

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

**Basic Financial Statements
for the Year Ended December 31, 2009
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

May 17, 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, 2009, 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, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis and budgetary comparison on pages 3 through 10 and pages 42 through 45, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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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. The accompanying combining and individual nonmajor fund financial statements on pages 46 - 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009. 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 \$73,532,117. Of this amount, the unrestricted portion is \$9,935,874. 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 \$8,283,383, or 68%, of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants, and Capital Grants accounted for \$3,914,240, or 32%, of total revenues.
- The Town's governmental fund financial statements report a combined ending fund balance of \$12,182,587. Approximately \$4,899,867 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 \$1,410,880.

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. In this case, net assets at the close of the current year were \$73,532,117 compared to \$71,894,108 at December 31, 2008.

Table 1 - Net Assets

	<u>2009</u>	<u>2008</u>
Assets:		
Cash	\$ 12,772,810	\$ 13,389,257
Other assets	1,851,855	2,024,516
Capital assets, net	<u>64,666,485</u>	<u>63,278,638</u>
Total assets	<u>\$ 79,291,150</u>	<u>\$ 78,692,411</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 537,514	\$ 1,500,786
Other liabilities	2,551,441	2,221,806
Noncurrent liabilities	<u>2,670,078</u>	<u>3,075,711</u>
Total liabilities	<u>\$ 5,759,033</u>	<u>\$ 6,798,303</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 61,562,028	\$ 58,185,273
Restricted for special districts	2,034,215	2,377,603
Unrestricted	<u>9,935,874</u>	<u>11,331,232</u>
Total net assets	<u>\$ 73,532,117</u>	<u>\$ 71,894,108</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, 2009 and 2008. The remaining balance of unrestricted net assets, which was \$9,935,874 (14%) and \$11,331,232 (16%) in 2009 and 2008, respectively, may be used to finance future operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 2 - Change in Net Assets

	<u>2009</u>	<u>% of Total</u>	<u>2008</u>	<u>% of Total</u>
Revenues:				
Charges for services	\$ 2,953,982	24%	\$ 3,158,780	25%
Operating grants and contributions	751,666	6%	30,557	0%
Capital grants and contributions	208,592	2%	969,819	7%
Taxes	7,833,504	64%	8,023,762	62%
Other revenues	<u>449,879</u>	<u>4%</u>	<u>829,114</u>	<u>6%</u>
 Total revenues	 <u>12,197,623</u>	 <u>100%</u>	 <u>13,012,032</u>	 <u>100%</u>
Expenses:				
General governmental support	2,961,672	27%	3,272,161	23%
Public safety	2,083,113	19%	1,471,716	10%
Transportation	2,422,052	22%	3,138,455	22%
Economic assistance and opportunity	144,808	1%	137,621	1%
Culture and recreation	1,827,345	16%	2,079,136	15%
Home and community services	1,442,024	13%	4,018,975	28%
Interest on long-term debt	<u>224,154</u>	<u>2%</u>	<u>206,628</u>	<u>1%</u>
 Total expenses	 <u>11,105,168</u>	 <u>100%</u>	 <u>14,324,692</u>	 <u>100%</u>
 Change in net assets	 <u>1,092,455</u>		 <u>(1,312,660)</u>	
 Net assets - beginning of year, as previously reported	 71,894,108		 73,206,768	
 Prior period adjustments (Note 3)	 <u>545,554</u>		 <u>-</u>	
 Net assets - beginning of year, as restated	 <u>72,439,662</u>		 <u>73,206,768</u>	
 Net assets - end of year	 <u>\$ 73,532,117</u>		 <u>\$ 71,894,108</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 years fund balance.

As of the end of the current year, the Town's combined governmental fund balances are \$12,182,587. Of the total combined fund balances, \$1,018,032 has been designated for subsequent year's expenditures. \$4,899,867 is primarily for providing cash and for future spending needs.

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 \$3,632,606, of which \$1,410,880 was unreserved and unappropriated. The fund balance for the Town's General Fund decreased by 25% in 2009, 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-Transportation	\$ 163,369	The work was weather dependent therefore there was less sidewalk construction completed.
General Fund-Culture and Recreation	\$ 314,101	The Auburn and Lehigh Trails Projects were slowed by legal action.
General Fund-Part Town-Departmental income	\$ 152,049	There were cash receipts reclassified from the prior year and engineering chargeable amounts were increased. Engineering overage charges in 2008 may have led to overages in engineering chargeable received in 2009.
Highway Fund-Part-Town-Transportation	\$ 400,530	There was an exceptionally light winter, therefore less snow removal expenditures.
Water Fund-General Governmental support	\$ 83,393	There was no need to use a contingency budget for these expenditures.
Water Fund-Home and community services	\$ 150,295	The work was weather dependent, therefore there was less transmission construction.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Capital Assets

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

<u>Class</u>	<u>2009</u>	<u>2008</u>
Land	\$ 2,453,349	\$ 2,453,349
Work in progress	680,229	5,011,239
Infrastructure	54,017,453	53,252,106
Buildings and improvements	5,310,481	436,042
Machinery and equipment	<u>2,204,973</u>	<u>2,125,902</u>
Total capital assets, net of accumulated depreciation	<u>\$ 64,666,485</u>	<u>\$ 63,278,638</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, 2009, the Town had \$3,241,048 in general obligation and other long-term debt outstanding, as follows:

	<u>2009</u>	<u>2008</u>
Revolving fund revenue bonds	\$ 1,940,000	\$ 2,265,000
Serial bonds	1,088,550	1,328,365
Other post-employment benefits	162,819	81,776
Compensated absences	<u>49,679</u>	<u>62,881</u>
Total	<u>\$ 3,241,048</u>	<u>\$ 3,738,022</u>

The amount of principal paid on outstanding debt was \$564,815 in 2009 and \$563,608 in 2008. 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 2009 and 2010, 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 has become 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

STATEMENT OF NET ASSETS DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$ 12,772,810
Receivables	625,704
Due from other governments	1,125,398
Prepaid expenses	100,753
Capital assets, net	<u>64,666,485</u>
Total assets	<u>79,291,150</u>

LIABILITIES

Accounts payable	308,279
Accrued liabilities	229,235
Due to other governments	37,415
Bond anticipation notes	1,943,056
Long-term debt:	
Due within one year	570,970
Due in more than one year	<u>2,670,078</u>
Total liabilities	<u>5,759,033</u>

NET ASSETS

Invested in capital assets, net of related debt	61,562,028
Restricted:	
Special districts	2,034,215
Unrestricted	<u>9,935,874</u>
Total net assets	<u>\$ 73,532,117</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, 2009**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Access
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT:					
Governmental activities -					
General governmental support	\$ 2,961,672	\$ -	\$ 669,101	\$ -	\$ (2,292,571)
Public safety	2,083,113	258,756	-	-	(1,824,357)
Transportation	2,422,052	234,980	-	120,271	(2,066,801)
Economic assistance and opportunity	144,808	-	-	-	(144,808)
Culture and recreation	1,827,345	156,844	82,565	88,321	(1,499,615)
Home and community services	1,442,024	2,303,402	-	-	861,378
Interest	<u>224,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,154)</u>
Total governmental activities	<u>\$ 11,105,168</u>	<u>\$ 2,953,982</u>	<u>\$ 751,666</u>	<u>\$ 208,592</u>	<u>(7,190,928)</u>
GENERAL REVENUES AND TRANSFERS:					
					3,124,075
Real property taxes and real property tax items					4,709,429
Nonproperty tax items					168,233
Use of money and property					58,073
Sale of property and compensation for loss					<u>223,573</u>
Miscellaneous					
Total general revenues and transfers					<u>8,283,383</u>
Change in net assets					<u>1,092,455</u>
Net assets - beginning of year, as previously reported					71,894,108
Prior period adjustments (Note 3)					<u>545,554</u>
Net assets - beginning of year, as restated					<u>72,439,662</u>
Net assets - end of year					<u>\$ 73,532,117</u>

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General Fund</u>	<u>Fire Protection District Fund</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>
ASSETS								
Cash and cash equivalents	\$ 3,077,916	\$ 50	\$ 3,673,459	\$ 4,320,330	\$ 267,905	\$ 348,587	\$ 1,084,563	\$ 12,772,810
Receivables	82,268	-	-	459,774	-	-	83,662	625,704
Due from other governments	479,793	-	645,605	-	-	-	-	1,125,398
Prepaid expenses	75,039	-	10,809	7,091	-	-	7,814	100,753
Due from other funds	<u>128,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,540</u>
Total assets	<u>\$ 3,843,556</u>	<u>\$ 50</u>	<u>\$ 4,329,873</u>	<u>\$ 4,787,195</u>	<u>\$ 267,905</u>	<u>\$ 348,587</u>	<u>\$ 1,176,039</u>	<u>\$ 14,753,205</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	\$ 147,845	\$ -	\$ 127,793	\$ -	\$ -	\$ 32,641	\$ -	\$ 308,279
Bond anticipation notes	-	-	-	-	443,056	1,500,000	-	1,943,056
Accrued liabilities	25,690	-	-	122,248	-	-	5,390	153,328
Due to other funds	-	-	-	-	-	-	128,540	128,540
Due to other governments	<u>37,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,415</u>
Total liabilities	<u>210,950</u>	<u>-</u>	<u>127,793</u>	<u>122,248</u>	<u>443,056</u>	<u>1,532,641</u>	<u>133,930</u>	<u>2,570,618</u>
FUND BALANCES:								
Reserved -								
Encumbrances	69,225	-	-	81,550	-	-	-	150,775
Capital reserves	1,577,940	-	1,864,568	2,671,405	-	-	-	6,113,913
Unreserved -								
Appropriated	574,561	-	430,645	11,177	-	-	1,649	1,018,032
Unappropriated	<u>1,410,880</u>	<u>50</u>	<u>1,906,867</u>	<u>1,900,815</u>	<u>(175,151)</u>	<u>(1,184,054)</u>	<u>1,040,460</u>	<u>4,899,867</u>
Total fund balances	<u>3,632,606</u>	<u>50</u>	<u>4,202,080</u>	<u>4,664,947</u>	<u>(175,151)</u>	<u>(1,184,054)</u>	<u>1,042,109</u>	<u>12,182,587</u>
Total liabilities and fund balances	<u>\$ 3,843,556</u>	<u>\$ 50</u>	<u>\$ 4,329,873</u>	<u>\$ 4,787,195</u>	<u>\$ 267,905</u>	<u>\$ 348,587</u>	<u>\$ 1,176,039</u>	<u>\$ 14,753,205</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, 2009

Total fund balance of governmental funds		\$ 12,182,587
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	95,896,235
	Accumulated depreciation	<u>(31,229,750)</u>
		64,666,485
Compensated absences are not reported in the funds under fund accounting, but are considered a liability in the statement of net assets.		
		(49,679)
Interest is accrued on outstanding bonds in the statement of net assets, but not in the funds.		
		(75,907)
Other post-employment benefits are not reported in the funds under fund accounting, but are a liability in the statement of net assets.		
		(162,819)
Long-term debt is not due and payable in the current period, and; therefore, is not reported as a fund liability.		
		<u>(3,028,550)</u>
Total net assets of governmental activities		<u>\$ 73,532,117</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, 2009**

	General Fund	Fire Protection District Fund	Highway Fund Part-Town	Water Fund	Consolidated Sewer Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total
REVENUES:								
Real property taxes and tax items	\$ 822,208	\$ 1,379,033	\$ -	\$ 572,382	\$ 306,761	\$ -	\$ 43,691	\$ 3,124,075
Nonproperty tax items	2,484,677	-	2,050,000	-	-	-	174,752	4,709,429
Departmental income	577,156	-	-	1,329,518	-	-	332,587	2,239,261
Intergovernmental charges	-	-	234,980	68,707	-	-	-	303,687
Use of money and property	78,447	-	17,822	48,509	5,373	6,271	11,811	168,233
Licenses and permits	152,278	-	-	-	-	-	-	152,278
Fines and forfeitures	258,756	-	-	-	-	-	-	258,756
Sale of property and compensation for loss	26,388	-	31,685	-	-	-	-	58,073
Miscellaneous	192,306	-	1,772	27,695	-	1,801	-	223,574
State aid	778,161	-	120,271	-	-	-	-	898,432
Federal aid	61,825	-	-	-	-	-	-	61,825
Total revenues	5,432,202	1,379,033	2,456,530	2,046,811	312,134	8,072	562,841	12,197,623
EXPENDITURES:								
General governmental support	2,368,957	-	79,125	139,457	497,406	-	235,395	3,320,340
Public safety	96,576	1,380,358	-	-	-	-	-	1,476,934
Transportation	206,697	-	2,030,481	-	-	-	58,402	2,295,580
Economic assistance and opportunity	137,247	-	-	-	-	-	-	137,247
Culture and recreation	1,731,927	-	-	-	-	-	-	1,731,927
Home and community services	700,517	-	-	1,430,266	-	331,709	219,612	2,682,104
Employee benefits	301,559	-	211,874	17,113	-	-	-	530,546
Debt service -								
Principal	110,000	-	-	129,815	325,000	-	-	564,815
Interest	64,525	-	-	71,351	68,658	-	26,342	230,876
Total expenditures	5,718,005	1,380,358	2,321,480	1,788,002	891,064	331,709	539,751	12,970,369
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(285,803)	(1,325)	135,050	258,809	(578,930)	(323,637)	23,090	(772,746)
OTHER FINANCING SOURCES (USES):								
Operating transfers - in	-	-	-	34,660	7,130	639,583	-	681,373
Operating transfers - out	(681,373)	-	-	-	-	-	-	(681,373)
Total other financing sources and uses	(681,373)	-	-	34,660	7,130	639,583	-	-
CHANGE IN FUND BALANCE	(967,176)	(1,325)	135,050	293,469	(571,800)	315,946	23,090	(772,746)
FUND BALANCE - beginning of year, as previously reported	4,793,741	1,375	4,067,030	4,371,478	396,649	(1,500,000)	279,506	12,409,779
Prior period adjustments (Note 3)	(193,959)	-	-	-	-	-	739,513	545,554
FUND BALANCE - beginning of year, as restated	4,599,782	1,375	4,067,030	4,371,478	396,649	(1,500,000)	1,019,019	12,955,333
FUND BALANCE - end of year	\$ 3,632,606	\$ 50	\$ 4,202,080	\$ 4,664,947	\$ (175,151)	\$ (1,184,054)	\$ 1,042,109	\$ 12,182,587

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, 2009

Net change in fund balances - governmental funds \$ (772,746)

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. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. 5,215,878

Depreciation is recorded in the statement of activities, but not as a change in fund balance of the governmental funds. (3,828,031)

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. (81,043)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 564,815

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. (19,620)

Compensated absences are reported in the statement of activities, but do not require the use of current financial resources and; therefore, these are not reported as expenditures in governmental funds. 13,202

Change in net assets of governmental activities \$ 1,092,455

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2009**

	<u>Expendable Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,180	\$ 665,964
Total assets	<u>3,180</u>	<u>665,964</u>
LIABILITIES		
Other liabilities	<u>-</u>	<u>665,964</u>
Total liabilities	<u>-</u>	<u>665,964</u>
NET ASSETS	<u><u>\$ 3,180</u></u>	<u><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
DECEMBER 31, 2009**

	Expendable <u>Trust</u>
ADDITIONS	
Investment earnings	\$ <u>39</u>
Total additions	<u>39</u>
CHANGE IN NET ASSETS	39
NET ASSETS - BEGINNING	<u>3,141</u>
NET ASSETS - ENDING	<u><u>\$ 3,180</u></u>

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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 2009, the Town contributed \$287,675 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. Post-Employment Benefits

The Town provides post-employment 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, 2009, on behalf of 12 retirees totaled approximately \$28,000. In addition, the Town made no provision for recognizing the cost of post-employment 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 \$1,184,054 and \$175,151 in 2009, respectively. These deficits result from the recognition of Bond Anticipation Notes (BAN) payable of \$1,500,000 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.

Excess of Expenditures over Appropriations

For the year ended December 31, 2009, expenditures exceeded appropriations in the General Fund by approximately \$53,000. These overexpenditures were funded by revenues in that fund.

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, 2009	\$ 3,632,606
Less: Outstanding encumbrances	<u>(69,225)</u>
Budgetary basis fund balance at December 31, 2009	<u>\$ 3,563,381</u>
Water Fund:	
GAAP basis fund balance at December 31, 2009	\$ 4,664,947
Less: Outstanding encumbrances	<u>(81,550)</u>
Budgetary basis fund balance at December 31, 2009	<u>\$ 4,583,397</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.

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. PRIOR PERIOD ADJUSTMENTS

The financial statements for the year ended December 31, 2008 were presented improperly because the Parks Trust fund balance was presented as part of the Agency Funds rather than as a governmental fund. The Parks Trust represents monies collected by the Town in connection with certain residential real property closings and must be used to improve the Town's parks. As such, the monies are not being held in an agency arrangement, but are monies belonging to the Town. The correction of this error affects the December 31, 2009 General Fund and government-wide financial statements as an increase to beginning fund balance of \$739,513. Accordingly, the Agency fund cash and liabilities were decreased by the value of the Parks Trust.

In addition, the financial statements for the year ended December 31, 2008 were presented improperly because cash was reconciled incorrectly. The correction of this error affects the December 31, 2009 governmental fund and government-wide financial statements as a decrease to cash and an increase to an miscellaneous expense in the general fund of \$193,959.

4. 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	\$ 13,017,731	\$ 12,772,810
Fiduciary funds	<u>669,144</u>	<u>669,144</u>
Cash and cash equivalents	<u>\$ 13,686,875</u>	<u>\$ 13,441,954</u>
Category 1: Covered by FDIC insurance	\$ 1,076,335	
Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	<u>13,079,533</u>	
	<u>\$ 14,155,868</u>	

5. RECEIVABLES

Receivables at December 31, 2009 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>General Fund Part-Town</u>	<u>Highway Fund Part-Town</u>	<u>Water Fund</u>	<u>Total</u>
Receivables:					
2009 franchise fees	\$ -	\$ 83,662	\$ -	\$ -	\$ 83,662
PILOT payments	31,613	-	-	-	31,613
Fines and forfeitures	27,485	-	-	-	27,485
2009 water re-levy	-	-	-	84,644	84,644
4 th quarter water billings	-	-	-	375,130	375,130
Other	<u>23,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,170</u>
Total	<u>\$ 82,268</u>	<u>\$ 83,662</u>	<u>\$ -</u>	<u>\$ 459,774</u>	<u>\$ 625,704</u>
Due from other governments	<u>\$ 479,793</u>	<u>\$ -</u>	<u>\$ 645,605</u>	<u>\$ -</u>	<u>\$ 1,125,398</u>

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>1/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/09</u>
Capital assets not being depreciated:					
Land	\$ 2,453,349	\$ -	\$ -	\$ -	\$ 2,453,349
Work in progress	<u>5,011,239</u>	<u>61,258</u>	<u>-</u>	<u>(4,392,268)</u>	<u>680,229</u>
Total capital assets not being depreciated	<u>7,464,588</u>	<u>61,258</u>	<u>-</u>	<u>(4,392,268)</u>	<u>3,133,578</u>
Depreciable capital assets:					
Buildings and improvements	5,819,508	680,818	-	4,392,268	10,892,594
Machinery and equipment	4,002,345	470,275	(42,362)	-	4,430,258
Infrastructure	<u>73,436,278</u>	<u>4,003,527</u>	<u>-</u>	<u>-</u>	<u>77,439,805</u>
Total depreciable capital assets	<u>83,258,131</u>	<u>5,154,620</u>	<u>(42,362)</u>	<u>4,392,268</u>	<u>92,762,657</u>
Less: Accumulated depreciation:					
Buildings and improvements	(5,383,466)	(198,647)	-	-	(5,582,113)
Machinery and equipment	(1,876,443)	(391,204)	42,362	-	(2,225,285)
Infrastructure	<u>(20,184,172)</u>	<u>(3,238,180)</u>	<u>-</u>	<u>-</u>	<u>(23,422,352)</u>
Total accumulated depreciation for depreciable capital assets, net	<u>(27,444,081)</u>	<u>(3,828,031)</u>	<u>42,362</u>	<u>-</u>	<u>(31,229,750)</u>
Total depreciable assets, net	<u>55,814,050</u>	<u>1,326,589</u>	<u>-</u>	<u>4,392,268</u>	<u>61,532,907</u>
Governmental activities capital assets, net	<u>\$ 63,278,638</u>	<u>\$ 1,387,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,666,485</u>

7. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund receivables, payables, revenues and expenditures at December 31, 2009 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General fund	\$ 128,540	\$ -	\$ -	\$ 681,373
Parks trust fund	-	128,540	-	-
Consolidated sewer fund	-	-	7,130	-
Water fund	-	-	34,660	-
Capital projects fund	-	-	639,583	-
Total	<u>\$ 128,540</u>	<u>\$ 128,540</u>	<u>\$ 681,373</u>	<u>\$ 681,373</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.

8. 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 except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees 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:

	<u>ERS</u>
2009	\$ 175,418
2008	\$ 201,659
2007	\$ 195,481

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

9. POSTEMPLOYMENT HEALTH CARE 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). The Town elected to prospectively implement GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in the current fiscal year.

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 12 retired employees eligible to receive benefits at December 31, 2009. 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, nor under NYS law is the Town able to do so.

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 2009 was approximately \$28,000.

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	\$ 109,122
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB cost	109,122
Contributions made	<u>(28,079)</u>
Increase in net OPEB obligation	81,043
Net OPEB obligation - beginning of year	<u>81,776</u>
Net OPEB obligation - end of year	<u>\$ 162,819</u>

Percentage of Annual OPEB Cost

Contributed 26%

9. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

Schedule of Funding Progress for the Authority's Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a% of Covered Payroll (b-a)/(c)
1/1/2007	\$ _____ -	\$ <u>944,427</u>	\$ <u>944,427</u>	<u>0.0%</u>	\$ <u>2,758,951</u>	<u>34.2%</u>

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 January 1, 2007 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	4.0%
Medical care cost trend rate	8.0% initially, based on age of retirees. The rate is reduced by decrements to an ultimate rate of 5.0% after four years, depending on age of retirees.
Dental care cost trend rate	Dental care costs are assumed to increase 4.0% 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.

10. 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 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.

The following is a summary of changes in short-term debt for the year ended December 31, 2009:

Balance, January 1, 2009	\$ 1,500,000
Increases	443,056
Decreases	<u>-</u>
Balance, December 31, 2009	<u>\$ 1,943,056</u>

The following shows the maturity of the BANs:

<u>Purpose</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding 12/31/09</u>	<u>Final Maturity</u>
Town Hall construction	2008	1.64%	\$1,500,000	2010
Sewer improvement system	2009	2.75%	\$443,056	2010

11. LONG-TERM DEBT OBLIGATIONS

At December 31, 2009 the total outstanding long-term obligations of the Town aggregated \$3,241,048.

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.

11. 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 post-employment benefits** - represents the cost of health care benefits provided to retirees.

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

<u>Governmental Activities</u>	<u>Balance</u> <u>01/01/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/09</u>	<u>Classified as</u>	
					<u>Current</u>	<u>Non-Current</u>
Revolving fund revenue bonds	\$ 2,265,000	\$ -	\$ 325,000	\$ 1,940,000	\$ 340,000	\$ 1,600,000
Serial bonds	1,328,365	-	239,815	1,088,550	218,550	870,000
Other post-employment benefits	81,776	81,043	-	162,819	-	162,819
Compensated absences	<u>62,881</u>	<u>-</u>	<u>13,202</u>	<u>49,679</u>	<u>12,420</u>	<u>37,259</u>
Total obligations	<u>\$ 3,738,022</u>	<u>\$ 81,043</u>	<u>\$ 578,017</u>	<u>\$ 3,241,048</u>	<u>\$ 570,970</u>	<u>\$ 2,670,078</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>12/31/09</u>	<u>Final Maturity</u>
Serial Bonds:				
Public improvement	1998	4.625 - 4.800	\$ 480,000	2017
Public improvement	1992	6.15	450,000	2013
Public improvement	1996	4.70 - 5.20	150,000	2015
Transmission main and tank	1996	5.00	8,550	2010
Revolving Fund Revenue Bonds:				
State water pollution control	2005D	Various*	1,080,000	2014
State water pollution control	2002L	Various*	620,000	2015
State water pollution control	1996C	Various*	<u>240,000</u>	2017
Total			<u>\$ 3,028,550</u>	

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

11. 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>
2010	\$ 558,550	\$ 118,193
2011	555,000	96,789
2012	535,000	74,827
2013	540,000	53,828
2014	440,000	32,224
2015 - 2017	<u>400,000</u>	<u>28,529</u>
Total	<u>\$ 3,028,550</u>	<u>\$ 404,390</u>

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

Interest paid	\$ 140,009
Plus: Interest accrued in the current year	75,907
Less: Interest accrued in the prior year	<u>(56,287)</u>
Total interest expense	<u>\$ 159,629</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. \$1,995,000 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 is 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 2009, the Town collected lease payments and made debt principal and interest payments in the amount of \$1,106,080. As of December 31, 2009, the balance due on the bonds was \$4,405,000.

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	\$ 208,532
Consolidated sewer	Law	(175,151)
Fire protection	Law	50
Consolidated lighting	Law	7,242
Water fund	Law	<u>1,993,542</u>
Total restricted net assets for special districts		<u>\$ 2,034,215</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, 2009 as follows:

	<u>Balance</u> <u>12/31/09</u>
General fund:	
Building/land reserve	<u>\$ 1,577,940</u>
Total general fund	<u>1,577,940</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:	
Reserve for water	<u>2,671,405</u>
Total capital reserve	<u>\$ 6,113,913</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, 2009, the market value of the assets of the Plan totaled \$1,552,649.

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, 2009 is fully funded.

For the year ended December 31, 2009, the Town was assessed and paid Workers' Compensation fees of \$76,759.

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 had the option to terminate this lease any time after June 30, 2009 with written notice to Blossom by September 30, 2008, but did not choose to do so. 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. 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 is September 1, 2009 through August 31, 2011.

The estimated future base rent payments are as follows for the year ended:

2010	\$	118,762
2011	\$	83,243

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, 2009 totaled approximately \$57,000. All leases have an option to renew after five years. The future minimum amounts expected from these agreements are:

2010	\$	111,267
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, 2009, the contract has not been renewed; however, the Town has received payments at the 15% rate during 2009 totaling \$21,411.

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.

18. INTER-MUNICIPAL AGREEMENTS (Continued)

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

In August 2010, the Town adopted the New York State Retirement Incentive, Part A, for eligible employees.

On September 15, 2010, the Town issued a BAN in the amount of \$990,000 for improvement of the Town Hall which matured on January 14, 2011 with an interest rate of 0.93%. This BAN was subsequently reissued on January 14, 2011 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

Accounting and Financial Reporting for Intangible Assets

In June 2007, the GASB issued Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*." This statement established standards for accounting and reporting for intangible assets. The Town is required to adopt the provisions of Statement No. 51 for the year ending December 31, 2010. The Town's management has not yet assessed the impact of this statement on its future financial statements.

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
FOR THE YEAR ENDED DECEMBER 31, 2009**

	GENERAL FUND			
	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES:				
Real property taxes and tax items	\$ 760,507	\$ 760,507	\$ 822,208	\$ 61,701
Nonproperty tax items	2,655,000	2,655,000	2,484,677	(170,323)
Departmental income	592,400	592,400	577,156	(15,244)
Use of money and property	166,000	166,000	78,447	(87,553)
Licenses and permits	85,550	85,550	152,278	66,728
Fines and forfeitures	245,000	245,000	258,756	13,756
Sale of property and compensation for loss	28,070	28,070	26,388	(1,682)
Miscellaneous	200	200	192,306	192,106
State aid	941,984	941,984	778,161	(163,823)
Federal aid	-	-	61,825	61,825
Total revenues	<u>5,474,711</u>	<u>5,474,711</u>	<u>5,432,202</u>	<u>(42,509)</u>
EXPENDITURES:				
General governmental support	2,802,056	2,793,772	2,368,957	424,815
Public safety	102,149	101,849	96,576	5,273
Health	17,500	17,500	-	17,500
Transportation	369,766	370,066	206,697	163,369
Economic assistance and opportunity	85,000	85,000	137,247	(52,247)
Culture and recreation	2,060,136	2,115,253	1,801,152	314,101
Home and community services	885,256	815,578	700,517	115,061
Employee benefits	278,400	301,245	301,559	(314)
Debt service -				
Principal	205,000	205,000	110,000	95,000
Interest	70,261	70,261	64,525	5,736
Total expenditures	<u>6,875,524</u>	<u>6,875,524</u>	<u>5,787,230</u>	<u>1,088,294</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,400,813)</u>	<u>(1,400,813)</u>	<u>(355,028)</u>	<u>(1,130,803)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers - out	-	-	(681,373)	(681,373)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(681,373)</u>	<u>(681,373)</u>
CHANGE IN FUND BALANCE	<u>(1,400,813)</u>	<u>(1,400,813)</u>	<u>(1,036,401)</u>	<u>(1,812,176)</u>
FUND BALANCE - beginning of year, as previously reported	4,793,741	4,793,741	4,793,741	-
Prior period adjustment (Note 3)	-	-	(193,959)	(193,959)
FUND BALANCE - beginning of year, as restated	<u>4,793,741</u>	<u>4,793,741</u>	<u>4,599,782</u>	<u>(193,959)</u>
FUND BALANCE - end of year	<u>\$ 3,392,928</u>	<u>\$ 3,392,928</u>	<u>\$ 3,563,381</u>	<u>\$ (2,006,135)</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
FOR THE YEAR ENDED DECEMBER 31, 2009**

	GENERAL FUND - PART-TOWN			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES:				
Nonproperty tax items	\$ 156,000	\$ 156,000	\$ 174,752	\$ 18,752
Departmental income	89,150	89,150	241,199	152,049
Use of money and property	10,000	10,000	11,811	1,811
Licenses and permits	1,500	1,500	4,566	3,066
Sale of property and compensation for loss	660	660	-	(660)
Total revenues	<u>257,310</u>	<u>257,310</u>	<u>432,328</u>	<u>175,018</u>
EXPENDITURES:				
General governmental support	135,100	228,964	235,395	(6,431)
Health	800	800	-	800
Transportation	15,200	12,867	13,183	(316)
Home and community services	326,734	248,921	219,612	29,309
Employee benefits	39,713	25,455	26,342	(887)
Total expenditures	<u>517,547</u>	<u>517,007</u>	<u>494,532</u>	<u>22,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(260,237)</u>	<u>(259,697)</u>	<u>(62,204)</u>	<u>197,493</u>
CHANGE IN FUND BALANCE	(260,237)	(259,697)	(62,204)	197,493
FUND BALANCE - beginning of year	<u>270,736</u>	<u>270,736</u>	<u>270,736</u>	-
FUND BALANCE - end of year	<u>\$ 10,499</u>	<u>\$ 11,039</u>	<u>\$ 208,532</u>	<u>\$ 197,493</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
FOR THE YEAR ENDED DECEMBER 31, 2009**

	HIGHWAY FUND - PART TOWN			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES:				
Nonproperty tax items	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000	\$ -
Intergovernmental charges	240,000	240,000	234,980	(5,020)
Use of money and property	35,000	35,000	17,822	(17,178)
Sale of property and compensation for loss	200	200	31,685	31,485
Miscellaneous	350	350	1,772	1,422
State aid	<u>93,000</u>	<u>93,000</u>	<u>120,271</u>	<u>27,271</u>
Total revenues	<u>2,418,550</u>	<u>2,418,550</u>	<u>2,456,530</u>	<u>37,980</u>
EXPENDITURES:				
General governmental support	212,000	212,000	79,125	132,875
Transportation	2,431,044	2,431,011	2,030,481	400,530
Employee benefits	<u>278,661</u>	<u>278,661</u>	<u>211,874</u>	<u>66,787</u>
Total expenditures	<u>5,631,410</u>	<u>5,631,344</u>	<u>2,321,480</u>	<u>3,309,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,212,860)</u>	<u>(3,212,794)</u>	<u>135,050</u>	<u>(3,271,884)</u>
CHANGE IN FUND BALANCE	(3,212,860)	(3,212,794)	135,050	3,347,844
FUND BALANCE - beginning of year	<u>4,067,030</u>	<u>4,067,030</u>	<u>4,067,030</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 854,170</u>	<u>\$ 854,236</u>	<u>\$ 4,202,080</u>	<u>\$ 3,347,844</u>

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	WATER FUND			
	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES:				
Real property taxes and tax items	\$ 572,382	\$ 572,382	\$ 572,382	\$ -
Departmental income	1,506,000	1,506,000	1,398,225	(107,775)
Use of money and property	66,000	66,000	48,509	(17,491)
Miscellaneous	500	500	27,695	27,195
Total revenues	<u>2,144,882</u>	<u>2,144,882</u>	<u>2,046,811</u>	<u>(98,071)</u>
EXPENDITURES:				
General governmental support	222,850	222,850	139,457	83,393
Home and community services	1,662,111	1,662,111	1,511,816	150,295
Employee benefits	93,415	88,007	17,113	70,894
Debt service -				
Principal	129,815	129,815	129,815	-
Interest	36,691	42,099	71,351	(29,252)
Total expenditures	<u>2,144,882</u>	<u>2,144,882</u>	<u>1,869,552</u>	<u>275,330</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>177,259</u>	<u>177,259</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	-	-	34,660	34,660
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>34,660</u>	<u>34,660</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>211,919</u>	<u>211,919</u>
FUND BALANCE - beginning of year	<u>4,371,478</u>	<u>4,371,478</u>	<u>4,371,478</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 4,371,478</u>	<u>\$ 4,371,478</u>	<u>\$ 4,583,397</u>	<u>\$ 211,919</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, 2009**

	Street Lighting Fund	Parks Trust Fund	General Fund Part-Town	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,242	\$ 954,875	\$ 122,446	\$ 1,084,563
Receivables	-	-	83,662	83,662
Prepaid expenses	-	-	7,814	7,814
Total assets	<u>\$ 7,242</u>	<u>\$ 954,875</u>	<u>\$ 213,922</u>	<u>\$ 1,176,039</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Due to other funds	\$ -	\$ 128,540	\$ -	\$ 128,540
Accrued liabilities	-	-	5,390	5,390
Total liabilities	<u>-</u>	<u>128,540</u>	<u>5,390</u>	<u>133,930</u>
FUND BALANCES:				
Unreserved -				
Appropriated	506	-	1,143	1,649
Unappropriated	6,736	826,335	207,389	1,040,460
Total fund balances	<u>7,242</u>	<u>826,335</u>	<u>208,532</u>	<u>1,042,109</u>
Total liabilities and fund balances	<u>\$ 7,242</u>	<u>\$ 954,875</u>	<u>\$ 213,922</u>	<u>\$ 1,176,039</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, 2009**

	Street Lighting Fund	Parks Trust Fund	General Fund Part-Town	Total Nonmajor Governmental Funds
REVENUES:				
Real property and property tax items	\$ 43,691	\$ -	\$ -	\$ 43,691
Nonproperty tax items	-	-	174,752	174,752
Use of money and property	-	-	11,811	11,811
Departmental income	-	86,822	245,765	332,587
Total revenues	<u>43,691</u>	<u>86,822</u>	<u>432,328</u>	<u>562,841</u>
EXPENDITURES:				
General governmental support	-	-	235,395	235,395
Home and community service	-	-	219,612	219,612
Transportation	45,219	-	13,183	58,402
Employee benefits	-	-	26,342	26,342
Total expenditures	<u>45,219</u>	<u>-</u>	<u>494,532</u>	<u>539,751</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,528)</u>	<u>86,822</u>	<u>(62,204)</u>	<u>23,090</u>
CHANGE IN FUND BALANCE	<u>(1,528)</u>	<u>86,822</u>	<u>(62,204)</u>	<u>23,090</u>
FUND BALANCE - beginning of year, as previously reported	8,770	-	270,736	279,506
Prior period adjustments (Note 3)	-	739,513	-	739,513
FUND BALANCE - beginning of year, as restated	<u>8,770</u>	<u>739,513</u>	<u>270,736</u>	<u>1,019,019</u>
FUND BALANCE - end of year	<u>\$ 7,242</u>	<u>\$ 826,335</u>	<u>\$ 208,532</u>	<u>\$ 1,042,109</u>