

TOWN OF PITTSFORD

Monroe County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2011

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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 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, 2011, 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, 2011, 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, 2011, and the respective changes in financial position thereof and the budgetary comparison for the general fund, the highway fund, the highway part-town fund, and the consolidated sewer 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, 2011, and the respective changes in financial position 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, P.C.

March 26, 2012

Town of Pittsford, Monroe County, New York

Management's Discussion and Analysis (MD&A)

December 31, 2011

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, 2011. 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 2011 are as follows:

- ◆ The Town implemented GASB Statement No. 54 which modifies the fund balance of our governmental funds. Fund balance is now reported in four categories; nonspendable, restricted, assigned, and unassigned on our governmental fund balance sheet.
- ◆ On the government-wide financial statements, the total assets of the Town exceeded liabilities by \$57,467,352 (net assets) a decrease of \$360,876. Of the current year amount, the unrestricted portion is \$9,868,836. 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 \$22,984,831, an increase of \$590,202 in comparison with the prior year. At the end of the current year, \$5,482,015 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 \$13,154,369 a decrease of \$452,295 from the prior year.
- ◆ General revenues which include Real Property Taxes, Non-Property Taxes (Sales Tax), and Mortgage Tax (State Aid), Compensation for Loss, Investment Earnings, and Miscellaneous accounted for \$13,670,973 or 87% of all revenues. Program specific revenues in the form of Charges for Services and Capital Grants and Contributions accounted for \$2,003,295 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 four major individual governmental funds; General Fund, Highway Fund, Highway Part-Town Fund, and Consolidated Sewer 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 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.

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

3. *Notes to the Financial Statements*

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Pittsford, Monroe County, New York, net assets at the close of the current year were \$57,467,352.

Net Assets

The Town's combined net assets were lower on December 31, 2011, than they were the year before, decreasing by 1% as shown in table below:

	<u>2011</u>	<u>2010</u>	<u>%</u> <u>Variance</u>
<u>ASSETS</u>			
Current Assets	\$ 23,307,509	\$ 22,720,538	2.58%
Capital Assets, Net	49,571,896	50,463,762	-1.77%
Total Assets	\$ 72,879,405	\$ 73,184,300	-0.42%
<u>LIABILITIES</u>			
Current Liabilities	\$ 458,735	\$ 466,436	-1.65%
Noncurrent Liabilities	14,953,318	14,889,636	0.43%
Total Liabilities	\$ 15,412,053	\$ 15,356,072	0.36%
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 36,751,612	\$ 37,049,914	-0.81%
Restricted Capital Reserves	4,008,539	4,275,059	-6.23%
Restricted Debt Service	764,745	804,183	-4.90%
Restricted Capital Projects	400,328	495,780	-19.25%
Restricted Special Districts	1,228,338	1,054,909	16.44%
Restricted General Reserve	4,444,954	4,316,535	2.98%
Unrestricted	9,868,836	9,831,848	0.38%
Total Net Assets	\$ 57,467,352	\$ 57,828,228	-0.62%

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, Special Districts, and General Reserve, which constitute 19% of total net assets. The remaining balance of unrestricted net assets, which is a surplus of \$9,868,836 (17%), may be used to finance future operations.

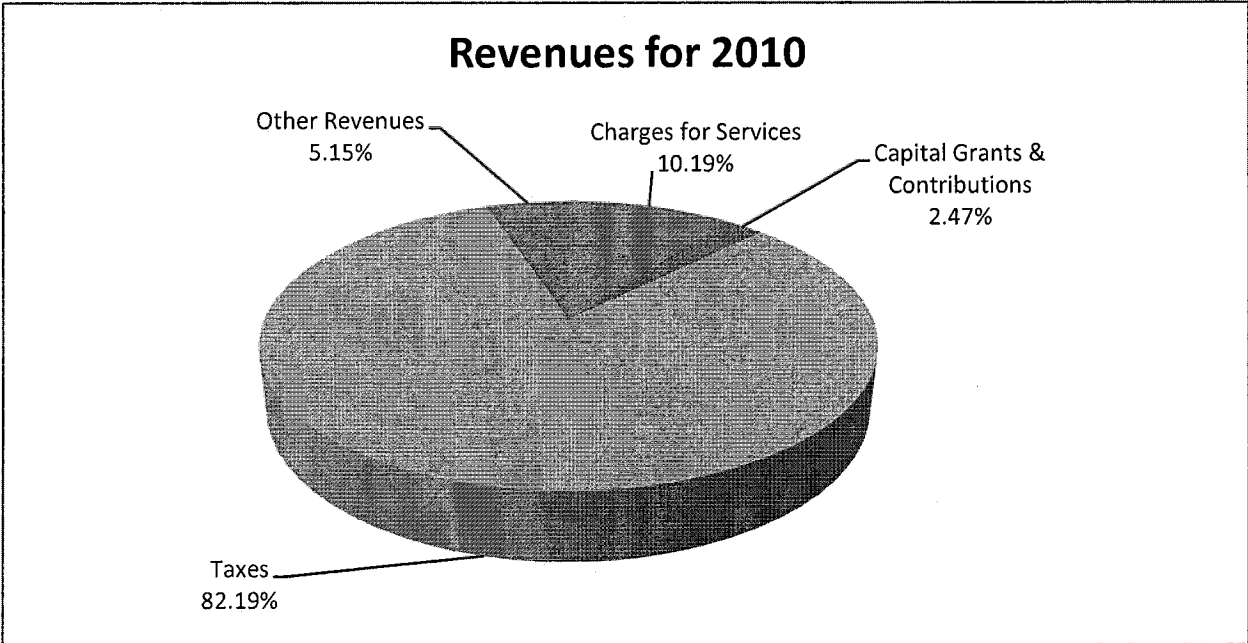
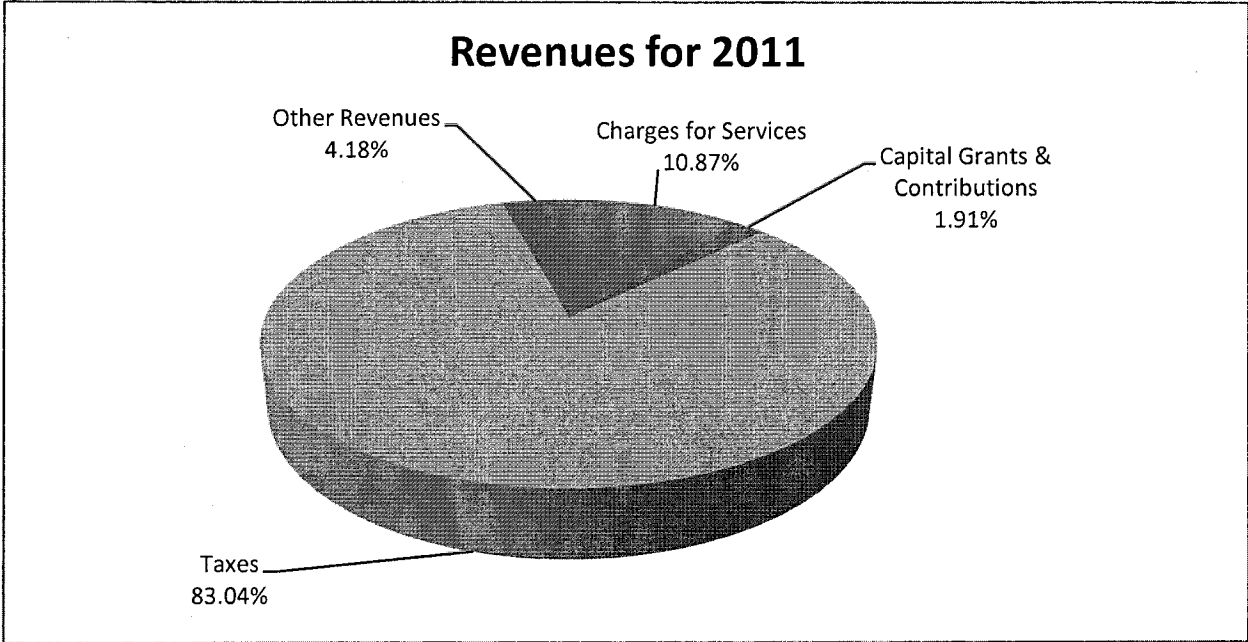
Changes in Net Assets

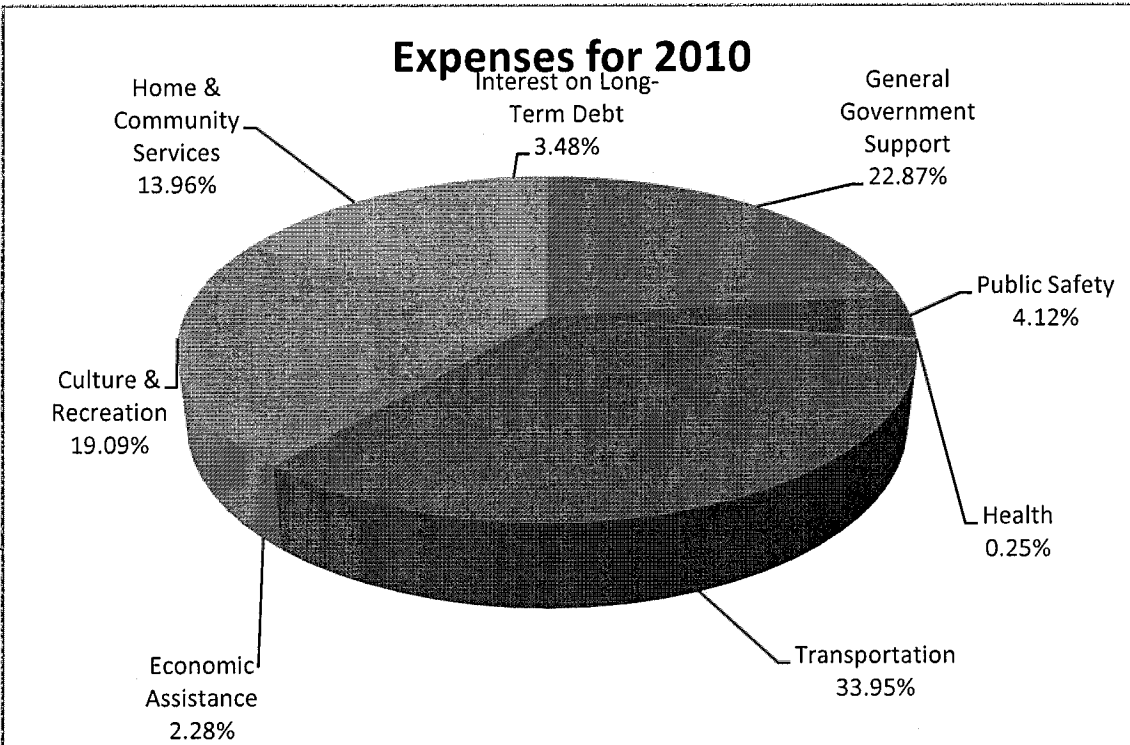
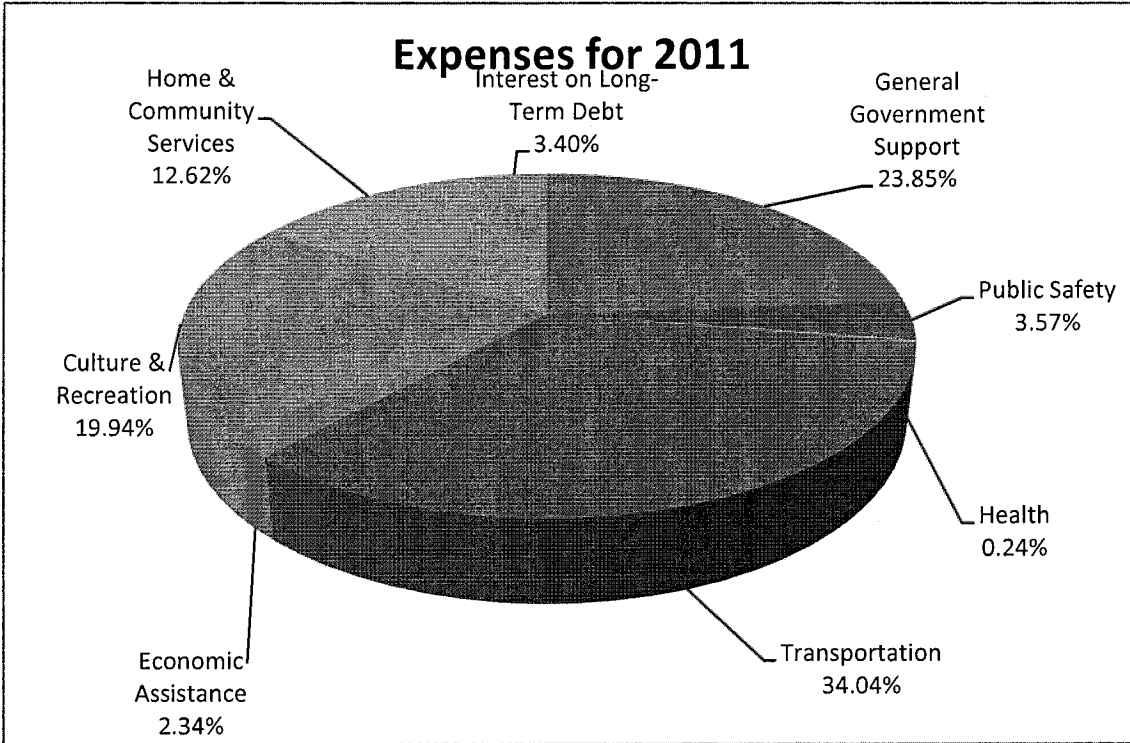
The Town’s total revenues were higher in 2011 than they were the year before, increasing by 5% to \$15,674,268. The Town relies upon taxes, charges for services, capital and operating grants as their primary revenue sources.

The Town’s total expenditures were higher in 2011 than they were the year before, increasing by 5% to \$16,035,144. Expenditures incurred are distributed dependent on the Town’s services.

See table below:

	<u>2011</u>	<u>2010</u>	<u>% Variance</u>
<u>Revenues:</u>			
Charges for Services	\$ 1,703,975	\$ 1,523,819	11.82%
Capital Grants & Contributions	299,320	369,896	-19.08%
Taxes	13,015,745	12,284,905	5.95%
Other Revenues	655,228	769,043	-14.80%
Total Revenues	<u>\$ 15,674,268</u>	<u>\$ 14,947,663</u>	<u>4.86%</u>
<u>Expenditures:</u>			
General Government Support	\$ 3,824,984	\$ 3,506,035	9.10%
Public Safety	572,256	631,835	-9.43%
Health	37,941	37,559	1.02%
Transportation	5,458,437	5,203,867	4.89%
Economic Assistance	375,055	350,090	7.13%
Culture & Recreation	3,196,711	2,925,544	9.27%
Home & Community Services	2,023,737	2,139,831	-5.43%
Interest on Long-Term Debt	546,023	533,471	2.35%
Total Expenditures	<u>\$ 16,035,144</u>	<u>\$ 15,328,232</u>	<u>4.61%</u>
Change in Net Assets	<u>\$ (360,876)</u>	<u>\$ (380,569)</u>	<u>-5.17%</u>





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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Town's combined governmental fund balances are \$22,984,831, which is more than last year's ending fund balance of \$22,394,629.

Of the total combined fund balances, \$208,040 has been designated for nonspendable fund balance, \$10,409,941 has been restricted, \$6,884,835 has been assigned, and the remaining unassigned balance of \$5,482,015 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 \$13,154,369, of which \$5,482,015 was unassigned. The fund balance for the Town of Pittsford's General Fund decreased by \$452,295 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>
General Fund-Operating Transfers-In	\$110,324	The Town appropriated funds from equipment capital reserves to purchase equipment.
Highway Fund-Operating Transfers-In	\$484,976	Transfer from equipment reserve account to pay for new equipment purchases.
Highway Part-Town Fund-State and County Aid	\$134,882	The Town does not budget for CHIP funding from NYS until the budget is passed and notice is given. The Town then appropriates these funds and increases the road work budget.
<u>Expenditure Items</u>	<u>Budget Variance Original Vs. Amended</u>	<u>Explanation for Budget Variance</u>
General Fund-Operating Transfers-Out	\$916,997	The Town appropriated funds from reserves and transferred them to other accounts for the purchase of capital equipment and to replenish reserves.
Highway Fund-General Government Support	\$492,876	The Town transferred monies into Highway Fund to purchase capital equipment.
Highway Part-Town Fund-Transportation	\$284,882	The Town funded additional road work during the year.

<u>Revenue Items</u>	<u>Budget Variance Amended Vs. Actual</u>	<u>Explanation for Budget Variance</u>
General Fund-Sale of Property and Compensation for Loss	\$239,227	The Town sells surplus equipment at auction and uses these funds to replenish the budget.
General Fund-State and County Aid	\$141,415	Mortgage tax revenues were higher than original projections.
General Fund-Operating Transfers-In	\$334,972	The Town transferred monies to reserves at the end of the year.
Highway Fund-Intergovernmental Charges	\$113,448	The Town received an adjustment for services rendered in a prior year.
Highway Part-Town Fund-Non-Property Taxes	\$742,563	The Town received higher than projected sales tax revenue.
Highway Part-Town Fund-Operating Transfers-In	\$175,000	The Town transferred monies in to fund additional road work.
<u>Expenditure Items</u>	<u>Budget Variance Amended Vs. Actual</u>	<u>Explanation for Budget Variance</u>
General Fund-General Government Support	\$255,453	Lower than projected salary expenses and cost saving recognized during the year.
General Fund-Employee Benefits	\$171,888	Lower than projected increase in costs of benefits.
Highway Fund-Transportation	\$205,677	Lower than projected salary expenses and cost saving recognized during the year.
Consolidated Sewer Fund-Home and Community Services	\$107,518	Lower than projected salary expenses and cost saving recognized during the year.

Capital Assets

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

	<u>2011</u>	<u>2010</u>
Land	\$ 5,980,966	\$ 5,965,271
Land Development Rights	11,513,343	11,513,338
Infrastructure	18,100,081	18,739,674
Buildings and Improvements	10,923,223	11,081,017
Machinery and Equipment	2,822,216	2,937,972
Work in Progress	232,067	226,490
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 49,571,896</u>	<u>\$ 50,463,762</u>

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

Long-Term Debt

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

	<u>2011</u>	<u>2010</u>
Serial and Statutory Bonds	\$ 12,820,284	\$ 13,413,848
OPEB	2,096,020	1,438,140
Compensated Absences	37,014	37,648
Total	<u>\$ 14,953,318</u>	<u>\$ 14,889,636</u>

The amount of principal paid on outstanding notes was \$593,564. 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

New York State has implemented a tax cap at 2% on property taxes for all municipalities. While this did not influence the 2012 budget for the Town of Pittsford it could affect services in future year's budgets. The Town is also continuing to use fund balances to offset spending during 2012. This could result in lower fund balances at the end of the year if additional cost savings 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, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,261,742
Investments	81,788
Accounts receivable, net	29,365
Due from other governments, net	726,574
Deferred expenditures	208,040
Capital assets, net of accumulated depreciation:	
Land	17,494,309
Buildings	10,923,223
Equipment	2,822,216
Infrastructure	18,100,081
Work in progress	232,067
TOTAL ASSETS	\$ 72,879,405
LIABILITIES	
Accounts payable and other current liabilities	\$ 28,107
Accrued liabilities	354,209
Deferred revenue	76,419
Noncurrent liabilities:	
Due in one year	612,817
Due in more than one year	14,340,501
TOTAL LIABILITIES	\$ 15,412,053
NET ASSETS	
Invested in capital assets, net of related debt	\$ 36,751,612
Restricted for:	
Capital reserves	4,008,539
Debt service reserve	764,745
Capital projects	400,328
Special districts	1,228,338
General reserve	4,444,954
Unrestricted	9,868,836
TOTAL NET ASSETS	\$ 57,467,352

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, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government:				
Governmental Activities:				
General government support	\$ 3,824,984	\$ 7,118	\$ 164,437	\$ (3,653,429)
Public safety	572,256	268,794	-	(303,462)
Health	37,941	-	-	(37,941)
Transportation	5,458,437	580,700	134,883	(4,742,854)
Economic assistance and opportunity	375,055	-	-	(375,055)
Culture and recreation	3,196,711	793,474	-	(2,403,237)
Home and community services	2,023,737	53,889	-	(1,969,848)
Interest on long-term debt	546,023	-	-	(546,023)
Total Governmental Activities	<u>\$ 16,035,144</u>	<u>\$ 1,703,975</u>	<u>\$ 299,320</u>	<u>\$ (14,031,849)</u>
Total Primary Government	<u>\$ 16,035,144</u>	<u>\$ 1,703,975</u>	<u>\$ 299,320</u>	<u>\$ (14,031,849)</u>
General Revenues:				
Taxes:				
Property taxes				\$ 9,316,012
Non-property taxes				2,796,335
Mortgage tax				903,398
Compensation for loss				282,487
Investment earnings				240,917
Miscellaneous				131,824
Total General Revenues				<u>\$ 13,670,973</u>
Change in Net Assets				\$ (360,876)
Net Assets - Beginning				<u>57,828,228</u>
Net Assets - Ending				<u>\$ 57,467,352</u>

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, 2011

	Major		
	General Fund	Highway Fund	Highway Fund Part-Town
Assets			
Cash and cash equivalents	\$ 13,239,925	\$ 2,330,523	\$ 2,371,981
Investments	-	-	81,788
Receivables, net	15,523	-	-
Due from other governments, net	5,528	94,803	500,000
Deferred expenses	87,111	32,987	37,548
Total Assets	\$ 13,348,087	\$ 2,458,313	\$ 2,991,317
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	\$ 25,351	\$ 51	\$ 62
Accrued liabilities	91,948	68,975	198
Deferred revenue	76,419	-	-
Total Liabilities	\$ 193,718	\$ 69,026	\$ 260
Fund Balances:			
Nonspendable	\$ 87,111	\$ 32,987	\$ 37,548
Restricted	6,417,745	-	1,000,831
Assigned	1,167,498	2,356,300	1,952,678
Unassigned	5,482,015	-	-
Total Fund Balances	\$ 13,154,369	\$ 2,389,287	\$ 2,991,057
Total Liabilities and Fund Balances	\$ 13,348,087	\$ 2,458,313	\$ 2,991,317

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

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

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

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

The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:

OPEB Liability

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

Net Assets of Governmental Activities

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

Consolidated Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,758,799	\$ 2,560,514	\$ 22,261,742
-	-	81,788
-	13,842	29,365
-	126,243	726,574
17,826	32,568	208,040
<u>\$ 1,776,625</u>	<u>\$ 2,733,167</u>	<u>\$ 23,307,509</u>

\$ 664	\$ 1,979	\$ 28,107
16,487	40,544	218,152
-	-	76,419
<u>\$ 17,151</u>	<u>\$ 42,523</u>	<u>\$ 322,678</u>

\$ 17,826	\$ 32,568	\$ 208,040
1,741,648	1,249,717	10,409,941
-	1,408,359	6,884,835
-	-	5,482,015
<u>\$ 1,759,474</u>	<u>\$ 2,690,644</u>	<u>\$ 22,984,831</u>
<u>\$ 1,776,625</u>	<u>\$ 2,733,167</u>	

49,571,896

(12,820,284)

(136,057)

(2,096,020)

(37,014)

\$ 57,467,352

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2011

	Major		
	General Fund	Highway Fund	Highway Fund Part-Town
Revenues:			
Real property and tax items	\$ 4,105,622	\$ 1,568,098	\$ 1,292,334
Non-property taxes	432,966	-	1,282,563
Departmental income	696,739	-	-
Intergovernmental charges	76,611	488,448	18,008
Use of money and property	183,546	25,474	14,341
Licenses and permits	33,517	-	-
Fines and forfeitures	94,076	-	-
Sale of property and compensation for loss	240,527	1,905	-
Miscellaneous	55,611	104	254
Interfund revenues	17,212	-	-
State and county aid	1,067,835	-	134,883
Total Revenues	\$ 7,004,262	\$ 2,084,029	\$ 2,742,383
Expenditures:			
Current:			
General government support	\$ 2,632,185	\$ 285,309	\$ -
Public safety	179,318	-	-
Health	35,099	874	1,350
Transportation	120,852	1,255,449	2,025,365
Economic assistance and opportunity	302,356	-	-
Culture and recreation	1,403,574	-	-
Home and community services	191,526	-	-
Employee benefits	1,033,368	479,781	609,759
Debt Service:			
Debt service - principal	-	-	-
Debt service - interest and other charges	-	-	-
Total Expenditures	\$ 5,898,278	\$ 2,021,413	\$ 2,636,474
Excess (deficiency) of revenue over expenditures	\$ 1,105,984	\$ 62,616	\$ 105,909
Other Financing Sources and Uses:			
Operating transfers - in	\$ 631,896	\$ 484,976	\$ 175,000
Operating transfers - out	(2,190,175)	-	-
Total Other Financing Sources and Uses	\$ (1,558,279)	\$ 484,976	\$ 175,000
Net change in fund balances	\$ (452,295)	\$ 547,592	\$ 280,909
Fund Balance - Beginning	13,606,664	1,841,695	2,710,148
Fund Balance - Ending	\$ 13,154,369	\$ 2,389,287	\$ 2,991,057

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

<u>Consolidated Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,064,470	\$ 1,285,488	\$ 9,316,012
-	1,080,806	2,796,335
5,439	188,739	890,917
-	6,500	589,567
8,179	9,377	240,917
2,390	93,508	129,415
-	-	94,076
30,086	9,969	282,487
29,827	46,028	131,824
-	-	17,212
-	-	1,202,718
<u>\$ 1,140,391</u>	<u>\$ 2,720,415</u>	<u>\$ 15,691,480</u>
\$ -	\$ 129,834	\$ 3,047,328
-	315,066	494,384
618	-	37,941
-	148,813	3,550,479
-	-	302,356
-	977,882	2,381,456
655,444	571,485	1,418,455
238,185	363,729	2,724,822
-	593,564	593,564
-	550,493	550,493
<u>\$ 894,247</u>	<u>\$ 3,650,866</u>	<u>\$ 15,101,278</u>
<u>\$ 246,144</u>	<u>\$ (930,451)</u>	<u>\$ 590,202</u>
\$ -	\$ 1,073,303	\$ 2,365,175
-	(175,000)	(2,365,175)
<u>\$ -</u>	<u>\$ 898,303</u>	<u>\$ -</u>
\$ 246,144	\$ (32,148)	\$ 590,202
1,513,330	2,722,792	22,394,629
<u>\$ 1,759,474</u>	<u>\$ 2,690,644</u>	<u>\$ 22,984,831</u>

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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 590,202

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	\$ 105,577	
Addition of Assets	2,241,945	
Depreciation	(3,069,548)	
Gain/(Loss) on sale of assets	<u>(169,840)</u>	(891,866)

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

Debt Repayment	593,564
----------------	---------

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. (657,880)

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. 634

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,470

Change in Net Assets of Governmental Activities \$ (360,876)

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, 2011

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 4,089,272	\$ 4,089,272	\$ 4,105,622	\$ -	\$ 16,350
Non-property taxes	410,000	410,000	432,966	-	22,966
Departmental income	642,250	664,250	696,739	-	32,489
Intergovernmental charges	95,898	99,036	76,611	-	(22,425)
Use of money and property	174,954	174,954	183,546	-	8,592
Licenses and permits	31,500	31,500	33,517	-	2,017
Fines and forfeitures	120,000	120,000	94,076	-	(25,924)
Sale of property and compensation for loss	1,300	1,300	240,527	-	239,227
Miscellaneous	16,250	21,800	55,611	-	33,811
Interfund revenues	22,000	22,000	17,212	-	(4,788)
State and county aid	912,000	926,420	1,067,835	-	141,415
Total Revenues	\$ 6,515,424	\$ 6,560,532	\$ 7,004,262	\$ -	\$ 443,730
Expenditures:					
Current:					
General government support	\$ 2,983,853	\$ 2,933,500	\$ 2,632,185	\$ 45,862	\$ 255,453
Public safety	196,386	196,386	179,318	315	16,753
Health	35,420	35,420	35,099	-	321
Transportation	143,328	148,828	120,852	10,296	17,680
Economic assistance and opportunity	314,440	327,578	302,356	1,954	23,268
Culture and recreation	1,416,557	1,508,607	1,403,574	6,732	98,301
Home and community services	256,744	216,744	191,526	9,339	15,879
Employee benefits	1,205,256	1,205,256	1,033,368	-	171,888
Total Expenditures	\$ 6,551,984	\$ 6,572,319	\$ 5,898,278	\$ 74,498	\$ 599,543
Excess (deficiency) of revenue over expenditures	\$ (36,560)	\$ (11,787)	\$ 1,105,984	\$ (74,498)	\$ 1,043,273
Other Financing Sources and Uses:					
Operating transfers - in	\$ 186,600	\$ 296,924	\$ 631,896	\$ -	\$ 334,972
Operating transfers - out	(1,273,178)	(2,190,175)	(2,190,175)	-	-
Total Other Financing Sources and Uses	\$ (1,086,578)	\$ (1,893,251)	\$ (1,558,279)	\$ -	\$ 334,972
Net change in fund balances	\$ (1,123,138)	\$ (1,905,038)	\$ (452,295)	\$ (74,498)	\$ 1,378,245
Fund Balance - Beginning	13,606,664	13,606,664	13,606,664	-	-
Fund Balance - Ending	\$ 12,483,526	\$ 11,701,626	\$ 13,154,369	\$ (74,498)	\$ 1,378,245

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

December 31, 2011

	HIGHWAY FUND				
	Original Budget				
	(Incl. Carryover	Budget			
	Encumbrances)	(Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,568,098	\$ 1,568,098	\$ 1,568,098	\$ -	\$ -
Intergovernmental charges	375,000	375,000	488,448	-	113,448
Use of money and property	16,000	16,000	25,474	-	9,474
Sale of property and compensation for loss	2,000	2,000	1,905	-	(95)
Miscellaneous	-	-	104	-	104
Total Revenues	\$ 1,961,098	\$ 1,961,098	\$ 2,084,029	\$ -	\$ 122,931
Expenditures:					
Current:					
General government support	\$ 280,452	\$ 773,328	\$ 285,309	\$ 487,462	\$ 557
Health	2,000	2,000	874	-	1,126
Transportation	1,488,983	1,486,083	1,255,449	24,957	205,677
Employee benefits	575,294	570,294	479,781	-	90,513
Total Expenditures	\$ 2,346,729	\$ 2,831,705	\$ 2,021,413	\$ 512,419	\$ 297,873
Excess (deficiency) of revenue over expenditures	\$ (385,631)	\$ (870,607)	\$ 62,616	\$ (512,419)	\$ 420,804
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ 484,976	\$ 484,976	\$ -	\$ -
Total Other Financing Sources and Uses	\$ -	\$ 484,976	\$ 484,976	\$ -	\$ -
Net change in fund balances	\$ (385,631)	\$ (385,631)	\$ 547,592	\$ (512,419)	\$ 420,804
Fund Balance - Beginning	1,841,695	1,841,695	1,841,695	-	-
Fund Balance - Ending	\$ 1,456,064	\$ 1,456,064	\$ 2,389,287	\$ (512,419)	\$ 420,804

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, 2011

	HIGHWAY FUND - PART-TOWN				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,292,334	\$ 1,292,334	\$ 1,292,334	\$ -	\$ -
Non-property taxes	540,000	540,000	1,282,563	-	742,563
Intergovernmental charges	5,000	5,000	18,008	-	13,008
Use of money and property	11,750	11,750	14,341	-	2,591
Miscellaneous	-	-	254	-	254
State and county aid	-	134,882	134,883	-	1
Total Revenues	\$ 1,849,084	\$ 1,983,966	\$ 2,742,383	\$ -	\$ 758,417
Expenditures:					
Current:					
Health	\$ 2,230	\$ 2,230	\$ 1,350	-	\$ 880
Transportation	1,778,154	2,063,036	2,025,365	\$ 15,413	22,258
Employee benefits	686,072	686,072	609,759	-	76,313
Total Expenditures	\$ 2,466,456	\$ 2,751,338	\$ 2,636,474	\$ 15,413	\$ 99,451
Excess (deficiency) of revenue over expenditures	\$ (617,372)	\$ (767,372)	\$ 105,909	\$ (15,413)	\$ 857,868
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ -	\$ 175,000	\$ -	\$ 175,000
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 175,000	\$ -	\$ 175,000
Net change in fund balances	\$ (617,372)	\$ (767,372)	\$ 280,909	\$ (15,413)	\$ 1,032,868
Fund Balance - Beginning	2,710,148	2,710,148	2,710,148	-	-
Fund Balance - Ending	\$ 2,092,776	\$ 1,942,776	\$ 2,991,057	\$ (15,413)	\$ 1,032,868

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, 2011

CONSOLIDATED SEWER FUND

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,064,015	\$ 1,064,015	\$ 1,064,470	\$ -	\$ 455
Departmental income	6,200	6,200	5,439	-	(761)
Use of money and property	6,000	6,000	8,179	-	2,179
Licenses and permits	2,500	2,500	2,390	-	(110)
Sale of property and compensation for loss	-	-	30,086	-	30,086
Miscellaneous	7,500	7,500	29,827	-	22,327
Total Revenues	\$ 1,086,215	\$ 1,086,215	\$ 1,140,391	\$ -	\$ 54,176
Expenditures:					
Current:					
General government support	\$ 71,140	\$ 105,684	\$ -	\$ 105,683	\$ 1
Health	500	700	618	-	82
Home and community services	733,464	788,964	655,444	26,002	107,518
Employee benefits	299,893	299,693	238,185	-	61,508
Total Expenditures	\$ 1,104,997	\$ 1,195,041	\$ 894,247	\$ 131,685	\$ 169,109
Excess (deficiency) of revenue over expenditures	\$ (18,782)	\$ (108,826)	\$ 246,144	\$ (131,685)	\$ 223,285
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ 38,044	\$ -	\$ -	\$ (38,044)
Operating transfers - out	(110,482)	(96,526)	-	-	96,526
Total Other Financing Sources and Uses	\$ (110,482)	\$ (58,482)	\$ -	\$ -	\$ 58,482
Net change in fund balances	\$ (129,264)	\$ (167,308)	\$ 246,144	\$ (131,685)	\$ 281,767
Fund Balance - Beginning	1,513,330	1,513,330	1,513,330	-	-
Fund Balance - Ending	\$ 1,384,066	\$ 1,346,022	\$ 1,759,474	\$ (131,685)	\$ 281,767

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, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 581,675
TOTAL ASSETS	<u>\$ 581,675</u>
LIABILITIES	
Accounts payable	\$ 64,192
Parkland deposits	442,740
Guaranty and bid deposits	<u>74,743</u>
TOTAL LIABILITIES	<u>\$ 581,675</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, 2011

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 Town's accounting policies are described below.

A. Financial Reporting Entity

The Town is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town.

The 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.

Consolidated Sewer Fund - a special revenue fund used to account for user fees or other revenues which are raised to provide sewer services to Town residents.

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	Park District
Public Library	Ambulance District
Fire Protection	

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. Changes in Accounting Standards

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Town has implemented this statement for the year ended December 31, 2011.

4. Future Changes in Accounting Standards

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. 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 GASB has issued Statement No. 63, *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions- an amendment of GASB Statement No. 53*, 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.

(I.) (Continued)

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

Investments are stated at cost, which approximates market value.

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. 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.

(I.) (Continued)

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:

<u>Class</u>	<u>Life in Years</u>
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

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. 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.

7. Accrued Liabilities and Long-Term Obligations

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

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

a. 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.

(I.) (Continued)

b. **Other Benefits**

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

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

8. **Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, town-wide capital improvement project and nonmajor funds.

9. **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 Balances – Governmental Funds**

As of December 31, 2011, fund balances of the governmental funds are classified as follows:

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

(I.) (Continued)

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

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.

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.

(I.) (Continued)

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.

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.

(II.) (Continued)

c. All modifications of the budget must be approved by the Town Board. (However, the Supervisor is authorized to transfer certain budgeted amounts within departments.)

d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. **Budget Basis of Accounting**

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

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	18,812,811
Total	<u><u>\$ 18,812,811</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be restricted for capital projects. Restricted cash as of year end included \$400,328 within the governmental funds.

(II.) (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)	\$ 81,788	\$ 81,788
Total	\$ 81,788	\$ 81,788

C. Receivables

Receivables at December 31, 2011 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>Highway Fund</u>	<u>Part-Town Highway Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Accounts Receivable</u>					
Fees	\$ 15,523	\$ -	\$ -	\$ 13,842	\$ 29,365
Total Accounts Receivable	\$ 15,523	\$ -	\$ -	\$ 13,842	\$ 29,365
<u>Due From Other Governments</u>					
Sales Tax	\$ -	\$ -	\$ 500,000	\$ 126,243	\$ 626,243
Other Services	5,528	94,803	-	-	100,331
Total Due From Other Governments	\$ 5,528	\$ 94,803	\$ 500,000	\$ 126,243	\$ 726,574

D. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2011 were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 631,896	\$ 2,190,175
General Fund-Part-Town	-	175,000
Capital Fund	125	-
Debt Service	1,073,178	-
Highway Fund-Part-Town	175,000	-
Highway Fund	484,976	-
Total	\$ 2,365,175	\$ 2,365,175

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

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

All interfund payables are expected to be repaid within one year.

(III.) (Continued)

E. Changes In Fixed Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>01/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>
Capital assets not being Depreciated:				
Land	\$ 5,965,266	\$ 15,700	\$ -	\$ 5,980,966
Land Development Rights	11,513,343	-	-	11,513,343
Work in progress	226,490	105,577	(100,000)	232,067
<i>Total capital assets not being depreciated</i>	<u>\$ 17,705,099</u>	<u>\$ 121,277</u>	<u>\$ (100,000)</u>	<u>\$ 17,726,376</u>
Other capital assets:				
Buildings and land improvements	\$ 16,392,046	\$ 320,559	\$ -	\$ 16,712,605
Machinery and equipment	6,031,251	685,093	(865,460)	5,850,884
Infrastructure	59,056,281	1,320,593	(324,582)	60,052,292
<i>Total other capital assets at historical cost</i>	<u>\$ 81,479,578</u>	<u>\$ 2,326,245</u>	<u>\$ (1,190,042)</u>	<u>\$ 82,615,781</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,311,029	\$ 478,353	\$ -	\$ 5,789,382
Machinery and equipment	3,093,279	631,009	(695,620)	3,028,668
Infrastructure	40,316,607	1,960,186	(324,582)	41,952,211
<i>Total accumulated depreciation</i>	<u>\$ 48,720,915</u>	<u>\$ 3,069,548</u>	<u>\$ (1,020,202)</u>	<u>\$ 50,770,261</u>
Other capital assets, net	<u>\$ 32,758,663</u>	<u>\$ (743,303)</u>	<u>\$ (169,840)</u>	<u>\$ 31,845,520</u>
Governmental activities capital assets, net	<u>\$ 50,463,762</u>	<u>\$ (622,026)</u>	<u>\$ (269,840)</u>	<u>\$ 49,571,896</u>

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

General Government	\$ 100,680
Public Safety	15,623
Transportation	2,185,251
Economic Assistance and Opportunity	7,003
Culture and Recreation	318,761
Home and Community Service	442,230
Total Depreciation Expense	<u>\$ 3,069,548</u>

F. Long-Term Debt

At December 31, 2011 the total outstanding obligations of the Town aggregated \$14,953,318 as follows:

Serial Bonds	\$ 12,820,284
OPEB	2,096,020
Compensated Absences	37,014
Total	<u>\$ 14,953,318</u>

(III.) (Continued)

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, 2011 is as follows:

Interest expense reported on the Statement of Revenues	
Expenditures, and Changes in Fund Balances	\$ 550,493
Prior year accrued interest	(140,527)
Current year accrued interest	136,057
Interest expense - Statement of Activities	<u><u>\$ 546,023</u></u>

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.

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2011:

	<u>Balance</u> <u>01/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>	<u>Classified As</u>	
					<u>Current</u>	<u>Non-Current</u>
Serial and Statutory Bonds	\$ 13,413,848	\$ -	\$ 593,564	\$ 12,820,284	\$ 603,563	\$ 12,216,721
OPEB	1,438,140	657,880	-	2,096,020	-	2,096,020
Compensated Absences	37,648	-	634	37,014	9,254	27,760
Total Obligations	<u><u>\$ 14,889,636</u></u>	<u><u>\$ 657,880</u></u>	<u><u>\$ 594,198</u></u>	<u><u>\$ 14,953,318</u></u>	<u><u>\$ 612,817</u></u>	<u><u>\$ 14,340,501</u></u>

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

(III.) (Continued)

5. Debt Maturity Schedule

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Outstanding 12/31/2011</u>
<u>Serial Bonds</u>					
Sweeny/Royal Coach	12/89	\$ 1,662,500	6.70%	12/14	\$ 200,000
Pittsford Hill Sewer	08/98	\$ 190,000	5.00%	08/17	60,000
Purchase of Development Rights (PDR)	09/09	\$ 5,475,000	3.29%	09/23	4,560,000
Public Improvement	04/05	\$ 9,000,000	4.13%	04/34	7,905,000
<u>Statutory Bonds</u>					
<u>Pittsford Sewer District -</u>					
29 & 29a Sewer	06/04	\$ 129,500	4.00%	06/23	81,788
Water/JH-130/SWBC #35	07/04	\$ 79,217	4.63%	07/13	13,496
Total					<u>\$ 12,820,284</u>

6. The following table summarizes the Town's future debt service requirements as of December 31, 2011:

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2012	\$ 603,563	\$ 530,257
2013	618,564	509,608
2014	631,815	486,357
2015	591,816	458,731
2016	616,816	434,447
2017-21	3,459,079	1,731,918
2022-26	2,673,631	1,001,234
2027-31	2,120,000	548,244
2032-34	1,505,000	97,856
Total	<u>\$ 12,820,284</u>	<u>\$ 5,798,652</u>

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. \$4,705,000 of bonds outstanding are considered defeased.

G. Fund Balances/Net Assets

1. Fund Balances

a. Nonspendable

The Town has the following nonspendable fund:

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

(III.) (Continued)

b. **Restricted**

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

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

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

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, 2011 is \$764,745 and \$48,045 has been appropriated for the ensuing year's budget.

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

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

Part-Town Highway Fund

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

<u>Fund</u>	<u>Amount</u>
<u>General Fund</u>	
Whole Town Equipment	\$ 598,640
Whole Town Office Equipment	292,563
Building Maintenance	1,081,521
Highway Office Equipment	67
<u>General Fund Part-Town</u>	
Part-Town Equipment	58,679
Part-Town Office Equipment	28,754
<u>Highway Fund Part-Town</u>	
Highway Part-Town Improvement	1,000,831
<u>Consolidated Sewer Fund</u>	
Sewer Equipment	153,638
PSD Office Equipment	33,981
Trunk Sewer	759,865
Total Capital Reserve	<u><u>\$ 4,008,539</u></u>

General Fund – General Reserve - The following is a summary of the General Fund – General Reserves at December 31, 2011:

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.

<u>Fund</u>	<u>Amount</u>
General Reserve	\$ 3,338,892
Pittsford 2000	1,106,062
Total General Reserve	<u><u>\$ 4,444,954</u></u>

(III.) (Continued)

c. **Assigned**

The Town has the following assigned funds:

General Fund –	1. Appropriated for Taxes 2. Encumbrances
General-Part-Town Fund –	1. Year End Equity 2. Encumbrances 3. Appropriated for Taxes
Highway Fund -	1. Year End Equity 2. Encumbrances 3. Appropriated for Taxes
Highway Part-Town Fund -	1. Year End Equity 2. Encumbrances 3. Appropriated for Taxes
Capital Projects –	1. Year End Equity 2. Encumbrances

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

Significant encumbrances for the general fund, management has determined that amounts in excess of \$13,000 are considered significant and are summarized below:

- General government support for \$15,000.

The Capital Projects Fund has \$17,000 in encumbrances which will be utilized for capital additions.

The Highway Fund reported \$487,000 in encumbrances for general government support purposes, and \$20,000 for snow removal.

The Highway Part Town Fund reported \$15,000 in encumbrances for maintenance of roads.

The remaining funds do not have encumbrances that are considered significant.

d. **Unassigned**

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

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

(III.) (Continued)

	General Fund	Townwide Highway Fund	Highway Part-Town Fund	Consolidated Sewer Fund	Non-Major Governmental Funds	Special Revenue Funds	Total
FUND BALANCE:							
<u>Nonspendable -</u>							
Prepaid items	\$ 87,111	\$ 32,987	\$ 37,548	\$ 17,826	\$ 13,759	\$ 18,809	\$ 208,040
Total Nonspendable	\$ 87,111	\$ 32,987	\$ 37,548	\$ 17,826	\$ 13,759	\$ 18,809	\$ 208,040
<u>Restricted -</u>							
General reserve	\$ 3,338,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,338,892
Pittsford 2000	1,106,062	-	-	-	-	-	1,106,062
Equipment	598,640	-	-	-	-	-	598,640
Office equipment	292,563	-	-	-	-	-	292,563
Building maintenance	1,081,521	-	-	-	-	-	1,081,521
Highway office equipment	67	-	-	-	-	-	67
Road improvements	-	-	1,000,831	-	-	-	1,000,831
Sewer improvements	-	-	-	153,638	-	-	153,638
Sewer office equipment	-	-	-	33,981	-	-	33,981
Sewer repairs	-	-	-	759,865	-	-	759,865
Debt	-	-	-	-	764,745	-	764,745
Part-Town equipment	-	-	-	-	58,679	-	58,679
Part-Town office equipmer	-	-	-	-	28,754	-	28,754
Library	-	-	-	-	-	256,931	256,931
Parks	-	-	-	-	-	93,554	93,554
Street lighting	-	-	-	-	-	47,054	47,054
Consolidated sewer	-	-	-	794,164	-	-	794,164
Total Restricted	\$ 6,417,745	\$ -	\$ 1,000,831	\$ 1,741,648	\$ 852,178	\$ 397,539	\$ 10,409,941
<u>Assigned -</u>							
Appropriated for taxes	\$ 1,093,000	\$ 320,000	\$ 550,000	\$ -	\$ 240,609	\$ -	\$ 2,203,609
Capital improvements	-	-	-	-	400,328	-	400,328
Part-Town fund equity	-	-	-	-	766,631	-	766,631
General government support	45,862	487,462	-	-	73	-	533,397
Public safety	315	-	-	-	487	-	802
Transportation	10,296	1,548,838	1,402,678	-	-	-	2,961,812
Economic opportunity and development	1,954	-	-	-	-	-	1,954
Culture and recreation	6,732	-	-	-	-	-	6,732
Home and community service	9,339	-	-	-	231	-	9,570
Total Assigned	\$ 1,167,498	\$ 2,356,300	\$ 1,952,678	\$ -	\$ 1,408,359	\$ -	\$ 6,884,835
Unassigned	\$ 5,482,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,482,015
TOTAL FUND BALANCE	\$ 13,154,369	\$ 2,389,287	\$ 2,991,057	\$ 1,759,474	\$ 2,274,296	\$ 416,348	\$ 22,984,831

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed, unless the Town has provided otherwise in its commitment actions.

The following restricted fund balances have monies appropriated for 2012 taxes:

	Total
Consolidated Lighting	\$ 12,032
Public Library	45,000
Consolidated Sewer	119,200
Total Special District	
Appropriated for Taxes	\$ 176,232

(III.) (Continued)

2. Net Assets - Restricted for Special Districts

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

<u>Fund</u>	<u>Amount</u>
Consolidated Lighting	\$ 47,054
Consolidated Sewer	811,990
Parks Fund	93,554
Library Fund	<u>275,740</u>
Total Restricted for Special Districts	<u>\$ 1,228,338</u>

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.

Funding Policy

The System is noncontributory for the employee, except for those who joined the system after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. For NYSERS the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town 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>
2011	\$ 867,190
2010	\$ 590,306
2009	\$ 398,609

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

(IV.) (Continued)

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.

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	\$	968,998
Interest on net OPEB obligation		57,526
Adjustment to annual required contribution		<u>(83,168)</u>
Annual OPEB cost (expense)	\$	943,356
Contributions made		<u>285,476</u>
Increase in net OPEB obligation	\$	657,880
Net OPEB obligation - beginning of year		<u>1,438,140</u>
Net OPEB obligation - end of year	\$	<u>2,096,020</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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
12/31/2011	\$ 943,356	30.3%	\$ 2,096,020

(IV.) (Continued)

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$11,617,522, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$11,617,522. The covered payroll (annual payroll of active employees covered by the plan) was \$6,273,221, and the ratio of the UAAL to the covered payroll was 185.2%.

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.

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, 2011, actuarial valuation, entry age normal method was used. The discount rate used was four percent. The valuation assumes a ten percent medical and a five percent dental cost trend for 2011, reduced by decrements to a rate of five percent each after ten years. The remaining amortization period at December 31, 2011, was twenty-six years.

The Town's schedule of funding progress for 2011 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%
2011	\$ -	\$ 11,617,522	0.00%	\$ 11,617,522	\$ 6,273,221	185.2%

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.

(IV.) (Continued)

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.

A reconciliation of the claims recorded for 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Beginning liabilities	\$ -	\$ -
Incurred claims	98,517	93,986
Claims payments	(98,517)	(93,986)
Ending liabilities	<u>\$ -</u>	<u>\$ -</u>

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

	<u>2011</u>	<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	\$ 98,517	\$ 93,986	\$ 103,682	\$ 104,242	\$ 103,160	\$ 96,807	\$ 78,462	\$ 93,809	\$ 81,626	\$ 74,749	\$ 80,887
Actual Claims Expense	\$ 98,517	\$ 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

- a. There are two tax certiorari claims pending for which the financial impact, if any, is not known at this time.
- b. The Town has several claims and notice of claims filed against it as of the date of this report which management believes will be covered under the Town's insurance policy. In addition, there is litigation regarding a fatal motor vehicle accident that occurred in a Town parking lot. Given the nature of this claim, it is not possible to determine if there is any potential liability outside the limits of the Town's insurance coverage.

(IV.) (Continued)

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, 2011, were approximately \$184,806. The maximum future non-cancelable operating lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 184,806
2013	184,806
2014	112,738
2015	112,738
2016	112,738
2017-21	563,693
2022-23	<u>225,478</u>
Total	<u>\$ 1,496,997</u>

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, 2011

	General Fund Part-Town	Capital Projects Fund	Debt Service Fund	Non-Major Special Revenue Funds	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 971,100	\$ 400,328	\$ 764,745	\$ 424,341	\$ 2,560,514
Receivables, net	13,842	-	-	-	13,842
Due from other governments, net	126,243	-	-	-	126,243
Deferred expenses	13,759	-	-	18,809	32,568
Total Assets	\$ 1,124,944	\$ 400,328	\$ 764,745	\$ 443,150	\$ 2,733,167
 Liabilities and Fund Balance					
Liabilities:					
Accounts payable and other current liabilities	\$ 1,239	\$ -	\$ -	\$ 740	\$ 1,979
Accrued wages and benefits	14,482	-	-	26,062	40,544
Total Liabilities	\$ 15,721	\$ -	\$ -	\$ 26,802	\$ 42,523
 Fund Balances:					
Nonspendable	\$ 13,759	\$ -	\$ -	\$ 18,809	\$ 32,568
Restricted	87,433	-	764,745	397,539	1,249,717
Assigned	1,008,031	400,328	-	-	1,408,359
Total Fund Balances	\$ 1,109,223	\$ 400,328	\$ 764,745	\$ 416,348	\$ 2,690,644
Total Liabilities and Fund Balances	\$ 1,124,944	\$ 400,328	\$ 764,745	\$ 443,150	\$ 2,733,167

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	General Fund Part-Town	Capital Projects Fund	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:					
Real property and tax items	\$ -	\$ -	\$ 28,515	\$ 1,256,973	\$ 1,285,488
Non-property taxes	1,080,806	-	-	-	1,080,806
Departmental income	92,584	-	-	96,155	188,739
Intergovernmental charges	6,500	-	-	-	6,500
Use of money and property	4,162	-	2,926	2,289	9,377
Licenses and permits	93,508	-	-	-	93,508
Sale of property and compensation for loss	9,969	-	-	-	9,969
Miscellaneous	6,370	10,000	-	29,658	46,028
Total Revenues	\$ 1,293,899	\$ 10,000	\$ 31,441	\$ 1,385,075	\$ 2,720,415
Expenditures:					
Current:					
General government support	\$ 129,834	\$ -	\$ -	\$ -	\$ 129,834
Public safety	141,442	-	-	173,624	315,066
Transportation	-	92,452	-	56,361	148,813
Culture and recreation	-	13,125	-	964,757	977,882
Home and community services	571,485	-	-	-	571,485
Employee benefits	154,777	-	-	208,952	363,729
Debt Service:					
Debt service - principal	-	-	593,564	-	593,564
Debt service - interest and other charges	-	-	550,493	-	550,493
Total Expenditures	\$ 997,538	\$ 105,577	\$ 1,144,057	\$ 1,403,694	\$ 3,650,866
Excess (deficiency) of revenue over expenditures	\$ 296,361	\$ (95,577)	\$ (1,112,616)	\$ (18,619)	\$ (930,451)
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ 125	\$ 1,073,178	\$ -	\$ 1,073,303
Operating transfers - out	(175,000)	-	-	-	(175,000)
Total Other Financing Sources and Uses	\$ (175,000)	\$ 125	\$ 1,073,178	\$ -	\$ 898,303
Net change in fund balances	\$ 121,361	\$ (95,452)	\$ (39,438)	\$ (18,619)	\$ (32,148)
Fund Balance - Beginning	987,862	495,780	804,183	434,967	2,722,792
Fund Balance - Ending	\$ 1,109,223	\$ 400,328	\$ 764,745	\$ 416,348	\$ 2,690,644

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2011

	Public Library Fund	Consolidated Lighting Fund	Fire Protection Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 283,023	\$ 47,764	\$ -
Deferred expenses	18,809	-	-
Total Assets	<u>\$ 301,832</u>	<u>\$ 47,764</u>	<u>\$ -</u>
 Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	\$ 30	\$ 710	\$ -
Accrued wages and benefits	26,062	-	-
Total Liabilities	<u>\$ 26,092</u>	<u>\$ 710</u>	<u>\$ -</u>
 Fund Balances:			
Nonspendable	\$ 18,809	\$ -	\$ -
Restricted	256,931	47,054	-
Total Fund Balances	<u>\$ 275,740</u>	<u>\$ 47,054</u>	<u>\$ -</u>
Total Liabilities and Fund Balances	<u>\$ 301,832</u>	<u>\$ 47,764</u>	<u>\$ -</u>

Parks Fund	Ambulance District Fund	Total Nonmajor Special Revenue Funds
\$ 93,554	\$ -	\$ 424,341
-	-	18,809
<u>\$ 93,554</u>	<u>\$ -</u>	<u>\$ 443,150</u>
\$ -	\$ -	\$ 740
-	-	26,062
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,802</u>
\$ -	\$ -	\$ 18,809
93,554	-	397,539
<u>\$ 93,554</u>	<u>\$ -</u>	<u>\$ 416,348</u>
<u>\$ 93,554</u>	<u>\$ -</u>	<u>\$ 443,150</u>

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Public Library Fund	Consolidated Lighting Fund	Fire Protection Fund
Revenues:			
Real property and tax items	\$ 972,865	\$ 50,659	\$ 17,089
Departmental income	96,155	-	-
Use of money and property	2,144	72	-
Miscellaneous	29,658	-	-
Total Revenues	\$ 1,100,822	\$ 50,731	\$ 17,089
Expenditures:			
Current:			
Public safety	\$ -	\$ -	\$ 20,551
Transportation	-	56,361	-
Culture and recreation	884,060	-	-
Employee benefits	208,952	-	-
Total Expenditures	\$ 1,093,012	\$ 56,361	\$ 20,551
Excess (deficiency) of revenue over expenditures	\$ 7,810	\$ (5,630)	\$ (3,462)
Fund Balance - Beginning	267,930	52,684	3,462
Fund Balance - Ending	\$ 275,740	\$ 47,054	\$ -

Parks Fund	Ambulance District Fund	Total Nonmajor Special Revenue Funds
\$ 63,287	\$ 153,073	\$ 1,256,973
-	-	96,155
73	-	2,289
-	-	29,658
<u>\$ 63,360</u>	<u>\$ 153,073</u>	<u>\$ 1,385,075</u>
\$ -	\$ 153,073	\$ 173,624
-	-	56,361
80,697	-	964,757
-	-	208,952
<u>\$ 80,697</u>	<u>\$ 153,073</u>	<u>\$ 1,403,694</u>
\$ (17,337)	\$ -	\$ (18,619)
110,891	-	434,967
<u>\$ 93,554</u>	<u>\$ -</u>	<u>\$ 416,348</u>