

TOWN OF VICTOR

Ontario County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2007

TABLE OF CONTENTS

	Pages
Independent Auditors' Report	1
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13 - 14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15 - 16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General and Major Special Revenues Fund Types	18 - 21
Statement of Fiduciary Net Assets	22
Statement of Changes in Fiduciary Net Assets	23
Notes to the Basic Financial Statements	24 - 42
Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds	44
Combining Balance Sheet - Nonmajor Special Revenue Funds	45
Combining Statement of Revenues, Expenditures, and Changed in Fund Balances - Nonmajor Special Revenue Funds	46

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council
The Town of Victor
Ontario County, New York

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, as of and for the year ended December 31, 2007, 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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.

We were unable to obtain a discussion or evaluation from one of the Town's legal counsel of the pending or threatened litigation discussed in Note XIIB2.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain a discussion or evaluation of pending or threatened litigation from the Town's outside legal counsel as discussed in the preceding paragraph, 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 of Victor, Ontario County, New York, as of December 31, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Victor, Ontario County's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental schedules 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 and other schedules, listed in the table of contents as supplemental schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain a discussion or evaluation of pending or threatened litigation from the Town's outside legal counsel as discussed in paragraph three above, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Raymond F. Wager, CPA, P.C.

May 20, 2009

Town of Victor, Ontario County, New York
Management's Discussion and Analysis (MD&A)

December 31, 2007

Introduction

Our discussion and analysis of the Town of Victor Ontario County, New York's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2007. It should be read in conjunction with the basic financial statements to enhance understanding of the Town's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2007 are as follows:

- ◆ On the government-wide financial statements, the assets of the Town exceeded liabilities by \$73,206,768. Of this amount, the unrestricted portion is \$5,541,029. The balance of net assets is either restricted for specific purposes or the net book value of capital assets.
- ◆ General revenues which include, State Aid-Mortgage Tax, Non-Property Taxes, and Real Property Tax accounted for \$8,727,535 or 59% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants, and Capital Grants accounted for \$3,934,171 or 27% of total revenues. All Other revenues in the form of Compensation for Loss, Use of Money and Property, Licenses and Permits, Fines and Forfeitures and Miscellaneous accounted for \$2,134,720 or 14% of total revenues.
- ◆ The Town's governmental fund financial statements report a combined ending fund balance of \$17,429,062. Approximately \$4,031,263 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 undesignated fund balance of the General Fund was \$1,317,619.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Victor's basic financial statements. The Town's basic financial statements are comprised 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.

1. 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 government'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, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

2. Fund Financial Statements

- ◆ A *fund* is a 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 five major individual governmental funds; General Fund, General Fund Part-Town, Omnitech Drive Capital Project, Highway Fund Part-Town, and Water 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, Consolidated Sewer Fund, Fire Protection Fund, and all other Capital Projects as non-major funds.
- ◆ The Town adopts an annual budget for each of its major funds. A budgetary comparison statement has been provided for each major fund 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* available to support the Town's programs.

The financial statements for the Town of Victor, Ontario County, New York can be found in the basic financial statement section of this report.

Major Features of the Town-Wide and Fund Financial Statements			
		Fund Financial Statements	
Features	Town-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire Town	The activities of the Town that 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, 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

3. *Notes to the 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. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Victor, Ontario County, New York, net assets at the close of the current year were \$73,206,768.

Net Assets

<u>ASSETS</u>		<u>2007</u>
Current Assets		\$ 17,975,764
Capital Assets, Net		60,002,871
Total Assets		<u>\$ 77,978,635</u>
<u>LIABILITIES</u>		
Current Liabilities		\$ 567,868
Noncurrent Liabilities		4,203,999
Total Liabilities		<u>\$ 4,771,867</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt		\$ 55,845,898
Restricted for,		
Capital Reserves		9,348,677
Special Districts		2,471,164
Unrestricted		5,541,029
Total Net Assets		<u>\$ 73,206,768</u>

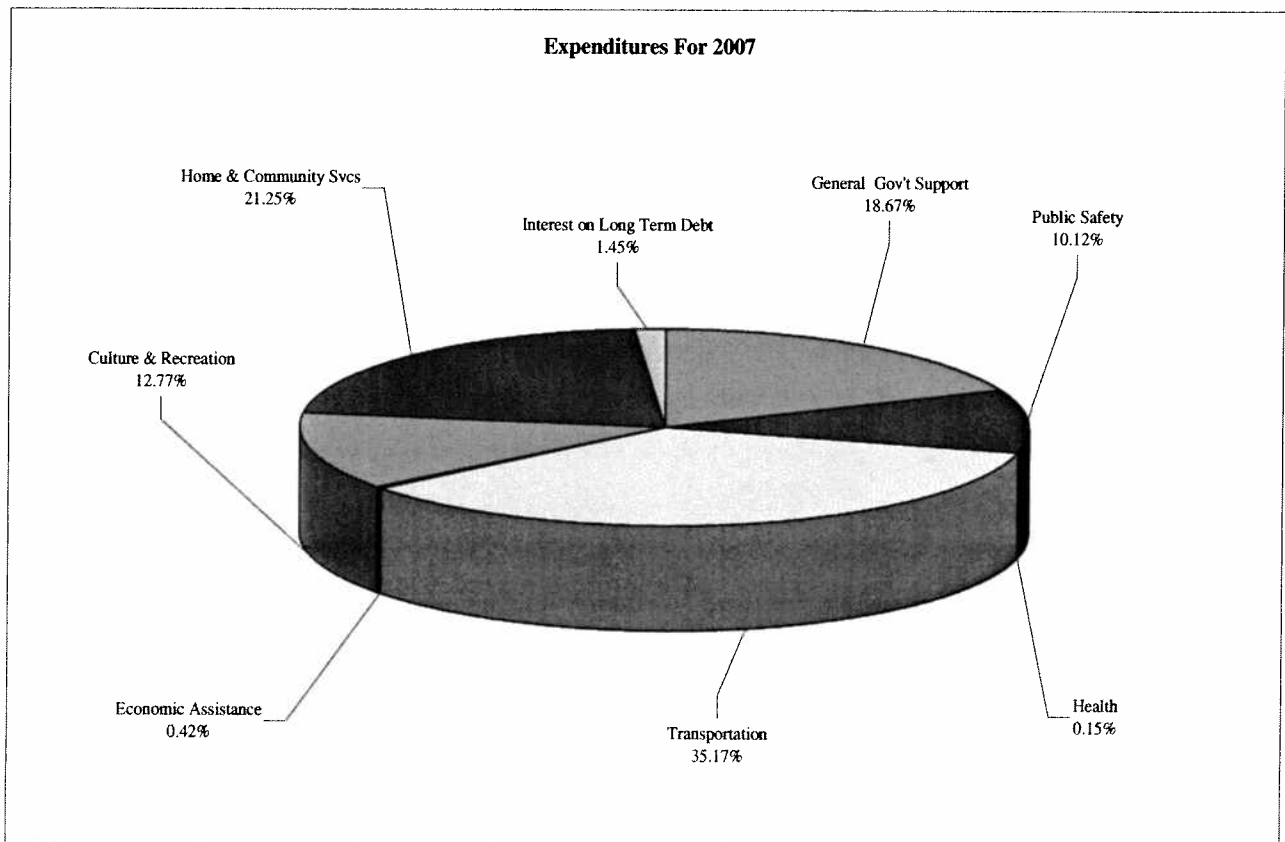
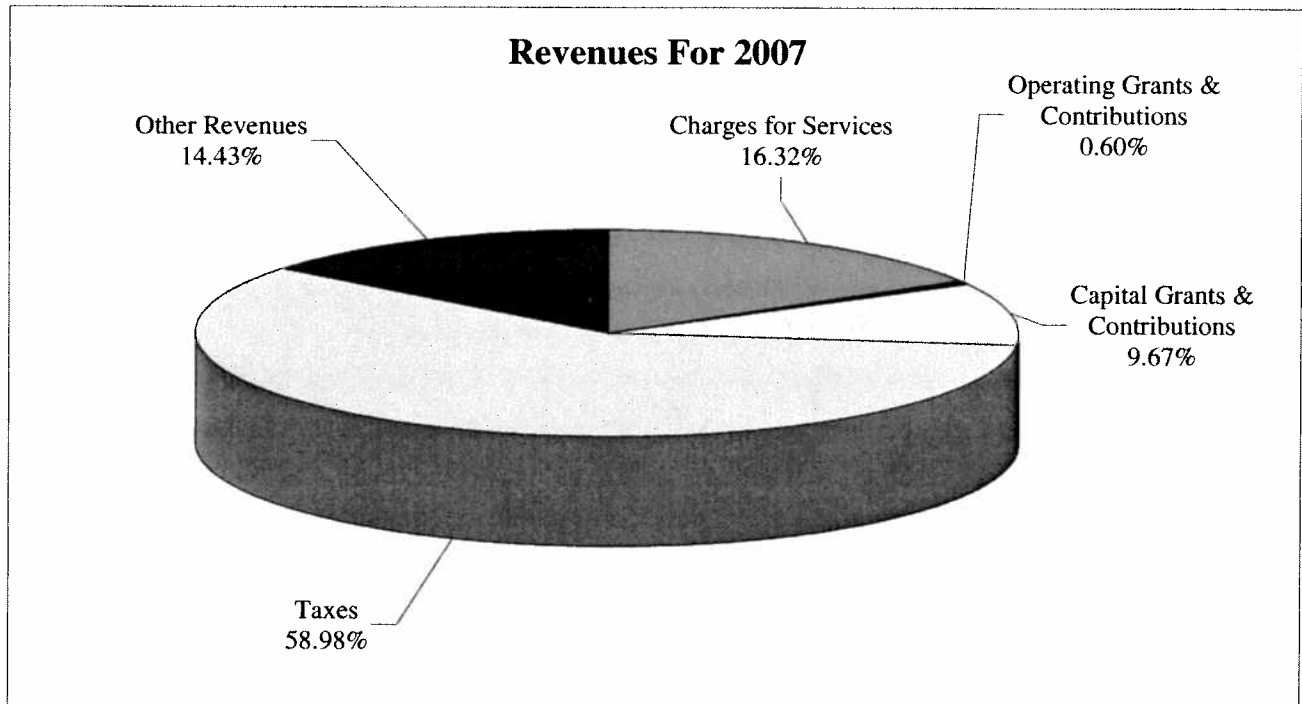
By far, the largest component of the Town's net assets (76%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the residents and consequently, these assets are not available 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 in Capital Reserves, and Special District, which constitute 16% of total net assets. The remaining balance of unrestricted net assets, which is a surplus of \$5,541,029 (8%), may be used to finance future operations.

Changes in Net Assets

<u>Revenues:</u>	<u>2007</u>	<u>% of Total</u>
Charges for Services	\$ 2,415,091	16.32%
Operating Grants & Contributions	88,123	0.60%
Capital Grants & Contributions	1,430,957	9.67%
Taxes	8,727,535	58.98%
Other Revenues	2,134,720	14.43%
Total Revenues	<u>\$ 14,796,426</u>	<u>100.00%</u>
<u>Expenditures:</u>		
General Government Support	\$ 2,586,688	18.67%
Public Safety	1,402,607	10.12%
Health	21,306	0.15%
Transportation	4,873,572	35.17%
Economic Assistance	58,647	0.42%
Culture & Recreation	1,769,622	12.77%
Home & Community Services	2,944,387	21.25%
Interest on Long-Term Debt	200,924	1.45%
Total Expenditures	<u>\$ 13,857,753</u>	<u>100.00%</u>
Change in Net Assets	\$ 938,673	
Net Assets - Beginning of Year	72,268,095	
Net Assets - End of Year	<u>\$ 73,206,768</u>	

Governmental activities increased the Town's net assets by \$938,673. As previously indicated and shown on the following graphs, the Town relies upon taxes, charges for services, operating grants and capital grants as their primary revenue sources. Expenditures are evenly distributed dependent on the Town's services.



Financial Analysis of the Town of Victor'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 \$17,429,062. Of the total combined fund balances, \$3,429,132 has been designated for subsequent year's expenditures and represents the amount estimated for use in the 2008 budget. \$4,031,263 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 \$8,493,828, of which \$1,317,619 was unreserved and undesignated. The fund balance for the Town of Victor's General Fund increased by \$565,036.

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-Non-Property Taxes	\$168,631	The sales tax rate was increased late in 2006 causing a favourable budget variance for 2007.
General Fund-Use of Money and Property	\$404,985	Conservative budgeting process.
General Fund-State and County Aid	\$401,220	Conservative budgeting process.
General Fund – Federal Aid	\$263,668	There was more work completed on grant projects than was initially anticipated.
Highway Fund-Part-Town-Use of Money and Property	\$144,682	Conservative budgeting process
Water Fund-Departmental Income	\$160,450	Unanticipated growth in the Town caused a favourable balance from connection fees and water usage.
Water Fund-Use of Money and Property	\$198,034	Conservative budgeting process.

Expenditure Items	Budget Variance	Explanation for Budget Variance
General Fund-General Government Support	\$163,983	Budgeted larger expense for energy costs than actual in operation of plant.
General Fund-Home and Community Services	\$156,462	Cost containment measures including some staff reductions in this area.
General Fund-Operating Transfers-Out	\$202,766	The budget includes interfund transfers to fund the capital reserves. The funding occurs as a fund balance adjustment.
General Fund-Part-Town-Home and Community Services	\$158,103	Additional spending provided in the budget that did not occur this year.
Highway Fund-Part-Town-General Government Support	\$128,384	Conservative budgeting including a large balance budgeted in the contingency account.
Highway Fund-Part-Town-Transportation	\$275,770	Road maintenance and snow removal costs less than budgeted.
Water Fund-Home and Community Services	\$233,102	Some cost containment and conservative budgeting.
Water Fund-Operating Transfers-Out	\$336,485	The budget includes interfund transfers to fund the capital reserves. The funding occurs as a fund balance adjustment.

Capital Assets

The change in capital assets, net of accumulated depreciation, is reflected below:

<u>Class</u>	<u>2007</u>
Land	\$ 2,249,310
Work in Progress	1,174,467
Infrastructure	54,429,518
Buildings and Improvements	320,366
Machinery and Equipment	1,829,210
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 60,002,871</u>

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

Long-Term Debt

At December 31, 2007, the Town had \$4,203,999 in general obligation and other long-term debt outstanding, as follows:

	<u>2007</u>
Revolving Fund Revenue Bonds	\$ 2,590,000
Serial Bonds	1,566,973
Compensated Absences	47,026
Total	<u>\$ 4,203,999</u>

The amount of principal paid on outstanding debt was \$622,458. 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 2007 the Town started construction on a new Town Hall located on Main Street and it was completed in early 2009.

Eastview Mall continues to expand its high end retail center within the Town.

The Town has had population growth and school enrollment growth for several years which is expected to continue. In 2006, the Town started a comprehensive strategic plan to help the Town government adapt to the changes that occur with the recent population growth and implement a plan to deal with that growth. The comprehensive plan is a continuing process.

Requests for Information

This financial report is designed to provide a general overview of the Town of Victor'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, 2007

	Governmental
ASSETS	Activities
Cash and cash equivalents	\$ 15,779,965
Accounts receivable (net)	782,640
Due from other governments	1,304,495
State and federal aid receivable	26,405
Deferred expenditures	82,259
Capital assets, net of accumulated depreciation:	
Land	2,249,310
Buildings	320,366
Equipment	1,829,210
Infrastructure	54,429,518
Work in progress	1,174,467
TOTAL ASSETS	\$ 77,978,635
LIABILITIES	
Accounts payable and other current liabilities	\$ 494,852
Accrued liabilities	44,967
Due to other governments	28,049
Noncurrent liabilities:	
Due in one year	563,607
Due in more than one year	3,640,392
TOTAL LIABILITIES	\$ 4,771,867
NET ASSETS	
Invested in capital assets, net of related debt	\$ 55,845,898
Restricted for:	
Capital reserves	9,348,677
Special districts	2,471,164
Unrestricted	5,541,029
TOTAL NET ASSETS	\$ 73,206,768

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
			<u>Services</u>	<u>Grants and</u>	
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Primary</u>
					<u>Government</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental Activities:					
General government support	\$ 2,586,688	\$ 2,449	\$ 82,383	\$ 50,000	\$ (2,451,856)
Public safety	1,402,607	-	-	-	(1,402,607)
Health	21,306	1,290	-	-	(20,016)
Transportation	4,873,572	203,467	-	655,739	(4,014,366)
Economic assistance and opportunity	58,647	-	-	-	(58,647)
Culture and recreation	1,769,622	315,129	5,740	263,668	(1,185,085)
Home and community services	2,944,387	1,892,756	-	461,550	(590,081)
Interest on long-term debt	200,924	-	-	-	(200,924)
Total Governmental Activities	\$ 13,857,753	\$ 2,415,091	\$ 88,123	\$ 1,430,957	\$ (9,923,582)
General Revenues:					
Taxes:					
Property taxes					\$ 3,071,136
Non-property taxes					4,858,562
Mortgage tax					797,837
Compensation for loss					101,267
Use of money and property					1,033,759
Licenses and permits					153,423
Fines and forfeitures					258,927
Miscellaneous					587,344
Total General Revenues					\$ 10,862,255
Change in Net Assets					\$ 938,673
Net Assets - Beginning (as restated)					72,268,095
Net Assets - Ending					\$ 73,206,768

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2007

	<u>General Fund</u>	<u>General Fund Part-Town</u>	<u>Omnitech Drive Capital Project</u>
Assets			
Cash and cash equivalents	\$ 8,038,812	\$ 541,168	\$ -
Receivables, net	99,055	74,931	120,000
Due from other funds	-	-	-
Due from other governments	554,495	50,000	-
State and federal aid receivable	26,405	-	-
Deferred expenses	28,926	2,416	-
Total Assets	<u>\$ 8,747,693</u>	<u>\$ 668,515</u>	<u>\$ 120,000</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	\$ 211,486	\$ 5,617	\$ -
Accrued wages and benefits	14,330	-	-
Due to other funds	-	-	120,000
Due to other governments	28,049	-	-
Total Liabilities	<u>\$ 253,865</u>	<u>\$ 5,617</u>	<u>\$ 120,000</u>
Fund Balances:			
Reserved for:			
Encumbrances	\$ 426,397	\$ -	\$ -
Capital reserve	4,849,812	-	-
Unreserved:			
Appropriated - ensuing fiscal year	1,900,000	264,988	-
Unappropriated	1,317,619	397,910	-
Total Fund Balances	<u>\$ 8,493,828</u>	<u>\$ 662,898</u>	<u>\$ -</u>
Total Liabilities and Fund Balances	<u>\$ 8,747,693</u>	<u>\$ 668,515</u>	<u>\$ 120,000</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Long-term liabilities, including serial bonds payable, are not due in the current period and therefore are not reported in the funds.

Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.

Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net assets.

Net Assets of Governmental Activities

The notes to the financial statements are an integral part of this statement.

Highway Fund Part-Town	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,142,225	\$ 3,731,039	\$ 326,721	\$ 15,779,965
-	462,122	26,532	782,640
120,000	-	-	120,000
700,000	-	-	1,304,495
-	-	-	26,405
11,655	4,825	34,437	82,259
<u>\$ 3,973,880</u>	<u>\$ 4,197,986</u>	<u>\$ 387,690</u>	<u>\$ 18,095,764</u>

\$ 88,639	\$ 157,822	\$ 10,122	\$ 473,686
28,114	2,523	-	44,967
-	-	-	120,000
-	-	-	28,049
<u>\$ 116,753</u>	<u>\$ 160,345</u>	<u>\$ 10,122</u>	<u>\$ 666,702</u>

\$ 159,649	\$ 33,944	\$ -	\$ 619,990
1,891,922	2,606,943	-	9,348,677
648,564	425,000	190,580	3,429,132
1,156,992	971,754	186,988	4,031,263
<u>\$ 3,857,127</u>	<u>\$ 4,037,641</u>	<u>\$ 377,568</u>	<u>\$ 17,429,062</u>
<u>\$ 3,973,880</u>	<u>\$ 4,197,986</u>	<u>\$ 387,690</u>	

60,002,871

(4,156,973)

(21,166)

(47,026)

\$ 73,206,768

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Year Ended December 31, 2007

	<u>General Fund</u>	<u>General Fund Part-Town</u>	<u>Omnitech Drive Capital Project</u>
Revenues:			
Real property and tax items	\$ 779,066	\$ -	\$ -
Non-property taxes	2,683,631	124,931	-
Departmental income	567,204	57,011	-
Intergovernmental charges	-	-	-
Use of money and property	530,585	34,130	307
Licenses and permits	149,555	3,868	-
Fines and forfeitures	258,927	-	-
Sale of property and compensation for loss	68,847	12,205	-
Miscellaneous	27,714	-	278,132
State and county aid	885,960	50,000	-
Federal aid	263,668	-	-
Total Revenues	<u>\$ 6,215,157</u>	<u>\$ 282,145</u>	<u>\$ 278,439</u>
Expenditures:			
Current:			
General government support	\$ 2,420,566	\$ 63,184	\$ -
Public safety	110,649	-	-
Health	20,506	800	-
Transportation	292,514	13,379	618,904
Economic assistance and opportunity	53,290	-	-
Culture and recreation	1,729,248	-	-
Home and community services	586,846	228,883	-
Employee benefits	428,208	36,350	-
Debt Service:			
Debt service - principal	105,000	-	-
Debt service - interest and other charges	47,333	-	-
Total Expenditures	<u>\$ 5,794,160</u>	<u>\$ 342,596</u>	<u>\$ 618,904</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 420,997</u>	<u>\$ (60,451)</u>	<u>\$ (340,465)</u>
Other Financing Sources and Uses:			
Operating transfers - in	\$ -	\$ -	\$ 340,465
Operating transfers - out	(297,234)	-	-
Total Other Financing Sources and Uses	<u>\$ (297,234)</u>	<u>\$ -</u>	<u>\$ 340,465</u>
Net change in fund balances	\$ 123,763	\$ (60,451)	\$ -
Fund Balance - Beginning (as restated)	<u>8,370,065</u>	<u>723,349</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,493,828</u>	<u>\$ 662,898</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Highway Fund Part-Town	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 564,174	\$ 1,727,896	\$ 3,071,136
2,050,000	-	-	4,858,562
-	1,587,141	268	2,211,624
203,467	-	-	203,467
173,682	250,834	44,221	1,033,759
-	-	-	153,423
-	-	-	258,927
20,215	-	-	101,267
47,413	159	259,116	612,534
96,748	-	-	1,032,708
-	-	-	263,668
<u>\$ 2,591,525</u>	<u>\$ 2,402,308</u>	<u>\$ 2,031,501</u>	<u>\$ 13,801,075</u>
\$ 50,016	\$ 80,949	\$ 300,348	\$ 2,915,063
-	-	1,291,104	1,401,753
-	-	-	21,306
1,766,821	33,833	43,315	2,768,766
-	-	-	53,290
-	-	258,277	1,987,525
-	1,478,769	-	2,294,498
227,689	90,077	-	782,324
-	204,280	315,000	624,280
-	55,666	74,937	177,936
<u>\$ 2,044,526</u>	<u>\$ 1,943,574</u>	<u>\$ 2,282,981</u>	<u>\$ 13,026,741</u>
<u>\$ 546,999</u>	<u>\$ 458,734</u>	<u>\$ (251,480)</u>	<u>\$ 774,334</u>
\$ -	\$ -	\$ 496,806	\$ 837,271
(303,950)	(13,515)	(222,572)	(837,271)
<u>\$ (303,950)</u>	<u>\$ (13,515)</u>	<u>\$ 274,234</u>	<u>\$ -</u>
\$ 243,049	\$ 445,219	\$ 22,754	\$ 774,334
3,614,078	3,592,422	354,814	16,654,728
<u>\$ 3,857,127</u>	<u>\$ 4,037,641</u>	<u>\$ 377,568</u>	<u>\$ 17,429,062</u>

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 1,984,056

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Additions of Assets,			
Net of Deletions	\$	2,973,642	
Depreciation		<u>(3,386,658)</u>	(413,016)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The following details these items as they effect the governmental activities:

Debt Repayment	\$	622,458	
Principle accrued on prior year entity-wide statements		(25,000)	
Restatement of notes payable		<u>30,264</u>	627,722

Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences. (4,011)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (21,166)

Sales tax and state aid was accrued in the prior year on the government-wide statements but was not recognized as revenue in the governmental funds. (1,234,912)

Change in Net Assets of Governmental Activities \$ 938,673

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General and Major Special Revenue Fund Types
For the Year Ended December 31, 2007

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 779,318	\$ 778,552	\$ 779,066	\$ -	\$ 514
Non-property taxes	2,415,000	2,515,000	2,683,631	-	168,631
Departmental income	518,300	518,300	567,204	-	48,904
Use of money and property	125,600	125,600	530,585	-	404,985
Licenses and permits	84,640	84,650	149,555	-	64,905
Fines and forfeitures	195,000	195,000	258,927	-	63,927
Sale of property and compensation for loss	14,170	14,170	68,847	-	54,677
Miscellaneous	200	200	27,714	-	27,514
State and county aid	634,740	484,740	885,960	-	401,220
Federal aid	-	150,000	263,668	-	113,668
Total Revenues	\$ 4,766,968	\$ 4,866,212	\$ 6,215,157	\$ -	\$ 1,348,945
Expenditures:					
Current:					
General government support	\$ 2,665,489	\$ 2,996,289	\$ 2,420,566	\$ 411,740	\$ 163,983
Public safety	93,800	114,300	110,649	-	3,651
Health	17,500	22,500	20,506	-	1,994
Transportation	341,184	337,184	292,514	-	44,670
Economic assistance and opportunity	86,200	86,200	53,290	-	32,910
Culture and recreation	1,713,995	1,772,295	1,729,248	-	43,047
Home and community services	769,260	757,965	586,846	14,657	156,462
Employee benefits	492,305	492,734	428,208	-	64,526
Debt Service:					
Debt service - principal	105,000	105,000	105,000	-	-
Debt service - interest and other charges	47,335	47,335	47,333	-	2
Total Expenditures	\$ 6,332,068	\$ 6,731,802	\$ 5,794,160	\$ 426,397	\$ 511,245
Excess (deficiency) of revenue over expenditures	\$ (1,565,100)	\$ (1,865,590)	\$ 420,997	\$ (426,397)	\$ 1,860,190
Other Financing Sources and Uses:					
Operating transfers - out	\$ (400,000)	\$ (500,000)	\$ (297,234)	\$ -	\$ 202,766
Total Other Financing Sources and Uses	\$ (400,000)	\$ (500,000)	\$ (297,234)	\$ -	\$ 202,766
Net change in fund balances	\$ (1,965,100)	\$ (2,365,590)	\$ 123,763	\$ (426,397)	\$ 2,062,956
Fund Balance - Beginning (as restated)	7,928,792	7,928,792	8,370,065	-	(441,273)
Fund Balance - Ending	\$ 5,963,692	\$ 5,563,202	\$ 8,493,828	\$ (426,397)	\$ 1,621,683

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General and Major Special Revenue Fund Types
For the Year Ended December 31, 2007

GENERAL FUND - PART-TOWN				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Variance
Revenues:				
Non-property taxes	\$ 63,000	\$ 113,000	\$ 124,931	\$ 11,931
Departmental income	13,000	13,000	57,011	44,011
Use of money and property	9,000	9,000	34,130	25,130
Licenses and permits	1,500	1,500	3,868	2,368
Sale of property and compensation for loss	650	650	12,205	11,555
Miscellaneous	10	10	-	(10)
State and county aid	-	50,000	50,000	-
Total Revenues	\$ 87,160	\$ 187,160	\$ 282,145	\$ 94,985
Expenditures:				
Current:				
General government support	\$ 84,300	\$ 84,300	\$ 63,184	\$ 21,116
Health	800	800	800	-
Transportation	16,880	16,880	13,379	3,501
Home and community services	268,086	386,986	228,883	158,103
Employee benefits	44,300	44,900	36,350	8,550
Total Expenditures	\$ 414,366	\$ 533,866	\$ 342,596	\$ 191,270
Excess (deficiency) of revenue over expenditures	\$ (327,206)	\$ (346,706)	\$ (60,451)	\$ 286,255
Fund Balance - Beginning (as restated)	654,900	654,900	723,349	-
Fund Balance - Ending	\$ 327,694	\$ 308,194	\$ 662,898	\$ 286,255

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General and Major Special Revenue Fund Types
For the Year Ended December 31, 2007

HIGHWAY FUND - PART-TOWN					
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Non-property taxes	\$ 1,900,000	\$ 2,050,000	\$ 2,050,000	\$ -	\$ -
Intergovernmental charges	152,000	152,000	203,467	-	51,467
Use of money and property	29,000	29,000	173,682	-	144,682
Sale of property and compensation for loss	200	200	20,215	-	20,015
Miscellaneous	350	350	47,413	-	47,063
State and county aid	29,200	29,200	96,748	-	67,548
Total Revenues	\$ 2,110,750	\$ 2,260,750	\$ 2,591,525	\$ -	\$ 330,775
Expenditures:					
Current:					
General government support	\$ 210,400	\$ 178,400	\$ 50,016	\$ -	\$ 128,384
Transportation	2,165,240	2,202,240	1,766,821	159,649	275,770
Employee benefits	266,127	266,127	227,689	-	38,438
Total Expenditures	\$ 2,641,767	\$ 2,646,767	\$ 2,044,526	\$ 159,649	\$ 442,592
Excess (deficiency) of revenue over expenditures	\$ (531,017)	\$ (386,017)	\$ 546,999	\$ (159,649)	\$ 773,367
Other Financing Sources and Uses:					
Operating transfers - out	\$ (250,000)	\$ (400,000)	\$ (303,950)	\$ -	\$ 96,050
Total Other Financing Sources and Uses	\$ (250,000)	\$ (400,000)	\$ (303,950)	\$ -	\$ 96,050
Net change in fund balances	\$ (781,017)	\$ (786,017)	\$ 243,049	\$ (159,649)	\$ 869,417
Fund Balance - Beginning (as restated)	2,914,078	2,914,078	3,614,078	-	-
Fund Balance - Ending	\$ 2,133,061	\$ 2,128,061	\$ 3,857,127	\$ (159,649)	\$ 869,417

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General and Major Special Revenue Fund Types
For the Year Ended December 31, 2007

WATER FUND					
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 564,174	\$ 564,174	\$ 564,174	\$ -	\$ -
Departmental income	1,426,691	1,426,691	1,587,141	-	160,450
Use of money and property	52,800	52,800	250,834	-	198,034
Miscellaneous	500	500	159	-	(341)
Total Revenues	\$ 2,044,165	\$ 2,044,165	\$ 2,402,308	\$ -	\$ 358,143
Expenditures:					
Current:					
General government support	\$ 208,850	\$ 158,350	\$ 80,949	\$ -	\$ 77,401
Transportation	30,000	41,500	33,833	-	7,667
Home and community services	1,665,466	1,745,815	1,478,769	33,944	233,102
Employee benefits	110,275	110,275	90,077	-	20,198
Debt Service:					
Debt service - principal	201,400	202,400	204,280	-	(1,880)
Debt service - interest and other charges	57,520	57,520	55,666	-	1,854
Total Expenditures	\$ 2,273,511	\$ 2,315,860	\$ 1,943,574	\$ 33,944	\$ 338,342
Excess (deficiency) of revenue over expenditures	\$ (229,346)	\$ (271,695)	\$ 458,734	\$ (33,944)	\$ 696,485
Other Financing Sources and Uses:					
Operating transfers - out	\$ (350,000)	\$ (350,000)	\$ (13,515)	\$ -	\$ 336,485
Total Other Financing Sources and Uses	\$ (350,000)	\$ (350,000)	\$ (13,515)	\$ -	\$ 336,485
Net change in fund balances	\$ (579,346)	\$ (621,695)	\$ 445,219	\$ (33,944)	\$ 1,032,970
Fund Balance - Beginning (as restated)	3,592,422	3,592,422	3,592,422	-	-
Fund Balance - Ending	\$ 3,013,076	\$ 2,970,727	\$ 4,037,641	\$ (33,944)	\$ 1,032,970

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2007

	<u>Expendable Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,910	\$ 1,434,894
TOTAL ASSETS	<u>\$ 2,910</u>	<u>\$ 1,434,894</u>
Other liabilities	\$ -	\$ 1,434,894
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 1,434,894</u>
NET ASSETS		
Unreserved	\$ 2,910	
TOTAL NET ASSETS	<u>\$ 2,910</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2007

	<u>Expendable Trust</u>
Additions	
Investment earnings	<u>\$ 261</u>
Total Additions	<u>\$ 261</u>
 Deductions	
Contractual expenditures	<u>\$ -</u>
Total Deductions	<u>\$ -</u>
Change in net assets	\$ 261
Net Assets - Beginning	<u>2,649</u>
Net Assets - Ending	<u><u>\$ 2,910</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2007

I. Summary of Significant Accounting Policies:

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

A. 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.

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 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 GASB Statement 14 as amended by GASB Statement #39.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in 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.

1. 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:

(I.) (Continued)

a. 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 2007, the Town contributed \$268,125 to the Library or 69% 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 books, including payroll, and files a separate annual financial report with New York State. In addition, the Library Board of Trustees are wholly exclusive of the Town, and the right to appoint Trustees when vacancies occur rests with the Library Board.

b. The Victor Local Development Corporation (LDC) was established in 2000, as an IRS Section 501 c(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 have sole responsibility for management of the Corporation 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. Operation 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 Government, these funds are not incorporated into the government-wide financial statements.

(I.) (Continued)

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.

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. GASB Statement No. 34 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 a 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 Whole Town and General Fund Part Town - the Town uses two general funds to account for the financial resources related to the general town wide activities and the activities associated solely with the portion of the Town which lies outside the Village of Victor (the Village).

The General-Town Wide 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.

Omnitech Drive Capital Project - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment. The Omnitech Drive Project is considered major, while all other projects are considered non-major.

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.

(I.) (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.

All Other Capital Projects – used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities, or the acquisition of equipment.

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:

Consolidated Lighting Fund
Consolidated Sewer District Fund
Fire Protection District Fund

3. **Fiduciary Funds**

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

Agency Fund – is custodial in nature and does not present results of operations of have measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for asses 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.

(I.) (Continued)

2. Modified Accrual

The governmental 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 six months 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:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- c. 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 May 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 June 1 are turned over to Ontario County for collection.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town's investments are stated at cost, which approximates market value.

(I.) (Continued)

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H. Due To/From Other Funds

The amounts reported on the Governmental Funds Balance Sheet for due to and due from other funds represents amounts due between different fund types (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 services are consumed.

J. Deferred Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

K. Capital Assets - Property, Plant and Equipment

1. Government 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	15-20 Years
Sanitary Sewer System	30 Years
Machinery and Equipment	5-15 Years
Improvements; Parking Lots	5-10 Years
Roads, Sidewalks, Curbing, Gutters	30 Years

(I.) (Continued)

GASB Statement No. 34 requires the Town to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related utilities), etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The reporting of the Town's retroactive infrastructure is concurrent with the implementation of the general provisions of GASB Statement No. 34.

L. Compensatory Absences

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

M. Postemployment 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 10 consecutive years for the Town. The amount expensed for the year ended December 31, 2007, on behalf of 6 retirees totaled \$6,059. 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.

N. 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.

O. Short-Term Debt

The Town may issue Bond Anticipation Notes (BAN's), 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

P. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the Town-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.

(I.) (Continued)

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.

Q. 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.

R. Interfund Transfers

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with 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 financing or other services.

S. 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.

T. 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 other governments; 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.

(I.) (Continued)

U. **Future Changes in Accounting Standards**

GASB has issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which establishes the uniform standards of reporting for postemployment benefits (OPEB), benefits provided to retirees other than pensions including healthcare benefits, for governmental entities. The Town is currently studying the statement and plans on adoption when required, which will be for the December 31, 2008 financial statements.

GASB has issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the accrual basis measurement and recognition of OPEB costs over a period that relates to when the service is provided to the employer, rather than recognizing those costs on a pay-as-you-go basis. The Town is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2008 financial statements.

GASB has issued Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The Town is currently studying the statement and plans on adoption when required, which will be for the December 31, 2008 financial statements.

GASB has issued Statement 50, *Pension Disclosure – an amendment to GASB Statements No. 25 and No. 27*, which enhances the information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The Town is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2008 financial statements.

GASB has issued Statement 51, *Accounting and Reporting for Intangible Assets*, which improves financial reporting by reducing inconsistencies that have developed in accounting and financial reporting for intangible assets. The Town is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2010 financial statements.

GASB has issued Statement 52, *Land and Other Real Estate Held as Investment by Endowments*, which establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. The Town is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2009 financial statements.

II. **Stewardship:**

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.

(II.) (Continued)

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**

Budget(s) 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.

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.

III. **Cash and Cash Equivalents:**

A. **Cash**

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, as discussed previously in these notes.

The Town's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		17,199,938
Total	\$	<u>17,199,938</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$1,437,804 in the fiduciary funds.

IV. Receivables

Receivables at December 31, 2007 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>Omnitech Drive Capital Project</u>		<u>Highway Fund Part-Town</u>		<u>Water Fund</u>		<u>Non-Major Funds</u>		<u>Total</u>
	<u>Fund</u>	<u>Part-Town</u>	<u>Project</u>	<u>Part-Town</u>	<u>Fund</u>	<u>Part-Town</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>	
Fines and Forfeitures	\$ 45,095	-	-	-	-	-	-	-	-	\$	45,095
State Grants	-	50,000	-	-	-	-	-	-	-	-	50,000
State Aid Tax Map & Assessment	26,405	-	-	-	-	-	-	-	-	-	26,405
Miscellaneous	-	-	120,000	-	-	-	32,768	-	-	-	152,768
2007 Franchise Fees	-	74,931	-	-	-	-	-	-	-	-	74,931
Legal & Engineering Invoice	29,911	-	-	-	-	-	-	-	-	-	29,911
Town Clerks December Report	24,049	-	-	-	-	-	-	-	-	-	24,049
2007 Water Rent Re-Levy	-	-	-	-	-	-	116,880	-	26,532	-	143,412
4th Quarter Water Billings	-	-	-	-	-	-	312,474	-	-	-	312,474
Monroe County Sales Tax	554,495	-	-	700,000	-	-	-	-	-	-	1,254,495
Total	\$ 679,955	\$ 124,931	\$ 120,000	\$ 700,000	\$ 462,122	\$ 26,532	\$ 2,113,540				

V. Interfund Transactions – Governmental Funds:

Interfund receivables, payables, revenues and expenditures at December 31, 2007 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ -	\$ -	\$ 297,234
Omnitech Drive Capital Project	-	120,000	340,465	-
Highway Fund Part-Town	120,000	-	-	303,950
Water Fund	-	-	-	13,515
Other Capital Projects	-	-	496,806	-
Consolidated Sewer Fund	-	-	-	222,572
Total	\$ 120,000	\$ 120,000	\$ 837,271	\$ 837,271

(V.) (Continued)

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.

VI. Changes In Capital Assets:

A. Governmental Activities

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>01/01/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/07</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 2,047,600	\$ 201,710	\$ -	\$ 2,249,310
Work in progress	-	1,174,467	-	1,174,467
<i>Total capital assets not being depreciated</i>	<u>\$ 2,047,600</u>	<u>\$ 1,376,177</u>	<u>\$ -</u>	<u>\$ 3,423,777</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 5,819,508	\$ -	\$ -	\$ 5,819,508
Machinery and equipment	3,170,191	361,826	(5,205)	3,526,812
Infrastructure	70,364,203	1,235,639	-	71,599,842
<i>Total other capital assets at historical cost</i>	<u>\$ 79,353,902</u>	<u>\$ 1,597,465</u>	<u>\$ (5,205)</u>	<u>\$ 80,946,162</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 5,368,942	\$ 130,200	\$ -	\$ 5,499,142
Machinery and equipment	1,403,692	299,115	(5,205)	1,697,602
Infrastructure	14,212,981	2,957,343	-	17,170,324
<i>Total accumulated depreciation</i>	<u>\$ 20,985,615</u>	<u>\$ 3,386,658</u>	<u>\$ (5,205)</u>	<u>\$ 24,367,068</u>
<i>Other capital assets, net</i>	<u>\$ 58,368,287</u>	<u>\$ (1,789,193)</u>	<u>\$ -</u>	<u>\$ 56,579,094</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 60,415,887</u>	<u>\$ (413,016)</u>	<u>\$ -</u>	<u>\$ 60,002,871</u>

Fixed assets have been restated at January 1, 2007 by decreasing in the amount of \$12,834,380 for an infrastructure revaluation.

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 14,499
Transportation	238,097
Culture and Recreation	11,891
Home and Community Services	3,122,171
Total	<u>\$ 3,386,658</u>

VII. 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 employers to the pension accumulation fund.

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

	<u>ERS</u>
2007	\$ 195,481
2006	\$ 208,047
2005	\$ 210,580

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

VIII. Long-Term Debt Obligations:

- a. At December 31, 2007 the total outstanding obligations of the Town aggregated \$4,203,999.

- b. **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.

- c. **Environmental Facilities Corp./Revolving Fund Revenue Bonds** – The Town has borrowed money from the Environmental Facilities Corp. for water pollution control in the Town of Victor, Ontario County, New York. The interest is subsidized by the Environmental Facilities Corporation through the State Revolving Fund by approximately one half.

(VIII.) (Continued)

d. **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.

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

Governmental Activities:	Balance	Additions	Deletions	Balance	Classified As	
	01/01/07			12/31/07	Current	Non-Current
Revolving Fund Revenue Bonds	\$ 2,905,000	\$ -	\$ 315,000	\$ 2,590,000	\$ 325,000	\$ 2,265,000
Serial Bonds *	1,874,431	-	307,458	1,566,973	238,607	1,328,366
Compensated Absences	43,015	4,011	-	47,026	-	47,026
Total Obligations	\$ 4,822,446	\$ 4,011	\$ 622,458	\$ 4,203,999	\$ 563,607	\$ 3,640,392

* Restated the beginning serial bonds balance by \$30,264 due to the prior statements not reflecting a principle payoff in prior years.

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

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

Serial Bonds	Purpose	Issue Date	Interest Rate	Amount Outstanding 12/31/07	Final Maturity
	Public Improvement	1998	4.625%-4.800%	\$ 610,000	2017
	Public Improvement	1992	6.15%	700,000	2013
	Public Improvement	1996	4.70%-5.20%	200,000	2015
	Transmission Main and Tank	1996	5.00%	56,973	2011
Revolving Fund Revenue Bonds					
	State Water Pollution Control**	2005D	Various*	1,480,000	2014
	State Water Pollution Control**	2002L	Various*	810,000	2015
	State Water Pollution Control**	1996C	Various*	300,000	2017
	Total			\$ 4,156,973	

(VIII.) (Continued)

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

** The interest paid on these bonds was paid net of interest revenue earned as follows:

<u>Bond</u>	<u>Gross Interest Expense</u>	<u>Interest and Subsidy Revenue</u>	<u>Net Interest Paid</u>
2005D	\$ 69,800	\$ 31,230	\$ 38,570
2002L	46,493	19,299	27,194
1996C	17,814	8,641	9,173
Total	\$ 134,107	\$ 59,170	\$ 74,937

f. The following table summarizes the Town's future debt service requirements as of December 31, 2007:

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2008	\$ 563,607	\$ 200,297
2009	564,815	173,751
2010	558,551	140,632
2011	555,000	119,686
2012	535,000	92,038
2013-17	1,380,000	130,372
Total	\$ 4,156,973	\$ 856,776

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

Interest paid	\$ 179,758
<u>Plus: interest accrued in the current year</u>	<u>21,166</u>
Total interest expense	\$ 200,924

h. In prior years, the Town defeased certain general 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. \$2,290,000 of bonds outstanding are considered defeased.

i. 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 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 2007, the Town collected lease payments and made debt principle and interest payments in the amount of \$1,077,336. As of December 31, 2007, the balance due on the bonds was \$5,690,000.

IX. Net Assets and Fund Equity:

1. Net Assets – Restricted

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

<u>Special Districts</u>	<u>Restricted By</u>	<u>Amount</u>
General Fund Part-Town	Law	\$ 662,898
Consolidated Sewer	Law	352,802
Fire Protection	Law	14,886
Consolidated Lighting	Law	9,880
Water Fund	Law	<u>1,430,698</u>
Total Restricted Net Assets for Special Districts		<u>\$ 2,471,164</u>

X. Fund Equity – Reserved:

Reserve funds have been established for the following purposes:

A. Capital Reserves

As provided in General Municipal Law Section 6, the Town has established Capital Reserves at December 31, 2007, as follows:

	<u>Balance</u> <u>01/01/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/07</u>
<u>General Fund -</u>				
Building/Land Reserve	\$ 3,660,511	\$ 489,720	\$ 297,319	\$ 3,852,912
Civic Reserve	755,650	241,250	-	996,900
Total General Fund	<u>\$ 4,416,161</u>	<u>\$ 730,970</u>	<u>\$ 297,319</u>	<u>\$ 4,849,812</u>
<u>Highway Fund Part-Town -</u>				
Road Improvement Reserve	\$ 1,054,639	\$ 448,393	\$ 303,950	\$ 1,199,082
Highway Equipment Reserve	709,131	37,048	53,339	692,840
Total Highway Fund Part-Town	<u>\$ 1,763,770</u>	<u>\$ 485,441</u>	<u>\$ 357,289</u>	<u>\$ 1,891,922</u>
<u>Water Fund -</u>				
Reserve for Water	\$ 2,141,517	\$ 465,426	\$ -	\$ 2,606,943
Total Water Fund	<u>\$ 2,141,517</u>	<u>\$ 465,426</u>	<u>\$ -</u>	<u>\$ 2,606,943</u>
Total Capital Reserve	<u>\$ 8,321,448</u>	<u>\$ 1,681,837</u>	<u>\$ 654,608</u>	<u>\$ 9,348,677</u>

XI. 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, 2007, the market value of the assets of the Plan totaled \$1,260,209.

XII. Other Information:

A. Risk Management

1. Workers' Compensation

The Town of Victor, Ontario County, New York 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 the County. The 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, the County has excess insurance coverage in the amount of \$300,000 per occurrence with coverage to full statutory limits. Based upon the requirements of GASB Statement #10, 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 at December 31, 2007 is fully funded.

For the year ended December 31, 2007, the Town was assessed Workers' Compensation fees of \$45,419.

B. Commitments and Contingencies

1. 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.

XIII. 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 has the option to terminate this lease any time after June 30, 2009 with written notice to Blossom by September 30, 2008. 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 base rent payments are:

<u>Year</u>	<u>Amount</u>
2008	\$ 7,458
2009	\$ 7,720
2010	\$ 7,982
2011	\$ 8,244

(XIII.) (Continued)

The Town entered into a lease agreement with DHD Ventures New York, LLC to rent 8,500 square feet of office space and approximately 800 square feet of warehouse space for the temporary placement of the Town Hall located at 1290 Blossom Drive. The lease agreement was executed on June 15, 2007 with monthly rent payments in 2007 of \$7,217 which includes additional rent for taxes, insurance, and annual operating expenses.

The Town renewed their 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, 2007 and terminates August 31, 2009, with monthly rent payments of \$8,100 in 2007.

XIV. Rental of Town Property:

The Town has entered into multiple lease agreements for the use of cellular towers in the Town of Victor, Ontario County, New York. The agreements are for various terms, and the total rental income received and accrued for the year ended December 31, 2007 totaled \$51,109.

XV. Inter-municipal Agreements:

Village Water Transmission Fees

In 2001 the Town entered into 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 and passing through water lines owned and operated by the Town. The agreement expired in 2006. As of December 31, 2007 the contract has not been renewed, however, the Town received payments at the 15% rate during 2007 totaling \$24,255.

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 obtain operation, maintenance, accounting, billing, and overall management services for the Town of Victor'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 of Victor will be involved with any capital expenses for repair or replacements made to the Town's sewer system. The management and billing/service agreement has a term of 25 years.

Village of Victor Sewer Contract Agreement

The Town executed a Sewer Contract Agreement with the Village of Victor 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.

Inter-Municipal Agreement for Athletic Fields Construction

The Town executed an inter-municipal agreement with the Victor Central School District on November 13, 1997. The agreement defined roles and responsibilities in developing and operating an expanded athletic complex for shared Town and District use. The Town was obligated to pay \$900,000 over a 10 year period. The agreement was fulfilled in 2007 by making the final \$90,000 payment.

XVI. 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 of Victor, New York 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.

XVII. Restatement of Fund Balance:

- A. The Town of Victor has elected to reclassify the fund reporting for Water Fund operations. This reclassification represents a change from utilizing Enterprise Fund accounting to Special Revenue Fund accounting. This change requires a restatement of fund balance as follows:

	<u>Water Fund</u>
Net Assets Reported at December 31, 2006 on the Statement of Net Assets	\$ 14,290,246
Removal of Fixed Assets	(11,853,653)
Add back Long Term Debt and Compensated Absences	<u>1,155,829</u>
Restated January 1, 2007	<u>\$ 3,592,422</u>

- B. Fund balances have been restated at January 1, 2007 as follows:

	<u>General Fund</u>	<u>General Fund Part-Town</u>	<u>Highway Fund Part-Town</u>	<u>Sewer Fund</u>	<u>Capital Fund</u>
Fund Balance Reported at December 31, 2006 on the Balance Sheet	\$ 7,928,792	\$ 654,900	\$ 2,914,078	\$ 327,452	\$ -
<u>Adjustments-</u>					
4th Quarter 2006 Sales Tax Not Accrued	441,273	-	700,000	-	-
2006 Franchise Fees Not Accrued	-	68,449	-	-	-
Capital Fund Transactions from 2006	-	-	-	199,572	(199,572)
Restated Fund Balance at January 1, 2007	<u>\$ 8,370,065</u>	<u>\$ 723,349</u>	<u>\$ 3,614,078</u>	<u>\$ 527,024</u>	<u>\$ (199,572)</u>

XVIII. Subsequent Event:

On September 25, 2008, the Town issued a Bond Anticipation Note in the amount of \$1,500,000 for the Town Hall Project which matures on September 24, 2009 with an interest rate of 2.38%.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2007

	Other Capital Projects	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ -	\$ 326,721	\$ 326,721
Receivables, net	-	26,532	26,532
Deferred expenses	-	34,437	34,437
Total Assets	\$ -	\$ 387,690	\$ 387,690
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	\$ -	\$ 10,122	\$ 10,122
Total Liabilities	\$ -	\$ 10,122	\$ 10,122
Fund Balances:			
Unreserved:			
Appropriated - ensuing fiscal year	\$ -	\$ 190,580	\$ 190,580
Unappropriated	-	186,988	186,988
Total Fund Balances	\$ -	\$ 377,568	\$ 377,568
Total Liabilities and Fund Balances	\$ -	\$ 387,690	\$ 387,690

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended December 31, 2007

	Other Capital Projects	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:			
Real property and tax items	\$ -	\$ 1,727,896	\$ 1,727,896
Departmental income	-	268	268
Use of money and property	50	44,171	44,221
Miscellaneous	258,278	838	259,116
Total Revenues	\$ 258,328	\$ 1,773,173	\$ 2,031,501
Expenditures:			
Current:			
General government support	\$ 297,285	\$ 3,063	\$ 300,348
Public safety	-	1,291,104	1,291,104
Transportation	-	43,315	43,315
Culture and recreation	258,277	-	258,277
Debt Service:			
Debt service - principal	-	315,000	315,000
Debt service - interest and other charges	-	74,937	74,937
Total Expenditures	\$ 555,562	\$ 1,727,419	\$ 2,282,981
Excess (deficiency) of revenue over expenditures	\$ (297,234)	\$ 45,754	\$ (251,480)
Other Financing Sources and Uses:			
Operating transfers - in	\$ 496,806	\$ -	\$ 496,806
Operating transfers - out	-	(222,572)	(222,572)
Total Other Financing Sources and Uses	\$ 496,806	\$ (222,572)	\$ 274,234
Net change in fund balances	\$ 199,572	\$ (176,818)	\$ 22,754
Fund Balance - Beginning (as restated)	(199,572)	554,386	354,814
Fund Balance - Ending	\$ -	\$ 377,568	\$ 377,568

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2007

	Street Lighting Fund	Consolidated Sewer Fund	Fire Protection Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 9,880	\$ 301,955	\$ 14,886	\$ 326,721
Receivables, net	-	26,532	-	26,532
Deferred expenses	-	34,437	-	34,437
Total Assets	\$ 9,880	\$ 362,924	\$ 14,886	\$ 387,690
 Liabilities and Fund Balance				
Liabilities:				
Accounts payable and other				
current liabilities	\$ -	\$ 10,122	\$ -	\$ 10,122
Total Liabilities	\$ -	\$ 10,122	\$ -	\$ 10,122
 Fund Balances:				
Unreserved:				
Appropriated - ensuing fiscal year	\$ 4,080	\$ 172,500	\$ 14,000	\$ 190,580
Unappropriated	5,800	180,302	886	186,988
Total Fund Balances	\$ 9,880	\$ 352,802	\$ 14,886	\$ 377,568
Total Liabilities and Fund Balances	\$ 9,880	\$ 362,924	\$ 14,886	\$ 387,690

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For Year Ended December 31, 2007

	Street Lighting Fund	Consolidated Sewer Fund	Fire Protection Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Real property and tax items	\$ 39,278	\$ 412,655	\$ 1,275,963	\$ 1,727,896
Departmental income	-	268	-	268
Use of money and property	1,549	28,427	14,195	44,171
Miscellaneous	838	-	-	838
Total Revenues	\$ 41,665	\$ 441,350	\$ 1,290,158	\$ 1,773,173
Expenditures:				
Current:				
General government support	\$ -	\$ 3,063	\$ -	\$ 3,063
Public safety	-	-	1,291,104	1,291,104
Transportation	43,315	-	-	43,315
Debt Service:				
Debt service - principal	-	315,000	-	315,000
Debt service - interest and other charges	-	74,937	-	74,937
Total Expenditures	\$ 43,315	\$ 393,000	\$ 1,291,104	\$ 1,727,419
Excess (deficiency) of revenue over expenditures	\$ (1,650)	48,350	\$ (946)	\$ 45,754
Other Financing Sources and Uses:				
Operating transfers - out	\$ -	\$ (222,572)	\$ -	\$ (222,572)
Total Other Financing Sources and Uses	\$ -	\$ (222,572)	\$ -	\$ (222,572)
Net change in fund balances	\$ (1,650)	\$ (174,222)	\$ (946)	\$ (176,818)
Fund Balance - Beginning (as restated)	11,530	527,024	15,832	554,386
Fund Balance - Ending	\$ 9,880	\$ 352,802	\$ 14,886	\$ 377,568