

**TOWN OF PITTSFORD**

**Monroe County, New York**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended December 31, 2010**

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

**Shareholders:**

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

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

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Town Council  
The Town of Pittsford  
Monroe County, New York

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pittsford, Monroe County, New York (the Town) as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds presented as supplemental information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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 at December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund, the highway fund and the highway part-town fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Raymond F. Wager, CPA, PC*

April 1, 2011

## Town of Pittsford, Monroe County, New York

### Management's Discussion and Analysis (MD&A)

December 31, 2010

#### Introduction

Our discussion and analysis of the Town of Pittsford, Monroe County, New York's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2010. 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 2010 are as follows:

- ◆ On the government-wide financial statements, the total assets of the Town exceeded liabilities by \$57,828,228 (net assets) a decrease of \$380,569. Of the current year amount, the unrestricted portion is \$7,494,028. The balance of net assets is either restricted for specific purposes or the net book value of capital assets.
- ◆ The Town's governmental fund financial statements report a combined ending fund balance of \$22,394,629, an increase of \$357,089 in comparison with the prior year. At the end of the current year, \$10,394,781 is available for spending at the Town's discretion (unreserved and undesignated fund balance).
- ◆ At the end of the current year, the fund balance of the General Fund was \$13,606,664 an increase of \$222,404 from the prior year.
- ◆ General revenues which include Real Property Taxes, Sales Tax, and State Aid-Mortgage Tax, Sales of Property and Compensation for Loss, Investment Earnings, and Miscellaneous accounted for \$13,053,948 or 87% of all revenues. Program specific revenues in the form of Charges for Services and Capital Grants and Contributions accounted for \$1,893,715 or 13% of total revenues.

#### Overview of the Financial Statements

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

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

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

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

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

## 2. Fund Financial Statements

- ◆ A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Fiduciary Funds.
- ◆ *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.
- ◆ Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- ◆ The Town maintains three major individual governmental funds; General Fund, Highway Fund, and Highway Part-Town Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund. The Town has elected to report the General Part-Town Fund, the Capital Projects Fund, the Debt Service Fund, the Public Library Fund, the Consolidated Lighting Fund, the Consolidated Sewer Fund, the Fire Protection Fund, the Parks Fund, and the Ambulance District 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 Pittsford, Monroe County, New York can be found in the basic financial statement section of this report.

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

3. *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Pittsford, Monroe County, New York, net assets at the close of the current year were \$57,828,228.

**Net Assets**

The Town's combined net assets were lower on December 31, 2010, than they were the year before, decreasing by 1% as shown in table below:

			%
<u>ASSETS</u>	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Current Assets	\$ 22,720,538	\$ 22,654,858	0.29%
Capital Assets, Net	<u>50,463,762</u>	<u>51,339,729</u>	-1.71%
<b>Total Assets</b>	<b><u>\$ 73,184,300</u></b>	<b><u>\$ 73,994,587</u></b>	-1.10%
<u>LIABILITIES</u>			
Current Liabilities	\$ 1,069,412	\$ 1,385,518	-22.82%
Noncurrent Liabilities			
Due in More Than One Year	<u>14,286,660</u>	<u>14,400,272</u>	-0.79%
<b>Total Liabilities</b>	<b><u>\$ 15,356,072</u></b>	<b><u>\$ 15,785,790</u></b>	-2.72%
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 37,049,914	\$ 37,344,317	-0.79%
Restricted Capital Reserves	4,275,059	4,197,925	1.84%
Restricted Capital Projects	495,780	126,028	293.39%
Restricted Debt Service	804,183	839,381	-4.19%
Restricted Other Purposes	7,709,264	7,570,957	1.83%
Unrestricted	<u>7,494,028</u>	<u>8,130,189</u>	-7.82%
<b>Total Net Assets</b>	<b><u>\$ 57,828,228</u></b>	<b><u>\$ 58,208,797</u></b>	-0.65%

By far, the largest component of the Town's net assets (64%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the residents and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



There are restricted net asset balances in Capital Reserves, Capital Projects, Debt Service and Other Purposes, which constitute 23% of total net assets. The remaining balance of unrestricted net assets, which is a surplus of \$7,494,028 (13%), may be used to finance future operations.

### Changes in Net Assets

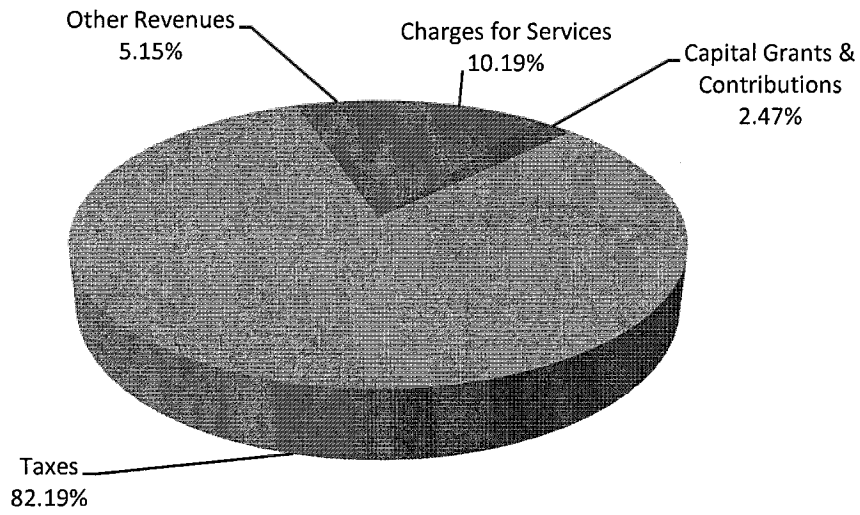
The Town's total revenues were less for 2010 than they were the year before, decreasing by 3% to \$14,947,663. The Town relies upon taxes, charges for services, capital and operating grants as their primary revenue sources.

The Town's total expenditures were less for 2010 than they were the year before, decreasing by 14% to \$15,328,232. Expenditures incurred are distributed dependent on the Town's services.

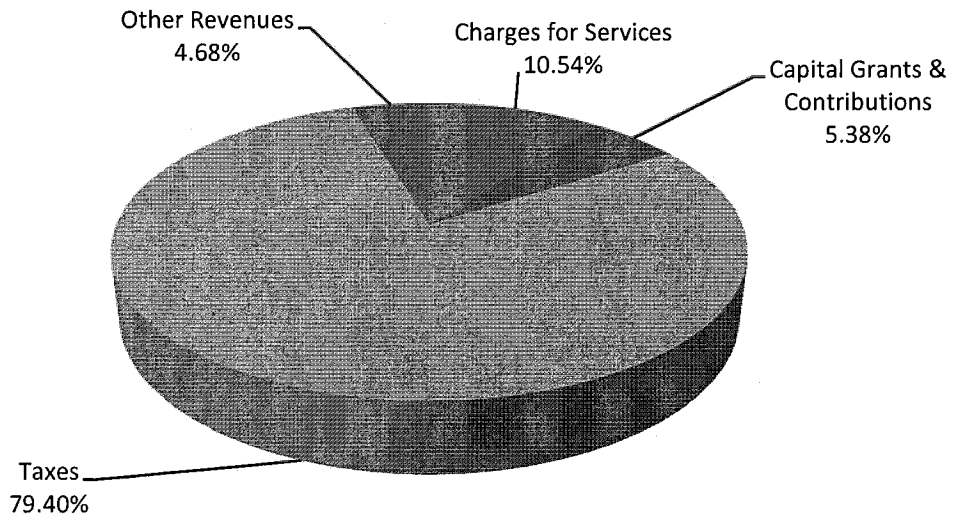
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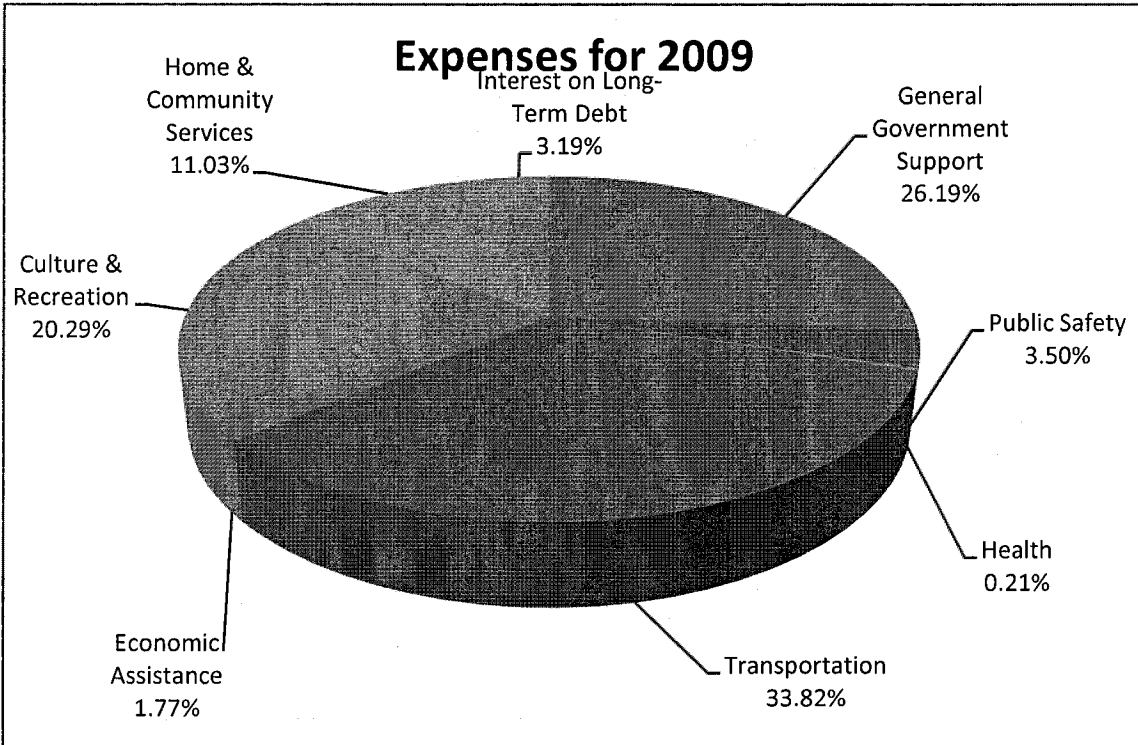
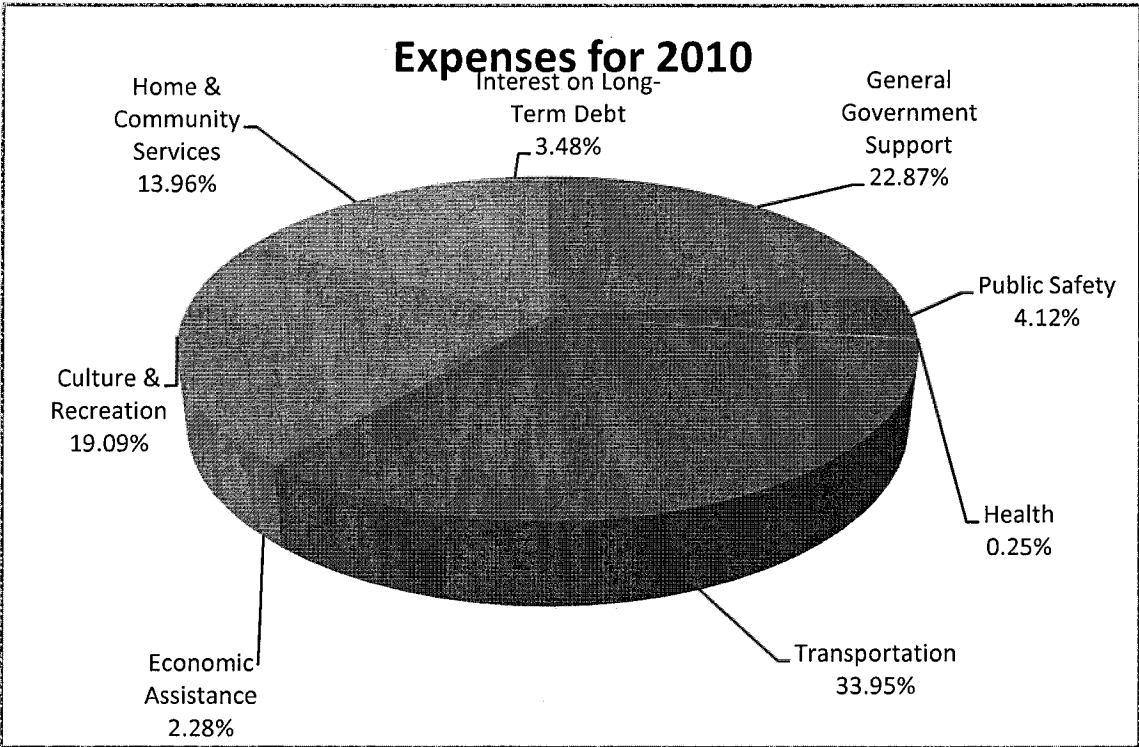
	<u>2010</u>	<u>2009</u>	<u>% Variance</u>
<b><u>Revenues:</u></b>			
Charges for Services	\$ 1,523,819	\$ 1,619,880	-5.93%
Capital Grants & Contributions	369,896	826,087	-55.22%
Taxes	12,284,905	12,200,916	0.69%
Other Revenues	769,043	719,587	6.87%
<b>Total Revenues</b>	<b><u>\$ 14,947,663</u></b>	<b><u>\$ 15,366,470</u></b>	<b><u>-2.73%</u></b>
<b><u>Expenditures:</u></b>			
General Government Support	\$ 3,506,035	\$ 4,649,624	-24.60%
Public Safety	631,835	621,243	1.70%
Health	37,559	37,362	0.53%
Transportation	5,203,867	6,003,897	-13.33%
Economic Assistance	350,090	313,909	11.53%
Culture & Recreation	2,925,544	3,603,143	-18.81%
Home & Community Services	2,139,831	1,958,585	9.25%
Interest on Long-Term Debt	533,471	567,001	-5.91%
<b>Total Expenditures</b>	<b><u>\$ 15,328,232</u></b>	<b><u>\$ 17,754,764</u></b>	<b><u>-13.67%</u></b>
<b><u>Special Item:</u></b>			
Advance Refunding	\$ -	\$ 45,000	100.00%
<b>Change in Net Assets</b>	<b><u>\$ (380,569)</u></b>	<b><u>\$ (2,343,294)</u></b>	
<b>Net Assets - Beginning of Year</b>	<b><u>58,208,797</u></b>	<b><u>60,552,091</u></b>	
<b>Net Assets - End of Year</b>	<b><u>\$ 57,828,228</u></b>	<b><u>\$ 58,208,797</u></b>	

## Revenues for 2010



## Revenues for 2009





## Financial Analysis of the Town of Pittsford'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 \$22,394,629, which is less than last year's ending fund balance of \$22,037,540.

Of the total combined fund balances, \$2,277,625 has been designated for subsequent year's expenditures and represents the amount estimated for use in the 2011 budget, \$370,812 has been reserved for encumbrances, \$4,316,535 has been reserved for general reserve, \$4,275,059 has been reserved for capital reserve, \$759,817 has been reserved for debt, and the remaining balance of \$10,394,781 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 \$13,606,664, of which \$5,878,580 was unreserved and undesignated. The fund balance for the Town of Pittsford's General Fund increased by \$222,404 compared with the prior year.

### **Budgetary Highlights**

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

<u>Revenue Items</u>	<u>Budget Variance Original Vs. Amended</u>	<u>Explanation for Budget Variance</u>
Highway Fund-Part-Town-State Aid	\$134,836	The Town does not budget for CHIPS funds from New York State until the budget is passed and notice is given. The Town then appropriated the funds and increased the road work budget.
Highway Fund-Part-Town-Operating Transfers-In	\$333,000	The Town appropriated funds from the Highway Repair Capital Reserve to increase the road work program.
<u>Expenditure Items</u>	<u>Budget Variance Original Vs. Amended</u>	<u>Explanation for Budget Variance</u>
General Fund-General Government Support	(\$159,299)	Monies transferred to other parts of the budget including Transfers-Out.
General Fund-Operating Transfers-Out	\$121,282	Monies transferred from other parts of budget and then transferred to Capital Reserves.
Highway Fund-Part Town-Transportation	\$457,026	Due to additional road work funding the Town increased the budget to cover the cost of time and materials.

<u>Revenue Items</u>	<u>Budget Variance Amended Vs. Actual</u>	<u>Explanation for Budget Variance</u>
Highway Fund-Part-Town-Non-Property Taxes	\$411,306	Higher than estimated sales tax revenue.
<u>Expenditure Items</u>	<u>Budget Variance Amended Vs. Actual</u>	<u>Explanation for Budget Variance</u>
General Fund-General Government Support	\$338,508	Lower than anticipated salary expenses and cost savings recognized during the year.
General Fund-Culture and Recreation	\$126,216	Lower than anticipated salary expenses and cost savings recognized during the year.
General Fund-Home and Community Services	\$120,553	Lower than anticipated salary expenses and cost savings recognized during the year.
General Fund-Employee Benefits	\$136,114	Lower than projected increase in healthcare costs and lower than projected cost of salary based benefits.
Highway Fund-Transportation	\$127,584	Lower than anticipated salary expenses and cost savings recognized during the year.
Highway Fund-Part-Town-Transportation	\$104,579	Lower than anticipated salary expenses and cost savings recognized during the year.

### Capital Assets

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

	<u>2010</u>	<u>2009</u>
Land	\$ 5,965,271	\$ 5,965,271
Land Development Rights	11,513,338	11,513,338
Infrastructure	18,739,674	19,118,882
Buildings and Improvements	11,081,017	11,457,366
Machinery and Equipment	2,937,972	3,134,347
Work in Progress	<u>226,490</u>	<u>150,525</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b><u>\$ 50,463,762</u></b>	<b><u>\$ 51,339,729</u></b>

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>2010</u>	<u>2009</u>
Serial and Statutory Bonds	\$ 13,413,848	\$ 13,995,412
OPEB	1,438,140	958,760
Compensated Absences	37,648	36,886
<b>Total</b>	<b><u>\$ 14,889,636</u></b>	<b><u>\$ 14,991,058</u></b>

The amount of principal paid on outstanding notes was \$581,564. 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**

The Town of Pittsford joined a healthcare consortium which lead to lower healthcare premiums on a per person basis. The consortium also has a wellness element which could lead to a reduction in lost time due to sickness or injury. The Town of Pittsford also is projecting a higher use of fund balance accounts to offset expenses during 2011. This could lead to lower balances at the end of the year if additional cost saving are not identified during the year.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Pittsford'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:

Town of Pittsford  
Monroe County, New York  
Gregory J. Duane  
Director of Finance  
(585) 248-6225

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Statement of Net Assets**

**December 31, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 21,865,520
Investments	88,604
Accounts receivable (net)	14,611
Due from other governments	584,251
Deferred expenditures	167,552
<b>Capital assets, net of accumulated depreciation:</b>	
Land and land development rights	17,478,609
Buildings and improvements	11,081,017
Equipment	2,937,972
Infrastructure	18,739,674
Work in progress	226,490
<b>TOTAL ASSETS</b>	<u>\$ 73,184,300</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	\$ 26,407
Accrued liabilities	355,938
Deferred revenue	84,091
Due in one year	602,976
<b>Noncurrent liabilities:</b>	
Due in more than one year	14,286,660
<b>TOTAL LIABILITIES</b>	<u>\$ 15,356,072</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 37,049,914
<b>Restricted for:</b>	
Capital reserves	4,275,059
Capital projects	495,780
Debt service	804,183
Other purposes	7,709,264
Unrestricted	7,494,028
<b>TOTAL NET ASSETS</b>	<u><u>\$ 57,828,228</u></u>

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Statement of Activities**

**For the Year Ended December 31, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
<b>Primary Government:</b>		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
<b>Governmental Activities:</b>				<u>Governmental Activities</u>
General government support	\$ 3,506,035	\$ 6,749	\$ 235,059	\$ (3,264,227)
Public safety	631,835	271,635	-	(360,200)
Health	37,559	-	-	(37,559)
Transportation	5,203,867	480,795	134,837	(4,588,235)
Economic assistance and opportunity	350,090	-	-	(350,090)
Culture and recreation	2,925,544	738,149	-	(2,187,395)
Home and community services	2,139,831	26,491	-	(2,113,340)
Interest on long-term debt	533,471	-	-	(533,471)
<b>Total Governmental Activities</b>	<b>\$ 15,328,232</b>	<b>\$ 1,523,819</b>	<b>\$ 369,896</b>	<b>\$ (13,434,517)</b>
<b>Total Primary Government</b>	<b>\$ 15,328,232</b>	<b>\$ 1,523,819</b>	<b>\$ 369,896</b>	<b>\$ (13,434,517)</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property taxes				\$ 9,086,141
Non-property taxes				2,360,552
State aid - mortgage tax				838,212
Sale of property and compensation for loss				58,562
Investment earnings				275,037
Miscellaneous				435,444
<b>Total General Revenues</b>				<b>\$ 13,053,948</b>
Change in Net Assets				\$ (380,569)
<b>Net Assets - Beginning</b>				<b>58,208,797</b>
<b>Net Assets - Ending</b>				<b>\$ 57,828,228</b>

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



**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**December 31, 2010**

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Part-Town Highway Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 13,719,502	\$ 1,863,560	\$ 2,262,774	\$ 4,019,684	\$ 21,865,520
Investments	-	-	88,604	-	88,604
Receivables, net	2,788	-	-	11,823	14,611
Due from other funds	125	-	-	-	125
Due from other governments	8,741	-	350,000	225,510	584,251
Deferred expenses	70,476	27,085	31,286	38,705	167,552
<b>Total Assets</b>	<u>\$ 13,801,632</u>	<u>\$ 1,890,645</u>	<u>\$ 2,732,664</u>	<u>\$ 4,295,722</u>	<u>\$ 22,720,663</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable and other current liabilities	\$ 6,225	\$ 1,076	\$ 702	\$ 1,483	\$ 9,486
Accrued wages and benefits	87,731	47,874	21,814	57,992	215,411
Due to other funds	-	-	-	125	125
Overpayments and collections in advance	16,921	-	-	-	16,921
Deferred revenue	84,091	-	-	-	84,091
<b>Total Liabilities</b>	<u>\$ 194,968</u>	<u>\$ 48,950</u>	<u>\$ 22,516</u>	<u>\$ 59,600</u>	<u>\$ 326,034</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	\$ 123,138	\$ 85,631	\$ 67,372	\$ 94,671	\$ 370,812
General reserve	4,316,535	-	-	-	4,316,535
Capital reserve	2,288,411	-	969,002	1,017,646	4,275,059
Reserve for debt	-	-	-	759,817	759,817
<b>Unreserved:</b>					
Appropriated - ensuing fiscal year	1,000,000	300,000	550,000	427,625	2,277,625
Unappropriated	5,878,580	1,456,064	1,123,774	1,936,363	10,394,781
<b>Total Fund Balances</b>	<u>\$ 13,606,664</u>	<u>\$ 1,841,695</u>	<u>\$ 2,710,148</u>	<u>\$ 4,236,122</u>	<u>\$ 22,394,629</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 13,801,632</u>	<u>\$ 1,890,645</u>	<u>\$ 2,732,664</u>	<u>\$ 4,295,722</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	50,463,762
Long-term liabilities, including serial bonds, are not due in the current period and therefore are not reported in the funds.	(13,413,848)
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(140,527)
The following long-term obligations are not due and payable in the current period therefore are not reported in the governmental funds:	
OPEB Liability	(1,438,140)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net assets.	(37,648)
<b>Net Assets of Governmental Activities</b>	<u>\$ 57,828,228</u>

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For Year Ended December 31, 2010**

	General Fund	Highway Fund	Part-Town Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Real property and tax items	\$ 4,207,880	\$ 1,546,853	\$ 1,078,521	\$ 2,252,887	\$ 9,086,141
Non-property taxes	410,838	-	1,037,306	912,408	2,360,552
Departmental income	645,948	-	-	122,000	767,948
Intergovernmental charges	89,356	363,622	39,295	-	492,273
Use of money and property	194,562	40,112	19,597	20,766	275,037
Licenses and permits	31,326	-	-	107,603	138,929
Fines and forfeitures	124,669	-	-	-	124,669
Sale of property and compensation for loss	39,317	5,875	-	13,370	58,562
Miscellaneous	61,470	112	64	373,798	435,444
Interfund revenues	12,655	-	-	-	12,655
State aid	1,023,521	-	134,837	49,750	1,208,108
<b>Total Revenues</b>	<b>\$ 6,841,542</b>	<b>\$ 1,956,574</b>	<b>\$ 2,309,620</b>	<b>\$ 3,852,582</b>	<b>\$ 14,960,318</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government support	\$ 2,414,698	\$ 289,784	\$ -	\$ 174,297	\$ 2,878,779
Public safety	188,767	-	-	313,711	502,478
Health	33,730	1,640	1,724	465	37,559
Transportation	114,762	1,330,500	2,076,058	66,600	3,587,920
Economic assistance and opportunity	291,502	-	-	-	291,502
Culture and recreation	1,282,167	-	-	947,086	2,229,253
Home and community services	208,374	-	-	1,271,664	1,480,038
Employee benefits	932,066	434,005	523,011	554,696	2,443,778
<b>Debt Service:</b>					
Debt service - principal	-	-	-	581,564	581,564
Debt service - interest and other charges	-	-	-	570,358	570,358
<b>Total Expenditures</b>	<b>\$ 5,466,066</b>	<b>\$ 2,055,929</b>	<b>\$ 2,600,793</b>	<b>\$ 4,480,441</b>	<b>\$ 14,603,229</b>
Excess (deficiency) of revenue over expenditures	\$ 1,375,476	\$ (99,355)	\$ (291,173)	\$ (627,859)	\$ 357,089
<b>Other Financing Sources and Uses:</b>					
Operating transfers - in	\$ -	\$ 98,900	\$ 33	\$ 1,142,024	\$ 1,240,957
Operating transfers - out	(1,153,072)	(87,843)	-	(42)	(1,240,957)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (1,153,072)</b>	<b>\$ 11,057</b>	<b>\$ 33</b>	<b>\$ 1,141,982</b>	<b>\$ -</b>
Net change in fund balances	\$ 222,404	\$ (88,298)	\$ (291,140)	\$ 514,123	\$ 357,089
<b>Fund Balance - Beginning</b>	<b>13,384,260</b>	<b>1,929,993</b>	<b>3,001,288</b>	<b>3,721,999</b>	<b>22,037,540</b>
<b>Fund Balance - Ending</b>	<b>\$ 13,606,664</b>	<b>\$ 1,841,695</b>	<b>\$ 2,710,148</b>	<b>\$ 4,236,122</b>	<b>\$ 22,394,629</b>

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

**TOWN OF PITTSFORD, MONROE 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, 2010**

**Net Change in Fund Balances - Total Governmental Funds** \$ 357,089

**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	\$ 75,965	
Additions of Assets	2,229,047	
Loss on disposal	(118,857)	
Depreciation	<u>(3,062,122)</u>	(875,967)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt Repayment		581,564
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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. (479,380)

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. (762)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 36,887

**Change in Net Assets of Governmental Activities** \$ (380,569)

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General and Major Special Revenue Fund Types**  
**For the Year Ended December 31, 2010**

<b>GENERAL FUND</b>					
	<b>Original Budget (Incl. Carryover Encumbrances)</b>	<b>Budget (Amended)</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>Revenues:</b>					
Real property and tax items	\$ 4,178,595	\$ 4,178,595	\$ 4,207,880	\$ -	\$ 29,285
Non-property taxes	390,000	390,000	410,838	-	20,838
Departmental income	642,250	642,250	645,948	-	3,698
Intergovernmental charges	101,898	101,898	89,356	-	(12,542)
Use of money and property	241,469	241,469	194,562	-	(46,907)
Licenses and permits	31,250	31,250	31,326	-	76
Fines and forfeitures	180,000	180,000	124,669	-	(55,331)
Sale of property and compensation for loss	300	300	39,317	-	39,017
Miscellaneous	13,300	26,633	61,470	-	34,837
Interfund revenues	17,000	17,000	12,655	-	(4,345)
State aid	952,000	982,499	1,023,521	-	41,022
<b>Total Revenues</b>	<b>\$ 6,748,062</b>	<b>\$ 6,791,894</b>	<b>\$ 6,841,542</b>	<b>\$ -</b>	<b>\$ 49,648</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government support	\$ 2,978,630	\$ 2,819,331	\$ 2,414,698	\$ 66,125	\$ 338,508
Public safety	200,717	204,567	188,767	1,800	14,000
Health	34,932	34,932	33,730	-	1,202
Transportation	153,852	153,852	114,762	4,774	34,316
Economic assistance and opportunity	298,920	309,009	291,502	4,429	13,078
Culture and recreation	1,387,943	1,429,504	1,282,167	21,121	126,216
Home and community services	337,038	336,387	208,374	7,460	120,553
Employee benefits	1,058,609	1,085,609	932,066	17,429	136,114
<b>Total Expenditures</b>	<b>\$ 6,450,641</b>	<b>\$ 6,373,191</b>	<b>\$ 5,466,066</b>	<b>\$ 123,138</b>	<b>\$ 783,987</b>
Excess (deficiency) of revenue over expenditures	\$ 297,421	\$ 418,703	\$ 1,375,476	\$ (123,138)	\$ 833,635
<b>Other Financing Sources and Uses:</b>					
Operating transfers - out	\$ (1,281,015)	\$ (1,402,297)	\$ (1,153,072)	\$ -	\$ 249,225
<b>Total Other Financing Sources and Uses</b>	<b>\$ (1,281,015)</b>	<b>\$ (1,402,297)</b>	<b>\$ (1,153,072)</b>	<b>\$ -</b>	<b>\$ 249,225</b>
Net change in fund balances	\$ (983,594)	\$ (983,594)	\$ 222,404	\$ (123,138)	\$ 1,082,860
<b>Fund Balance - Beginning</b>	<b>13,384,260</b>	<b>13,384,260</b>	<b>13,384,260</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 12,400,666</b>	<b>\$ 12,400,666</b>	<b>\$ 13,606,664</b>	<b>\$ (123,138)</b>	<b>\$ 1,082,860</b>

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General and Major Special Revenue Fund Types**  
**For the Year Ended December 31, 2010**

	<b>HIGHWAY FUND</b>				
	<b>Original Budget</b>				
	<b>(Incl. Carryover</b>	<b>Budget</b>		<b>Encumbrances</b>	<b>Variance</b>
	<b>Encumbrances)</b>	<b>(Amended)</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>Revenues:</b>					
Real property and tax items	\$ 1,546,853	\$ 1,546,853	\$ 1,546,853	\$ -	\$ -
Intergovernmental charges	360,000	360,000	363,622	-	3,622
Use of money and property	40,000	40,000	40,112	-	112
Sale of property and compensation for loss	1,500	1,500	5,875	-	4,375
Miscellaneous	-	-	112	-	112
<b>Total Revenues</b>	<b>\$ 1,948,353</b>	<b>\$ 1,948,353</b>	<b>\$ 1,956,574</b>	<b>\$ -</b>	<b>\$ 8,221</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government support	\$ 278,875	\$ 289,902	\$ 289,784	\$ -	\$ 118
Health	2,000	2,000	1,640	-	360
Transportation	1,511,553	1,511,553	1,330,500	53,469	127,584
Employee benefits	475,819	475,819	434,005	32,162	9,652
<b>Total Expenditures</b>	<b>\$ 2,268,247</b>	<b>\$ 2,279,274</b>	<b>\$ 2,055,929</b>	<b>\$ 85,631</b>	<b>\$ 137,714</b>
Excess (deficiency) of revenue over expenditures	\$ (319,894)	\$ (330,921)	\$ (99,355)	\$ (85,631)	\$ 145,935
<b>Other Financing Sources and Uses:</b>					
Operating transfers - in	\$ -	\$ 98,900	\$ 98,900	\$ -	\$ -
Operating transfers - out	-	(87,873)	(87,843)	-	30
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ 11,027</b>	<b>\$ 11,057</b>	<b>\$ -</b>	<b>\$ 30</b>
Net change in fund balances	\$ (319,894)	\$ (319,894)	\$ (88,298)	\$ (85,631)	\$ 145,965
<b>Fund Balance - Beginning</b>	<b>1,929,993</b>	<b>1,929,993</b>	<b>1,929,993</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,610,099</b>	<b>\$ 1,610,099</b>	<b>\$ 1,841,695</b>	<b>\$ (85,631)</b>	<b>\$ 145,965</b>

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General and Major Special Revenue Fund Types**  
**For the Year Ended December 31, 2010**

<b>HIGHWAY FUND - PART-TOWN</b>					
	<b>Original Budget</b>	<b>Budget</b>		<b>Encumbrances</b>	<b>Variance</b>
	<b>(Incl. Carryover Encumbrances)</b>	<b>(Amended)</b>	<b>Actual</b>		
<b>Revenues:</b>					
Real property and tax items	\$ 1,078,521	\$ 1,078,521	\$ 1,078,521	\$ -	\$ -
Non-property taxes	626,000	626,000	1,037,306	-	411,306
Intergovernmental charges	15,000	15,000	39,295	-	24,295
Use of money and property	21,000	21,000	19,597	-	(1,403)
Miscellaneous	-	-	64	-	64
State aid	-	134,836	134,837	-	1
<b>Total Revenues</b>	<b>\$ 1,740,521</b>	<b>\$ 1,875,357</b>	<b>\$ 2,309,620</b>	<b>\$ -</b>	<b>\$ 434,263</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Health	\$ 2,230	\$ 2,230	\$ 1,724	\$ -	\$ 506
Transportation	1,758,823	2,215,849	2,076,058	35,212	104,579
Employee benefits	595,093	605,903	523,011	32,160	50,732
<b>Total Expenditures</b>	<b>\$ 2,356,146</b>	<b>\$ 2,823,982</b>	<b>\$ 2,600,793</b>	<b>\$ 67,372</b>	<b>\$ 155,817</b>
Excess (deficiency) of revenue over expenditures	\$ (615,625)	\$ (948,625)	\$ (291,173)	\$ (67,372)	\$ 590,080
<b>Other Financing Sources and Uses:</b>					
Operating transfers - in	\$ -	\$ 333,000	\$ 33	\$ -	\$ (332,967)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ 333,000</b>	<b>\$ 33</b>	<b>\$ -</b>	<b>\$ (332,967)</b>
Net change in fund balances	\$ (615,625)	\$ (615,625)	\$ (291,140)	\$ (67,372)	\$ 257,113
<b>Fund Balance - Beginning</b>	<b>3,001,288</b>	<b>3,001,288</b>	<b>3,001,288</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 2,385,663</b>	<b>\$ 2,385,663</b>	<b>\$ 2,710,148</b>	<b>\$ (67,372)</b>	<b>\$ 257,113</b>

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**December 31, 2010**

	<b>Agency Funds</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 588,466
	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>\$ 588,466</b>
	<u><u>                    </u></u>
<b>LIABILITIES</b>	
Parkland deposits	\$ 478,158
Bid deposits	106,777
Other liabilities	3,531
	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<b>\$ 588,466</b>
	<u><u>                    </u></u>

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Notes To The Basic Financial Statements**

**December 31, 2010**

**I. Summary of Significant Accounting Policies:**

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

**A. Financial Reporting Entity**

The Town is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town 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 Town provides the following basic services to all or some residents of the Town: highway maintenance, recreation facilities and programs, environmental services, and library services.

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. Included in the Reporting Entity**

Based on the foregoing criteria, no governmental organizations have been excluded from the Town's reporting entity and the following organizations are included in the Town's reporting entity:

A separate board has been established pursuant to the Education Law to manage the operations of the public library. Such board is administratively and financially dependent on the Town and, accordingly, the related financial activity is included within the accompanying financial statements.



( I. ) (Continued)

**2. 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:

a. The Pittsford Fire District is an independent district corporation that has the authority to levy its own property taxes and borrow in its own name, and for which the governing commissioners are elected by the residents of the District. The Board of Fire Commissioners has complete responsibility for management of the District and its fiscal affairs. The Town Council exercises no oversight over District operations. Their audit reports may be obtained by contacting the Pittsford Fire District.

b. The Brighton Fire District overlaps the Town and is an independent district corporation that has the authority to levy its own property taxes and borrow in its own name, and for which the governing commissioners are elected by the residents of the District. The Board of Fire Commissioners has complete responsibility for management of the District and its fiscal affairs. The Town Council exercises no oversight over District operations. Their audit reports may be obtained by contacting the Brighton Fire District.

**B. Basis of Presentation**

**1. Government-Wide Statements**

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

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

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

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

(I.) (Continued)

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

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

**2. Fund Financial Statements**

The emphasis in fund financial statements is on the major fund in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

**a. Governmental Funds** - Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town's governmental fund types.

**1. Major Governmental Funds**

**General Fund** - the principal operating fund and includes all operations not required to be recorded in other funds.

**Highway Fund Townwide and Highway Fund Part-Town** - special revenue funds 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.

**General Fund Part-Town** - includes all general fund operations taking place outside the Village.

**Debt Service Fund** - used to account for financial resources accumulated for payment of future principal and interest on long-term indebtedness.

**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.

( I. ) ( Continued )

**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:

Lighting Districts	Sewer District
Public Library	Park District
Fire Protection	Ambulance District

3. **Fiduciary Funds**

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

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

C. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

1. **Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net assets.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. **Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**(I.) (Continued)**

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. 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.

**3. Future Changes in Accounting Standards**

The GASB has issued Statement No. 54, *Accounting and Fund Balance Reporting and Governmental Fund Type Definitions*, which will be applicable to the Town effective December 31, 2011.

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 59, *Financial Instruments Omnibus*, which will be effective for the year ending December 31, 2011.

The GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending December 31, 2013.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending December 31, 2012.

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

**D. 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.

(I.) (Continued)

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. Major receivable balances for the governmental activities include sales tax and sewer fees.

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

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. **Deferred Expenditures**

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

5. **Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

a. **Government-Wide Statements**

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

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.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<b><u>Class</u></b>	<b><u>Life in Years</u></b>
Buildings	20-50 Years
Sanitary Sewer System	60 Years
Machinery and Equipment	5-25 Years
Improvements; Parking Lots	5-30 Years
Roads, Sidewalks, Curbing, Light Systems, Gutters	15 Years

( I. ) (Continued)

b. Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Due To/From Other Funds

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

7. Long-Term Debt

The accounting treatment of long-term debt depends on whether the related assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of bonds payable, installment purchase debt and compensated absences.

8. Compensatory Absences

The Town accrues accumulated unpaid vacation and compensatory time cost when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

9. Deferred Revenue

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

10. Encumbrances

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

11. **Equity Classifications**

a. **Government-Wide Statements**

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

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

b. **Fund Statements**

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

1. **Appropriated** - represents monies set aside to offset increases in the tax levy.
2. **Unappropriated** - represents amounts maintained by the Town for emergencies, cash flow purposes, and operational purposes.

E. **Revenues, Expenditures/Expenses**

1. **Revenues**

*Real property taxes* are levied January 1 and collected by the Receiver of Taxes without interest through February 10, and through May 31 with interest and penalties. Taxes for county purposes are levied together with taxes for town and special district purposes on a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Uncollected taxes at June 1 are turned over to Monroe County for collection.

The County of Monroe currently imposes a *sales and use tax*. Based upon a complex formula, a portion of the total revenue collected is allocated annually to the Town in four quarterly installments.

(I.) (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:   Current (further classified by function)  
  Debt Service  
  Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources. Government-wide financial statements report expenses relating to use of economic resources.

F. **Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. **Fund Financial Statements**

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

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.



( I. ) (Continued)

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 Assets, 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.

G. **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.

II. **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 them.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. (However, the Supervisor is authorized to transfer certain budgeted amounts within departments.)
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

( II. ) (Continued)

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 sources. The primary restricted revenue sources are those revenues raised for the special district special revenue funds and the General and Highway Part-Town 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.

**III. Detail Notes on All Funds and Account Groups:**

**A. Cash and Cash Equivalents**

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		20,976,560
<b>Total</b>		<b><u>\$ 20,976,560</u></b>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be restricted for capital projects. Restricted cash as of year end included \$495,905 within the governmental funds.

( III. ) ( Continued )

**B. Investments**

The Town maintains the following investments:

<u>Fund</u>	<u>Cost</u>	<u>Fair Value</u>
Part-Town Highway (statutory installment bond)	\$ 88,604	\$ 88,604
<b>Total</b>	<b>\$ 88,604</b>	<b>\$ 88,604</b>

**C. Receivables**

Receivables at December 31, 2010 consisted of the following, which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

	<u>General Fund</u>	<u>Part-Town Highway Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b><u>Accounts Receivable</u></b>				
Fees	\$ 2,788	\$ -	\$ 11,823	\$ 14,611
<b>Total Accounts Receivable</b>	<b>\$ 2,788</b>	<b>\$ -</b>	<b>\$ 11,823</b>	<b>\$ 14,611</b>
<b><u>Due From Other Governments</u></b>				
Sales Tax	\$ -	\$ 350,000	\$ 225,510	\$ 575,510
Election Inspectors	8,741	-	-	8,741
<b>Total Due From Other Governments</b>	<b>\$ 8,741</b>	<b>\$ 350,000</b>	<b>\$ 225,510</b>	<b>\$ 584,251</b>

**D. Interfund Receivables, Payables, Revenues and Expenditures**

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 125	\$ -	\$ -	\$ 1,153,072
Capital Fund	-	125	61,000	33
Consolidated Sewer	-	-	9	-
Debt Service	-	-	1,081,015	9
Highway Fund-Part-Town	-	-	33	-
Highway Fund	-	-	98,900	87,843
<b>Total</b>	<b>\$ 125</b>	<b>\$ 125</b>	<b>\$ 1,240,957</b>	<b>\$ 1,240,957</b>

( III. ) (Continued)

E. Changes In Fixed Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 01/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/10</u>
<b><u>Capital assets not being Depreciated:</u></b>				
Land	\$ 5,965,271	\$ -	\$ -	\$ 5,965,271
Land Development Rights	11,513,338	-	-	11,513,338
Work in progress	<u>150,525</u>	<u>75,965</u>	<u>-</u>	<u>226,490</u>
<i>Total capital assets not being depreciated</i>	<u>\$ 17,629,134</u>	<u>\$ 75,965</u>	<u>\$ -</u>	<u>\$ 17,705,099</u>
<b><u>Other capital assets:</u></b>				
Buildings and land improvements	\$ 16,364,946	\$ 27,100	\$ -	\$ 16,392,046
Machinery and equipment	5,849,970	677,151	(495,870)	6,031,251
Infrastructure	<u>57,589,892</u>	<u>1,524,796</u>	<u>(58,407)</u>	<u>59,056,281</u>
<i>Total other capital assets at historical cost</i>	<u>\$ 79,804,808</u>	<u>\$ 2,229,047</u>	<u>\$ (554,277)</u>	<u>\$ 81,479,578</u>
<b><u>Less accumulated depreciation for:</u></b>				
Buildings and improvements	\$ 4,907,580	\$ 403,449	\$ -	\$ 5,311,029
Machinery and equipment	2,715,623	754,669	(377,013)	3,093,279
Infrastructure	<u>38,471,010</u>	<u>1,904,004</u>	<u>(58,407)</u>	<u>40,316,607</u>
<i>Total accumulated depreciation</i>	<u>\$ 46,094,213</u>	<u>\$ 3,062,122</u>	<u>\$ (435,420)</u>	<u>\$ 48,720,915</u>
<i>Other capital assets, net Governmental activities capital assets, net</i>	<u>\$ 33,710,595</u>	<u>\$ (833,075)</u>	<u>\$ (118,857)</u>	<u>\$ 32,758,663</u>
	<u><b>\$ 51,339,729</b></u>	<u><b>\$ (757,110)</b></u>	<u><b>\$ (118,857)</b></u>	<u><b>\$ 50,463,762</b></u>

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

General Government	\$ 104,595
Public Safety	15,744
Transportation	2,286,088
Economic Assistance and Opportunity	907
Culture and Recreation	257,440
Home and Community Service	<u>397,348</u>
<b>Total Depreciation Expense</b>	<u><b>\$ 3,062,122</b></u>

( III. ) (Continued)

**F. Long-Term Debt**

At December 31, 2010 the total outstanding obligations of the Town aggregated \$14,889,636 as follows:

Serial Bonds	\$ 13,413,848
OPEB	1,438,140
Compensated Absences	37,648
<b>Total</b>	<b><u><u>\$ 14,889,636</u></u></b>

**1. Serial Bonds**

The Town, borrows money in order to acquire land, high cost equipment, to construct buildings and improvements, and for infrastructure development and maintenance. 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 supported by the 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.

**2. Interest Reconciliation**

A summary of the long-term interest expense as of December 31, 2010 is as follows:

Interest expense reported on the Statement of Revenues	
Expenditures, and Changes in Fund Balances	\$ 570,358
Prior year accrued interest	(177,414)
Current year accrued interest	140,527
<b>Interest expense - Statement of Activities</b>	<b><u><u>\$ 533,471</u></u></b>

**3. Other Long-Term Obligations**

In addition to long-term bonded debt the Town had the following other obligations:

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

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

( III. ) (Continued)

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2010:

	<u>Balance</u> <u>01/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/10</u>	<u>Classified As</u>	
					<u>Current</u>	<u>Non-Current</u>
Serial and Statutory Bonds	\$ 13,995,412	\$ -	\$ 581,564	\$ 13,413,848	\$ 593,564	\$ 12,820,284
OPEB	958,760	479,380	-	1,438,140	-	1,438,140
Compensated Absences	36,886	762	-	37,648	9,412	28,236
<b>Total Obligations</b>	<b>\$ 14,991,058</b>	<b>\$ 480,142</b>	<b>\$ 581,564</b>	<b>\$ 14,889,636</b>	<b>\$ 602,976</b>	<b>\$ 14,286,660</b>

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>Issue</u> <u>Date</u>	<u>Original</u> <u>Amount</u>	<u>Interest</u>	<u>Maturity</u> <u>Date</u>	<u>Outstanding</u> <u>12/31/2010</u>
<b><u>Serial Bonds</u></b>					
Sweeny/Royal Coach	12/89	\$ 1,662,500	6.70%	12/14	\$ 270,000
Pittsford Hill Sewer	08/98	\$ 190,000	5.00%	08/17	70,000
Purchase of Development Rights (PDR)	09/09	\$ 5,475,000	3.29%	09/23	4,860,000
Public Improvement	04/05	\$ 9,000,000	4.13%	04/34	8,105,000
<b><u>Statutory Bonds</u></b>					
Pittsford Sewer District -					
29 & 29a Sewer	06/04	\$ 129,500	4.00%	06/23	88,604
Water/JH-130/SWBC #35	07/04	\$ 79,217	4.63%	07/13	20,244
<b>Total</b>					<b>\$ 13,413,848</b>

( III. ) (Continued)

6. The following table summarizes the Town's future debt service requirements as of December 31, 2010:

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2011	593,564	550,493
2012	603,563	530,257
2013	618,564	509,608
2014	631,815	486,357
2015	591,816	458,731
2016-20	3,319,079	1,880,913
2021-25	3,055,447	1,126,964
2026-30	2,035,000	634,228
2031-34	1,965,000	171,594
<b>Total</b>	<b>\$ 13,413,848</b>	<b>\$ 6,349,145</b>

In prior years, the Town defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. \$4,990,000 of bonds outstanding are considered defeased.

**G. Fund Equity**

**1. Net Assets – Restricted**

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

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
General Reserve	Law	\$ 4,316,535
Consolidated Lighting	Law	52,684
Consolidated Sewer	Law	619,942
Part-Town Highway Fund	Law	1,741,146
Part-Town General Fund	Law	864,604
Parks Fund	Law	110,891
Fire Protection Fund	Law	3,462
<b>Total Restricted Net Assets for Special Districts</b>		<b>\$ 7,709,264</b>

**2. Fund Equity – Reserved**

Reserve funds have been established for the following purposes:

- a. **Debt Service Fund – Reserve For Debt** - In accordance with General Municipal Law, Section 6-1, the Town has established a reserve to provide funding for the outstanding balance due on serial bonds and bond anticipation notes which were issued for various building and reconstruction projects. This reserve is recorded in the Debt Service Fund and may be reduced each year until the serial bonds and bond anticipation notes are paid in full. The balance at December 31, 2010 is \$804,183.

( III. ) (Continued)

b. **Encumbrance Reserve** - Encumbrances are obligations in the form of purchase orders or contracts. A portion of the appropriation is reserved at the time purchase orders are placed and contracts approved, and prior to the actual expenditure of funds.

c. **Capital Reserves** - As provided in General Municipal Law Section 6 (c), the Town has established "Type Capital" Reserves which are described below:

<b><u>Fund</u></b>	<b><u>Amount</u></b>
Whole Town Equipment	\$ 893,427
Whole Town Office Equipment	317,737
Building Maintenance	1,077,247
Part-Town Equipment	95,609
Part-Town Office Equipment	28,649
Highway Part-Town Improvement	969,002
Sewer Equipment	161,307
PSD Office Equipment	30,369
Trunk Sewer	701,712
<b>Total</b>	<b><u><u>\$ 4,275,059</u></u></b>

**General Fund**

**Equipment** - to finance future planned replacement of equipment items for the Town.

**Office Equipment** - to finance future planned replacement of office equipment items for the Town.

**Building Maintenance** - to finance the costs associated with building repairs and improvements.

**Highway Equipment** - to finance all or part of future Town expenditures for capital assets which have a period of probable usefulness of at least five years.

**Highway Office Equipment** - to finance future planned replacement of office equipment items for the Town.

**Part-Town Highway Fund**

**Town Improvement** - to finance capital projects for the construction or improvement of roads within the Town.

**Part-Town General Fund**

**Equipment** - to finance future planned replacement of equipment items for the Town.

**Office Equipment** - to finance future planned replacement of office equipment items for the Town.



( III. ) (Continued)

**Consolidated Sewer Fund**

**Sewer Equipment** - to finance future planned replacement of high cost sewer equipment items.

**PSD Office Equipment** - to finance future planned replacement of office equipment items for the Town.

**Trunk Sewer** - to finance future planned repair to sewer districts within the Town.

d. **General Fund – General Reserve** - The following is a summary of the General Fund – General Reserves at December 31, 2010:

<b><u>Fund</u></b>	<b><u>Amount</u></b>
General Reserve	\$ 3,214,660
Pittsford 2000	1,101,875
<b>Total</b>	<b><u>\$ 4,316,535</u></b>

**General Reserve** - to finance all, or part of, the cost of an object or purpose which has a period of probable usefulness of at least five years (other than objects or purposes for which reserve funds may be established under Town Law). Expenditures may only be made for a specific object or purpose and are subject to permissive referendum.

**Pittsford 2000 Reserve** - the Town Board has reserved certain surplus funds as a measure to implement the recommendations of the Pittsford 2000 committee regarding conservation measures, environmental protection initiatives and related land acquisitions. Expenditures may only be made for a specific object or purpose and are subject to permissive referendum.

IV. **Other Notes:**

A. **Employee Pension and Other Benefit Plans**

1. **Pension Plans**

*Plan Description*

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

( IV. ) ( Continued )

*Funding Policy*

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

The Town of Pittsford, Monroe County, New York is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2010	\$ 590,306
2009	\$ 398,609
2008	\$ 423,214

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

2. **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.

3. **Other Postemployment Benefits**

*Plan Description.* In addition to providing pension benefits described in Note VIII, the Town provides post-employment medical and dental benefits (OPEB) for retirees and spouses through the Town of Pittsford Postretirement Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual. The Town of Pittsford, New York offers benefits through fully-insured plans, and provides three plan options; Preferred Care Gold, Blue Choice Optimum, and Medicare Supplement plan.

*Benefits Provided.* All employees on full pay status prior to January 1, 1999, and retirees or retired at age fifty-five (55) or more who have been in continuous employment of the Town for at least fifteen consecutive years prior to retirement and who were, at the time of retirement, members of the Health Insurance Plan continue to have full cost of their Health Insurance Plan paid for by the Town until their death. Surviving spouses may continue health insurance coverage. Retiree expenses for health insurance are funded out of current appropriations and charged as an undistributed employee benefit in each fund.

All eligible retirees, and surviving spouses, who were hired on or after January 1, 1999 are responsible for 10% of their plan's premium. Surviving spouses may continue health insurance coverage at the same contribution rate.

( IV. ) (Continued)

*Funding Policy.* The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the Town will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation by governmental activities:

Annual required contribution	\$	617,014
Interest on net OPEB obligation		-
Adjustment to annual required contribution		(137,634)
Annual OPEB cost (expense)	\$	479,380
Contributions made		-
Increase in net OPEB obligation	\$	479,380
Net OPEB obligation - beginning of year		958,760
<b>Net OPEB obligation - end of year</b>	<b>\$</b>	<b>1,438,140</b>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2008	\$ 617,014	22.3%	\$ 479,380
12/31/2009	\$ 617,014	22.3%	\$ 958,760
12/31/2010	\$ 617,014	22.3%	\$ 1,438,140

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$6,172,476, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$6,172,476. The covered payroll (annual payroll of active employees covered by the plan) was \$6,277,029, and the ratio of the UAAL to the covered payroll was 98.3% percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

( IV. ) ( Continued )

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

In the December 31, 2009, actuarial valuation, entry age normal method was used. The discount rate used was three percent. The valuation assumes a ten percent medical and a five percent dental cost trend for 2010, reduced by decrements to a rate of five percent each after ten years. The remaining amortization period at December 31, 2010, was twenty-seven years.

The Town's schedule of funding progress for 2010 is as follows:

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	Accrued Liability (UAAL) (2) - (1)	Active Members Covered Payroll	Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 6,172,476	0.00%	\$ 6,172,476	\$ 6,150,005	100.4%
2009	\$ -	\$ 6,172,476	0.00%	\$ 6,172,476	\$ 6,322,160	97.6%
2010	\$ -	\$ 6,172,476	0.00%	\$ 6,172,476	\$ 6,277,029	98.3%

**B. Risk Management**

**1. 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.

**2. Dental Plan**

The Town self-insures for dental coverage for its employees. The Town contracts with a third party administrator who is responsible for processing claims and estimating liabilities. The Town does not carry excess insurance coverage relative to this Plan. The Town records expenditures as claims are presented for payment with a cap of \$1,000 a year per member. Based upon the requirements of GASB Statement #10, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of 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.

(IV.) (Continued)

A reconciliation of the claims recorded for 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Beginning liabilities	\$ -	\$ -
Incurred claims	93,986	103,682
Claims payments	(93,986)	(103,682)
<b>Ending liabilities</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

In accordance with GASB Statement #10, the following statistical information is presented:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Contribution Revenue	\$ 93,986	\$ 103,682	\$ 104,242	\$ 103,160	\$ 96,807	\$ 78,462	\$ 93,809	\$ 81,626	\$ 74,749	\$ 80,887
Actual Claims Expense	\$ 93,986	\$ 103,682	\$ 104,775	\$ 103,244	\$ 97,718	\$ 77,550	\$ 94,923	\$ 80,887	\$ 81,896	\$ 76,417

C. Commitments and Contingencies

1. Litigation

There are four outstanding claims pending which appear to be within the Town's insurance coverage. In addition, subsequent to year end a fifth notice of claim has been filed of which the financial impact, if any, is not know.

2. Lease Commitments and Leased Assets

The Town leases property and equipment under operating leases. Total rental expenditures on such leases for the year ended December 31, 2010, were approximately \$187,872. The maximum future non-cancelable operating lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 184,806
2012	184,806
2013	184,806
2014	112,738
2015	112,738
2016-20	563,693
2021-23	338,216
<b>Total</b>	<u><u>\$ 1,681,803</u></u>

( IV. ) (Continued)

**D. Federal and State Funded Programs**

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

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**December 31, 2010**

	<b>General Part-Town Fund</b>	<b>Capital Projects</b>	<b>Debt Service Fund</b>	<b>Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 754,757	\$ 495,905	\$ 804,183	\$ 1,964,839	\$ 4,019,684
Receivables, net	11,823	-	-	-	11,823
Due from other governments	225,510	-	-	-	225,510
Deferred expenses	10,585	-	-	28,120	38,705
<b>Total Assets</b>	<b>\$ 1,002,675</b>	<b>\$ 495,905</b>	<b>\$ 804,183</b>	<b>\$ 1,992,959</b>	<b>\$ 4,295,722</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable and other current liabilities	\$ 881	\$ -	\$ -	\$ 602	\$ 1,483
Accrued wages and benefits	13,932	-	-	44,060	57,992
Due to other funds	-	125	-	-	125
<b>Total Liabilities</b>	<b>\$ 14,813</b>	<b>\$ 125</b>	<b>\$ -</b>	<b>\$ 44,662</b>	<b>\$ 59,600</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	\$ 48,197	\$ -	\$ -	\$ 46,474	\$ 94,671
Capital reserve	124,258	-	-	893,388	1,017,646
Reserve for debt	-	-	759,817	-	759,817
<b>Unreserved:</b>					
Appropriated - ensuing fiscal year	179,827	-	44,366	203,432	427,625
Unappropriated	635,580	495,780	-	805,003	1,936,363
<b>Total Fund Balances</b>	<b>\$ 987,862</b>	<b>\$ 495,780</b>	<b>\$ 804,183</b>	<b>\$ 1,948,297</b>	<b>\$ 4,236,122</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,002,675</b>	<b>\$ 495,905</b>	<b>\$ 804,183</b>	<b>\$ 1,992,959</b>	<b>\$ 4,295,722</b>

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**December 31, 2010**

	General Part-Town Fund	Capital Projects	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Real property and tax items	\$ -	\$ -	\$ 32,394	\$ 2,220,493	\$ 2,252,887
Non-property taxes	912,408	-	-	-	912,408
Departmental income	24,298	-	-	97,702	122,000
Use of money and property	4,790	-	3,324	12,652	20,766
Licenses and permits	104,813	-	-	2,790	107,603
Sale of property and compensation for loss	1,620	-	-	11,750	13,370
Miscellaneous	5,807	335,000	-	32,991	373,798
State aid	-	49,750	-	-	49,750
<b>Total Revenues</b>	<u>\$ 1,053,736</u>	<u>\$ 384,750</u>	<u>\$ 35,718</u>	<u>\$ 2,378,378</u>	<u>\$ 3,852,582</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government support	\$ 126,761	\$ -	\$ -	\$ 47,536	\$ 174,297
Public safety	142,457	-	-	171,254	313,711
Health	-	-	-	465	465
Transportation	-	10,754	-	55,846	66,600
Culture and recreation	-	65,211	-	881,875	947,086
Home and community services	653,016	-	-	618,648	1,271,664
Employee benefits	149,701	-	-	404,995	554,696
<b>Debt Service:</b>					
Debt service - principal	-	-	581,564	-	581,564
Debt service - interest and other charges	-	-	570,358	-	570,358
<b>Total Expenditures</b>	<u>\$ 1,071,935</u>	<u>\$ 75,965</u>	<u>\$ 1,151,922</u>	<u>\$ 2,180,619</u>	<u>\$ 4,480,441</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (18,199)</u>	<u>\$ 308,785</u>	<u>\$ (1,116,204)</u>	<u>\$ 197,759</u>	<u>\$ (627,859)</u>
<b>Other Financing Sources and Uses:</b>					
Operating transfers - in	\$ -	\$ 61,000	\$ 1,081,015	\$ 9	\$ 1,142,024
Operating transfers - out	-	(33)	(9)	-	(42)
<b>Total Other Financing Sources and Uses</b>	<u>\$ -</u>	<u>\$ 60,967</u>	<u>\$ 1,081,006</u>	<u>\$ 9</u>	<u>\$ 1,141,982</u>
Net change in fund balances	\$ (18,199)	\$ 369,752	\$ (35,198)	\$ 197,768	\$ 514,123
<b>Fund Balance - Beginning</b>	<u>1,006,061</u>	<u>126,028</u>	<u>839,381</u>	<u>1,750,529</u>	<u>3,721,999</u>
<b>Fund Balance - Ending</b>	<u>\$ 987,862</u>	<u>\$ 495,780</u>	<u>\$ 804,183</u>	<u>\$ 1,948,297</u>	<u>\$ 4,236,122</u>



**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

**December 31, 2010**

	<u>Public Library</u>	<u>Consolidated Lighting</u>	<u>Consolidated Sewer</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 279,809	\$ 52,684	\$ 1,517,993
Deferred expenses	14,545	-	13,575
<b>Total Assets</b>	<u>\$ 294,354</u>	<u>\$ 52,684</u>	<u>\$ 1,531,568</u>
 <b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable and other current liabilities	\$ 507	\$ -	\$ 95
Accrued wages and benefits	25,917	-	18,143
<b>Total Liabilities</b>	<u>\$ 26,424</u>	<u>\$ -</u>	<u>\$ 18,238</u>
 <b>Fund Balances:</b>			
<b>Reserved for:</b>			
Encumbrances	\$ 5,490	\$ 630	\$ 4,264
Capital reserve	-	-	893,388
<b>Unreserved:</b>			
Appropriated - ensuing fiscal year	50,000	12,562	125,000
Unappropriated	212,440	39,492	490,678
<b>Total Fund Balances</b>	<u>\$ 267,930</u>	<u>\$ 52,684</u>	<u>\$ 1,513,330</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 294,354</u>	<u>\$ 52,684</u>	<u>\$ 1,531,568</u>

<b>Fire Protection</b>	<b>Parks</b>	<b>Ambulance District</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 3,462	\$ 110,891	\$ -	\$ 1,964,839
-	-	-	28,120
<u>\$ 3,462</u>	<u>\$ 110,891</u>	<u>\$ -</u>	<u>\$ 1,992,959</u>
\$ -	\$ -	\$ -	\$ 602
-	-	-	44,060
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,662</u>
\$ -	\$ 36,090	\$ -	\$ 46,474
-	-	-	893,388
3,462	12,408	-	203,432
-	62,393	-	805,003
<u>\$ 3,462</u>	<u>\$ 110,891</u>	<u>\$ -</u>	<u>\$ 1,948,297</u>
<u>\$ 3,462</u>	<u>\$ 110,891</u>	<u>\$ -</u>	<u>\$ 1,992,959</u>

**TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For Year Ended December 31, 2010**

<b>Revenues:</b>	<b>Public Library</b>	<b>Consolidated Lighting</b>	<b>Consolidated Sewer</b>
Real property and tax items	\$ 929,559	\$ 49,925	\$ 1,008,858
Departmental income	89,102	-	8,600
Use of money and property	3,276	80	9,202
Licenses and permits	-	-	2,790
Sale of property and compensation for loss	-	-	11,750
Miscellaneous	16,589	-	16,402
<b>Total Revenues</b>	<b>\$ 1,038,526</b>	<b>\$ 50,005</b>	<b>\$ 1,057,602</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government support	\$ -	\$ -	\$ 47,536
Public safety	-	-	-
Health	-	-	465
Transportation	-	55,846	-
Culture and recreation	873,501	-	-
Home and community services	-	-	618,648
Employee benefits	180,224	-	224,771
<b>Total Expenditures</b>	<b>\$ 1,053,725</b>	<b>\$ 55,846</b>	<b>\$ 891,420</b>
Excess (deficiency) of revenue over expenditures	\$ (15,199)	\$ (5,841)	\$ 166,182
<b>Other Financing Sources and Uses:</b>			
Operating transfers - in	\$ -	\$ -	\$ 9
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9</b>
Net change in fund balances	\$ (15,199)	\$ (5,841)	\$ 166,191
<b>Fund Balance - Beginning</b>	<b>283,129</b>	<b>58,525</b>	<b>1,347,139</b>
<b>Fund Balance - Ending</b>	<b>\$ 267,930</b>	<b>\$ 52,684</b>	<b>\$ 1,513,330</b>

<b>Fire Protection</b>	<b>Parks</b>	<b>Ambulance District</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 21,643	\$ 57,435	\$ 153,073	\$ 2,220,493
-	-	-	97,702
-	94	-	12,652
-	-	-	2,790
-	-	-	11,750
-	-	-	32,991
<u>\$ 21,643</u>	<u>\$ 57,529</u>	<u>\$ 153,073</u>	<u>\$ 2,378,378</u>
\$ -	\$ -	\$ -	\$ 47,536
18,181	-	153,073	171,254
-	-	-	465
-	-	-	55,846
-	8,374	-	881,875
-	-	-	618,648
-	-	-	404,995
<u>\$ 18,181</u>	<u>\$ 8,374</u>	<u>\$ 153,073</u>	<u>\$ 2,180,619</u>
<u>\$ 3,462</u>	<u>\$ 49,155</u>	<u>\$ -</u>	<u>\$ 197,759</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>
\$ 3,462	\$ 49,155	\$ -	\$ 197,768
-	61,736	-	1,750,529
<u>\$ 3,462</u>	<u>\$ 110,891</u>	<u>\$ -</u>	<u>\$ 1,948,297</u>