

**TOWN OF VICTOR,  
ONTARIO COUNTY, NEW YORK**

**Basic Financial Statements  
for the Year Ended December 31, 2010  
Together with  
Independent Auditors' Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

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## **INDEPENDENT AUDITORS' REPORT**

December 21, 2011

To the Town Board of the  
Town of Victor:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Victor, Ontario County, New York (the Town) as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

Accounting principles generally accepted in United States require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 42 through 47 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, 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.

171 Sully's Trail, Suite 201  
Pittsford, New York 14534  
p (585) 381-1000  
f (585) 381-3131

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(Continued)

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

# TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

## STATEMENT OF NET ASSETS DECEMBER 31, 2010

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### ASSETS

Cash and cash equivalents	\$ 12,088,475
Receivables	643,950
Due from State government	1,153,248
Prepaid expenses	108,421
Capital assets, net	<u>62,194,671</u>
Total assets	<u>76,188,765</u>

### LIABILITIES

Accounts payable	518,232
Accrued liabilities	37,019
Due to other governments	198,748
Bond anticipation notes	1,433,056
Long-term obligations -	
Due within one year	569,002
Due in more than one year	<u>2,454,540</u>
Total liabilities	<u>5,210,597</u>

### NET ASSETS

Invested in capital assets, net of related debt	59,724,671
Restricted -	
Special districts	2,324,908
Unrestricted	<u>8,928,589</u>
Total net assets	<u>\$ 70,978,168</u>

The accompanying notes are an integral part of these statements.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
					<u>Governmental Activities</u>
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities -					
General governmental support	\$ 2,386,067	\$ 114,635	\$ 621,479	\$ -	\$ (1,649,953)
Public safety	1,513,250	208,937	-	-	(1,304,313)
Public health	17,620	2,590	-	-	(15,030)
Transportation	2,058,731	238,639	122,181	-	(1,697,911)
Economic assistance and opportunity	53,039	-	-	-	(53,039)
Culture and recreation	1,715,518	369,222	-	89,860	(1,256,436)
Home and community services	2,343,501	1,641,072	-	-	(702,429)
Employee benefits - unallocated	935,358	-	-	-	(935,358)
Depreciation - unallocated	3,804,393	-	-	-	(3,804,393)
Interest on long-term debt	<u>107,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,405)</u>
Total governmental activities	<u>14,934,882</u>	<u>2,575,095</u>	<u>743,660</u>	<u>89,860</u>	<u>(11,526,267)</u>
<b>GENERAL REVENUES AND TRANSFERS:</b>					
					3,253,883
Real property taxes and real property tax items					4,702,325
Nonproperty tax items					759,143
Dedicated capital assets					153,187
Use of money and property					52,094
Sale of property and compensation for loss					<u>51,686</u>
Miscellaneous					
Total general revenues and transfers					<u>8,972,318</u>
Change in net assets					(2,553,949)
Net assets - beginning of year					<u>73,532,117</u>
Net assets - end of year					<u>\$ 70,978,168</u>

The accompanying notes are an integral part of these statements.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**DECEMBER 31, 2010**

	<u>General Fund</u>	<u>Fire Protection District</u>	<u>Highway Fund Part-Town</u>	<u>Water Fund</u>	<u>Consolidated Sewer Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,393,509	\$ 1,744	\$ 3,692,212	\$ 4,730,761	\$ 317,082	\$ -	\$ 953,167	\$ 12,088,475
Receivables	17,492	-	-	416,370	109,795	-	100,293	643,950
Due from State government	753,248	-	400,000	-	-	-	-	1,153,248
Prepaid expenses	<u>66,787</u>	<u>-</u>	<u>18,398</u>	<u>20,817</u>	<u>-</u>	<u>-</u>	<u>2,419</u>	<u>108,421</u>
Total assets	<u>\$ 3,231,036</u>	<u>\$ 1,744</u>	<u>\$ 4,110,610</u>	<u>\$ 5,167,948</u>	<u>\$ 426,877</u>	<u>\$ -</u>	<u>\$ 1,055,879</u>	<u>\$ 13,994,094</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts payable	\$ 238,145	\$ -	\$ 77,150	\$ 146,825	\$ -	\$ -	\$ 56,112	\$ 518,232
Accrued liabilities	5	-	-	-	-	-	-	5
Bond anticipation notes	-	-	-	-	443,056	990,000	-	1,433,056
Due to other funds	-	-	-	-	-	-	80,100	80,100
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,643</u>	<u>-</u>	<u>-</u>	<u>118,643</u>
Total liabilities	<u>238,150</u>	<u>-</u>	<u>77,150</u>	<u>146,825</u>	<u>561,699</u>	<u>990,000</u>	<u>136,212</u>	<u>2,150,036</u>
<b>FUND BALANCES:</b>								
<b>Reserved -</b>								
Encumbrances	156,374	-	183,170	8,900	-	-	-	348,444
Capital reserves	1,593,413	-	1,864,568	2,671,405	-	-	-	6,129,386
<b>Unreserved -</b>								
Appropriated - ensuing fiscal year	700,000	-	585,000	100,000	51,113	-	676	1,436,789
Unappropriated	<u>543,099</u>	<u>1,744</u>	<u>1,400,722</u>	<u>2,240,818</u>	<u>(185,935)</u>	<u>(990,000)</u>	<u>918,991</u>	<u>3,929,439</u>
Total fund balances	<u>2,992,886</u>	<u>1,744</u>	<u>4,033,460</u>	<u>5,021,123</u>	<u>(134,822)</u>	<u>(990,000)</u>	<u>919,667</u>	<u>11,844,058</u>
Total liabilities and fund balances	<u>\$ 3,231,036</u>	<u>\$ 1,744</u>	<u>\$ 4,110,610</u>	<u>\$ 5,167,948</u>	<u>\$ 426,877</u>	<u>\$ -</u>	<u>\$ 1,055,879</u>	<u>\$ 13,994,094</u>

The accompanying notes are an integral part of these statements.

# TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2010

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Total fund balance - governmental funds			\$ 11,844,058
Total net assets reported for governmental activities in the statement of net assets is different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.			
	Cost of capital assets	97,228,814	
	Accumulated depreciation	<u>(35,034,143)</u>	
			62,194,671
Compensated absences are not reported in the funds under fund accounting, but are expensed in the statement of activities as the liability is incurred.			
			(56,007)
Obligations for early termination benefits are not due and payable in the current period and; therefore, are not reported as a fund liability.			
			(147,005)
Accrued interest on long-term debt is an expense in the funds when paid, but a liability in the statement of net assets when incurred.			
			(37,019)
Other postemployment benefits are not reported in the funds under fund accounting, but are a liability in the statement of net assets			
			(350,530)
Long-term debt is not due and payable in the current period and; therefore, is not reported as a fund liability.			
			<u>(2,470,000)</u>
Total net assets of governmental activities			<u>\$ 70,978,168</u>

The accompanying notes are an integral part of these statements.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Fund	Fire Protection District Fund	Highway Fund Part-Town	Water Fund	Consolidated Sewer Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total
<b>REVENUES:</b>								
Real property taxes and tax items	\$ 736,793	\$ 1,430,256	\$ -	\$ 591,845	\$ 447,336	\$ -	\$ 47,653	\$ 3,253,883
Nonproperty tax items	2,606,903	-	1,765,100	-	-	-	330,322	4,702,325
Departmental income	452,151	-	-	1,477,712	-	-	93,761	2,023,624
Intergovernmental charges	-	-	238,639	-	-	-	-	238,639
Use of money and property	80,931	-	13,416	53,376	2,023	2,936	505	153,187
Licenses and permits	108,483	-	-	-	-	-	3,425	111,908
Fines and forfeitures	208,937	-	-	-	-	-	-	208,937
Sale of property and compensation for loss	33,982	-	10,155	7,106	-	-	851	52,094
Miscellaneous	13,709	-	29,514	450	-	-	-	43,673
State aid	651,779	-	122,181	-	-	-	-	773,960
Federal aid	59,560	-	-	-	-	-	-	59,560
<b>Total revenues</b>	<b>4,953,228</b>	<b>1,430,256</b>	<b>2,179,005</b>	<b>2,130,489</b>	<b>449,359</b>	<b>2,936</b>	<b>476,517</b>	<b>11,621,790</b>
<b>EXPENDITURES:</b>								
General governmental support	2,109,876	-	-	90,580	3,477	-	130,995	2,334,928
Public safety	84,688	1,428,562	-	-	-	-	-	1,513,250
Public health	17,620	-	-	-	-	-	-	17,620
Transportation	177,453	-	2,063,115	30,048	-	-	69,532	2,340,148
Economic assistance and opportunity	53,039	-	-	-	-	-	-	53,039
Culture and recreation	1,666,736	-	-	-	-	-	149,849	1,816,585
Home and community services	787,406	-	-	1,421,614	-	-	229,567	2,438,587
Employee benefits	342,322	-	284,510	95,471	-	-	19,016	741,319
Debt service -								
Principal	622,150	-	-	106,400	340,000	-	-	1,068,550
Interest	50,540	-	-	30,200	65,553	-	-	146,293
<b>Total expenditures</b>	<b>5,911,830</b>	<b>1,428,562</b>	<b>2,347,625</b>	<b>1,774,313</b>	<b>409,030</b>	<b>-</b>	<b>598,959</b>	<b>12,470,319</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(958,602)</b>	<b>1,694</b>	<b>(168,620)</b>	<b>356,176</b>	<b>40,329</b>	<b>2,936</b>	<b>(122,442)</b>	<b>(848,529)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
BANs redeemed from appropriations	-	-	-	-	-	510,000	-	510,000
Operating transfers - in	318,882	-	-	-	-	-	-	318,882
Operating transfers - out	-	-	-	-	-	(318,882)	-	(318,882)
<b>Total other financing sources and uses</b>	<b>318,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,118</b>	<b>-</b>	<b>510,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(639,720)</b>	<b>1,694</b>	<b>(168,620)</b>	<b>356,176</b>	<b>40,329</b>	<b>194,054</b>	<b>(122,442)</b>	<b>(338,529)</b>
<b>FUND BALANCE - beginning of year</b>	<b>3,632,606</b>	<b>50</b>	<b>4,202,080</b>	<b>4,664,947</b>	<b>(175,151)</b>	<b>(1,184,054)</b>	<b>1,042,109</b>	<b>12,182,587</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 2,992,886</b>	<b>\$ 1,744</b>	<b>\$ 4,033,460</b>	<b>\$ 5,021,123</b>	<b>\$ (134,822)</b>	<b>\$ (990,000)</b>	<b>\$ 919,667</b>	<b>\$ 11,844,058</b>

The accompanying notes are an integral part of these statements.

## TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

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Net change in fund balances - governmental funds \$ (338,529)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. Also, depreciation is recorded in the statement of activities, but not as a change in fund balance of the governmental funds. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital additions	1,426,959	
Disposals	(94,380)	
Depreciation	<u>(3,804,393)</u>	(2,471,814)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 558,550

Accrued interest on bonds is an expenditure in the statement of activities of the government-wide statement, but is not reported as an expenditure in the governmental funds. 38,888

Early termination benefits is reported in the statement of activities when incurred, but is reported as an expenditure in the governmental funds when paid out of current financial resources. (147,005)

The change in accrued compensated absences is reported in the statement of activities, but does not require the use of current financial resources and, therefore, this is not reported as an expenditure in the governmental funds. (6,328)

Other post-employment benefit obligations do not require the use of current financial resources and; therefore, are not reported as expenditures in the governmental funds, but is reported as an expense in the statement of activities. (187,711)

Change in net assets of governmental activities \$ (2,553,949)

The accompanying notes are an integral part of these statements.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2010**

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	Expendable <u>Trust</u>	Agency <u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,472	\$ 643,926
Due from other funds	<u>-</u>	<u>80,100</u>
Total assets	<u>4,472</u>	<u>724,026</u>
<b>LIABILITIES</b>		
Other liabilities	<u>-</u>	<u>724,026</u>
Total liabilities	<u>-</u>	<u>724,026</u>
<b>NET ASSETS</b>	<u>\$ 4,472</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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	Expendable <u>Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ <u>1,292</u>
Total additions	<u>1,292</u>
CHANGE IN NET ASSETS	1,292
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>3,180</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,472</u>

The accompanying notes are an integral part of these statements.

# TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2010

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The management's discussion and analysis of the Town of Victor, Ontario County, New York's (the Town's) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2010. Please read it in conjunction with the Town's financial statements.

### FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the assets of the Town exceeded liabilities by \$70,978,168. Of this amount, the unrestricted portion is \$8,928,589. The balance of net assets is either restricted for specific purposes or invested in capital assets, net of related debt.
- General revenues, which include, Mortgage Tax, Non-Property Taxes, and Real Property Tax, is \$8,972,318, or 72%, of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants, and Capital Grants accounted for \$3,408,615, or 28%, of total revenues.
- The Town's governmental fund financial statements report a combined ending fund balance of \$11,844,058. Approximately \$5,366,228 of this total amount is available for spending at the Town's discretion (unreserved and undesignated fund balance).
- At the end of the current year, the unreserved, unappropriated fund balance of the General Fund was \$3,929,439.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *statement of activities* presents information showing how the Town's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the Town include highway maintenance, snow removal, general administrative support, community service, fire protection services, water services, and interest on long-term debt.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements

A *fund* is a self-balancing grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Fiduciary Funds.

- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains six major individual governmental funds; General Fund, Fire Protection District Fund, Highway Fund Part-Town, Water Fund, Consolidated Sewer District Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund. The Town has elected to report the Street Lighting Fund, Parks Trust Fund, and General Fund Part-Town as non-major funds.

The Town adopts an annual budget for the General Fund, General Fund Part-Town, Highway Fund-Part Town and Water Fund. A budgetary comparison statement has been provided for each major fund with an annually adopted budget within the basic financial statements to demonstrate compliance with the budget.

- The *Fiduciary Funds* are used to account for assets held by the Town in an agency capacity which accounts for assets held by the Town on behalf of others. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of these funds are *not*, and never will be, available to support the Town's programs.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

#### Major Features of the Town-Wide and Fund Financial Statements

<u>Features</u>	<u>Fund Financial Statements</u>		
	<u>Town-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Town	The activities of the Town are not proprietary or fiduciary, such as General administration, Highway, and Library	Instances in which the Town administers resources on behalf of someone else
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet, Statement of Revenues and Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Assets, and Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

#### Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position.

**Table 1 - Net Assets**

	<u>2010</u>	<u>2009</u>
Assets:		
Cash	\$ 12,088,475	\$ 12,772,810
Other assets	1,905,619	1,851,855
Capital assets, net	<u>62,194,671</u>	<u>64,666,485</u>
Total assets	<u>\$ 76,188,765</u>	<u>\$ 79,291,150</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 555,251	\$ 537,514
Other liabilities	1,631,804	2,551,441
Noncurrent liabilities	<u>3,023,542</u>	<u>2,670,078</u>
Total liabilities	<u>\$ 5,210,597</u>	<u>\$ 5,759,033</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 59,724,671	\$ 61,562,028
Restricted for special districts	2,324,908	2,034,215
Unrestricted	<u>8,928,589</u>	<u>9,935,874</u>
Total net assets	<u>\$ 70,978,168</u>	<u>\$ 73,532,117</u>

By far, the largest component of the Town's net assets (84%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the residents and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are restricted net asset balances for special districts by law which constitute 3% of total net assets at December 31, 2010 and 2009. The remaining balance of unrestricted net assets, which was \$8,928,589 (13%) and \$9,935,874 (14%) in 2010 and 2009, respectively, may be used to finance future operations.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Table 2 - Change in Net Assets**

	<u>2010</u>	<u>% of Total</u>	<u>2009</u>	<u>% of Total</u>
<b>Revenues:</b>				
Charges for services	\$ 2,575,095	21%	\$ 2,953,982	19%
Operating grants and contributions	743,660	6%	751,666	5%
Capital grants and contributions	89,860	1%	208,592	1%
Taxes	7,956,208	64%	7,833,504	50%
Dedicated capital assets	759,143	6%	3,410,115	22%
Other revenues	<u>256,967</u>	<u>2%</u>	<u>449,879</u>	<u>3%</u>
<b>Total revenues</b>	<u>12,380,933</u>	<u>100%</u>	<u>15,607,738</u>	<u>100%</u>
<b>Expenses:</b>				
General governmental support	2,386,067	16%	1,901,563	13%
Public safety	1,513,250	10%	1,974,340	14%
Transportation	2,058,731	14%	1,564,905	11%
Public health	17,620	-%	-	-%
Economic assistance and opportunity	53,039	-%	137,247	1%
Culture and recreation	1,715,518	12%	1,587,137	11%
Home and community services	2,343,501	15%	2,673,177	18%
Employee benefits	935,358	6%	624,729	4%
Depreciation	3,804,393	26%	3,828,031	26%
Interest on long-term debt	<u>107,405</u>	<u>1%</u>	<u>224,154</u>	<u>2%</u>
<b>Total expenses</b>	<u>14,934,882</u>	<u>100%</u>	<u>14,515,283</u>	<u>100%</u>
<b>Change in net assets</b>	<u>(2,553,949)</u>		<u>1,092,455</u>	
Net assets - beginning of year, as previously reported	73,532,117		71,894,108	
Prior period adjustments	<u>-</u>		<u>545,554</u>	
Net assets - beginning of year, as restated	<u>73,532,117</u>		<u>72,439,662</u>	
Net assets - end of year	<u>\$ 70,978,168</u>		<u>\$ 73,532,117</u>	

The Town relies upon taxes, charges for services, operating grants, and capital grants as their primary revenue sources. Expenses are evenly distributed dependent on the Town's services.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and amounts to be applied against next year's fund balance.

As of the end of the current year, the Town's combined governmental fund balances are \$11,844,058. Of the total combined fund balances, \$1,436,789 has been designated for subsequent year's expenditures. \$3,929,439 is primarily for providing cash and for future spending needs.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was \$2,992,886, of which \$543,099 was unreserved and unappropriated. The fund balance for the Town's General Fund decreased by 18% in 2010, as a function of the Town's operating activities.

### Budgetary Highlights

The key budget variances for the major funds are listed below.

<u>Revenue Items</u>	<u>Budget Variance</u>	<u>Explanation for Budget Variance</u>
General Fund-State Aid	\$ (310,281)	Auburn Trail work was not done as budgeted due to delays in project development and approvals. Therefore, a reduction in state aid occurred.
General Fund-Transfers in	\$ 318,882	The transfer from the capital fund for closing out the Town Hall project resulted in transfers to the General Fund.

<u>Expense Items</u>	<u>Budget Variance</u>	<u>Explanation for Budget Variance</u>
General Fund-Debt Service	\$ (409,932)	The General Fund repaid the Capital Fund bond anticipation note using surplus cash from the Town Hall project.
General Fund-General Government	\$ 433,354	Contingency funds were ultimately not needed by the Town. Data processing projects were not done until 2011 and some were done in house for a lower cost.
Water Fund-General Government	\$ 132,270	Contingency funding was not needed, and the portion of unallocated insurance was less than anticipated.
Water Fund-Home and community services	\$ 156,010	Expected equipment was not purchased.
Highway Fund – Part Town - Transportation	\$ 203,031	Milder winter season, therefore less costs related to snow and ice removal.
Highway Fund – Part Town - Transfers in	\$ (209,000)	Transfer from reserves for equipment was not needed.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

### Capital Assets

Capital assets, net of accumulated depreciation, are reflected below:

<u>Class</u>	<u>2010</u>	<u>2009</u>
Land	\$ 2,453,349	\$ 2,453,349
Work in progress	781,296	680,229
Infrastructure	51,656,835	54,017,453
Buildings and improvements	5,126,347	5,310,481
Machinery and equipment	<u>2,176,844</u>	<u>2,204,973</u>
Total capital assets, net of accumulated depreciation	<u>\$ 62,194,671</u>	<u>\$ 64,666,485</u>

More detailed information about the Town's capital assets is presented in the notes to the financial statements.

### Long-Term Liabilities

At December 31, 2010, the Town's had general obligation and other long-term debt outstanding, was as follows:

	<u>2010</u>	<u>2009</u>
Revolving fund revenue bonds	\$ 1,600,000	\$ 1,940,000
Serial bonds	870,000	1,088,550
Other postemployment benefits	350,530	162,819
Early termination benefits	147,005	-
Compensated absences	<u>56,007</u>	<u>49,679</u>
Total	<u>\$ 3,023,542</u>	<u>\$ 3,241,048</u>

The amount of principal paid on outstanding debt was \$558,550 in 2010 and \$564,815 in 2009. More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

## FACTORS BEARING ON THE TOWN'S FUTURE

In 2010 and 2009, the Town continued to develop the Victor Municipal Park and Auburn Trail Extension projects in accordance with the master plans and budgets for those capital improvement projects. The second phase of development of Victor Municipal Park was completed in 2010 and the park was opened for operation. The Town anticipates completing a third phase of construction on Victor Municipal Park in 2011 to include a lodge / restroom facility. This project is to be funded through the Parks Trust Fund.

In 2010, the Town completed the public input, Environmental Assessment, SEQRA and NEPA processes for the Auburn Trail Extension project. This is funded by the Federal Highway Administration / New York State Department of Transportation's Transportation Enhancements Program (70% federal / 30% local matching program). The Town began construction on the project in early 2011 and it is anticipated that construction will continue through 2013.

The Town is also intending to continue working on the following projects: the Victor Crossing's Retail and Office Mall, High Point Office Park, Lehigh Crossing Industrial Park and Wyndham Greene Subdivision.

## **FACTORS BEARING ON THE TOWN'S FUTURE (Continued)**

Eastview Mall continues to be a destination shopping area for Western N.Y.

As a suburb of Rochester, the Town has had the greatest growth since 2000, where the 2010 census shows the population grew about 43 percent. This growth is also affecting the Victor Central School District, where officials expect enrollment to grow from about 4,200 today to about 4,900 by 2019. The Town is continuing its work on its comprehensive strategic plan to deal with this growth and hopes to have it completed by 2011.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Town of Victor  
85 East Main Street  
Victor, New York 14564  
(585)742-5022  
Attn: Jack Marren, Supervisor

# TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Victor, Ontario County, New York (the Town) are prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

#### **Financial Reporting Entity**

The Town is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town Council, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The Supervisor is elected to serve a two-year term. The Councilpersons are elected to serve four-year terms with two Councilpersons on the ballot every two years.

The Town provides the following basic services to all or some residents of the Town: street lighting, water, environmental services (zoning, planning, etc.), debris removal, snowplowing, street repair, fire protection, recreation facilities, and public safety.

The financial reporting entity consists of (a) the primary government which is the Town and (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 as set forth in generally accepted accounting principles.

All governmental activities and functions performed by the Town are its direct responsibility; no other governmental organizations have been included or excluded from the reporting entity.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth by the GASB including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town's reporting entity.

#### **A. Excluded From the Reporting Entity**

Although the following organizations, functions or activities are related to the Town they are not included in the Town reporting entity because of the reasons noted:

1. The Victor Free Library Association was established in 1939, and in 1951, was granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. In 2010, the Town contributed \$293,500 to the Library or approximately 71% of the Library's total receipts. However, line item control over the Library budget rests exclusively with the Library Board of Trustees. The Library also maintains its own set of accounts, including payroll, and files a separate annual financial report with New York State. In addition, the Library Board of Trustees is wholly exclusive of the Town, and the right to appoint Trustees when vacancies occur rests with the Library Board.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **A. Excluded From the Reporting Entity (Continued)**

2. The Victor Local Development Corporation (LDC) was established in 2000, as an Internal Revenue Service (IRS) Section 501c(4) not-for-profit entity, to stimulate economic development activities that encourage small business investment in the Village and Town of Victor, New York, emphasizing and focusing on the goal of revitalization in the downtown commercial district. Increasing employment opportunities, retaining jobs, attracting new businesses, encouraging existing businesses to expand, and increasing the tax base are key objectives of the LDC. The Town and the Village of Victor each contribute approximately 50% of the budget for the LDC, and the Board of Directors of the LDC has sole responsibility for management of the LDC and full accountability for fiscal matters.

### **B. Basis of Presentation**

#### **1. Government-Wide Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Town's services are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, and investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes, and agency). Since by definition these assets are being held for the benefit of a third party and can not be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

The Town does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Town's special district funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of services provided (finance, personnel, purchasing, legal, technology, management, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Basis of Presentation (Continued)

#### 2. Fund Financial Statements

The emphasis in fund financial statements is on the major fund in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. Generally accepted accounting principles sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in one column in the fund financial statements.

- a. **Governmental Funds** - Governmental funds are those major and non-major funds 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 measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town's governmental fund types:

##### 1. Major Governmental Funds:

- **General Fund** - the Town uses the general fund to account for the financial resources related to the general town-wide activities within the Village of Victor (the Village) and the activities associated solely with the portion of the Town which lies outside the Village.

The General Fund is the primary operating fund of the Town. It includes all revenues and expenditures not required by law to be accounted for in other funds.

- **Fire Protection Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide fire protection services to areas throughout the Town.
- **Highway Fund Part-Town** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide highway services to areas throughout the Town.
- **Water Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide water transmission.
- **Consolidated Sewer District Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide sewer services.
- **Capital Project Fund** - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Basis of Presentation (Continued)

#### 2. Fund Financial Statements (Continued)

##### a. Governmental Funds (Continued)

#### 2. Non-Major Governmental Funds

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds. The following are reported as non-major other governmental funds:

- **Special Revenue Funds** - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Town. The following are non-major special revenue funds utilized by the Town:
  - Street Lighting Fund
  - Parks Trust Fund
  - General Fund Part-Town

#### 3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity.

- **Agency Fund** - is custodial in nature and does not present results of operations or have measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.
- **Private Purpose Trust Funds** - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

### C. Basis of Accounting/Measurement Focus

#### 1. Accrual

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Basis of Accounting/Measurement Focus (Continued)**

#### **2. Modified Accrual**

The government fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the year.

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.

### **D. Real Property Taxes**

Real property taxes are levied January 1 and collected by the Receiver of taxes without interest through January 31, and through March 31 with interest and penalties. Taxes for County purposes are levied together with taxes for town and special district purposes on a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Uncollected taxes at April 1 are turned over to Ontario County for collection. At year-end, all Town and special district taxes had been collected.

### **E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

### **F. Cash and Cash Equivalents**

The Town's cash and cash equivalents consist of cash on hand and demand deposits.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

### H. Due To/From Other Funds

The amounts reported on the Governmental Funds Balance Sheet for due to and from other funds represents amounts due between different fund types (i.e. general, highway, and non-major funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

### I. Inventories and Prepaid Items

Inventory purchases in the General and Special Revenue Funds are recorded as expenditures at the time of purchase and year-end balances are not maintained.

Prepaid items represent payments made by the Town for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the statement of net assets or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or service are consumed.

### J. Capital Assets - Property, Plant and Equipment

#### 1. Governmental Funds

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded at fair market value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	15 - 20 years
Machinery and equipment	5 - 15 years
Infrastructure:	
Sanitary sewer system	30 years
Improvements; parking lots, roads, sidewalks, curbing	5 - 10 years
Gutters	30 years

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **K. Compensated Absences**

Town employees are granted vacation leave and earn compensated absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and unused compensated absences at various rates subject to certain maximum limitations.

### **L. Postemployment Benefits**

The Town provides postemployment health insurance coverage to its retired employees and their survivors. Substantially all employees may become eligible for these benefits when they reach eligible retirement age and have worked 20 years for the Town. The amount paid for the year ended December 31, 2010, on behalf of 17 retirees totaled approximately \$34,000. In addition, the Town made no provision for recognizing the cost of postemployment benefits which may eventually be paid to employees who have not yet retired, on the governmental funds statements. On the government-wide statements, these amounts attributable to past service have been recorded as a liability.

### **M. Deferred Revenue**

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

### **N. Short-Term Debt**

The Town may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **O. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Assets.

### **P. Encumbrances**

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

### **Q. Interfund Transactions**

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with certain interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financial or other services.

### **R. Fund Equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### S. Equity Classifications

#### 1. Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. **Invested in capital assets, net of related debt** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted net assets** - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of an other government; or (2) law through constitutional provisions or enable legislation.
- c. **Unrestricted net assets** - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

#### 2. Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

## 2. STEWARDSHIP

### Capital Projects Fund and Consolidated Sewer Fund

The deficit of the Capital Projects Fund and the Consolidated Sewer Fund were \$(990,000) and \$(134,822) in 2010, respectively. These deficits result from the recognition of Bond Anticipation Notes (BAN) payable of \$990,000 and \$443,056, respectively. Modified accrual accounting in the fund level requires the recording of the full amount of the BAN at the time the bond was issued, while the revenue for the fund is recognized each year as it becomes measurable and available. It is expected that the deficit will decrease to zero in 2012 when the BANs are converted into long-term bonds.

**2. STEWARDSHIP (Continued)**

**A. Budgetary Data**

**1. Budget Policies** - The budget policies are as follows:

- a. No later than September 30, the budget officer submits a tentative budget to the Town clerk for submission to the Town Board for the year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, The Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. (However, the Supervisor is authorized to transfer certain budgeted amounts within departments).
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

**2. Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary comparison schedules are presented in the financial statements.

**Budget/GAAP Reconciliation**

The Town reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the fund balances computed on GAAP basis and budgetary basis:

General Fund:	
GAAP basis fund balance at December 31, 2010	\$ 2,992,886
Less: Outstanding encumbrances	<u>(156,374)</u>
Budgetary basis fund balance at December 31, 2010	<u>\$ 2,836,512</u>
Highway Fund - Part-Town:	
GAAP basis fund balance at December 31, 2010	\$ 4,033,460
Less: Outstanding encumbrances	<u>(183,170)</u>
Budgetary basis fund balance at December 31, 2010	<u>\$ 3,850,290</u>
Water Fund:	
GAAP basis fund balance at December 31, 2010	\$ 5,021,123
Less: Outstanding encumbrances	<u>(8,900)</u>
Budgetary basis fund balance at December 31, 2010	<u>\$ 5,012,223</u>

No adjustments are necessary to convert the Highway Fund Part-Town's and the General Fund Part-Town's fund balances on the GAAP basis to the budgetary basis.

**2. STEWARDSHIP (Continued)**

**A. Budgetary Data (Continued)**

**3. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

**3. DEPOSITS**

**Primary Government, Including Fiduciary Funds**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities. At year-end, demand deposits and certificates of deposit for the Town were entirely covered by FDIC insurance or collateral held by trust companies located within the State.

The Town's aggregate bank balances were insured and collateralized as follows:

<u>Description</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 12,195,936	\$ 12,088,475
Fiduciary funds	<u>669,144</u>	<u>648,398</u>
Cash and cash equivalents	<u>\$ 12,865,080</u>	<u>\$ 12,736,873</u>
Category 1: Covered by FDIC insurance	\$ 890,449	
Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	<u>12,222,804</u>	
	<u>\$ 13,113,253</u>	

#### 4. RECEIVABLES

Receivables at December 31, 2010 for individual major and non-major funds consisted of the following which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Highway Fund Part-Town</u>	<u>Consolidated Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Receivables:						
Franchise fees	\$ -	\$ 100,293	\$ -	\$ -	\$ -	\$ 100,293
Sewer rents	-	-	-	109,795	-	109,795
Fines and forfeitures	17,492	-	-	-	-	17,492
2010 water re-levy	-	-	-	-	111,122	111,122
4 <sup>th</sup> quarter water billings	-	-	-	-	305,248	305,248
Total	<u>\$ 17,492</u>	<u>\$ 100,293</u>	<u>\$ -</u>	<u>\$ 109,795</u>	<u>\$ 416,370</u>	<u>\$ 643,950</u>
Due from other governments	<u>\$ 753,248</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,248</u>

## 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 1/01/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance 12/31/10</u>
Capital assets not being depreciated:					
Land	\$ 2,453,349	\$ -	\$ -	\$ -	\$ 2,453,349
Work in progress	<u>680,229</u>	<u>101,067</u>	<u>-</u>	<u>-</u>	<u>781,296</u>
Total capital assets not being depreciated	<u>3,133,578</u>	<u>101,067</u>	<u>-</u>	<u>-</u>	<u>3,234,645</u>
Depreciable capital assets:					
Buildings and improvements	10,892,594	15,013	-	-	10,907,607
Machinery and equipment	4,430,258	375,797	-	-	4,806,055
Infrastructure	<u>77,439,805</u>	<u>935,082</u>	<u>(94,380)</u>	<u>-</u>	<u>78,280,507</u>
Total depreciable capital assets	<u>92,762,657</u>	<u>1,325,892</u>	<u>(94,380)</u>	<u>-</u>	<u>93,994,169</u>
Less: Accumulated depreciation:					
Buildings and improvements	(5,582,113)	(199,147)	-	-	(5,781,260)
Machinery and equipment	(2,225,285)	(403,926)	-	-	(2,629,211)
Infrastructure	<u>(23,422,352)</u>	<u>(3,201,320)</u>	<u>-</u>	<u>-</u>	<u>(26,623,672)</u>
Total accumulated depreciation for depreciable capital assets, net	<u>(31,229,750)</u>	<u>(3,804,393)</u>	<u>-</u>	<u>-</u>	<u>(35,034,143)</u>
Total depreciable assets, net	<u>61,532,907</u>	<u>(2,478,501)</u>	<u>(94,380)</u>	<u>-</u>	<u>58,960,026</u>
Governmental activities capital assets, net	<u>\$ 64,666,485</u>	<u>(2,377,434)</u>	<u>\$ (94,380)</u>	<u>\$ -</u>	<u>\$ 62,194,671</u>

## 6. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund receivables, payables, revenues and expenditures at December 31, 2010 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General fund	\$ -	\$ -	\$ 318,882	\$ -
Agency Fund	80,100	-	-	-
Nonmajor governmental	-	80,100	-	-
Capital projects	-	-	-	<u>318,882</u>
Total	<u>\$ 80,100</u>	<u>\$ 80,100</u>	<u>\$ 318,882</u>	<u>\$ 318,882</u>

Interfund transactions between governmental activities are eliminated on the Statement of Net Assets. The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

## 7. PENSION PLANS

### Plan Description

The Town 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the system. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the system and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building Albany, NY 12244.

### Funding Policy

The System is noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund.

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

## 7. PENSION PLANS (Continued)

### Funding Policy (Continued)

	<u>ERS</u>
2010	\$ 286,890
2009	\$ 175,418
2008	\$ 201,659

The Town's contributions made to the System were equal to 100 percent of the contributions required for each year.

## 8. OTHER POSTEMPLOYMENT HEALTH BENEFITS

### Plan Description

The Town provides certain health care benefits for retired employees. The Town administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB).

In general, the Town provides health care benefits for those retired personnel who have reached retirement age with at least 20 years of full-time employment. The Retirement Plan can be amended by action of the Town subject to applicable collective bargaining and employment agreements. There were 17 retired employees eligible to receive benefits at December 31, 2010. The Retirement Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

### Funding Policy

The obligations of the Retirement Plan are established by action of the Town pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 60%, depending on the age of the employee. The Town will pay its portion of the premium for the retiree and spouse for their lifetimes. The costs of administering the Retirement Plan are paid by the Town. The Town currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2010 was approximately \$34,000.

### Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the Town's net OPEB obligation:

Annual required contribution	\$ 221,454
Interest on net OPEB obligation	7,327
Adjustment to ARC	<u>(6,738)</u>
Annual OPEB cost	222,043
Contributions made	<u>(34,332)</u>
Increase in net OPEB obligation	187,711
Net OPEB obligation - beginning of year	<u>162,819</u>
Net OPEB obligation - end of year	<u>\$ 350,530</u>

## 8. OTHER POSTEMPLOYMENT HEALTH BENEFITS (Continued)

### Trend Information

The following table provides trend information for the Retirement Plan:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 222,043	\$ 34,332	15.46%	\$ 350,530
2009	\$ 109,122	\$ 28,079	25.73%	\$ 162,819
2008	\$ 109,122	\$ 27,346	25.06%	\$ 81,776

### Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

### Schedule of Funding Progress for the Town's Plan

<u>Actuarial Valuation Date</u>	<u>Year Ended</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a% of Covered Payroll (b-a)/(c)</u>
4/27/2010	12/31/10	\$ -	\$ 1,923,307	\$ 1,923,307	0.0%	\$ 2,880,691	66.8%
1/1/2007	12/31/09	\$ -	\$ 944,427	\$ 944,427	0.0%	\$ 2,758,951	34.2%
1/1/2007	12/31/08	\$ -	\$ 944,427	\$ 944,427	0.0%	\$ 2,901,755	32.5%

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 27, 2010 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Entry Age Normal Method
Discount rate*	4.5%
Medical care cost trend rate	4.3% initially. The rate changes each year to an ultimate rate of 5.0% in 2019.
Dental care cost trend rate	Dental care costs are assumed to increase 4.2% each year.
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

\* As the plan is unfunded, the assumed discount rate considers that the Town's investment assets are low risk in nature, such as money market funds or certificates of deposit.

**9. SHORT-TERM DEBT**

Short-term debt provides financing for governmental activities. In 2008, the Town issued a Bond Anticipation Note (BAN) in the amount of \$1,500,000 with an original maturity date of September 24, 2009 bearing interest at 1.64%. This debt was issued to finance the construction of the Town Hall building. In 2009, the Town amended the agreement for an updated maturity date of September 24, 2010. In 2010, this was subsequently reissued in the amount of \$990,000, with a maturity date of January 14, 2011 at a rate of 0.93%.

In January 2009, another BAN was issued in the amount of \$443,056 bearing interest at 2.75% that matures January 15, 2010. This debt was issued to finance a sewer improvement system with the Town of Farmington. In 2010, the Town amended the agreement for an updated maturity date of January 14, 2011, at a rate of 2.48%.

The following is a summary of changes in short-term debt for the year ended December 31, 2010:

Balance, January 1, 2010	\$ 1,943,056
Increases	990,000
Decreases	<u>(1,500,000)</u>
Balance, December 31, 2010	<u>\$ 1,433,056</u>

The following shows the maturity of the BANs:

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding 12/31/10</u>	<u>Final Maturity</u>
Town Hall construction	2008	0.93%	\$ 990,000	2011
Sewer improvement system	2009	2.48%	\$ 443,056	2011

**10. LONG-TERM DEBT OBLIGATIONS**

At December 31, 2010 the total outstanding long-term obligations of the Town aggregated \$2,876,537.

**Serial Bonds**

The Town borrows money in order to acquire land, high cost equipment, or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the Town. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidations of the long-term liabilities.

**Environmental Facilities Corporation/Revolving Fund Revenue Bonds**

The Town has borrowed money from the Environmental Facilities Corp. for water pollution control in the Town.

## 10. LONG-TERM DEBT OBLIGATIONS (Continued)

### Other Long-Term Debt

In addition to the above long-term debt the Town had the following non-current liabilities:

- **Compensated absences** - represents the value earned and unused portion of the liability for compensated absences.
- **Other postemployment benefits** - represents the cost of health care benefits provided to retirees.
- **Early termination benefits** - represents benefits to be paid under the NYS Early Retirement incentive program.

Long-term debt obligation balances and activity for the year are summarized below:

<u>Governmental Activities</u>	<u>Balance</u> <u>01/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/10</u>	<u>Classified as</u>	
					<u>Current</u>	<u>Non-Current</u>
Revolving fund revenue bonds	\$ 1,940,000	\$ -	\$ 340,000	\$ 1,600,000	\$ 345,000	\$ 1,255,000
Serial bonds	1,088,550	-	218,550	870,000	210,000	660,000
Other postemployment benefits	162,819	222,043	34,332	350,530	-	350,530
Early termination benefits	-	147,005	-	147,005	-	147,005
Compensated absences	<u>49,679</u>	<u>6,328</u>	<u>-</u>	<u>56,007</u>	<u>14,002</u>	<u>42,005</u>
Total obligations	<u>\$ 3,241,048</u>	<u>\$ 228,371</u>	<u>\$ 592,882</u>	<u>\$ 2,876,537</u>	<u>\$ 569,002</u>	<u>\$ 2,454,540</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The following is a statement of bonds with corresponding maturity schedules:

<u>Purpose</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>12/31/10</u>	<u>Final Maturity</u>
Serial Bonds:				
Public improvement	1998	4.625 - 4.800	\$ 420,000	2017
Public improvement	1992	6.15	325,000	2013
Public improvement	1996	4.70 - 5.20	125,000	2015
Transmission main and tank	1996	5.00	-	2010
Revolving Fund Revenue Bonds:				
State water pollution control	2005D	Various*	870,000	2014
State water pollution control	2002L	Various*	520,000	2015
State water pollution control	1996C	Various*	<u>210,000</u>	2017
Total			<u>\$ 2,470,000</u>	

\* This interest is subsidized by the Environmental Facilities Corporation through the State Revolving Fund by approximately one half of total interest paid.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 146,293
Plus: Interest accrued in the current year	37,019
Less: Interest accrued in the prior year	<u>(75,907)</u>
Total interest expense	<u>\$ 107,405</u>

## 10. LONG-TERM DEBT OBLIGATIONS (Continued)

### Other Long-Term Debt (Continued)

The following table summarizes the Town's future debt service requirements as of December 31, 2009:

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2011	\$ 555,000	\$ 96,789
2012	535,000	74,827
2013	540,000	53,828
2014	440,000	32,224
2015	220,000	16,349
2016 - 2017	<u>180,000</u>	<u>12,180</u>
Total	<u>\$ 2,470,000</u>	<u>\$ 286,197</u>

In prior years, the Town defeased certain obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. \$1,390,000 of bonds outstanding are considered defeased.

### Taxable Increment Bonds

Taxable Increment (Limited Obligation) Bonds were issued in 1994 by the Town on behalf of the Great Eastern Mall in the amount of \$8,000,000, of which \$2,925,000 was a term bond at 9.05% with a final maturity of May 1, 2008, and \$5,075,000 is a term bond at 9.20% with a final maturity of May 1, 2014. The proceeds of these bonds were used to finance acquisition of the mall, for the Town improvements, and for mall expansion. Because the Town is only liable to the extent of lease payments received from the mall, and has no obligation beyond those lease payments received, the debt is not included as a liability in these financial statements. Rather, the Town records the transactions related to the tax increment bonds in the Agency fund. During 2010, the Town collected lease payments and made debt principal and interest payments in the amount of \$1,101,080. As of December 31, 2010, the balance due on the bonds was \$3,675,000.

## 11. EARLY TERMINATION BENEFITS

During 2010, the Town approved a one-time early retirement incentive plan, known as the 2010-2011 Retirement Incentive Program (the Program), for all employees. This Program was initiated by the System and has two different incentive programs, Part A and Part B. To be eligible for Part A under the Program, employees were required to have 10 years of service with the Authority and be at least 50 years of age or employees must be at least 55 years of age and have five or more years of service as of the date of retirement. To be eligible for Part B of the Program, employees must be Tier 2, 3, or 4 and must be at least 55 years of age and have 25 or more years of service credit. The Town did not approve Part B of the Program. For Part A of the Program, an employee also must have been in active service from February 1, 2010 until the commencement of the open period on October 1, 2010. Eligible employees under both Part A of the Program were required to retire by December 29, 2010.

Employees taking advantage of Part A of the Program received approximately one month of additional service credit for each year of service, up to a maximum of three additional years of service credit.

**11. EARLY TERMINATION BENEFITS (Continued)**

During the year ended December 31, 2010, three employees elected early retirement under the Program. The estimated present value of the benefits provided to the retirees under the Program is reported as a liability to the Town of approximately \$147,000 and is included in the long-term obligations portion in the statement of net assets at December 31, 2010. The Town intends to fund the Program as through a five-year payment amortization beginning February 1, 2012.

**12. NET ASSETS**

**A. Net Assets - Restricted**

The following table shows the net assets restricted for special districts as shown on the Statement of Net Assets:

<u>Year</u>	<u>Restricted By</u>	<u>Amount</u>
General fund part-town	Law	\$ 213,541
Consolidated sewer	Law	(134,822)
Fire protection	Law	1,744
Consolidated lighting	Law	3,627
Water fund	Law	<u>2,240,818</u>
Total restricted net assets for special districts		<u>\$ 2,324,908</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first.

**13. FUND EQUITY - RESERVED**

**A. Capital Reserves**

As provided in General Municipal Law Section 6, the Town has established Capital Reserves at December 31, 2010 as follows:

	<u>Balance</u> <u>12/31/10</u>
General fund:	
Building/land reserve	\$ 1,577,940
Software reserve	<u>15,473</u>
Total general fund	<u>1,593,413</u>
Highway fund part-town:	
Road improvement reserve	1,154,522
Highway equipment reserve	<u>710,046</u>
Total highway fund part-town	<u>1,864,568</u>
Water Fund:	
Install/replace infrastructure	<u>2,671,405</u>
Total capital reserve	<u>\$ 6,129,386</u>

## **14. DEFERRED COMPENSATION PLAN**

Employees of the Town may elect to participate in the Public Employees Benefits Services Corporation Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. As of December 31, 2010, the market value of the assets of the Plan totaled \$1,809,145.

Employees contribute to the Plan through voluntary salary deductions. Participation in the Plan is voluntary and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent firm which is responsible for administering the fund's investments and record keeping.

## **15. OTHER INFORMATION**

### **A. Risk Management**

#### **1. Workers' Compensation**

The Town, together with Ontario County, sixteen (16) towns, eight (8) villages, and two (2) cities have joined together to self-insure for workers' compensation coverage which is maintained and administered by Ontario County. Ontario County also utilizes a third party administrator who is responsible for processing claims, estimating liabilities, and providing actuarial services. The Plan, which was approved in 1956, states participants are charged an annual assessment on the basis of their five year experience (60%), exposure (20%) and assessed value (20%). The pool does not take into consideration estimated investment income when determining if premium deficiencies exist. Effective January 1, 1999, Ontario County has excess insurance coverage in the amount of \$300,000 per occurrence with coverage to full statutory limits. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The Plan as of December 31, 2010 is fully funded.

For the year ended December 31, 2010, the Town was assessed and paid Workers' Compensation fees of \$102,040.

### **B. Commitments and Contingencies**

#### **1. Commitments**

The Town participates in a number of federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

#### **2. Litigation**

There are tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims are undeterminable at this time.

**16. OPERATING LEASES**

The Town entered into a lease agreement with Blossom Properties, LLC to rent a 12,572 square foot space for the Parks and Recreation Department. The term of this lease is July 1, 2006 and terminates June 30, 2011. The Town also pays as additional rent those costs, expenses, taxes, assessments, and insurance premiums set forth in the lease agreement. Additional rent is paid monthly on top of the base rent. Subsequent to year-end, the Town renewed this lease agreement for an additional year through June 30, 2012 under the same terms and conditions as the original lease.

The Town renewed its lease agreement with DiFelice Development, Inc. to rent a 7,600 square foot space for the Town Courts at 11 Framark Drive in the Village of Victor. The term of this lease was September 1, 2009 through August 31, 2011. Subsequent to year-end, the Town entered into a new five-year agreement through August 31, 2016.

The estimated future base rent payments, under the original lease agreements, are as follows for the year ended:

2011	\$	173,928
2012	\$	124,464
2013	\$	75,000
2014	\$	75,000
2015	\$	75,000
2016r	\$	75,000

**17. RENTAL OF TOWN PROPERTY**

The Town has entered into multiple lease agreements for the placement of cellular towers on Town property. The agreements expire during the years 2011 or 2014 and have various terms. The total rental income received and accrued for the year ended December 31, 2010 totaled approximately \$111,000. All leases have an option to renew after five years. The future minimum amounts expected from these agreements are:

2011	\$	111,439
2012	\$	16,851
2013	\$	17,032
2014	\$	17,219

**18. INTER-MUNICIPAL AGREEMENTS**

**Village Water Transmission Fees**

In 2001, the Town entered into an agreement with the Village of Victor (the Village) whereby the Village agreed to pay a transmission fee of 15% of the base billing by the Monroe County Water Authority (the Authority) for all water received from the Authority passing through water lines owned and operated by the Town. The agreement expired in 2006. As of December 31, 2010, the contract still has not been renewed; however, the Town has received payments at the 15% rate during 2010 totaling \$19,540.

## **18. INTER-MUNICIPAL AGREEMENTS (Continued)**

### **Town of Farmington Sewer Management and Billing/Service Contract**

The Town executed a management and billing/service agreement with the Town of Farmington on December 14, 2005. The agreement states that the Town of Farmington will provide operation, maintenance, accounting, billing, and overall management services to the Town's Sewer Districts. Any operational and/or maintenance, repair or replacement to the existing Victor Sanitary Sewer System which exceeds a cost of \$10,000 shall be considered a capital expense. The Town must share any capital expenses for repair and replacements made to the Town's sewer system. The management and billing/service agreement cannot be cancelled and has a term of 25 years.

### **Village of Victor Sewer Contract Agreement**

The Town executed a Sewer Contract Agreement with the Village on April 27, 2004. The agreement states that the Village of Victor will provide wastewater treatment service to specified areas of the Town. The Village bills all Town properties connected to the Village sewer system for sewer rents, connection, inspection, and any review charges. The agreement pertains to maintenance and operations only. Any capital replacement or reconstruction costs of sewer system components in the Town will be borne by the Town.

## **19. JOINT VENTURE - BOUGHTON PARK**

The Towns of East Bloomfield, New York, West Bloomfield, New York, and Victor, New York entered into a municipal cooperation agreement to jointly establish and operate the Joint Boughton Park (the Park). The towns jointly share the costs of operation and maintenance on the basis of each Town's full equalized value to the combined total full value. The Town contributes approximately 72% of these costs. The management of the Park is overseen by the Joint Boughton Park Commission which consists of nine members appointed by the respective Town Boards. One member of the Commission serves as the Treasurer. The Commission maintains its own accounting records and reports. Financial statements for the Park are on file at the Town of East Bloomfield, 99 Main Street, East Bloomfield, New York.

## **20. SUBSEQUENT EVENTS**

On January 14, 2011 the Town issued a BAN, in the amount of \$1,390,000 which matures on June 23, 2011, with an interest rate of 0.92%.

On February 11, 2011, the New York State Environmental Facilities Corporation refinanced the Town's Series 1996C revenue bond. This refinancing will save the Town approximately \$11,000 over the life of the bond.

## **21. IMPACT OF FUTURE GASB PRONOUNCEMENTS**

### **Fund Balance Classification**

In March 2009, the GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions.*" This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Town is required to adopt the provisions of Statement No. 54 for the year ending December 31, 2011. The Town's management has not yet assessed the impact of this statement on its future financial statements.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	GENERAL FUND			
	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES:</b>				
Real property taxes and tax items	\$ 783,965	\$ 783,965	\$ 736,793	\$ (47,172)
Nonproperty tax items	2,809,000	2,809,000	2,606,903	(202,097)
Departmental income	593,200	593,200	452,151	(141,049)
Use of money and property	150,000	150,000	80,931	(69,069)
Licenses and permits	110,040	110,040	108,483	(1,557)
Fines and forfeitures	320,000	320,000	208,937	(111,063)
Sale of property and compensation for loss	33,750	33,750	33,982	232
Miscellaneous	123,700	123,700	13,709	(109,991)
State aid	962,060	962,060	651,779	(310,281)
Federal aid	-	-	59,560	59,560
<b>Total revenues</b>	<u>5,885,715</u>	<u>5,885,715</u>	<u>4,953,228</u>	<u>(932,487)</u>
<b>EXPENDITURES:</b>				
General governmental support	2,326,903	2,547,230	2,113,876	433,354
Public safety	112,077	112,077	92,902	19,175
Public health	17,500	17,500	17,620	(120)
Transportation	260,252	260,252	224,899	35,353
Economic assistance and opportunity	71,890	71,890	53,039	18,851
Culture and recreation	2,176,382	1,949,882	1,747,726	202,156
Home and community services	857,099	850,272	803,130	47,142
Employee benefits	375,415	388,415	342,322	46,093
Debt service	262,758	262,758	672,690	(409,932)
<b>Total expenditures</b>	<u>6,460,276</u>	<u>6,460,276</u>	<u>6,068,204</u>	<u>392,072</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(574,561)</u>	<u>(574,561)</u>	<u>(1,114,976)</u>	<u>(540,415)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers - in	-	-	318,882	318,882
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>318,882</u>	<u>318,882</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(574,561)</u>	<u>(574,561)</u>	<u>(796,094)</u>	<u>(221,533)</u>
<b>FUND BALANCE - beginning of year</b>	<u>3,632,606</u>	<u>3,632,606</u>	<u>3,632,606</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 3,058,045</u>	<u>\$ 3,058,045</u>	<u>\$ 2,836,512</u>	<u>\$ (221,533)</u>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND - PART-TOWN  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	GENERAL FUND - PART-TOWN			
	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES:</b>				
Nonproperty tax items	\$ 305,900	\$ 305,900	\$ 330,322	\$ 24,422
Departmental income	89,350	89,350	85,748	(3,602)
Licenses and permits	1,500	1,500	3,425	1,925
Use of money and property	10,000	10,000	505	(9,495)
Sale of property and compensation for loss	<u>660</u>	<u>660</u>	<u>851</u>	<u>191</u>
Total revenues	<u>407,410</u>	<u>407,410</u>	<u>420,851</u>	<u>13,441</u>
<b>EXPENDITURES:</b>				
General governmental support	135,100	135,244	130,995	4,249
Public health	800	390	-	390
Transportation	15,200	18,090	18,264	(174)
Home and community services	232,949	233,756	229,567	4,189
Employee benefits	<u>24,504</u>	<u>21,073</u>	<u>19,016</u>	<u>2,057</u>
Total expenditures	<u>408,553</u>	<u>408,553</u>	<u>397,842</u>	<u>10,711</u>
CHANGE IN FUND BALANCE	(1,143)	(1,143)	23,009	24,152
FUND BALANCE - beginning of year	<u>208,532</u>	<u>208,532</u>	<u>208,532</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 207,389</u>	<u>\$ 207,389</u>	<u>\$ 231,541</u>	<u>\$ 24,152</u>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - HIGHWAY FUND-PART-TOWN  
FOR THE YEAR ENDED DECEMBER 31, 2010**

HIGHWAY FUND - PART-TOWN

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Nonproperty tax items	\$ 1,765,100	\$ 1,765,100	\$ 1,765,100	\$ -
Intergovernmental charges	240,000	240,000	238,639	(1,361)
Use of money and property	30,000	30,000	13,416	(16,584)
Sale of property and compensation for loss	200	200	10,155	9,955
Miscellaneous	350	350	29,514	29,164
State aid	120,000	120,000	122,181	2,181
<b>Total revenues</b>	<b>2,155,650</b>	<b>2,155,650</b>	<b>2,179,005</b>	<b>23,355</b>
<b>EXPENDITURES:</b>				
General government	51,000	33,933	-	33,933
Transportation	2,446,441	2,449,316	2,246,285	203,031
Employee benefits	297,854	312,046	284,510	27,536
<b>Total expenditures</b>	<b>2,795,295</b>	<b>2,795,295</b>	<b>2,530,795</b>	<b>264,500</b>
<b>EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES</b>	<b>(639,645)</b>	<b>(639,645)</b>	<b>(351,790)</b>	<b>287,855</b>
<b>INTERFUND TRANSFERS - IN</b>	<b>209,000</b>	<b>209,000</b>	<b>-</b>	<b>(209,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(430,645)</b>	<b>(430,645)</b>	<b>(351,790)</b>	<b>78,855</b>
<b>FUND BALANCE - beginning of year</b>	<b>4,202,080</b>	<b>4,202,080</b>	<b>4,202,080</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 3,771,435</b>	<b>\$ 3,771,435</b>	<b>\$ 3,850,290</b>	<b>\$ 78,855</b>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - WATER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	WATER FUND			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Real property and tax items	\$ 591,845	\$ 591,845	\$ 591,845	\$ -
Departmental income	1,506,000	1,506,000	1,477,712	(28,288)
Use of money and property	64,000	64,000	53,376	(10,624)
Miscellaneous	500	500	7,556	7,056
Total revenues	<u>2,162,345</u>	<u>2,162,345</u>	<u>2,130,489</u>	<u>(31,856)</u>
<b>EXPENDITURES:</b>				
General governmental support	222,850	222,850	90,580	132,270
Transportation	62,280	62,280	30,048	32,232
Home and community services	1,594,224	1,586,524	1,430,514	156,010
Employee benefits	112,407	120,107	95,471	24,636
Debt service -				
Principal	130,120	130,120	106,400	23,720
Interest	8,641	8,641	30,200	(21,559)
Total expenditures	<u>2,130,522</u>	<u>2,130,522</u>	<u>1,783,213</u>	<u>347,309</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,823	31,823	347,276	315,453
OPERATING TRANSFERS - OUT	<u>(45,000)</u>	<u>(45,000)</u>	-	<u>45,000</u>
CHANGE IN FUND BALANCE	<u>(13,177)</u>	<u>(13,177)</u>	<u>347,276</u>	<u>360,453</u>
FUND BALANCE - beginning of year	<u>4,664,947</u>	<u>4,664,947</u>	<u>4,664,947</u>	-
FUND BALANCE - end of year	<u>\$ 4,651,770</u>	<u>\$ 4,651,770</u>	<u>\$ 5,012,223</u>	<u>\$ 360,453</u>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	Special Lighting Fund	Park Trust Fund	General Fund Part Town	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,627	\$ 764,599	\$ 184,941	\$ 953,167
Receivables	-	-	100,293	100,293
Prepaid expenses	-	-	2,419	2,419
	<u>3,627</u>	<u>764,599</u>	<u>287,653</u>	<u>1,055,879</u>
Total assets	<u>\$ 3,627</u>	<u>\$ 764,599</u>	<u>\$ 287,653</u>	<u>\$ 1,055,879</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 56,112	\$ 56,112
Due to other funds	-	80,100	-	80,100
	<u>-</u>	<u>80,100</u>	<u>56,112</u>	<u>136,212</u>
Total liabilities	<u>-</u>	<u>80,100</u>	<u>56,112</u>	<u>136,212</u>
<b>FUND BALANCES:</b>				
Unreserved -				
Appropriated - ensuing fiscal year	676	-	-	676
Unappropriated	2,951	684,499	231,541	918,991
	<u>3,627</u>	<u>684,499</u>	<u>231,541</u>	<u>919,667</u>
Total fund balances	<u>3,627</u>	<u>684,499</u>	<u>231,541</u>	<u>919,667</u>
Total liabilities and fund balances	<u>\$ 3,627</u>	<u>\$ 764,599</u>	<u>\$ 287,653</u>	<u>\$ 1,055,879</u>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK**

**COMBINING STATEMENT OF CHANGES IN REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Lighting Fund	Park Trust Fund	General Fund Part Town	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Real property taxes and tax items	\$ 47,653	\$ -	\$ -	\$ 47,653
Nonproperty tax items	-	-	330,322	330,322
Departmental income	-	8,013	85,748	93,761
Licenses and permits	-	-	3,425	3,425
Sale of property and compensation for loss	-	-	851	851
Use of money and property	-	-	505	505
	<u>47,653</u>	<u>8,013</u>	<u>420,851</u>	<u>476,517</u>
<b>EXPENDITURES:</b>				
General governmental support	-	-	130,995	130,995
Transportation	51,268	-	18,264	69,532
Culture and recreation	-	149,849	-	149,849
Home and community services	-	-	229,567	229,567
Employee benefits	-	-	19,016	19,016
	<u>51,268</u>	<u>149,849</u>	<u>397,842</u>	<u>598,959</u>
CHANGE IN FUND BALANCE	(3,615)	(141,836)	23,009	(122,442)
FUND BALANCE - beginning of year	<u>7,242</u>	<u>826,335</u>	<u>208,532</u>	<u>1,042,109</u>
FUND BALANCE - end of year	<u>\$ 3,627</u>	<u>\$ 684,499</u>	<u>\$ 231,541</u>	<u>\$ 919,667</u>