

TOWN OF VICTOR

Ontario County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2018

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Certified Public Accountants

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Independent Auditors' Report

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

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Victor, Ontario County, New York, as of December 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note II to the financial statements, the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the Town's proportionate share of the net position liability, schedule of Town contributions, and budgetary comparison information on pages 3–13 and 52–57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Victor, Ontario County, New York's basic financial statements. The combining and individual nonmajor fund financial statements 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 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Rochester, New York
March 21, 2019

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

December 31, 2018

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, 2018. 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 2018 are as follows:

- ◆ The Town's governmental fund financial statements report a combined ending fund balance of \$13,020,780, an increase of \$1,964,368 in comparison with the prior year. The components of the fund balance include \$137,028 in non-spendable funds, \$3,801,807 of restricted funds, \$6,499,069 in assigned balances, and \$2,582,876 in unassigned fund balances.
- ◆ On the government-wide financial statements, the total assets of the Town exceeded liabilities by \$57,486,751 (net position) an increase of \$168,174. Of the current year amount, the unrestricted portion is \$3,632,059. The balance of net position is either restricted for specific purposes or the net investment in capital assets.
- ◆ General revenues which include Property Taxes, Non-Property Taxes, Mortgage Tax, Compensation for Loss, Investment Earnings, Licenses and Permits, and Miscellaneous accounted for \$11,270,223 or 78% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$3,099,103 or 22% of total revenues.

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 position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 three major individual governmental funds; General Fund, General Fund Part-Town, and Highway Fund Part-Town. 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 Park Land Deposits Fund, Lighting Districts Fund, Sewer Fund, Fire Protection District Fund, Central Water District Fund, and Capital Projects Fund 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 statements 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 Position Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position
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 position 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 position at the close of the current year was \$57,486,751.

Net Position

The Town's combined net position was larger on December 31, 2018, than they were the year before, as shown in table below:

	<u>2018</u>	<u>2017</u>	<u>% Variance</u>
<u>ASSETS</u>			
Current Assets	\$ 13,538,253	\$ 11,575,648	16.95%
Capital Assets, Net	53,517,885	55,653,068	-3.84%
Total Assets	<u>\$ 67,056,138</u>	<u>\$ 67,228,716</u>	-0.26%
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Outflow of Resources	<u>\$ 1,365,274</u>	<u>\$ 1,054,802</u>	29.43%
<u>LIABILITIES</u>			
Current Liabilities	\$ 522,311	\$ 525,008	-0.51%
Noncurrent Liabilities			
Due in One Year	508,336	485,320	4.74%
Due in More Than One Year	8,485,736	9,771,279	-13.16%
Total Liabilities	<u>\$ 9,516,383</u>	<u>\$ 10,781,607</u>	-11.74%
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflow of Resources	<u>\$ 1,418,278</u>	<u>\$ 183,334</u>	673.60%
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 50,052,885	\$ 51,763,068	-3.30%
Restricted Capital Reserves	3,005,523	2,417,772	100.00%
Restricted Other Purposes	796,284	693,883	14.76%
Unrestricted	3,632,059	2,443,854	48.62%
Total Net Position	<u>\$ 57,486,751</u>	<u>\$ 57,318,577</u>	0.29%

By far, the largest component of the Town's net position (87%) 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 position balances for Capital Reserves and Other Purposes, which constitute 7% of total net position. The remaining balance of unrestricted net position, which is a surplus of \$3,632,059 (6%), may be used to finance future operations.

Changes in Net Position

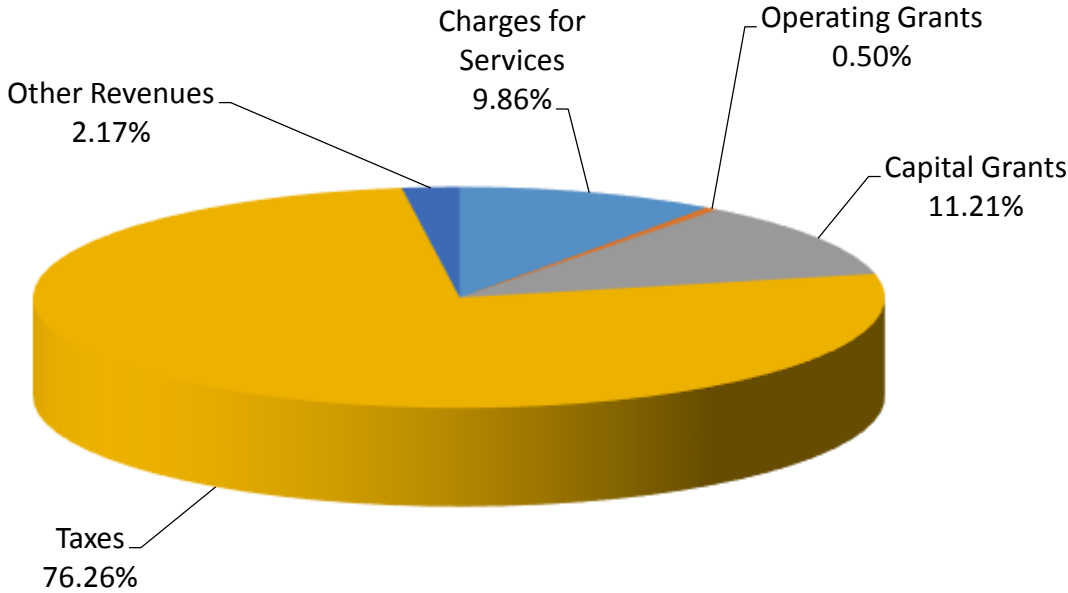
The Town’s total revenues were less for 2018 than they were the year before, decreasing by 7% to \$14,369,326 primarily due to the 2017 transportation operating grants and capital deductions. Other revenue accounts are higher than 2017 including sales and mortgage tax revenues.

The Town’s total expenditures were less for 2018 than they were the year before, decreasing by 3% to \$14,201,152. This is primarily due to a reduction in recycle department wages, benefits and contractual expenditures, decrease in debt service resulting from the payoff of bond anticipation notes and delay in Cork Road paving due to unforeseen complications in reconstruction have necessitated the completion of paving in 2019.

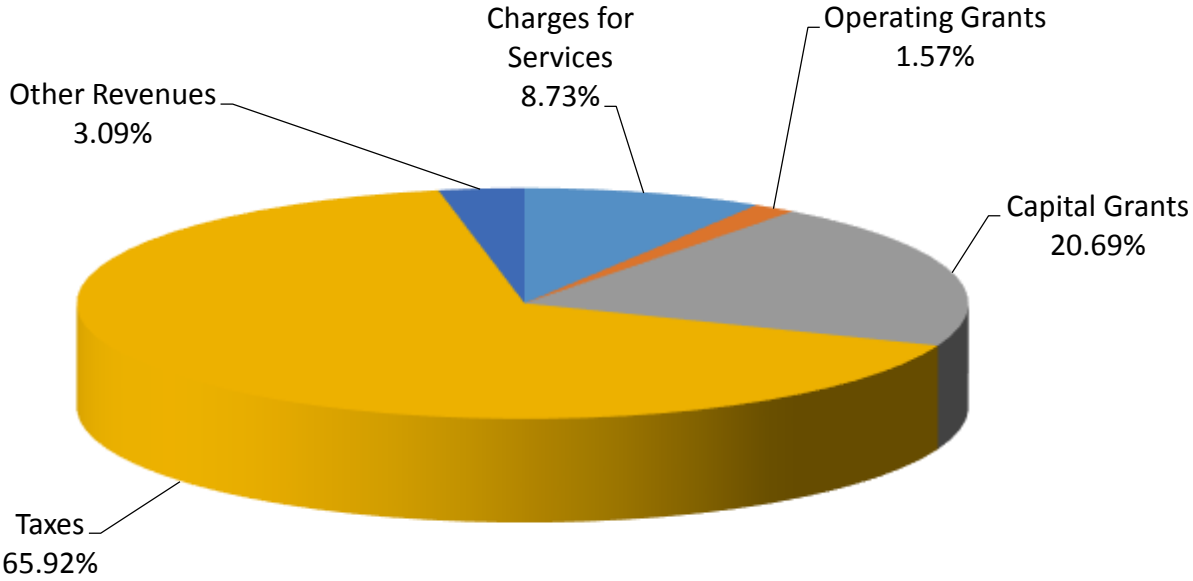
See table below:

	<u>2018</u>	<u>2017</u>	<u>% Variance</u>
<u>Revenues:</u>			
Charges for Services	\$ 1,416,854	\$ 1,349,253	5.01%
Operating Grants & Contributions	71,512	242,650	-70.53%
Capital Grants & Contributions	1,610,737	3,198,160	-49.64%
Taxes	10,957,814	10,189,320	7.54%
Other Revenues	312,409	477,415	-34.56%
Total Revenues	<u>\$ 14,369,326</u>	<u>\$ 15,456,798</u>	<u>-7.04%</u>
<u>Expenditures:</u>			
General Government Support	\$ 2,634,565	\$ 2,587,695	1.81%
Public Safety	1,237,868	1,227,305	0.86%
Health	22,500	23,230	-3.14%
Transportation	6,331,982	6,777,030	-6.57%
Economic Assistance	185,306	173,849	6.59%
Culture & Recreation	1,849,606	1,825,337	1.33%
Home & Community Services	1,860,664	1,854,932	0.31%
Interest on Long-Term Debt	78,661	104,937	-25.04%
Total Expenditures	<u>\$ 14,201,152</u>	<u>\$ 14,574,315</u>	<u>-2.56%</u>
Change in Net Position	<u>\$ 168,174</u>	<u>\$ 882,483</u>	

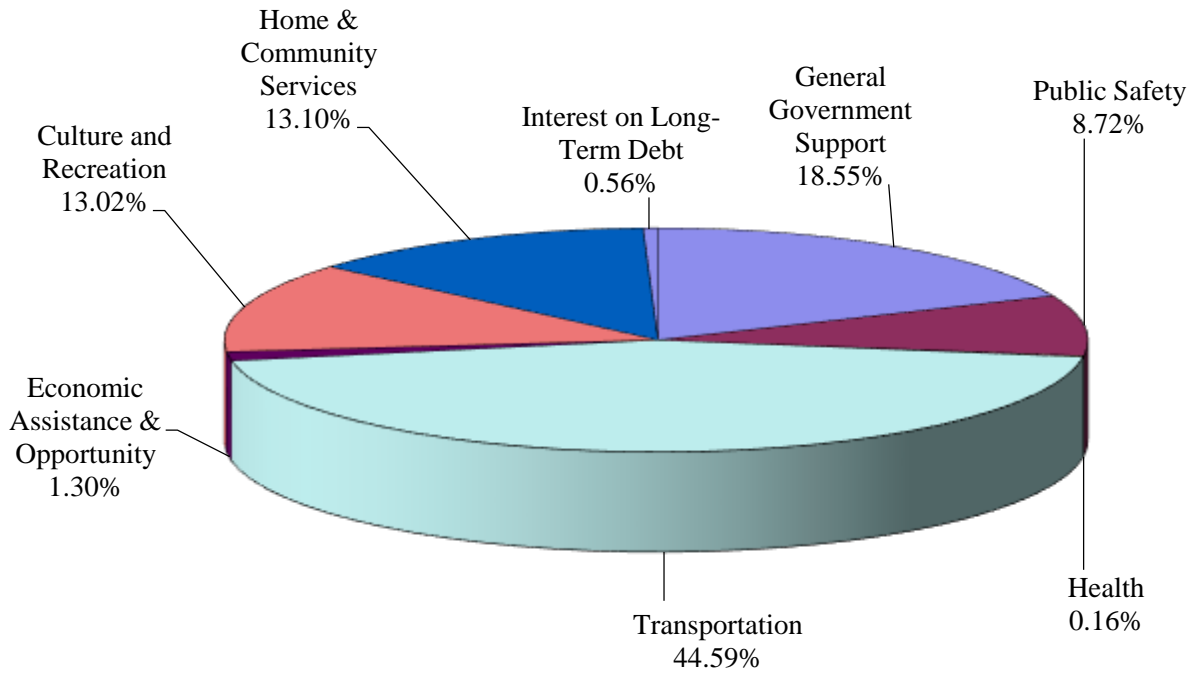
Revenues for Year 2018



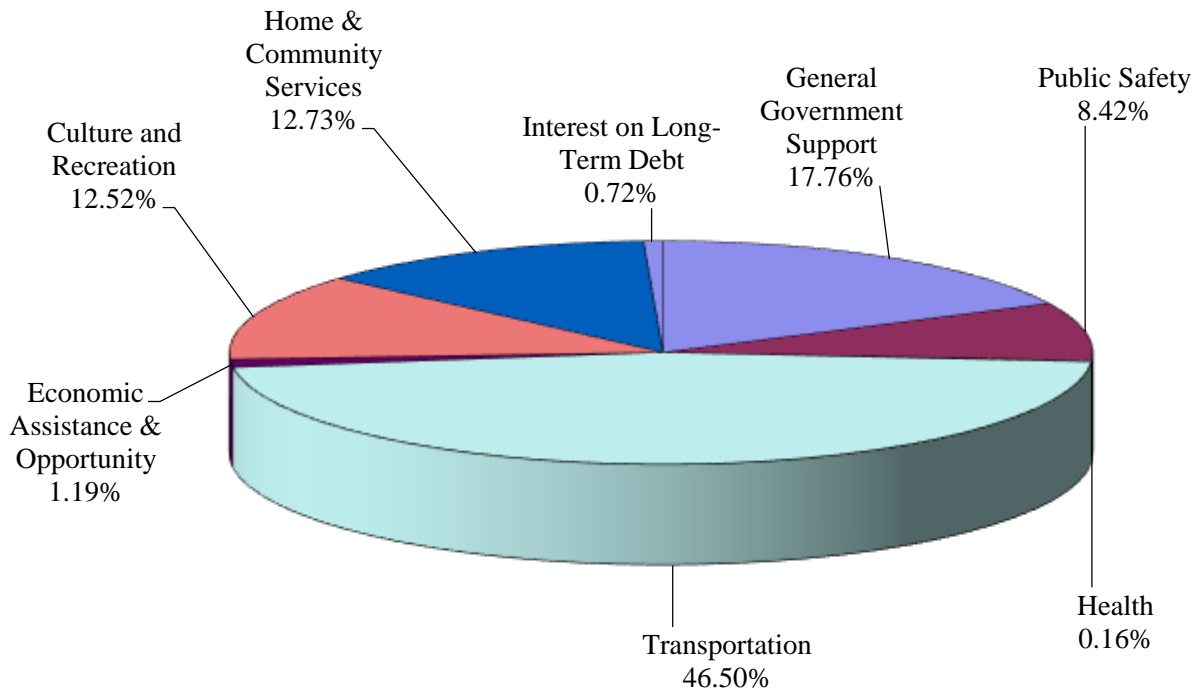
Revenues for Year 2017



Expenditures for Year 2018



Expenditures for Year 2017



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 \$13,020,780 which is more than last year's ending fund balance of \$11,056,412.

Of the total combined fund balances, \$137,028 has been designated as nonspendable fund balance, \$3,801,807 has been designated as restricted fund balance, \$6,499,069 has been designated as assigned fund balance and the remaining balance of \$2,582,876 (unassigned fund balance) is primarily for providing cash flow 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 \$5,225,601, of which \$2,582,876 was unassigned. The fund balance for the Town of Victor's General Fund increased by \$2,258,515 compared with the prior year.

Budgetary Highlights

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

<u>Revenue Items</u>	Budget Variance Original Vs. Amended	<u>Explanation for Budget Variance</u>
Highway Fund-Part-Town-State and County Aid	\$56,434	Increased funding from New York State for highway related aid
<u>Expenditure Items</u>	Budget Variance Original Vs. Amended	<u>Explanation for Budget Variance</u>
General Fund-Part-Town-Home and Community Services	\$51,419	Town Board initiative to develop an access management plan, an outcome of the Route 96 infrastructure capital project
Highway Fund-Part-Town-Transportation	\$56,434	Additional spending for road maintenance

Revenue Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Fund-Non-Property Taxes	\$444,074	Sales tax revenue increases
General Fund-State and County Aid	\$115,214	Increase to Mortgage tax and grant money received
Highway Fund-Part-Town-Intergovernmental Charges	\$62,778	Additional State revenue due to extreme weather conditions
Highway Fund-Part-Town-State and County Aid	\$88,000	Turk Hill Road grant money received
Expenditure Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Fund-General Government Support	\$985,405	Contingent funds for land purchase were not used
General Fund-Culture and Recreation	\$70,395	Park and recreation programs eliminated
General Fund-Home and Community Services	\$102,653	Reduced expenses in recycle department
General Fund-Employee Benefits	\$249,457	Reduction in retirement rates, increased employee contributions for health insurance, and alternative medical coverage options
General Fund-Part-Town-Public Safety	\$46,158	Less code enforcement officers
General Fund-Part-Town-Home and Community Services	\$51,900	Conservative budgeting for contractual, engineering and legal services
General Fund-Part-Town-Employee Benefits	\$42,614	Reduction in retirement rates, increased employee contributions for health insurance, and alternative medical coverage options
Highway Fund-Part-Town-Transportation	\$1,342,582	Delay in road construction projects and conservative budgeting
Highway Fund-Part-Town-Employee Benefits	\$169,312	Reduction in retirement rates, increased employee contributions for health insurance, and alternative medical coverage options

Capital Assets

A listing of capital assets, net of accumulated depreciation, is reflected below:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,457,083	\$ 2,455,083
Infrastructure	45,009,175	47,086,825
Buildings and Improvements	3,723,182	3,923,570
Machinery and Equipment	1,973,360	2,104,010
Work in Progress	<u>355,085</u>	<u>83,580</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,517,885</u>	<u>\$ 55,653,068</u>

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

Long-Term Debt

The general obligation and other long-term debt of the Town is as follows:

	<u>2018</u>	<u>2017</u>
Serial Bonds	\$ 3,465,000	\$ 3,890,000
Modock Springs VPP	50,000	60,000
Net Pension Liability	373,663	1,087,765
Compensated Absences	58,336	60,320
OPEB	5,047,073	5,158,514
Total	<u>\$ 8,994,072</u>	<u>\$ 10,256,599</u>

The amount of principal paid on outstanding debt was \$435,000. 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

Growth continues in the Town with new commercial, light industrial and residential development. The Planning Board has recently approved the construction of a 3,640 square foot Chase Bank with an ATM drive-thru. They have approved the re-development of a 7,200 square foot existing building located on Anthony Drive for Victor Chrysler/Dodge/Ram/Jeep. Also approved for re-development was a 5,782 square foot existing building for Meyer's RV Service Center located on Plastermill Road.

Along the Route 96 corridor is a proposal for Fishers Ridge which is planned to be developed in phases and ultimately include approximately 750,000 square feet of building floor area, including approximately 550,000 square feet of commercial space, a 100,000 square foot hotel and approximately 100,000 square feet of office and residential space. This application has gone through the State Environmental Quality Review process and the Town is awaiting the site plan application for the first phase of development.

The Victor Crossing Plaza, located just off of Route 96, was approved for a 3,868 square foot free-standing building with an outdoor patio.

New light industrial development also continues. LSI Solutions expanded their facilities to 67,200 square foot office/manufacturing space. Lehigh Crossing, Lot 5, completed construction of a 33,600 square foot flex building. O'Connell Electric on Phillips Road was approved for a 1,730 square foot addition and is currently under construction. Victor Heights Corporate Park, Lot R received approval for the construction of a 25,592 square foot flex building.

A proposal for a Holiday Light Show was approved by the Planning Board. It will consist of a 1.75 mile long drive for a festival of lights show located at the Victor Hill Golf Course off of County Road #41 and will run from Thanksgiving weekend through Christmas starting in 2019.

The Town has also seen a continuation in residential growth/development. Several new residential subdivisions have received final approvals by the Town Planning Board. Those developments include Torpey Subdivision located on County Road #41 with 5 single family lots proposed, Dunbar Hill Subdivision which includes 4 lots and Scout Reserve with 7 residential lots.

The Town Board recently adopted the Route 96 Transformative Corridor Strategic Infrastructure Plan which includes six priority projects including a new local street along the Ontario Central Railroad, between Route 251 and School Street in the Village, Route 96 3-Lane to 5-Lane conversion, Route 251/Lane Road connection, Omnitech Place/Willowbrook Road connection, Plastermill Road-Collett Road-Delray Drive connection, and Lane Road/County Road 9/Lynaugh Road roundabout. This plan has been incorporated into the Town's Comprehensive Plan.

The Town Board has also engaged Ontario County Planning Department along with Labella Associates to put together an Access Management Plan for the Town of Victor. A draft of the plan has been created to improve mobility and safety for the local roadway system by providing a coordinated overall plan with recommendations for standards, guidelines, local laws and a framework for future infrastructure investments and development reviews.

For the 2019 construction season, the Highway Department will be working on two capital improvements. The first is to complete the remaining work not finished in 2018 for the Cork Road Project. The second is to start the Willis Hill Project, which is a two year project that will be completed in 2020. The Town of Victor is also bidding out a third capital improvement for work to be completed in 2019 on the Fishers Run.

In 2019, the Department of Parks and Recreation, the Citizens' Advisory Committee and the Town Board will complete an update of the Parks and Recreation Master Plan. This plan will assist the Town in understanding its' residents recreation needs, desires and priorities for development. The plan will include a capital improvement program, which will require future capital and operational funds to meet the goals of this plan. The Town should look to utilize funds from both its Parks Trust Fund as well as grants and the issuance of bonds to ensure the projects long-term, financial feasibility.

The Town will close out the grant associated with the federally funded Victor Community Connectivity project, which provided for the construction of a series of sidewalks and shared use paths in the Town and Village. This project represents the fourth state and federally aided transportation alternatives project that the Town has designed, constructed and maintained. As the community continues to grow and become developed, the Town should seek state and federal funding for transportation improvements for vehicular traffic as well as bicycle and pedestrian traffic given its past successes.

The Department of Parks and Recreation is in the fourth year of a seven year lease with Gallina Development / Bluestone Creek LLC for (15,000) square feet of dedicated recreation space in the Lehigh Crossing business park. This lease continues to allow the Department to meet the indoor recreation needs of its residents and user groups and assist the Department in generating revenue to offset operating expenditures. However, the Town should look for a more permanent Town-owned recreation facility from a long-term perspective.

The Town continues to field inquiries from new businesses looking to locate or expand their current operations in Victor. The Economic Development Department will continue to provide business support in collaboration with the Victor LDC in the form of grants and loans to encourage start-ups and retention of existing business. Work was completed with the Village government addressing commercial code updates and revision of the Village Master Plan to provide a platform for the development projects in the Village. We will begin implementation of the Village Master Plan in 2019. The Victor Farmington Library will explore sites for a new 25,000 square foot facility. Highpoint development will bring signature retail development to the area in 2019.

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

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Statement of Net Position

December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,430,507
Accounts receivable, net	1,948,378
State and federal aid receivable	22,340
Prepaid items	137,028
Capital assets:	
Land and work in progress	2,812,168
Other capital assets, net of depreciation	50,705,717
TOTAL ASSETS	<u>\$ 67,056,138</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 1,365,274</u>
 LIABILITIES	
Accounts payable and other current liabilities	\$ 371,969
Accrued liabilities	149,568
Unearned revenue	774
Noncurrent liabilities:	
Due in one year	508,336
Due in more than one year	8,485,736
TOTAL LIABILITIES	<u>\$ 9,516,383</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 1,418,278</u>
 NET POSITION	
Net investment in capital assets	\$ 50,052,885
Restricted for:	
Capital reserves	3,005,523
Restricted other purposes	796,284
Unrestricted	3,632,059
TOTAL NET POSITION	<u><u>\$ 57,486,751</u></u>

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Primary Government:					
Governmental Activities:					
General government support	\$ 2,634,565	\$ 3,258	\$ 47,512	\$ 2,000	\$ (2,581,795)
Public safety	1,237,868	295,063	22,500	-	(920,305)
Health	22,500	3,120	-	-	(19,380)
Transportation	6,331,982	292,778	-	715,795	(5,323,409)
Economic assistance and development	185,306	-	-	-	(185,306)
Culture and recreation	1,849,606	804,119	1,500	-	(1,043,987)
Home and community services	1,860,664	18,516	-	892,942	(949,206)
Interest on long-term debt	78,661	-	-	-	(78,661)
Total Governmental Activities	\$ 14,201,152	\$ 1,416,854	\$ 71,512	\$ 1,610,737	\$ (11,102,049)
Total Primary Government	\$ 14,201,152	\$ 1,416,854	\$ 71,512	\$ 1,610,737	\$ (11,102,049)
General Revenues:					
Taxes:					
Property taxes					\$ 4,448,477
Non-property taxes					5,842,123
Mortgage tax					667,214
Compensation for loss					14,809
Investment earnings					89,549
Licenses and permits					158,864
Miscellaneous					49,187
Total General Revenues					\$ 11,270,223
Change in Net Position					\$ 168,174
Net Position - Beginning (restated)					57,318,577
Net Position - Ending					\$ 57,486,751

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2018

	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Fund Part-Town	Highway Fund Part-Town		
Assets					
Cash and cash equivalents	\$ 4,004,907	\$ 1,663,537	\$ 2,963,862	\$ 2,798,201	\$ 11,430,507
Receivables, net	59,272	342,377	-	85,799	487,448
Due from other funds	306,622	30,000	-	-	336,622
Due from other governments, net	955,100	-	505,830	-	1,460,930
State and federal aid receivable	-	-	-	22,340	22,340
Prepaid items	92,886	14,714	29,428	-	137,028
Total Assets	\$ 5,418,787	\$ 2,050,628	\$ 3,499,120	\$ 2,906,340	\$ 13,874,875
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and other current liabilities	\$ 106,166	\$ 34,506	\$ 108,384	\$ 44,614	\$ 293,670
Accrued liabilities	87,020	21,244	36,466	-	144,730
Due to other funds	-	-	-	336,622	336,622
Due to other governments	-	-	-	78,299	78,299
Unearned revenue	-	774	-	-	774
Total Liabilities	\$ 193,186	\$ 56,524	\$ 144,850	\$ 459,535	\$ 854,095
Fund Balances:					
Nonspendable	\$ 92,886	\$ 14,714	\$ 29,428	\$ -	\$ 137,028
Restricted	2,188,533	-	816,990	796,284	3,801,807
Assigned	361,306	1,979,390	2,507,852	1,650,521	6,499,069
Unassigned	2,582,876	-	-	-	2,582,876
Total Fund Balances	\$ 5,225,601	\$ 1,994,104	\$ 3,354,270	\$ 2,446,805	\$ 13,020,780
Total Liabilities and Fund Balances	\$ 5,418,787	\$ 2,050,628	\$ 3,499,120	\$ 2,906,340	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	53,517,885
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(4,838)
The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:	
Serial Bonds Payable	(3,465,000)
Other Long term debt (modock springs)	(50,000)
Deferred Inflows	(1,418,278)
Deferred Outflows	1,365,274
Pension Liability	(373,663)
OPEB Liability	(5,047,073)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position.	(58,336)
Net Position of Governmental Activities	\$ 57,486,751

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
Governmental Funds
For the Year Ended December 31, 2018

	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Fund Part-Town	Highway Fund Part-Town		
Revenues:					
Real property and tax items	\$ 3,174,143	\$ -	\$ -	\$ 1,274,334	\$ 4,448,477
Non-property taxes	2,549,183	178,049	3,114,891	-	5,842,123
Departmental income	504,474	18,516	-	87,000	609,990
Intergovernmental charges	607	-	292,778	-	293,385
Use of money and property	52,156	13,974	13,261	10,158	89,549
Licenses and permits	241,396	158,864	-	-	400,260
Fines and forfeitures	272,083	-	-	-	272,083
Sale of property and compensation for loss	18,791	8	7,875	-	26,674
Miscellaneous	35,745	2,266	11,176	-	49,187
State and county aid	738,726	-	304,434	52,340	1,095,500
Federal aid	-	-	-	23,296	23,296
Total Revenues	\$ 7,587,304	\$ 371,677	\$ 3,744,415	\$ 1,447,128	\$ 13,150,524
Expenditures:					
Current:					
General government support	\$ 1,955,374	\$ 17,322	\$ 35,261	\$ -	\$ 2,007,957
Public safety	142,045	398,049	-	514,564	1,054,658
Health	22,500	-	-	-	22,500
Transportation	265,958	16,557	2,804,368	422,131	3,509,014
Economic assistance and development	145,636	-	-	-	145,636
Culture and recreation	1,353,045	-	-	35,079	1,388,124
Home and community services	265,325	304,157	-	260,819	830,301
Employee benefits	996,568	253,356	473,447	-	1,723,371
Debt Service:					
Debt service - principal	105,000	-	263,000	57,000	425,000
Debt service - interest and other charges	6,338	-	66,225	7,032	79,595
Total Expenditures	\$ 5,257,789	\$ 989,441	\$ 3,642,301	\$ 1,296,625	\$ 11,186,156
Excess (deficiency) of revenue over expenditures	\$ 2,329,515	\$ (617,764)	\$ 102,114	\$ 150,503	\$ 1,964,368
Other Financing Sources and Uses:					
Transfers - in	\$ -	\$ -	\$ 820,000	\$ 695,000	\$ 1,515,000
Transfers - out	(71,000)	(775,000)	-	(669,000)	(1,515,000)
Total Other Financing Sources and Uses	\$ (71,000)	\$ (775,000)	\$ 820,000	\$ 26,000	\$ -
Net change in fund balances	\$ 2,258,515	\$ (1,392,764)	\$ 922,114	\$ 176,503	\$ 1,964,368
Fund Balance - Beginning	2,967,086	3,386,868	2,432,156	2,270,302	11,056,412
Fund Balance - Ending	\$ 5,225,601	\$ 1,994,104	\$ 3,354,270	\$ 2,446,805	\$ 13,020,780

The notes to the financial statements are an integral part of this statement. 17

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,964,368

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.

Capital outlay	\$	271,505	
Addition of assets		2,262,068	
Depreciation		(4,326,039)	
Gain/(Loss) on sale of assets		(342,717)	
			(2,135,183)

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

Debt repayment		425,000	
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The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds.		(82,053)	
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(Increase) decrease in proportionate share of net pension asset/liability reported in the statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues and expenditures in the governmental funds:

Employees' Retirement System		(16,876)	
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(Increase) decrease in Pollution remediation liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as an expenditure in the governmental fund until paid.		10,000	
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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.		1,984	
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		934	
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Change in Net Position of Governmental Activities		\$ 168,174	
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The notes to the financial statements are an integral part of this statement.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2018

	Expendable Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 126,906	\$ 73,406
Accounts receivable	<u>13,160</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 140,066</u>	<u>\$ 73,406</u>
 LIABILITIES		
Accounts payable	\$ -	\$ 17,160
Other liabilities	<u>-</u>	<u>56,246</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 73,406</u>
 NET POSITION		
Other expendable trusts	<u>\$ 140,066</u>	
TOTAL NET POSITION	<u>\$ 140,066</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 Position

Fiduciary Funds

For the Year Ended December 31, 2018

	<u>Expendable Trust</u>
ADDITIONS	
Contributions	\$ 50,000
Investment earnings	<u>43</u>
TOTAL ADDITIONS	<u>\$ 50,043</u>
DEDUCTIONS	
Culture and recreation expense	<u>\$ -</u>
TOTAL DEDUCTIONS	<u>\$ -</u>
Change in net position	\$ 50,043
NET POSITION - BEGINNING	<u>90,023</u>
NET POSITION - ENDING	<u><u>\$ 140,066</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, 2018

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 Town'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 Board, 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 four year term. The Council persons are elected to serve four year terms with two Council persons 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.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria 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 to 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 Local Development Corporation (LDC) was established in 2000, as an Internal Revenue Service (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 contributed \$33,756 during the year, and the Board of Directors of the LDC has sole responsibility for management of the LDC and full accountability for fiscal matters.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government –wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Town’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general operating fund.

2. Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary Funds are reported by fund type.

The Governmental Funds are accounted for on the “flow of current financial resources” measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The private purpose trust fund is reported using the economic resources measurement focus.

(I.) (Continued)

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 - 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.

General Fund Part Town - used to account for activities associated solely with the portion of the Town which lies outside the Village of Victor (the Village).

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.

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.

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

Debt Service Fund – used to account for activity involving the current bond refunding.

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:

Park Land Deposits Fund	Lighting District Fund
Sewer Fund	Fire Protection District Fund
Central Water District Fund	

(I.) (Continued)

b. **Fiduciary Funds**

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

Private Purpose Trust Funds - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Fund – is custodial in nature and does not present results of operations or have measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

3. **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary Funds also use the accrual basis of accounting.

a. **Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable- type grants, town clerk fees and snow and ice reimbursements. The Town considers all revenues as available if collected within one year from the balance sheet date. Property taxes are recognized when taxes are received. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due and compensated absences which are recorded when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the Town will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as deferred revenue.

(I.) (Continued)

b. **Accrual**

Under this basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred regardless of the timing of cash inflows and outflows.

C. **Assets, Liabilities, and Equity**

1. **Cash and Investments**

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.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments are stated at cost, which approximates market value.

2. **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Management has deemed amounts to be fully collectible and as such no allowance has been provided. Major receivable balances for the governmental activities include sales tax, sewer fees, cable franchise fees, and developer fees.

3. **Inventory**

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.

4. **Prepaid Items**

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.

5. **Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the Town. Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets (back to January 1, 1974) have been valued at estimated historical cost.

(I.) (Continued)

A capitalization threshold of \$5,000 is used to report capital assets. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	20 Years
Machinery and Equipment	3-20 Years
Infrastructure	
Bridges	30 Years
Roads	20 Years
Traffic Control Systems	40 Years
Dams & Drainage Systems	50 Years
Sewer Systems	40 Years
Water Systems	40 Years

6. Unearned Revenue

The Town reports unearned revenues in its basic financial statements. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned 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 unearned revenue is removed and revenue is recognized.

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The government may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Town-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Town's contributions to the pension system (ERS System) subsequent to the measurement date.

(I.) (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the Town-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

8. 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, other post-employment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

a. Compensatory Absences

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

b. Other Benefits

Town employees participate in the New York State Employees' Retirement System.

In addition to providing pension benefits, the Town provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(I.) (Continued)

9. **Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the highway and sewer fund. Encumbrance accounting, under which purchase orders, contracts or 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, town-wide capital improvement project and nonmajor funds.

10. **Equity Classifications**

a. **Government-Wide Statements**

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

1. **Net investment in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed 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) reduced by liabilities and deferred inflows related to those assets.
3. **Unrestricted net position** - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

b. **Financial Statements –Fund Balance**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

(I.) (Continued)

3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
4. **Unassigned fund balance** – Amounts that are available for town purposes pursuant to any Law restrictions. Any positive amounts are reported only in the general fund.

c. The Board has passed the following policies that relate to GASB No. 54:

1. **Assigned fund balance** – The purchasing agent is responsible for all of the purchasing activities of the Town and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (Encumbrances at year-end will now be considered assigned funds.)

The Town Board has the authority to assign fund balance for the purpose of tax reduction on an annual basis. (Appropriation of fund balance for ensuing year's budget)

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the Town Board and/or Town voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.
3. **Order of fund balance** – The Town's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Special revenue fund balances are classified as assigned, and any remaining fund balance amounts other than the General Fund are classified as restricted.

In the General Fund, assigned fund balance is determined before the remaining amounts which are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

It is possible for the funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance.

(I.) (Continued)

- a. **Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. **Interfund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. **Interfund reimbursements** – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- d. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. **Government-Wide Financial Statements**

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. **Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental funds.
- b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

F. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

G. **New Accounting Standards**

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2018, the Town implemented the following new standards issued by GASB:

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

GASB has issued Statement 85, *Omnibus 2018*.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*.

(I.) (Continued)

H. Future Changes in Accounting Standards

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will be effective for reporting periods beginning after June 15, 2018.

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2018.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019

GASB has issued Statement 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2018.

The Town is currently reviewing these statements and plans on adoption as required.

II. Restatement of Net Position

For the year ended December 31, 2018, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Town’s net position has been restated as follows:

	Townwide Statements
	Governmental Activities
Net position beginning of year, as previously stated	\$ 60,803,031
Increase to OPEB liability	<u>(3,484,454)</u>
Net position beginning of year, as restated	<u>\$ 57,318,577</u>

III. Changes in Accounting Principles

For the year ended December 31, 2018, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires Towns to report Other Postemployment Benefits (OPEB) liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB. See Note II for the financial statement impact of implementation of the Statements.

IV. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the Town is subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

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 fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b.** After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c.** All modifications of the budget must be approved by the Town Board. (However, the Town 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.

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.

B. Deposit and Investment Laws and Regulations

The Town's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the Town's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

V. Detail Notes on All Funds and Account Groups:

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		11,936,633
Total		<u><u>\$ 11,936,633</u></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 \$3,801,807 within the governmental funds and \$126,906 in the fiduciary funds.

B. Receivables

Receivables at December 31, 2018 consisted of the following:

<u>Description</u>	<u>Amount</u>
State and Federal Aid Receivable	\$ 1,460,930
Developer Reimbursement Fees	138,355
Franchise Fees	178,049
Sewer relevy	78,299
Town clerk fees	34,428
Court Fees	53,119
Other	5,198
Total	<u><u>\$ 1,948,378</u></u>

C. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2018 were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ 71,000
General Part-Town	-	775,000
Highway Part-Town	820,000	-
Capital Projects Fund	690,000	-
Sewer	-	569,000
Park Land Deposits	-	50,000
Central Water	5,000	-
Debt Service	-	50,000
Total	<u><u>\$ 1,515,000</u></u>	<u><u>\$ 1,515,000</u></u>

(V.) (Continued)

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position.

The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain capital project expenditures and debt service expenditures.

D. Tax Abatement

The County of Ontario IDA, and the Town enter into various property tax and sales tax abatement programs for the purpose of Economic Development. As a result the Town property tax revenue was reduced \$264,208 The Town received payment in lieu of tax (PILOT) payment totaling \$116,557 to help offset the property tax reduction.

E. Changes In Fixed Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/18</u>
<u>Capital assets not being Depreciated:</u>				
Land	\$ 2,455,083	\$ 2,000	\$ -	\$ 2,457,083
Work in progress	83,580	271,505	-	355,085
<i>Total capital assets not being depreciated</i>	<u>\$ 2,538,663</u>	<u>\$ 273,505</u>	<u>\$ -</u>	<u>\$ 2,812,168</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 10,855,625	\$ -	\$ -	\$ 10,855,625
Machinery and equipment	5,530,671	798,382	(582,894)	5,746,159
Infrastructure	98,630,120	1,461,686	-	100,091,806
<i>Total other capital assets at historical cost</i>	<u>\$ 115,016,416</u>	<u>\$ 2,260,068</u>	<u>\$ (582,894)</u>	<u>\$ 116,693,590</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 6,932,055	\$ 200,388	\$ -	\$ 7,132,443
Machinery and equipment	3,426,661	586,315	(240,177)	3,772,799
Infrastructure	51,543,295	3,539,336	-	55,082,631
<i>Total accumulated depreciation</i>	<u>\$ 61,902,011</u>	<u>\$ 4,326,039</u>	<u>\$ (240,177)</u>	<u>\$ 65,987,873</u>
<i>Other capital assets, net</i>	<u>\$ 53,114,405</u>	<u>\$ (2,065,971)</u>	<u>\$ (342,717)</u>	<u>\$ 50,705,717</u>
<i>Governmental activities capital assets, net</i>	<u><u>\$ 55,653,068</u></u>	<u><u>\$ (1,792,466)</u></u>	<u><u>\$ (342,717)</u></u>	<u><u>\$ 53,517,885</u></u>

(V.) (Continued)

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

<u>Governmental Activities:</u>	
General Government	\$ 209,766
Transportation	3,112,411
Culture and Recreation	122,623
Home and Community Services	881,239
Total Depreciation Expense	<u><u>\$ 4,326,039</u></u>

F. Long-Term Debt

At December 31, 2018 the total outstanding obligations of the Town aggregated \$8,994,072 as follows:

1. **Environmental Facilities Corp./Revolving Fund Revenue Bonds** - The Town has borrowed money from the Environmental Facilities Corp. for sewer projects. The interest is subsidized by the Environmental Facilities Corp. through the State Revolving Fund by approximately one half.
2. **Serial Bonds** - The Town, borrows money in order to acquire land or 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 liquidation of the long-term liabilities.

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

Interest paid	\$ 79,595
<u>Less:</u> interest accrued in the prior year	(5,772)
<u>Plus:</u> interest accrued in the current year	4,838
Total interest expense	<u><u>\$ 78,661</u></u>

3. **Other Long-Term Obligations** - In addition to long-term bonded debt the Town had the following other obligations:

Net Pension Liability – represents Town’s portion of NYS and Local Retirement System liability.

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time.

OPEB Liability- represents health and life insurance benefits provided to employees upon retirement.

(V.) (Continued)

4. **Summary of Debt** - The following is a summary of obligations outstanding at December 31, 2018:

	Balance			Balance	Classified As	
	<u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2018</u>	<u>Current</u>	<u>Non-Current</u>
Serial Bonds	\$ 3,890,000	\$ -	\$ 425,000	\$ 3,465,000	\$ 440,000	\$ 3,025,000
Modock Springs VPP	60,000	-	10,000	50,000	10,000	40,000
Net Pension Liability	1,087,765	-	714,102	373,663	-	373,663
Compensated Absences	60,320	-	1,984	58,336	58,336	-
OPEB	5,158,514	-	111,441	5,047,073	-	5,047,073
Total Obligations	<u>\$ 10,256,599</u>	<u>\$ -</u>	<u>\$ 1,262,527</u>	<u>\$ 8,994,072</u>	<u>\$ 508,336</u>	<u>\$ 8,485,736</u>

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

5. **Debt Maturity Schedule**

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

<u>Purpose</u>	<u>Date</u>	<u>Interest</u>	<u>Amount Outstanding 12/31/18</u>	<u>Year of Final Maturity</u>
<u>Serial Bonds -</u>				
Public Improvement	2012	1.00%-2.00%	\$ 320,000	2020
Public Improvement	2015	1.50%-3.00%	3,145,000	2028
Total			<u>\$ 3,465,000</u>	

6. The following table summarizes the Town's future debt service requirements as of December 31, 2018:

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2019	\$ 440,000	\$ 72,856
2020	455,000	65,481
2021	300,000	57,831
2022	300,000	51,831
2023	310,000	45,831
2024-28	1,660,000	128,887
Total	<u>\$ 3,465,000</u>	<u>\$ 422,717</u>

(V.) (Continued)

G. **Deferred Inflows/Outflows of Resources**

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Pension	\$ 1,195,014	\$ 1,335,504
OPEB	223,264	29,770
Total	<u>\$ 1,418,278</u>	<u>\$ 1,365,274</u>

H. **Fund Balances/Net Position**

1. **Fund Balances**

a. **Nonspendable**

The Town has the following nonspendable funds:

Nonspendable Prepaid Items - The Town has prepaid various items and the cash is no longer available therefore those funds are nonspendable.

b. **Restricted**

Reserves - Currently, New York State laws still use the terminology reserves. The Town currently utilizes the following reserves which are classified as restricted funds:

Capital Reserves - established for the purpose of funding future capital construction costs. These reserves are accounted for in the General Fund, Highway Fund, and Water Fund.

Special Districts – Town special districts fund balance is considered restricted as the revenues are raised by a specific taxing jurisdiction and can only be expended for that purpose. The Town has the following special districts:

Street Lighting Fund

c. **Assigned**

The Town has the following assigned funds:

General Fund –	Appropriated for Taxes
	Encumbrances
Highway Fund –	Year End Equity
	Appropriated for Taxes
	Encumbrances
Capital Projects –	Year End Equity
General Fund Part-Town	Year End Equity
Sewer Fund	Year End Equity
Fire Protection District Fund	Year End Equity

(V.) (Continued)

Central Water District Fund Year End Equity
Park Land Deposit Fund Year End Equity

Encumbrances represent purchase commitments made by the Town’s purchasing agent through their authorization of a purchase order prior to year end. The Town assignment is based on the functional level of expenditures.

For significant encumbrances, management has determined that amounts in excess of \$11,370 are considered significant.

- General Fund-Home and Community Services \$91,306

d. Unassigned

Unassigned funds include the residual classification for the Town’s general fund and all spendable amounts not contained in other classifications.

The following table summarizes the Town’s fund balance according to the descriptions above:

FUND BALANCE:	General Fund	General Fund Part-Town	Highway Fund Part-Town	Non- Major Funds	Total
<u>Nonspendable -</u>					
Prepaid items	\$ 92,886	\$ 14,714	\$ 29,428	\$ -	\$ 137,028
<u>Restricted -</u>					
Capital fund	\$ -	\$ -	\$ -	\$ 22,340	\$ 22,340
Capital reserve	2,188,533	-	816,990	-	3,005,523
Street lighting	-	-	-	45,405	45,405
Capital improvements	-	-	-	244,427	244,427
Debt	-	-	-	484,112	484,112
Total Restricted	\$ 2,188,533	\$ -	\$ 816,990	\$ 796,284	\$ 3,801,807
<u>Assigned -</u>					
Appropriated for taxes	\$ 250,000	\$ 806,390	\$ 850,000	\$ 191,260	\$ 2,097,650
Modock Springs VPP	20,000	-	-	-	20,000
General government support	-	1,173,000	-	-	1,173,000
Public safety	-	-	-	22,461	22,461
Transportation	-	-	1,657,852	-	1,657,852
Home and community service	91,306	-	-	733,846	733,846
Water	-	-	-	24,881	24,881
Park Land Trust	-	-	-	678,073	678,073
Total Assigned	\$ 361,306	\$ 1,979,390	\$ 2,507,852	\$ 1,650,521	\$ 6,499,069
Unassigned	\$ 2,582,876	\$ -	\$ -	\$ -	\$ 2,582,876
TOTAL FUND BALANCE	\$ 5,225,601	\$ 1,994,104	\$ 3,354,270	\$ 2,446,805	\$ 13,020,780

The sewer special revenue fund has \$191,260 appropriated for 2019 taxes.

(V.) (Continued)

2. **Net Position - Restricted for Other Purposes**

Represents those amounts which have been restricted by enabling legislation or Board Resolutions.

	<u>Total</u>
Capital Projects	\$ 266,767
Lighting	45,405
Debt	484,112
Total Net Position - Restricted for Other Purposes	<u>\$ 796,284</u>

VI. **General Information and Pension Plans:**

A. **General Information About Pension Plan**

1. **Plan Description**

The Town participates in the New York State Local Employees' Retirement System (ERS) which is collectively referred to as New York State and Local Retirement System (the System). This is a cost sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

2. **Benefits Provided**

The System provides retirement benefits as well as death and disability benefits.

(VI.) (Continued)

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

(VI.) (Continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 for ERS members

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to sheriffs and correction officers.

Ordinary Disability Benefits

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

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

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

(VI.) (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

3. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Prepayment	
<u>Due Date</u>	<u>ERS</u>
12/15/2018	\$ 452,738
12/15/2017	\$ 490,532
12/15/2016	\$ 468,264

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2018, the Town reported a liability of \$373,663 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(VI.) (Continued)

At December 31, 2018, the Town's proportion was 0.0115777 percent for ERS.

For the year ended December 31, 2018 the Town recognized pension expense of \$479,062. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,274	\$ 110,132
Changes of assumptions	247,770	
Net difference between projected and actual earnings on pension plan investments	542,716	1,071,268
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	72,191	13,614
Subtotal	\$ 995,951	\$ 1,195,014
Town's contributions subsequent to the measurement date	339,553	-
Grand Total	\$ 1,335,504	\$ 1,195,014

The Town reported \$339,553 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 107,312
2020	80,171
2021	(267,475)
2022	(119,071)
Total	\$ (199,063)

1. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

(VI.) (Continued)

	<u>ERS</u>
Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2018
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.50%

Annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2018.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

<u>Long Term Expected Rate of Return</u>	
	<u>ERS</u>
Measurement date	March 31, 2018
<u>Asset Type -</u>	
Domestic equity	4.55%
International equity	6.35%
Private equity	7.50%
Real estate	5.55%
Absolute return strategies *	3.75%
Opportunistic portfolios	5.68%
Real assets	5.29%
Bonds and mortgages	1.31%
Cash	-0.25%
Inflation-indexed bonds	1.25%
Alternative investments	0.00%
Domestic fixed income securities	0.00%
Global fixed income securities	0.00%
Short-term	0.00%

The real rate of return is net of the long-term inflation assumption of 2.5%

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

(VI.) (Continued)

2. **Discount Rate**

The discount rate used to calculate the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6%) or 1-percentagepoint higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	\$ (2,827,238)	\$ (373,663)	\$ 1,701,963

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>(In Thousands)</u>
	<u>ERS</u>
Measurement date	March 31, 2018
Employers' total pension liability	\$ 183,400,590
Plan net position	180,173,145
Employers' net pension asset/(liability)	<u>\$ (3,227,445)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	98.24%

5. **Prepayments to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2018 represents the projected employer contribution for the period of December 31, 2018 through March 31, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2018 amounted to \$113,185.

VII. Deferred Compensation Plan

The Town maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which Town employees have the option to participate.

VIII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The Town’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the Town. The plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The Town provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Town offices and are available upon request.

Employees Covered by Benefit Terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	33
Active Employees	48
Total	81

B. Total OPEB Liability

The Town’s total OPEB liability of \$5,047,073 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.36%
Salary Increases	3.36%
Discount Rate	3.83%
Healthcare Cost Trend Rates	Initial rate of 5.20% decreasing to an ultimate rate of 4.32% after 2070
Retirees' Share of Benefit-Related Costs	Varies between 25% and 75% depending on contract

The discount rate was based on a tax exempt, high-quality 20-year tax exempt general obligation municipal bond yield or index rate.

Mortality rates were based on the adjusted RPH-2014 combined mortality, fully generational using scale MP-2018.

(VI.) (Continued)

C. Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 5,158,514
<u>Changes for the Year -</u>	
Service cost	\$ 142,561
Interest	181,370
Differences between expected and actual experience	(33,999)
Changes in assumptions or other inputs	(282,292)
Benefit payments	(119,081)
Net Changes	<u>\$ (111,441)</u>
Balance at December 31, 2018	<u>\$ 5,047,073</u>

There were no changes of benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2017 to 3.83 percent in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.83 percent) or 1-percentage-point higher (4.83 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	(2.83%)	Rate	(4.83%)
		(3.83%)	
Total OPEB Liability	\$ 5,992,782	\$ 5,047,073	\$ 4,300,991

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – Healthcare cost can be subject to considerable volatility over time. The following exhibit demonstrates the effect on liabilities of a 1% change in the healthcare cost trend rates.

	1% Decrease	Healthcare	1% Increase
	(4.20%	Cost Trend Rates	(6.20%
	Decreasing	(5.20%	Decreasing
	to 3.32%)	Decreasing	to 5.32%)
		to 4.32%)	
Total OPEB Liability	\$ 4,430,049	\$ 5,047,073	\$ 5,869,889

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Town recognized OPEB expense of \$230,904. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(VI.) (Continued)

	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 23,999
Changes of assumptions	<u>199,265</u>
Total	<u>\$ 223,264</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	
2019	\$ (93,027)
2020	(93,027)
2021	<u>(37,210)</u>
Total	<u>\$ (223,264)</u>

VII. Risk Management

A. General Information

The Town is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Workers' Compensation

The Town, together with Ontario County, sixteen (16) Towns, eight (8) Villages, and two (2) Cities have joined together to self-insure for workers' compensation coverage which is maintained and administered by Ontario County. Ontario County also utilizes a third-party administrator who is responsible for processing claims, estimating liabilities, and providing actuarial services. The Compensation 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. Ontario County has excess insurance coverage in the amount of \$1,000,000 per occurrence with coverage to full statutory limits. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The Compensation Plan as of December 31, 2018 is fully funded.

(VII.) (Continued)

For the year ended December 31, 2018, the Town was assessed and paid Workers' Compensation fees of \$97,691.

C. Health Insurance

The Town, together with eight (8) Towns, one (1) Village, and one (1) Housing Authority have joined together to fund health insurance with the creation of the Finger Lakes Municipal Health Insurance Trust (the Trust). The Trust provides health insurance to the Town's eligible employees and retirees. The Town pays monthly premiums to MVP Health Care (the Carrier) which is intended to cover the claims submitted by members.

VIII. Commitments and Contingencies

A. Contingent Liabilities

Program and administrative costs are subject to audit and adjustment by various State agencies. Differences between ultimate settlements and estimated costs included in the financial statements are recorded in the year of settlement. Town management believes that it is in substantial compliance with all program requirements.

B. Litigation

The Town has established a Value Protection Fund as a result of a settlement relating to Modock Springs.

C. Operating Leases

1. The Town entered into a lease agreement with Bluestone Creek Development, LLC on January 1, 2016 to rent space for the parks and recreation department. The Town's lease expires December 31, 2022. The total lease amount for the year ended December 31, 2018 was \$157,500.
2. The Town had a lease agreement with DiFelice Development, Inc. which has been assumed by B & M International upon sale of property, to rent a space for the Town Court. The Town's lease expires August 31, 2022. The total lease amount for the year ended December 31, 2018 was \$270,000.

The future minimum lease payments for the above leases are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 270,000
2020	277,500
2021	240,000
2022	165,000
Total	\$ 952,500

IX. Inter-Municipal Agreements

A. Town of Farmington Sewer Management and Billing/Service Contract

The Town executed a management and billing/service agreement with the Town of Farmington on December 14, 2005. The agreement states that the Town of Farmington will provide operation, maintenance, accounting, billing, and overall management services to the Town's Sewer Districts. Any operational and/or maintenance, repair or replacement to the existing Victor Sanitary Sewer System which exceeds a cost of \$10,000 shall be considered a capital expense. The Town must share any capital expenditures for repair and replacements made to the Town's sewer system. Under this agreement, all infrastructure and improvements or capital expenditures remain the property of the Town. The management and billing/service agreement cannot be cancelled and expires on December 31, 2045.

B. Village of Victor Sewer Contract Agreement

The Town executed a Sewer Contract Agreement with the Village on April 27, 2004. The agreement states that the Village 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.

C. Monroe County Water Authority Agreement

The Town executed an agreement with the Monroe County Water Authority (the Authority) on February 28, 2013. The agreement states that the Town is to lease the entire operating plan, hydrants, water pumping, storage, and distribution system of the Town to the Authority. The agreement has a term of 40 years. Under the terms of the agreement, the costs of operating and maintaining the system are borne by the Authority.

X. Joint Venture-Boughton Park

The Towns of East Bloomfield, West Bloomfield, and Victor entered into a municipal cooperation agreement to jointly establish and operate Boughton Park (the Park). The Towns jointly share the costs of operation and maintenance on the basis of each Town's full equalized value to the combined total full value. The Town contributes approximately 83% 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 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.

Required Supplemental Information
TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Schedule of Changes in Town's Total OPEB Liability and Related Ratio
(Unaudited)
For the Year Ended December 31, 2018

TOTAL OPEB LIABILITY	
	<u>2018</u>
Service cost	\$ 142,561
Interest	181,370
Differences between expected and actual experiences	(33,999)
Changes of assumptions or other inputs	(282,292)
Benefit payments	<u>(119,081)</u>
Net Change in Total OPEB Liability	\$ (111,441)
 Total OPEB Liability - Beginning (restated)	 <u>\$ 5,158,514</u>
 Total OPEB Liability - Ending	 <u><u>\$ 5,047,073</u></u>
 Covered Employee Payroll	 \$ 2,640,049
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 191.17%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability
(Unaudited)
For the Year Ended December 31, 2018

NYSERS Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0116%	0.0116%	0.012%	0.011%
Proportionate share of the net pension liability (assets)	\$ 373,663	\$ 1,087,765	\$ 1,947,564	\$ 382,000
Covered-employee payroll	\$ 3,545,679	\$ 3,320,395	\$ 3,130,097	\$ 3,088,007
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	10.539%	32.760%	62.221%	12.370%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Schedule of Town Contributions
(Unaudited)
For the Year Ended December 31, 2018

NYSERS Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 490,532	\$ 468,264	\$ 584,904	\$ 588,000
Contributions in relation to the contractually required contribution	<u>(490,532)</u>	<u>(468,264)</u>	<u>(584,904)</u>	<u>(588,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,545,679	\$ 3,320,395	\$ 3,130,097	\$ 3,088,007
Contributions as a percentage of covered-employee payroll	13.83%	14.10%	18.69%	19.04%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
For the Year Ended December 31, 2018

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 3,166,426	\$ 3,166,426	\$ 3,174,143	\$ -	\$ 7,717
Non-property taxes	2,105,109	2,105,109	2,549,183	-	444,074
Departmental income	444,200	444,200	504,474	-	60,274
Intergovernmental charges	-	-	607	-	607
Use of money and property	34,100	34,100	52,156	-	18,056
Licenses and permits	225,750	225,750	241,396	-	15,646
Fines and forfeitures	270,000	270,000	272,083	-	2,083
Sale of property and compensation for loss	15,750	15,750	18,791	-	3,041
Miscellaneous	15,200	40,280	35,745	-	(4,535)
State and county aid	598,512	623,512	738,726	-	115,214
Total Revenues	\$ 6,875,047	\$ 6,925,127	\$ 7,587,304	\$ -	\$ 662,177
Expenditures:					
Current:					
General government support	\$ 2,936,720	\$ 2,940,779	\$ 1,955,374	\$ -	\$ 985,405
Public safety	160,602	185,602	142,045	-	43,557
Health	22,500	22,500	22,500	-	-
Transportation	310,723	310,723	265,958	-	44,765
Economic assistance and development	159,380	154,436	145,636	-	8,800
Culture and recreation	1,394,045	1,423,440	1,353,045	-	70,395
Home and community services	459,284	459,284	265,325	91,306	102,653
Employee benefits	1,249,455	1,246,025	996,568	-	249,457
Debt Service:					
Debt service - principal	105,000	105,000	105,000	-	-
Debt service - interest and other charges	6,338	6,338	6,338	-	-
Total Expenditures	\$ 6,804,047	\$ 6,854,127	\$ 5,257,789	\$ 91,306	\$ 1,505,032
Excess (deficiency) of revenue over expenditures	\$ 71,000	\$ 71,000	\$ 2,329,515	\$ (91,306)	\$ 2,167,209
Other Financing Sources and Uses:					
Transfers - out	\$ (71,000)	\$ (71,000)	\$ (71,000)	\$ -	-
Total Other Financing Sources and Uses	\$ (71,000)	\$ (71,000)	\$ (71,000)	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 2,258,515	\$ (91,306)	\$ 2,167,209
Fund Balance - Beginning	2,967,086	2,967,086	2,967,086	-	-
Fund Balance - Ending	\$ 2,967,086	\$ 2,967,086	\$ 5,225,601	\$ (91,306)	\$ 2,167,209

Notes to Required Supplemental Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

(See Independent Auditors' Report)

Required Supplemental Information
TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
For the Year Ended December 31, 2018

	GENERAL PART - TOWN FUND			
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Variance
Revenues:				
Non-property taxes	\$ 164,000	\$ 164,000	\$ 178,049	\$ 14,049
Departmental income	19,000	19,000	18,516	(484)
Use of money and property	5,000	5,000	13,974	8,974
Licenses and permits	155,500	155,500	158,864	3,364
Sale of property and compensation for loss	50	50	8	(42)
Miscellaneous	600	600	2,266	1,666
Interfund revenues	-	30,000	-	(30,000)
Total Revenues	\$ 344,150	\$ 374,150	\$ 371,677	\$ (2,473)
Expenditures:				
Current:				
General government support	\$ 32,500	\$ 20,700	\$ 17,322	\$ 3,378
Public safety	479,207	444,207	398,049	46,158
Transportation	19,000	19,000	16,557	2,443
Home and community services	304,638	356,057	304,157	51,900
Employee benefits	300,589	295,970	253,356	42,614
Total Expenditures	\$ 1,135,934	\$ 1,135,934	\$ 989,441	\$ 146,493
Excess (deficiency) of revenue over expenditures	\$ (791,784)	\$ (761,784)	\$ (617,764)	\$ 144,020
Other Financing Sources and Uses:				
Transfers - out	\$ (775,000)	\$ (805,000)	\$ (775,000)	\$ 30,000
Total Other Financing Sources and Uses	\$ (775,000)	\$ (805,000)	\$ (775,000)	\$ 30,000
Net change in fund balances	\$ (1,566,784)	\$ (1,566,784)	\$ (1,392,764)	\$ 174,020
Fund Balance - Beginning	3,386,868	3,386,868	3,386,868	-
Fund Balance - Ending	\$ 1,820,084	\$ 1,820,084	\$ 1,994,104	\$ 174,020

Required Supplemental Information
TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
December 31, 2018

HIGHWAY PART-TOWN FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Variance
Revenues:				
Non-property taxes	\$ 3,114,891	\$ 3,114,891	\$ 3,114,891	\$ -
Intergovernmental charges	230,000	230,000	292,778	62,778
Use of money and property	1,700	1,700	13,261	11,561
Sale of property and compensation for loss	50,100	50,100	7,875	(42,225)
Miscellaneous	350	350	11,176	10,826
State and county aid	160,000	216,434	304,434	88,000
Total Revenues	\$ 3,557,041	\$ 3,613,475	\$ 3,744,415	\$ 130,940
Expenditures:				
Current:				
General government support	\$ 37,000	\$ 37,000	\$ 35,261	\$ 1,739
Transportation	4,090,516	4,146,950	2,804,368	1,342,582
Employee benefits	642,759	642,759	473,447	169,312
Debt Service:				
Debt service - principal	263,000	263,000	263,000	-
Debt service - interest and other ch	66,225	66,225	66,225	-
Total Expenditures	\$ 5,099,500	\$ 5,155,934	\$ 3,642,301	\$ 1,513,633
Excess (deficiency) of revenue over expenditures	\$ (1,542,459)	\$ (1,542,459)	\$ 102,114	\$ 1,644,573
Other Financing Sources and Uses:				
Transfers - in	\$ 820,000	\$ 820,000	\$ 820,000	\$ -
Total Other Financing Sources and Uses	\$ 820,000	\$ 820,000	\$ 820,000	\$ -
Net change in fund balances	\$ (722,459)	\$ (722,459)	\$ 922,114	\$ 1,644,573
Fund Balance - Beginning	2,432,156	2,432,156	2,432,156	-
Fund Balance - Ending	\$ 1,709,697	\$ 1,709,697	\$ 3,354,270	\$ 1,644,573

(See Independent Auditors' Report)

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2018

	Capital Projects Fund	Debt Service Fund	Park Land Deposits Fund	Lighting Districts Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 619,725	\$ 484,112	\$ 670,573	\$ 50,608
Receivables, net	-	-	7,500	-
State and federal aid receivable	22,340	-	-	-
Total Assets	<u>\$ 642,065</u>	<u>\$ 484,112</u>	<u>\$ 678,073</u>	<u>\$ 50,608</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable and other current liabilities	\$ 38,676	\$ -	\$ -	\$ 5,203
Due to other funds	336,622	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 375,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,203</u>
 Fund Balances:				
Restricted	\$ 266,767	\$ 484,112	\$ -	\$ 45,405
Assigned	-	-	678,073	-
Total Fund Balances	<u>\$ 266,767</u>	<u>\$ 484,112</u>	<u>\$ 678,073</u>	<u>\$ 45,405</u>
 Total Liabilities and Fund Balances	<u>\$ 642,065</u>	<u>\$ 484,112</u>	<u>\$ 678,073</u>	<u>\$ 50,608</u>

Sewer Fund	Fire Protection District Fund	Central Water District Fund	Total Nonmajor Governmental Funds
\$ 925,841	\$ 22,461	\$ 24,881	\$ 2,798,201
78,299	-	-	85,799
-	-	-	22,340
<u>\$ 1,004,140</u>	<u>\$ 22,461</u>	<u>\$ 24,881</u>	<u>\$ 2,906,340</u>
\$ 735	\$ -	\$ -	\$ 44,614
-	-	-	336,622
78,299	-	-	78,299
<u>\$ 79,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,535</u>
\$ -	\$ -	\$ -	\$ 796,284
925,106	22,461	24,881	1,650,521
<u>\$ 925,106</u>	<u>\$ 22,461</u>	<u>\$ 24,881</u>	<u>\$ 2,446,805</u>
<u>\$ 1,004,140</u>	<u>\$ 22,461</u>	<u>\$ 24,881</u>	<u>\$ 2,906,340</u>

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2018

	Capitla Projects Fund	Debt Service Fund	Park Land Deposits Fund	Lighting Districts Fund
Revenues:				
Real property and tax items	\$ -	\$ -	\$ -	\$ 57,324
Departmental income	-	-	87,000	-
Use of money and property	67	4,066	1,309	-
State and county aid	52,340	-	-	-
Federal aid	23,296	-	-	-
Total Revenues	\$ 75,703	\$ 4,066	\$ 88,309	\$ 57,324
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Transportation	355,133	-	-	66,998
Culture and recreation	-	-	35,079	-
Home and community services	252,561	-	-	-
Debt Service:				
Debt service - principal	-	-	-	-
Debt service - interest and other charges	-	-	-	-
Total Expenditures	\$ 607,694	\$ -	\$ 35,079	\$ 66,998
Excess (deficiency) of revenue over expenditures	\$ (531,991)	\$ 4,066	\$ 53,230	\$ (9,674)
Other Financing Sources and Uses:				
Transfers - in	\$ 690,000	\$ -	\$ -	\$ -
Transfers - out	-	(50,000)	(50,000)	-
Total Other Financing Sources and Uses	\$ 690,000	\$ (50,000)	\$ (50,000)	\$ -
Net change in fund balances	\$ 158,009	\$ (45,934)	\$ 3,230	\$ (9,674)
Fund Balance - Beginning	108,758	530,046	674,843	55,079
Fund Balance - Ending	\$ 266,767	\$ 484,112	\$ 678,073	\$ 45,405

Sewer Fund	Fire Protection District Fund	Central Water District Fund	Total Nonmajor Governmental Funds
\$ 687,360	\$ 513,218	\$ 16,432	\$ 1,274,334
-	-	-	87,000
4,716	-	-	10,158
-	-	-	52,340
-	-	-	23,296
<u>\$ 692,076</u>	<u>\$ 513,218</u>	<u>\$ 16,432</u>	<u>\$ 1,447,128</u>
\$ -	\$ 514,564	\$ -	\$ 514,564
-	-	-	422,131
-	-	-	35,079
8,258	-	-	260,819
40,000	-	17,000	57,000
2,600	-	4,432	7,032
<u>\$ 50,858</u>	<u>\$ 514,564</u>	<u>\$ 21,432</u>	<u>\$ 1,296,625</u>
<u>\$ 641,218</u>	<u>\$ (1,346)</u>	<u>\$ (5,000)</u>	<u>\$ 150,503</u>
\$ -	\$ -	\$ 5,000	\$ 695,000
(569,000)	-	-	(669,000)
<u>\$ (569,000)</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 26,000</u>
\$ 72,218	\$ (1,346)	\$ -	\$ 176,503
852,888	23,807	24,881	2,270,302
<u>\$ 925,106</u>	<u>\$ 22,461</u>	<u>\$ 24,881</u>	<u>\$ 2,446,805</u>