund Balance	5,180		4,509
TOTAL Fund Balance	5,180		4,509
TOTAL Liabilities, Deferred Inflows And Fund Balance	5,180		4,509

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(SL) LIGHTING

Results of Operation

Code Description	2016	EdpCode	2017
Revenues			
Real Property Taxes	500	SL1001	500
TOTAL Real Property Taxes	500		500
Interest And Earnings	3	SL2401	3
TOTAL Use of Money And Property	3		3
TOTAL Revenues	503		503
TOTAL Detail Revenues And Other Sources	503		503

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(SL) LIGHTING

Results of Operation

Code Description	2016	EdpCode	2017
Expenditures			
Street Lighting, Contr Expend	1,103	SL51824	1,173
TOTAL Street Lighting	1,103		1,173
TOTAL Transportation	1,103		1,173
TOTAL Expenditures	1,103		1,173
TOTAL Detail Expenditures And Other Uses	1,103		1,173

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(SL) LIGHTING

Analysis of Changes in Fund Balance

Code Description	2016	EdpCode	2017
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	5,780	SL8021	5,180
Restated Fund Balance - Beg of Year	5,780	SL8022	5,180
ADD - REVENUES AND OTHER SOURCES	503		503
DEDUCT - EXPENDITURES AND OTHER USES	1,103		1,173
Fund Balance - End of Year	5,180	SL8029	4,509

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Cash	3	TA200	3
TOTAL Cash	3		3
Due From Other Funds		TA391	0
TOTAL Due From Other Funds	0		0
TOTAL Assets and Deferred Outflows of Resources	3		3

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(TA) AGENCY

Balance Sheet

Code Description	2016	EdpCode	2017
Consolidated Payroll		TA10	0
State Retirement		TA18	0
Disability Insurance		TA19	0
Group Insurance		TA20	0
Nys Income Tax		TA21	0
Federal Income Tax		TA22	0
Assoc & Union Dues		TA24	0
Social Security Tax	3	TA26	3
Guaranty & Bid Deposits		TA30	0
Other Funds (specify)		TA85	0
TOTAL Agency Liabilities	3		3
TOTAL Liabilities	3		3
TOTAL Liabilities, Deferred Inflows And Fund Balance	3		3

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Assets			
Total Non-Current Govt Liabilities	208,051	W129	101,361
TOTAL Provision To Be Made In Future Budgets	208,051		101,361
TOTAL Assets and Deferred Outflows of Resources	208,051		101,361

TOWN OF Caton
Annual Update Document
For the Fiscal Year Ending 2017

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2016	EdpCode	2017
Net Pension Liability -Proportionate Share - See Note#5, pgs 51-52.	171,046	W638	97,557
Compensated Absences - See Note#4, pg 51.	4,439	W687	3,804
TOTAL Other Liabilities	175,485		101,361
Deferred Inflows of Resources - Pensions Additional Description - this account was eliminated by OSC in 2017- See Note#1, pg 45.	32,566	W697	
TOTAL Deferred Inflows of Resources	32,566		0
TOTAL Liabilities	208,051		101,361
TOTAL Liabilities	208,051		101,361

TOWN OF Caton
Statement of Indebtedness
For the Fiscal Year Ending 2017

3/28/2018

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
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THE TOWN OF CATON HAD NO INDEBTEDNESS AS OF DECEMBER 31, 2017

TOWN OF Caton
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2017

SEE NOTE #3 TO THE FINANCIAL STATEMENTS, PAGES 46-47

	EDP Code	Amount
CASH:		
On Hand	9Z2001	
Demand Deposits	9Z2011	\$18,688.00
Time Deposits	9Z2021	\$1,160,908.00
Total		\$1,179,596.00
 COLLATERAL:		
- FDIC Insurance	9Z2014	\$268,688.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$1,794,322.00
Total		\$2,063,010.00
 INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
 - Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

TOWN OF Caton
Bank Reconciliation
For the Fiscal Year Ending 2017

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-1	\$3,061	\$0	\$1,619	\$1,443
****-2	\$297,403	\$0	\$0	\$297,403
****-3	\$272,535	\$0	\$0	\$272,535
****-4	\$15,451	\$0	\$5,116	\$10,336
****-5	\$176,558	\$0	\$0	\$176,558
****-6	\$409,903	\$0	\$0	\$409,903
****-7	\$173	\$0	\$0	\$173
****-8	\$4,509	\$0	\$0	\$4,509
****-9	\$3	\$0	\$0	\$3
Total Adjusted Bank Balance				<u>\$1,172,862</u>
Petty Cash				<u>\$150.00</u>
Adjustments				<u>\$0.00</u>
Total Cash			9ZCASH *	<u>\$1,173,012</u>
Total Cash Balance All Funds			9ZCASHB *	<u>\$1,173,012</u>

* Must be equal

TOWN OF Caton
Employee and Retiree Benefits
For the Fiscal Year Ending 2017

Total Full Time Employees:		5			
Total Part Time Employees:		18			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$31,765.25	\$31,765.25		
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$20,123.01	\$20,123.01		
90408	Worker's Compensation Insurance	\$63,574.56	\$63,574.56		
90458	Life Insurance				
90508	Unemployment Insurance	\$5,328.00	\$ 5,328.00		
90558	Disability Insurance				
90608	Hospital and Medical (Dental) Insurance	\$59,451.43	\$59,451.43		
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$180,242.25			
Computed Total From Financial Section (comparative purposes only)		\$180,242.30			

TOWN OF Caton
 Energy Costs and Consumption
 For the Fiscal Year Ending 2017

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$1,671	841	gallons	
Diesel Fuel	\$34,672	16,551	gallons	
Fuel Oil			gallons	
Natural Gas	\$7,307	8,455	cubic feet	
Electricity	\$6,191	29,985	kilowatt-hours	
Coal			tons	
Propane			gallons	

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements - Regulatory Framework

The financial statements of the Town of Caton (the Town) are prepared using guidance prescribed by the New York State Office of the State Comptroller (OSC) in its Accounting and Reporting Manual and in various accounting bulletins published by this agency. Article 3, Sections 30 and 31 of the General Municipal Law (GML) require every municipal corporation and special district to annually prepare and file a financial report in the form prescribed by OSC. This form is known as the Annual Update Document or AUD.

The OSC regulatory framework is based on the current financial resources reporting model which reports only current assets, current liabilities and fund balances on the balance sheets of individual funds. Non-current assets are reported in the General Fixed Asset Group of Accounts and non-current liabilities are reported in the Long Term Debt Group of Accounts. Revenues and expenditures are reported on the modified accrual basis of accounting. The AUD also includes a supplemental section that includes other finance-related information required by OSC.

The most significant difference between the OSC regulatory framework 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” is not required to meet the annual financial reporting requirements of GML and OSC. GASB 34 requires a government-wide reporting framework, a focus on major funds, full accrual accounting including depreciation, management’s discussion and analysis and other requirements not contained in these regulatory financial statements. The GASB 34 reporting model differs from the OSC regulatory framework because it includes both current and noncurrent assets, deferred outflows, liabilities and deferred inflows on the government wide statement of net assets. The GASB 34 reporting model does not utilize account groups.

Financial Reporting Entity

The Town is a local government governed by the laws of the State of New York. The Town Board (the Board) is the elected governing body and consists of a five member board including an elected Town Supervisor who is also the Chief Fiscal Officer of the Town. The Town provides a variety of services including highway maintenance and improvements, street lighting, zoning, code enforcement, property assessment, elections, justice court and park activities.

The financial reporting entity consists of (a) the primary government which is the Town (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Town is not financially accountable for any other organizations and hence, no other organizations have been included or excluded from the reporting entity.

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

Basis of Presentation – Fund Financial Statements

These regulatory financial statements are organized on the basis of individual funds, 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 current assets, current liabilities, fund balances, revenues and expenditures. The following funds are used by the Town.

Governmental Funds

General Fund (A) – is the principal operating fund and includes all operations not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

Highway Fund (DA) - is used to account for revenues restricted or committed to highway maintenance, snow removal and capital road improvements and related expenditures. The Highway Fund is a town-wide special revenue fund.

Light District Fund (SL) - is a part-town fund used to account for street lighting services. Only properties located within the boundaries of this district are taxed and provided lighting services.

Capital Projects Fund (H) – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets. The Town currently has one capital project for the construction of a new highway garage.

Fiduciary Fund

Agency Fund (TA) – used to account for money received and held in a purely custodial capacity of trustee, custodian, or agent. The Town’s Agency Fund is used primarily to process payroll transactions including the disbursement of net payroll checks, direct deposits and disbursements to state and federal agencies for payroll withholdings.

Basis of Accounting

Basis of accounting refers to *when and how* transactions or events are recorded.

Modified Accrual Basis – As of December 31, 2017, all governmental fund financial statements were prepared utilizing the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when they are “measurable” and “available”. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when a liability is incurred except that:

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

- (a) Expenditures for prepaid expenses and inventory type items are recognized at the time of purchase.
- (b) Principal and interest on indebtedness, if applicable, are recognized as expenditures when payment is due.
- (c) Compensated absences, such as vacation and sick leave, are charged as expenditures when payment is due.

Cash Basis – The fiduciary fund (also known as the Agency Fund) utilizes the cash basis of accounting. This basis of accounting involves the recording of cash inflows (cash receipts) and cash outflows (cash disbursements) in the period in which they occurred.

Fund Balance – Levels of Constraint

Fund balance is the equity that remains at the end of the fiscal year in each governmental fund. It is the difference between current assets and current liabilities.

Fund balance is classified according to levels of restriction or constraint. In these financial statements, fund balance is classified as restricted, assigned, and unassigned. Non-spendable fund balance and committed fund balance, additional levels of constraint, are not applicable to these financial statements. The different classifications of fund balance are defined as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to remain intact.

Restricted fund balance includes amounts restricted when constraints are placed on the use of resources either externally by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. An accounting bulletin published by OSC in November of 2010 (and updated in April of 2011) classifies reserve funds as “restricted” fund balance. The Board has established guidelines for the maximum amounts to be accumulated in each of its reserve funds.

Committed fund balance includes amounts that can only be used for specific purpose pursuant to constraints imposed by a formal action of the Board.

Assigned fund balance includes amounts that are constrained by the Board’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 or designated by the Board for the ensuring year’s budget.

Unassigned fund balance consists of fund balance *in the general fund* that has not been restricted, committed or assigned to specific purposes. Unassigned fund balance in the general fund may result in either a surplus or deficit.

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

Change in Accounting Policy

In fiscal years 2015 and 2016, deferred outflows and deferred inflows related to pensions were reported in the General Fixed Asset and General Long-Term Debt Account Groups, respectively. As of December 31, 2017 deferred outflows and deferred inflows related to pensions are no longer reported in these account groups. See Note 4 – Employee Pension Benefits for additional information on the Town’s deferred outflows and inflows related to future pension costs.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

Town budgets are adopted annually on a basis consistent with the cash basis of accounting. The Town’s budget policies are established by the Town Law. The following is a summary of those mandated budget policies:

- a. No later than September 30th, 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.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 15th, the Board adopts the budget.
- c. All modifications of the budget must be approved by the Board.
- d. Budgets are adopted annually on a basis consistent with a cash basis of accounting.
- e. Appropriations in all budgeted funds lapse at the end of the fiscal year.
- f. A balanced budget should be adopted for each fund with realistic estimates of revenues, expenditures and available fund balances to be applied to the next year’s budget.

Property Taxes

Town real property taxes are levied together with Steuben County property taxes no later than January 1st of each year and become a lien on the same date. Taxes for County purposes are levied together with taxes for Town purposes on a single bill. By law, the Town receives the full amount of its levy each year from the initial amounts collected on the combined bills. After the Town’s levy is satisfied in full, Steuben County receives the balance of any moneys collected.

In June of 2011 New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Town in a particular year, beginning with the 2012 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

The following chart illustrates the change in real property taxes (by fund) from 2015 to 2016:

Fund	Fiscal Year 2016	Fiscal Year 2017	Incr (Decr)
General Fund	\$ 244,519	\$ 242,965	(\$ 1,554)
Highway Fund	\$ 616,383	\$ 620,500	\$ 4,117
Total Town Wide Levies	\$ 860,902	\$ 863,465	\$ 2,563
Light District	\$ 500	\$ 500	\$ 0

Sales Tax

The County of Steuben (the County) levies a sales tax of 4% on the purchase of certain goods and services. The County distributes a portion of the sales tax collected to the cities, town and villages within its boundaries. Municipalities may receive their share of sale tax in cash or they may apply their share to county taxes within their boundaries.

The Town has elected to apply 100% of its share of sales tax to the annual county tax levy. All sales tax collections allocated to the Town remain with the Steuben County Finance Office and are used to reduce County taxes on properties in the Town of Caton.

The County credited \$483,764 in 2017 sales tax revenues to the Town’s pro-rata share of the 2018 County tax levy. This credit reduced 2018 County taxes within the Town.

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES

The following notes present detailed information to support the amounts reported in the governmental fund financial statements for cash and fund balances.

Cash

The Town’s investment procedures and policies are governed by State statutes and the Town’s Fiscal Management Policy. The Fiscal Management Policy authorizes the use of commercial banks or trust companies located in New York State. Authorized investment instruments include: savings, money market deposit, N.O.W. and Super N.O.W. accounts; certificates of deposits; repurchase agreements involving the purchase and sale of direct obligations of the United States; and obligations of the United States and of the State of New York, which includes Treasury Bills, Bonds and Notes. The Caton Town Board delegates the authority to make day-to-day investment decisions within the guidelines and limitations of Fiscal Management Policy to the Town Supervisor.

TOWN OF CATON, NEW YORK
 NOTES TO REGULATORY FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Collateral is required for deposits not covered by FDIC insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies if principal and interest is

guaranteed by the federal government; obligations of the State of New York and its municipalities, school districts or district corporations; obligations of a public authority.

All bank deposits under the control of the Town Supervisor were covered by FDIC insurance and pledged collateral as of December 31, 2017. See the Schedule of Time Deposits and Investments on page 37 of the AUD for more information.

Constraints on Fund Balances

The fund balances of the General, Highway Light District and Capital Project Funds are classified as follows regarding levels of constraint on these equity balances. See Note 1 for definitions of assigned and unassigned fund balance.

Constraints on Fund Balance	General Fund	Highway Fund	Light Fund	Capital Fund
Fund Balances Restricted For Reserves	\$ 157,438	\$ 409,903	\$ 0	\$ 0
--Assigned for 2018 Budget	31,958		698	1,406
--Assigned for Highway Purposes		142,574		
--Assigned for Light District Purposes			3,812	
--Assigned for Capital Fund Purposes				97,439
Total Assigned Fund Balance	189,396	552,477	3,812	
Committed for Retained Percentages (Capital Only)				11,776
Unassigned Fund Balances	265,148			
Total Fund Balances as of 12/31/17	\$ 454,544	\$ 552,477	\$4,510	\$ 110,622

General and Highway Reserve Funds

The inflows and outflows of the Town's reserve funds are not readily discernable from the financial statements included in this AUD. The following information and schedules are presented to augment the transparency and accountability for the Towns' reserve fund transactions.

General Fund Reserves

The Town demonstrates accountability for its general fund reserves by maintaining separate general

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

ledger cash accounts for each of its reserve fund. In addition, all General Fund reserved cash is deposited in a bank account specifically designated for this purpose. The beginning balances, interest earnings and expenditures for these General Fund Reserves for the 2017 fiscal year are reported in the following chart:

General Fund Reserves - Beginning Balance, Receipts, Payments & Ending Balances					
Name of Reserve	1/1/17 Restricted Fund Balances	Interest (+)	Transfers- In (+)	Expenditures(-)	12/31/17 Restricted Fund Balances
Parks	\$ 6,690	0	0	0	\$ 6,690
Office Equipment	5,917	0	0	(3,570)	2,347
Town Buildings	308,499	\$ 194	0	(235,292) A	73,401
Retirement	25,000	0	0	0	25,000
Worker's Compensation	50,000	0	0	0	50,000
Total General Fund Reserves (A878)	\$ 396,106	\$ 194	0	(\$ 238,862)	\$ 157,438

A – The \$235,292 was transferred to the Highway Capital Project.

Highway Fund Reserves

Similarly, accountability for Highway Reserves is demonstrated by maintaining separate general ledger cash accounts for each reserve. In addition, all Highway Fund reserved cash is deposited in a bank account specifically designated for this purpose.

The beginning balances, interest earnings, transfers-in and expenditures for these Highway Reserves for the 2017 fiscal year are reported in the charts below.

Highway Fund Reserves – Beginning Balance, Receipts, Payments & Ending Balances					
Name of Reserve	1/1/17 Restricted Fund Balances	Interest (+)	Transfers- In (+)	Expenditures (-)	12/31/17 Restricted Fund Balances
Equipment	\$149,500	\$154	\$148,500	\$ 0	\$298,154
Road Improvements/Bridges	\$111,634	\$115	0	\$ 0	\$111,749
Total Highway Reserves (DA878)	\$261,134	\$268	\$148,500	\$ 0	\$409,903

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 – PENSION AND OTHER EMPLOYEE BENEFITS

Pension Benefits

Plan Description - The Town participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer defined benefit plan retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund) which was established to hold all assets and record changes in

fiduciary 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 provisions 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 Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report 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, NY 12244.

Funding Policy - The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System 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 percent of their salary for their entire length of service. Generally, Tier 5 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's 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:

Year 2015	\$37,233
Year 2016	\$33,263
Year 2017	\$31,266

Additional information concerning the Town's non-current net pension liability is discussed in Note 5.

Pension Benefits - The System provides different levels of retirement benefits for each membership tier. The employee's date of membership determines which Tier they belong to. Benefits are calculated based on the requirements of each Tier for calculating final average salary, years of service and benefit percentages. Each Tier and its respective requirements and benefits were established by state legislation. The System also provides death and disability benefits to all tiers.

TOWN OF CATON, NEW YORK
NOTES TO REGULATORY FINANCIAL STATEMENTS
DECEMBER 31, 2017

As of December 31, 2017, all covered Town employees were members of Tiers 3, 4 or 6. The following chart summarizes the requirements and benefits of these tiers.

Tier	Final Average Salary (FAS)	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent per Year of Service
Tiers 3 and 4	Average of 3 highest consecutive years. Each year of FAS is limited to no more than 10% of the average of the two previous two years.	5 years/age 55, reduced benefits 5 years/age 62, full benefits 30 years/age 55, full benefits	1.67% of FAS with <20 yrs. of service. 2% of FAS, 20-30 yrs. of service Over 30 yrs, additional 1.5% of FAS for each year over 30 yrs
Tier 6	Average of 5 highest consecutive years. Each year of FAS is limited to no more than 10% of the average of the previous 4 years.	10 years/age 55, reduced benefits Full retirement age is 63	1.67% of FAS for each yr. of service with < 20 yrs. 1.75% of FAS for each yr. of service at 20 yrs. Over 20 yrs, additional 2% of FAS for each yr. over 20.

Ordinary Disability Benefits – Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits – For all eligible Tier 3, 4, 5 and 6 members, the accidental disability benefit is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits – Death benefits are payable upon death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member’s annual salary. For most members, there is also a reduced post-retirement death benefit available.

Post-Retirement Benefit Increases – A cost-of-living adjustment is provided annually to: (1) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

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An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Compensated Absences

The Town provides vacation, personal and sick leave to full time, non-elected highway employees. No other Town employees receive or accrue leave credits. Vacation and personal leave must be used during the current fiscal year. If not used these leave credits lapse on December 31st of each fiscal year.

Each full time highway employee receives eight (8) paid sick days per year and may accrue up to a maximum of twenty four (24) days. Any full time highway employee requesting to be paid for unused sick leave is limited to days earned and not used during the current fiscal year. Sick days accrued in an employee's account, from a prior year, cannot be cashed in for payment. However, all unused sick leave carries forward to the next fiscal year up to the 24 day maximum.

Sick leave is recorded in the highway fund as an expenditure if paid from current resources and current budgetary authorizations. The liability for sick leave carried forward to 2018 is reported in the Long Term Debt Group of Accounts (see Note 6) and totaled \$3,804 as of December 31, 2017.

Other Post-Employment Benefits (OPEB)

The Town does not provide any post-employment benefits to its employees. Therefore, as of December 31, 2017, there was no liability for any post-employment benefits.

NOTE 5 – NET PENSION LIABILITY, PENSION DEFERRED INFLOWS AND OUTFLOWS

Each year the System provides financial data to the Town about its proportionate share of the ERS net pension liability. Net Pension Liability (NPL) is the difference between ERS's total pension liability and ERS's fiduciary net position.

OSC issued updated guidance in May 2017 entitled "Accounting and Financial Reporting for Pensions as Required by GASB 68 and Updated by GASB 62" which details the manner in which NPL should be reported in OSC's regulatory framework.

Town's Proportionate Share of Net Pension Liability – The town reported an NPL of \$97,557 which represented its *proportionate* share of the ERS NPL as of March 31, 2017 (the measurement date). This represents a decrease of \$73,489 from the March 31, 2016 amount. The effect of this decrease on future required pension contributions by the Town and on future Town budgets is unknown at this time.

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The Town's proportion of NPL was based on a projection of the Town's non-current share of contributions to ERS relative to the projected contributions of all participating employers, actuarially determined. As of March 31, 2017, the Town's proportion was .00103873% (a decrease of .0000274% from its March 31, 2016 proportion), with 100% representing all covered employers. The Town's NPL of \$97,557 was reported in the Long-Term Debt Account Group in account W638. See page 35 of this report.

Deferred Outflows/Inflow Related to Pensions - A deferred outflow of resources is a consumption of assets by the government that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of assets by the government that is applicable to a future reporting period.

Based on audited schedules provided by the System, the Town has reported deferred outflows and deferred inflows related to pensions from the following sources as of December 31, 2017:

<u>Source:</u> ERS GASB 68 Report for the Town of Caton	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,445	\$ 14,815
Changes of Assumptions	33,329	\$ 0
Net difference between projected and actual earnings on pension plan investments	19,486	\$ 0
Changes in proportion and differences between local government contributions and proportionate share of contributions	2,204	\$ 15,889
Total(s)	<u>\$ 57,464</u>	\$ 30,704
Net Pension Outflows	<u>\$ 26,760</u>	

The net pension outflows shown above will be amortized and recognized in pension expense as follows:

<u>Source:</u> ERS GASB 68 Report for the Town of Caton	
ERS Year Ended March 31st	Annual Amortization
2016	\$ 13,921
2017	\$ 13,921
2018	\$ 13,788
2019	\$ (14,870)
Total	<u>\$ 26,760</u>

Employer Contributions Subsequent to the Measurement Date – The Town prepaid its projected 2018 ERS contribution of \$31,266 on December 15, 2017. This pre-payment was based on ERS's projection of salaries for the period from April 1, 2018 to March 31, 2019. The amounts paid were reported as 2017 expenditures in the General and Highway Funds as follows:

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Fund	Account Code	Amount
General Fund	A9010.8	\$ 10,318
Highway Fund	DA 9010.8	20,948
Total 2017 Pension Expenditures		\$ 31,256

Because these amounts were paid after the NPL measurement date of March 1, 2017, they were not taken into consideration in the calculation of the Town's proportionate share of the System's NPL as of March 31, 2017. The amounts reported as general and highway fund expenditures in 2017 will be recognized in the calculation of NPL as of the next measurement date of March 31, 2019.

Actuarial Assumptions - The System's pension liability was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation	2.5%
Salary scale	3.8%
Investment rate of return, including inflation (compounded annually, net of investment expense)	7.0%
Decrements –Developed from the Plan's 2015 experience study	
Mortality Improvement – Society of Actuaries' Scale MP-2014	

The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, net of 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 asset 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.75%
Real estate	10%	5.80%
Absolute return strategies (1)	2%	4.00%
Opportunistic portfolio	3%	5.89%
Real assets	3%	5.54%
Bonds and mortgages	17%	1.31%
Cash	1%	(0.25)%
Inflation-indexed bonds	4%	1.50%
	<u>100%</u>	

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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 purpose, these fund are included in domestic equity and international equity, respectively.

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. 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

Source: ERS GASB 68 Report for the Town of Caton	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability	\$ 311,577	\$ 97,557	(\$ 83,397)

Net Pension Liability of All Participating Employers - The components of the net pension liability for all participating employers as of March 31, 2016 are as follows:

	<u>Employees'</u> <u>Retirement System</u> <u>As of March 31, 2016</u>	<u>Employees'</u> <u>Retirement System</u> <u>As of March 31, 2017</u>
Employers' Total Pension Liability	\$ 172,303,544	\$ 177,400,586
Fiduciary Net Position	\$ (156,252,265)	\$ (168,004,363)
Employers' Net Pension Liability	\$ <u>16,050,279</u>	\$ <u>9,396,223</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.70%	94.70%

NOTE 6 – ACCOUNT GROUPS

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As discussed in Note 1, the OSC AUD utilizes a current financial resources reporting framework which only reports current assets and current liabilities on the balance sheets of each governmental fund. This framework reports long-term assets and long-term liabilities in the General Fixed Asset Group of Accounts and in the Long-Term Debt Group of Accounts, respectively. These account groups are not “funds” as they merely report information about general fixed assets and long-term debt and other long-term obligations.

General Fixed Asset Group of Accounts (K)

The Town did not report any fixed asset values for the year ended December 31, 2017. See Note 7 for additional information.

Long-Term Debt Group of Accounts (W)

The General Long-Term Debt Account Group includes the following categories of non-current obligations:

Net Pension Liability - As discussed more fully in Note 5, the Town’s proportionate net pension liability (NPL) was \$97,557 as of the measurement date of March 31, 2017. The Town’s NPL was calculated and provided by the NYS and Local Government Retirement System.

Compensated Absences – Non-elected highway employees carried forward accumulated sick leave with a value of \$3,804 as of December 31, 2017.

NOTE 7 - DEPARTURES FROM REGULATORY FRAMEWORK

Fixed Assets

Fixed Assets, also referred to as capital assets, includes land, buildings, machinery and significant equipment and furnishings. The historical cost (or donated value) of governmental fund fixed assets are reported in the “General Fixed Asset Group of Accounts”. This reporting presentation consists of a self-balancing group of accounts provided for the purpose of reporting the value of Town’s fixed assets.

The Town does not maintain fixed asset records; therefore the historical cost or donated value of the Town’s fixed assets were not reported in this AUD. Management has not determined the effect of this departure, if any, on its financial statements.

NOTE 8 – SUBSEQUENT EVENTS

On February 14, 2018 the Board authorized the issuance of serial bonds in the amount of \$350,000 for a term of 8 years to provide permanent financing for the construction of a new Highway Garage. The Board minutes of this date indicate that this resolution was subject to permissive referendum. On March 14, 2018 the Board rescinded the serial bond resolution of February 14, 2018 in response

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to a taxpayer petition filed with the Board objecting to the issuance of this debt. At the same meeting, the Board authorized the general fund to temporarily loan the capital projects fund \$110,606 in accordance with the requirements of General Municipal Law §9-a.

On March 28, 2018, the Board called a special meeting to reconsider authorizing the issuance of serial bonds of approximately \$265,000 over nine years at a flexible annual interest rate to provide financing for the Highway Garage Construction project. This resolution was adopted by the Board and is subject to permissive referendum.