

TOWN OF PITTSFORD

Monroe County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2012

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pittsford, Monroe County, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pittsford, Monroe County, New York, as of December 31, 2012, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 20-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pittsford, Monroe County, New York's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Raymond F. Wager, CPA P.C.

April 2, 2013

Town of Pittsford, Monroe County, New York

Management's Discussion and Analysis (MD&A)

December 31, 2012

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, 2012. 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 2012 are as follows:

- ◆ The Town implemented GASB Statement No. 63 which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
- ◆ On the government-wide financial statements, the total assets of the Town exceeded liabilities by \$59,017,852 (net position) an increase of \$1,550,500. Of the current year amount, the unrestricted portion is \$9,113,950. The balance of net position 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 \$22,451,516, a decrease of \$533,315 in comparison with the prior year. At the end of the current year, \$5,382,472 is available for spending at the Town's discretion (unassigned fund balance).
- ◆ At the end of the current year, the fund balance of the General Fund was \$13,116,250 a decrease of \$38,119 from the prior year.
- ◆ General revenues which include Real Property Taxes, Non-Property Taxes (Sales Tax), Mortgage Tax (State Aid), Compensation for Loss, Investment Earnings, and Miscellaneous accounted for \$13,774,254 or 85% of all revenues. Program specific revenues in the form of Charges for Services and Capital Grants and Contributions accounted for \$2,453,090 or 15% 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 position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- ◆ The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- ◆ The *governmental* activities of the Town include highway maintenance, snow removal, general administrative support, community service, and interest on long-term debt.

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

2. Fund Financial Statements

- ◆ A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Fiduciary Funds.
- ◆ *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.
- ◆ Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

3. *Notes to the Financial Statements*

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Pittsford, Monroe County, New York, net position at the close of the current year was \$59,017,852.

Net Position

The Town's combined net position was higher on December 31, 2012, than the year before, increasing by 3% as shown in table below:

	<u>2012</u>	<u>2011</u>	<u>% Variance</u>
<u>ASSETS</u>			
Current Assets	\$ 22,800,926	\$ 23,307,509	-2.17%
Capital Assets, Net	<u>51,716,375</u>	<u>49,571,896</u>	4.33%
Total Assets	<u>\$ 74,517,301</u>	<u>\$ 72,879,405</u>	2.25%
<u>LIABILITIES</u>			
Current Liabilities	\$ 480,909	\$ 458,735	4.83%
Noncurrent Liabilities	<u>15,018,540</u>	<u>14,953,318</u>	0.44%
Total Liabilities	<u>\$ 15,499,449</u>	<u>\$ 15,412,053</u>	0.57%
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 39,499,655	\$ 36,751,612	7.48%
Restricted Capital Reserves	4,144,377	4,008,539	3.39%
Restricted Debt Service	720,266	764,745	-5.82%
Restricted Capital Projects	98,416	400,328	-75.42%
Restricted Special Districts	1,186,080	1,228,338	-3.44%
Restricted General Reserve	4,255,108	4,444,954	-4.27%
Unrestricted	<u>9,113,950</u>	<u>9,868,836</u>	-7.65%
Total Net Position	<u>\$ 59,017,852</u>	<u>\$ 57,467,352</u>	2.70%

By far, the largest component of the Town's net position (67%) 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 18% of total net position. The remaining balance of unrestricted net position, which is a surplus of \$9,113,950 (15%), may be used to finance future operations.

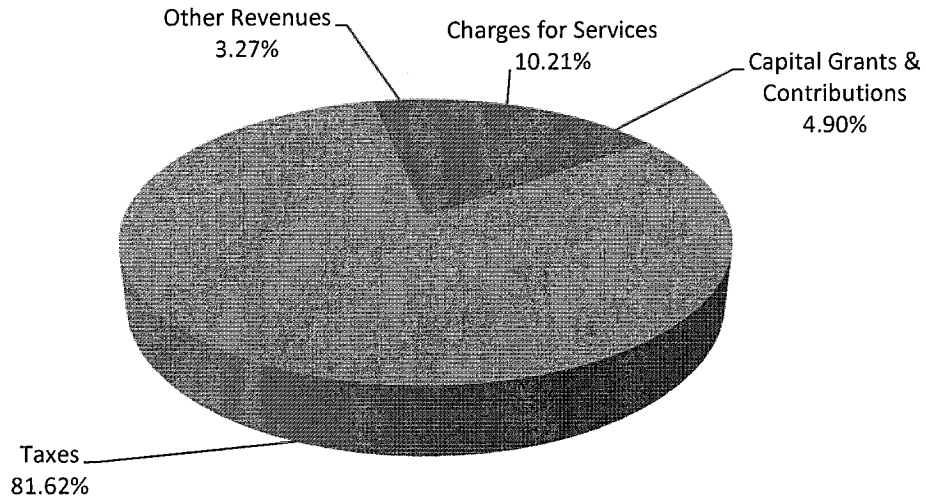
Changes in Net Position

The Town’s total revenues were higher in 2012 than they were the year before, increasing by 4% to \$16,227,344. The Town relies upon taxes, charges for services, capital and operating grants as their primary revenue sources.

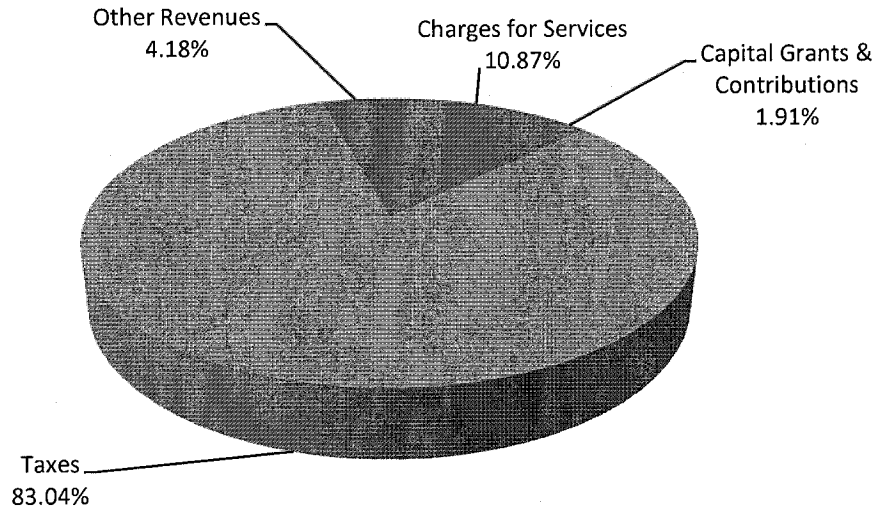
The Town’s total expenditures were lower in 2012 than they were the year before, decreasing by 8% to \$14,676,844. Expenditures incurred are distributed dependent on the Town’s services.
See table below:

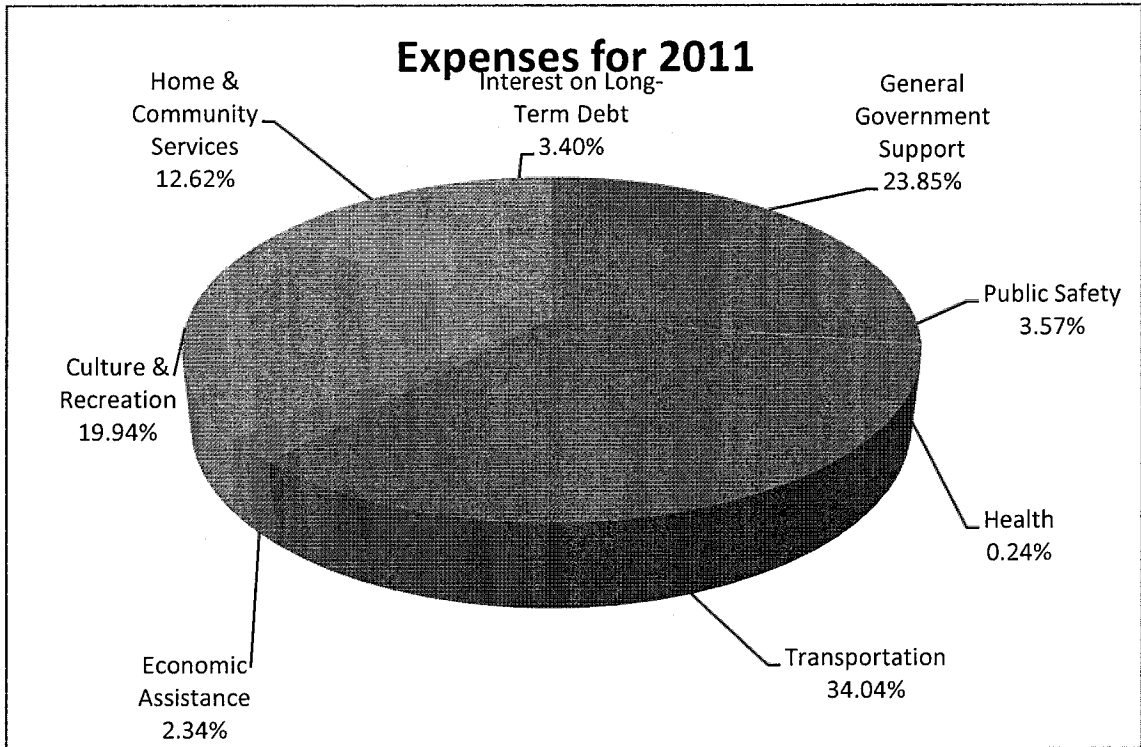
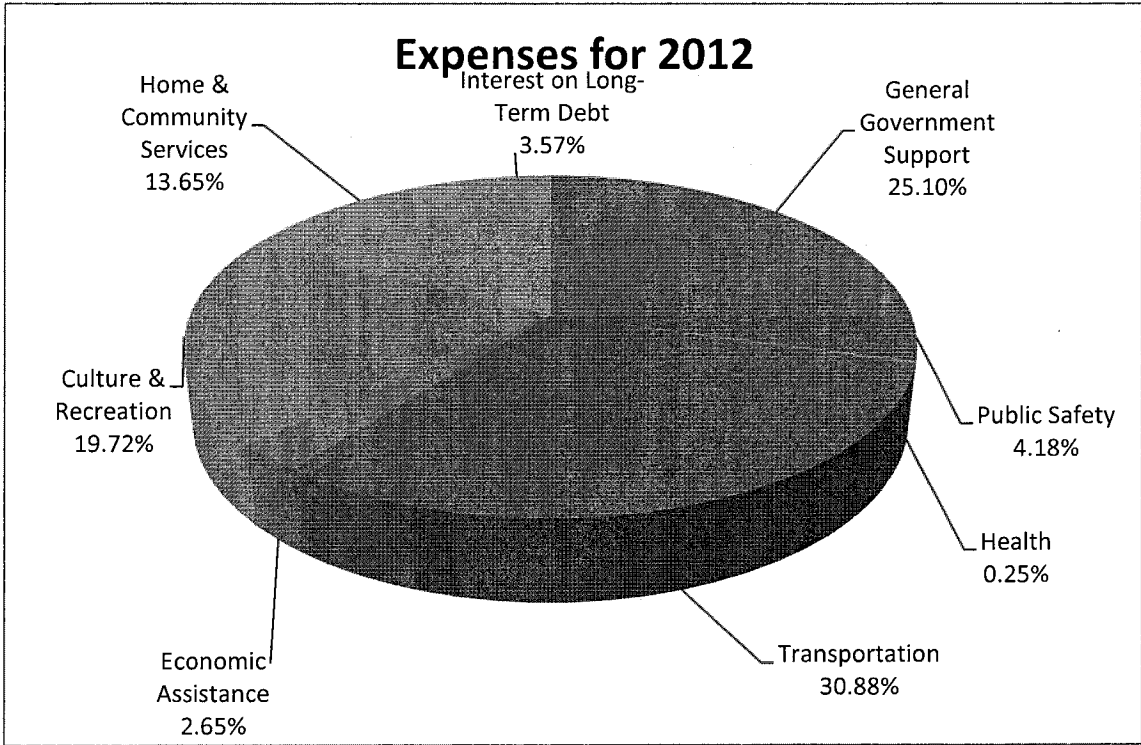
	<u>2012</u>	<u>2011</u>	<u>% Variance</u>
<u>Revenues:</u>			
Charges for Services	\$ 1,657,436	\$ 1,703,975	-2.73%
Capital Grants & Contributions	795,654	299,320	165.82%
Taxes	13,245,032	13,015,745	1.76%
Other Revenues	529,222	655,228	-19.23%
Total Revenues	<u>\$ 16,227,344</u>	<u>\$ 15,674,268</u>	<u>3.53%</u>
<u>Expenditures:</u>			
General Government Support	\$ 3,700,705	\$ 3,824,984	-3.25%
Public Safety	615,939	572,256	7.63%
Health	37,045	37,941	-2.36%
Transportation	4,552,287	5,458,437	-16.60%
Economic Assistance	390,585	375,055	4.14%
Culture & Recreation	2,842,583	3,196,711	-11.08%
Home & Community Services	2,012,001	2,023,737	-0.58%
Interest on Long-Term Debt	525,699	546,023	-3.72%
Total Expenditures	<u>\$ 14,676,844</u>	<u>\$ 16,035,144</u>	<u>-8.47%</u>
Change in Net Position	<u>\$ 1,550,500</u>	<u>\$ (360,876)</u>	<u>-529.65%</u>

Revenues for 2012



Revenues for 2011





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 \$22,451,516, which is less than last year's ending fund balance of \$22,984,831.

Of the total combined fund balances, \$287,370 has been designated for nonspendable fund balance, \$10,259,944 has been restricted, \$6,521,730 has been assigned, and the remaining unassigned balance of \$5,382,472 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 \$13,116,250, of which \$5,382,472 was unassigned. The fund balance for the Town of Pittsford's General Fund decreased by \$38,119 compared with the prior year.

Budgetary Highlights

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

<u>Revenue Items</u>	<u>Budget Variance Original Vs. Amended</u>	<u>Explanation for Budget Variance</u>
Highway Fund-Part-Town-State and County Aid	\$135,022	The Town does not budget for NYS CHIP funding until the NYS budget has passed and notice has been given to the Town. The Town then appropriates these funds and increases the roadwork budget.
<u>Expenditure Items</u>	<u>Budget Variance Original Vs. Amended</u>	<u>Explanation for Budget Variance</u>
General Fund-Operating Transfers-Out	\$279,476	The Town appropriated funds from reserves and transferred them to other accounts for the purchase of capital equipment.
Highway Fund-Part-Town-Transportation	\$388,522	The Town received additional funding from a NYS CHIP grant and appropriated funds from the capital reserve to perform additional roadwork.

Revenue Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Fund-State and County aid	\$182,693	Higher than projected revenues for Mortgage Tax and State Aid.
Highway Fund-Part-Town-Non-Property Taxes	\$761,255	The Town received higher than projected Sales Tax Revenue.
Expenditure Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Fund-General Government Support	\$353,180	Lower than expected salary expenses and cost savings recognized throughout the year.
General Fund-Employee Benefits	\$152,628	Lower than project increases in employee benefits.
Highway Fund-Transportation	\$189,266	Lower than expected salary expenses and cost savings recognized throughout the year.
Highway Fund-Employee Benefits	\$101,012	Lower than projected increases in employee benefits.

Capital Assets

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

	<u>2012</u>	<u>2011</u>
Land	\$ 6,045,366	\$ 5,980,966
Land Development Rights	11,513,343	11,513,343
Infrastructure	19,551,259	18,100,081
Buildings and Improvements	11,422,696	10,923,223
Machinery and Equipment	3,181,441	2,822,216
Work in Progress	2,270	232,067
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 51,716,375</u>	<u>\$ 49,571,896</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>2012</u>	<u>2011</u>
Serial and Statutory Bonds	\$ 12,216,720	\$ 12,820,284
OPEB	2,753,900	2,096,020
Compensated Absences	47,920	37,014
Total	<u>\$ 15,018,540</u>	<u>\$ 14,953,318</u>

The amount of principal paid on outstanding notes was \$603,564. 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 implemented a 2% tax cap on property taxes for all municipalities. While this does not influence the 2013 budget it could affect services in future year's budgets. The Town is also continuing to use fund balance to offset spending during 2013. This will result in lower fund balances at the year's end if additional cost savings or revenues 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 Position

December 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 21,720,866
Investments	74,972
Accounts receivable, net	44,123
Due from other governments, net	673,595
Prepaid items	287,370
Capital assets:	
Land and work in progress	17,560,979
Other capital assets, net of depreciation	34,155,396
TOTAL ASSETS	<u>\$ 74,517,301</u>
 LIABILITIES	
Accrued liabilities	\$ 410,840
Unearned revenue	70,069
Noncurrent liabilities:	
Due in one year	630,543
Due in more than one year	14,387,997
TOTAL LIABILITIES	<u>\$ 15,499,449</u>
 NET POSITION	
Net investment in capital assets	\$ 39,499,655
Restricted for:	
Capital reserves	4,144,377
Capital project	98,416
Special districts	1,186,080
General reserve	4,255,108
Debt Service	720,266
Unrestricted	9,113,950
TOTAL NET POSITION	<u>\$ 59,017,852</u>

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

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2012

<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 Government Governmental Activities</u>
Primary Government:				
Governmental Activities:				
General government support	\$ 3,700,705	\$ 7,406	\$ 179,169	\$ (3,514,130)
Public safety	615,939	283,567	-	(332,372)
Health	37,045	-	-	(37,045)
Transportation	4,552,287	514,973	616,485	(3,420,829)
Economic assistance and opportunity	390,585	-	-	(390,585)
Culture and recreation	2,842,583	795,238	-	(2,047,345)
Home and community services	2,012,001	56,252	-	(1,955,749)
Interest on long-term debt	525,699	-	-	(525,699)
Total Governmental Activities	\$ 14,676,844	\$ 1,657,436	\$ 795,654	\$ (12,223,754)
Total Primary Government	\$ 14,676,844	\$ 1,657,436	\$ 795,654	\$ (12,223,754)
General Revenues:				
Taxes:				
Property taxes				\$ 9,338,339
Non-property taxes				2,932,081
Mortgage tax				974,612
Compensation for loss				93,415
Investment earnings				238,133
Miscellaneous				197,674
Total General Revenues				\$ 13,774,254
Change in Net Position				\$ 1,550,500
Net Position - Beginning				57,467,352
Net Position - Ending				\$ 59,017,852

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, 2012

	Major		
	General Fund	Highway Fund	Highway Fund Part-Town
Assets			
Cash and cash equivalents	\$ 13,094,847	\$ 1,996,280	\$ 2,487,367
Investments	-	-	74,972
Receivables, net	33,645	-	-
Due from other governments, net	23,595	-	590,000
Prepaid items	128,373	44,006	50,687
Total Assets	\$ 13,280,460	\$ 2,040,286	\$ 3,203,026
Liabilities and Fund Balance			
Liabilities:			
Accrued liabilities	\$ 94,141	\$ 119,040	\$ 338
Unearned revenue	70,069	-	-
Total Liabilities	\$ 164,210	\$ 119,040	\$ 338
Fund Balances:			
Nonspendable	\$ 128,373	\$ 44,006	\$ 50,687
Restricted	6,270,426	-	1,067,093
Assigned	1,334,979	1,877,240	2,084,908
Unassigned	5,382,472	-	-
Total Fund Balances	\$ 13,116,250	\$ 1,921,246	\$ 3,202,688
Total Liabilities and Fund Balances	\$ 13,280,460	\$ 2,040,286	\$ 3,203,026

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

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

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:

- Serial Bonds Payable
- OPEB Liability

Compensated absences are not reported in the funds under fundaccounting 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
\$ 1,721,413	\$ 2,420,959	\$ 21,720,866
-	-	74,972
-	10,478	44,123
-	60,000	673,595
19,983	44,321	287,370
<u>\$ 1,741,396</u>	<u>\$ 2,535,758</u>	<u>\$ 22,800,926</u>

\$ 20,835	\$ 44,987	\$ 279,341
-	-	70,069
<u>\$ 20,835</u>	<u>\$ 44,987</u>	<u>\$ 349,410</u>

\$ 19,983	\$ 44,321	\$ 287,370
1,700,578	1,221,847	10,259,944
-	1,224,603	6,521,730
-	-	5,382,472
<u>\$ 1,720,561</u>	<u>\$ 2,490,771</u>	<u>\$ 22,451,516</u>
<u>\$ 1,741,396</u>	<u>\$ 2,535,758</u>	

51,716,375

(131,499)

(12,216,720)

(2,753,900)

(47,920)

\$ 59,017,852

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	Major		
	General Fund	Highway Fund	Highway Fund Part-Town
Revenues:			
Real property and tax items	\$ 4,148,186	\$ 1,626,183	\$ 1,140,300
Non-property taxes	452,571	-	1,586,255
Departmental income	694,692	-	-
Intergovernmental charges	102,778	362,282	49,553
Use of money and property	166,560	49,648	10,586
Licenses and permits	33,611	-	-
Fines and forfeitures	105,231	-	-
Sale of property and compensation for loss	77,324	5,649	-
Miscellaneous	60,675	310	-
Interfund revenues	21,641	-	-
State and county aid	1,082,693	-	149,522
Total Revenues	\$ 6,945,962	\$ 2,044,072	\$ 2,936,216
Expenditures:			
Current:			
General government support	\$ 2,545,039	\$ 872,022	\$ -
Public safety	182,108	-	-
Health	34,395	1,490	915
Transportation	124,022	1,223,680	2,037,797
Economic assistance and opportunity	310,162	-	-
Culture and recreation	1,332,741	-	-
Home and community services	148,647	-	-
Employee benefits	1,155,031	506,425	685,873
Debt Service:			
Debt service - principal	-	-	-
Debt service - interest and other charges	-	-	-
Total Expenditures	\$ 5,832,145	\$ 2,603,617	\$ 2,724,585
Excess (deficiency) of revenue over expenditures	\$ 1,113,817	\$ (559,545)	\$ 211,631
Other Financing Sources and Uses:			
Operating transfers - in	\$ 57,347	\$ 92,370	\$ -
Operating transfers - out	(1,209,283)	(866)	-
Total Other Financing Sources and Uses	\$ (1,151,936)	\$ 91,504	\$ -
Net change in fund balances	\$ (38,119)	\$ (468,041)	\$ 211,631
Fund Balance - Beginning	13,154,369	2,389,287	2,991,057
Fund Balance - Ending	\$ 13,116,250	\$ 1,921,246	\$ 3,202,688

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>
\$ 1,080,117	\$ 1,343,553	\$ 9,338,339
-	893,255	2,932,081
6,167	173,110	873,969
-	7,800	522,413
5,320	6,019	238,133
2,340	119,872	155,823
-	-	105,231
7,510	2,932	93,415
7,394	129,295	197,674
-	-	21,641
-	71,088	1,303,303
<u>\$ 1,108,848</u>	<u>\$ 2,746,924</u>	<u>\$ 15,782,022</u>
\$ 175,677	\$ 170,373	\$ 3,763,111
-	273,695	455,803
245	-	37,045
-	61,065	3,446,564
-	-	310,162
-	1,364,578	2,697,319
699,933	575,299	1,423,879
271,906	428,398	3,047,633
-	603,564	603,564
-	530,257	530,257
<u>\$ 1,147,761</u>	<u>\$ 4,007,229</u>	<u>\$ 16,315,337</u>
<u>\$ (38,913)</u>	<u>\$ (1,260,305)</u>	<u>\$ (533,315)</u>
\$ 17,879	\$ 1,060,432	\$ 1,228,028
(17,879)	-	(1,228,028)
<u>\$ -</u>	<u>\$ 1,060,432</u>	<u>\$ -</u>
\$ (38,913)	\$ (199,873)	\$ (533,315)
1,759,474	2,690,644	22,984,831
<u>\$ 1,720,561</u>	<u>\$ 2,490,771</u>	<u>\$ 22,451,516</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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (533,315)

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	\$ 2,270	
Addition of Assets	4,552,827	
Depreciation	(2,305,851)	
Purchase of Land	64,400	
Gain/(Loss) on sale of assets	<u>(169,167)</u>	
		2,144,479

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		603,564
----------------	--	---------

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. (10,906)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,558

Change in Net Position of Governmental Activities \$ 1,550,500

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, 2012

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 4,132,721	\$ 4,132,721	\$ 4,148,186	\$ -	\$ 15,465
Non-property taxes	433,000	433,000	452,571	-	19,571
Departmental income	668,300	668,300	694,692	-	26,392
Intergovernmental charges	112,269	112,269	102,778	-	(9,491)
Use of money and property	165,030	165,030	166,560	-	1,530
Licenses and permits	32,000	32,000	33,611	-	1,611
Fines and forfeitures	95,600	95,600	105,231	-	9,631
Sale of property and compensation for loss	1,150	1,150	77,324	-	76,174
Miscellaneous	16,750	27,050	60,675	-	33,625
Interfund revenues	16,000	16,000	21,641	-	5,641
State and county aid	900,000	900,000	1,082,693	-	182,693
Total Revenues	\$ 6,572,820	\$ 6,583,120	\$ 6,945,962	\$ -	\$ 362,842
Expenditures:					
Current:					
General government support	\$ 2,985,625	\$ 2,948,094	\$ 2,545,039	\$ 49,875	\$ 353,180
Public safety	193,090	194,560	182,108	156	12,296
Health	35,420	35,420	34,395	-	1,025
Transportation	149,561	160,461	124,022	2,988	33,451
Economic assistance and opportunity	341,965	346,225	310,162	8,653	27,410
Culture and recreation	1,399,382	1,417,477	1,332,741	12,620	72,116
Home and community services	260,951	286,951	148,647	91,200	47,104
Employee benefits	1,312,392	1,312,392	1,155,031	4,733	152,628
Total Expenditures	\$ 6,678,386	\$ 6,701,580	\$ 5,832,145	\$ 170,225	\$ 699,210
Excess (deficiency) of revenue over expenditures	\$ (105,566)	\$ (118,460)	\$ 1,113,817	\$ (170,225)	\$ 1,062,052
Other Financing Sources and Uses:					
Operating transfers - in	\$ 200,000	\$ 200,000	\$ 57,347	\$ -	\$ (142,653)
Operating transfers - out	(1,261,932)	(1,541,408)	(1,209,283)	-	332,125
Total Other Financing Sources and Uses	\$ (1,061,932)	\$ (1,341,408)	\$ (1,151,936)	\$ -	\$ 189,472
Net change in fund balances	\$ (1,167,498)	\$ (1,459,868)	\$ (38,119)	\$ (170,225)	\$ 1,251,524
Fund Balance - Beginning	13,154,369	13,154,369	13,154,369	-	-
Fund Balance - Ending	\$ 11,986,871	\$ 11,694,501	\$ 13,116,250	\$ (170,225)	\$ 1,251,524

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, 2012

HIGHWAY FUND

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,626,183	\$ 1,626,183	\$ 1,626,183	\$ -	\$ -
Intergovernmental charges	396,335	396,335	362,282	-	(34,053)
Use of money and property	15,000	15,000	49,648	-	34,648
Sale of property and compensation for loss	-	-	5,649	-	5,649
Miscellaneous	-	-	310	-	310
Total Revenues	\$ 2,037,518	\$ 2,037,518	\$ 2,044,072	\$ -	\$ 6,554
Expenditures:					
Current:					
General government support	\$ 780,718	\$ 872,222	\$ 872,022	\$ -	\$ 200
Health	2,000	2,000	1,490	345	165
Transportation	1,479,462	1,479,462	1,223,680	66,516	189,266
Employee benefits	607,757	607,757	506,425	320	101,012
Total Expenditures	\$ 2,869,937	\$ 2,961,441	\$ 2,603,617	\$ 67,181	\$ 290,643
Excess (deficiency) of revenue over expenditures	\$ (832,419)	\$ (923,923)	\$ (559,545)	\$ (67,181)	\$ 297,197
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ 92,370	\$ 92,370	\$ -	\$ -
Operating transfers - out	-	(866)	(866)	-	-
Total Other Financing Sources and Uses	\$ -	\$ 91,504	\$ 91,504	\$ -	\$ -
Net change in fund balances	\$ (832,419)	\$ (832,419)	\$ (468,041)	\$ (67,181)	\$ 297,197
Fund Balance - Beginning	2,389,287	2,389,287	2,389,287	-	-
Fund Balance - Ending	\$ 1,556,868	\$ 1,556,868	\$ 1,921,246	\$ (67,181)	\$ 297,197

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, 2012

HIGHWAY FUND - PART-TOWN

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,140,300	\$ 1,140,300	\$ 1,140,300	\$ -	\$ -
Non-property taxes	825,000	825,000	1,586,255	-	761,255
Intergovernmental charges	5,000	5,000	49,553	-	44,553
Use of money and property	9,500	9,500	10,586	-	1,086
State and county aid	-	135,022	149,522	-	14,500
Total Revenues	\$ 1,979,800	\$ 2,114,822	\$ 2,936,216	\$ -	\$ 821,394
Expenditures:					
Current:					
Health	\$ 2,230	\$ 2,230	\$ 915	\$ -	\$ 1,315
Transportation	1,789,197	2,177,719	2,037,797	117,782	22,140
Employee benefits	753,786	753,786	685,873	380	67,533
Total Expenditures	\$ 2,545,213	\$ 2,933,735	\$ 2,724,585	\$ 118,162	\$ 90,988
Excess (deficiency) of revenue over expenditures	\$ (565,413)	\$ (818,913)	\$ 211,631	\$ (118,162)	\$ 912,382
Fund Balance - Beginning	2,991,057	2,991,057	2,991,057	-	-
Fund Balance - Ending	\$ 2,425,644	\$ 2,172,144	\$ 3,202,688	\$ (118,162)	\$ 912,382

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, 2012

CONSOLIDATED SEWER FUND

	Original Budget		Actual	Encumbrances	Variance
	(Incl. Carryover Encumbrances)	Budget (Amended)			
Revenues:					
Real property and tax items	\$ 1,079,580	\$ 1,079,580	\$ 1,080,117	\$ -	\$ 537
Departmental income	6,200	6,200	6,167	-	(33)
Use of money and property	5,500	5,500	5,320	-	(180)
Licenses and permits	2,500	2,500	2,340	-	(160)
Sale of property and compensation for loss	-	-	7,510	-	7,510
Miscellaneous	14,400	14,400	7,394	-	(7,006)
Total Revenues	\$ 1,108,180	\$ 1,108,180	\$ 1,108,848	\$ -	\$ 668
Expenditures:					
Current:					
General government support	\$ 177,499	\$ 176,386	\$ 175,677	\$ -	\$ 709
Health	500	500	245	155	100
Home and community services	729,376	824,376	699,933	41,813	82,630
Employee benefits	339,924	339,924	271,906	143	67,875
Total Expenditures	\$ 1,247,299	\$ 1,341,186	\$ 1,147,761	\$ 42,111	\$ 151,314
Excess (deficiency) of revenue over expenditures	\$ (139,119)	\$ (233,006)	\$ (38,913)	\$ (42,111)	\$ 151,982
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ -	\$ 17,879	\$ -	\$ 17,879
Operating transfers - out	(111,766)	(17,879)	(17,879)	-	-
Total Other Financing Sources and Uses	\$ (111,766)	\$ (17,879)	\$ -	\$ -	\$ 17,879
Net change in fund balances	\$ (250,885)	\$ (250,885)	\$ (38,913)	\$ (42,111)	\$ 169,861
Fund Balance - Beginning	1,759,474	1,759,474	1,759,474	-	-
Fund Balance - Ending	\$ 1,508,589	\$ 1,508,589	\$ 1,720,561	\$ (42,111)	\$ 169,861

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

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 443,006</u>
TOTAL ASSETS	<u><u>\$ 443,006</u></u>
 LIABILITIES	
Other liabilities	<u>443,006</u>
TOTAL LIABILITIES	<u><u>\$ 443,006</u></u>

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

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2012

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

1. **Government-Wide Statements**

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

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

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

2. **Fund Financial Statements**

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

(I.) (Continued)

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

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.

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
Public Library
Fire Protection

Park District
Ambulance District

(I.) (Continued)

b. **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.

3. **Basis of Accounting**

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

a. **Modified Accrual**

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

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

b. **Accrual**

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

(I.) (Continued)

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

1. **Cash and Investments**

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

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

Investments are stated at cost, which approximates market value.

2. **Receivables**

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

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

5. **Capital Assets**

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

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

(I .) (Continued)

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

<u>Class</u>	<u>Life in Years</u>
Buildings	20-50 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

6. Unearned 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 Position.

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.

b. Other Benefits

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

(I.) (Continued)

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 for 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 position and displayed in three components:

1. **Net investments in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed by (1). external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation) reduced by liabilities and deferred inflows related to those assets.
3. **Unrestricted net position** - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

b. **Financial Statements –Fund Balance**

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

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

(I.) (Continued)

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

D. 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.

E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position 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 Position, except for the net residual amounts due between governmental funds.
- b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

F. **Use of Estimates**

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

G. **Impact of Recently Issued Accounting Principles**

1. **Changes in Accounting Standards**

GASB has issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Town adopted the provisions of the statement for the year ended December 31, 2012.

(I.) (Continued)

2. **Recently Issued Accounting Pronouncements**

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. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the year ending December 31, 2013.

The GASB has issued Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which will be effective for the year ending December 31, 2014.

The GASB has issued Statement No. 68, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015.

The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for the year ending December 31, 2014.

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

II. **Stewardship, Compliance and Accountability:**

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

A. **Budgetary Data**

1. **Budget Policies** - The budget policies are as follows:

- a. No later than September 30, the budget officer submits a tentative budget to the Town Clerk for submission to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- c. All modifications of the budget must be approved by the Town Board. (However, the Supervisor is authorized to transfer certain budgeted amounts within departments.)
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

(II.) (Continued)

2. **Budget Basis of Accounting**

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

3. **Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local sources. The primary restricted revenue sources are those revenues raised for the special district special revenue funds and the General and Highway Part-Town Funds.

B. Deposit and Investment Laws and Regulations

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

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

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

III. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes.

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

Uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		<u>18,742,603</u>
Total	\$	<u>18,742,603</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 \$98,416 within the governmental funds.

(III.) (Continued)

B. Investments

The Town maintains the following investments:

<u>Fund</u>	<u>Cost</u>	<u>Fair Value</u>
Part-Town Highway (statutory installment bond)	\$ 74,972	\$ 74,972
Total	\$ 74,972	\$ 74,972

C. Receivables

Receivables at December 31, 2012 consisted of the following, which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

	<u>General Fund</u>	<u>Part-Town Highway Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Accounts Receivable</u>				
Fees	\$ 33,645	\$ -	\$ 10,478	\$ 44,123
Total Accounts Receivable	\$ 33,645	\$ -	\$ 10,478	\$ 44,123
<u>Due From Other Governments</u>				
Sales Tax	\$ -	\$ 590,000	\$ 60,000	\$ 650,000
Other Services	23,595	-	-	23,595
Total Due From Other Governments	\$ 23,595	\$ 590,000	\$ 60,000	\$ 673,595

D. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2012 were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 57,347	\$ 1,209,283
Consolidated Sewer	17,879	17,879
Debt Service	1,060,432	-
Highway Fund	92,370	866
Total	\$ 1,228,028	\$ 1,228,028

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

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

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

(III.) (Continued)

E. **Changes In Fixed Assets**

A summary of changes in capital assets follows:

Type	Balance 01/01/12	Additions	Deletions	Balance 12/31/12
Capital assets not being Depreciated:				
Land	\$ 5,980,966	\$ 64,400	\$ -	\$ 6,045,366
Land Development Rights	11,513,343	-	-	11,513,343
Work in progress	232,067	2,270	(232,067)	2,270
<i>Total capital assets not being depreciated</i>	<u>\$ 17,726,376</u>	<u>\$ 66,670</u>	<u>\$ (232,067)</u>	<u>\$ 17,560,979</u>
Other capital assets:				
Buildings and land improvements	\$ 16,712,605	\$ 922,954	\$ -	\$ 17,635,559
Machinery and equipment	5,850,884	1,328,598	(474,496)	6,704,986
Infrastructure	59,117,863	2,533,342	(1,103,147)	60,548,058
<i>Total other capital assets at historical cost</i>	<u>\$ 81,681,352</u>	<u>\$ 4,784,894</u>	<u>\$ (1,577,643)</u>	<u>\$ 84,888,603</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,789,382	\$ 423,481	\$ -	\$ 6,212,863
Machinery and equipment	3,028,668	800,206	(305,329)	3,523,545
Infrastructure	41,017,782	1,082,164	(1,103,147)	40,996,799
<i>Total accumulated depreciation</i>	<u>\$ 49,835,832</u>	<u>\$ 2,305,851</u>	<u>\$ (1,408,476)</u>	<u>\$ 50,733,207</u>
Other capital assets, net	<u>\$ 31,845,520</u>	<u>\$ 2,479,043</u>	<u>\$ (169,167)</u>	<u>\$ 34,155,396</u>
Governmental activities capital assets, net	<u><u>\$ 49,571,896</u></u>	<u><u>\$ 2,545,713</u></u>	<u><u>\$ (401,234)</u></u>	<u><u>\$ 51,716,375</u></u>

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

General Government	\$ 99,928
Public Safety	14,700
Transportation	1,392,028
Economic Assistance and Opportunity	7,003
Culture and Recreation	326,470
Home and Community Service	465,722
Total Depreciation Expense	<u><u>\$ 2,305,851</u></u>

F. **Long-Term Debt**

At December 31, 2012 the total outstanding obligations of the Town aggregated \$15,018,540 as follows:

Serial Bonds	\$ 12,216,720
OPEB	2,753,900
Compensated Absences	47,920
Total	<u><u>\$ 15,018,540</u></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, 2012 is as follows:

Interest expense reported on the Statement of Revenues	
Expenditures, and Changes in Fund Balances	\$ 530,257
Prior year accrued interest	(136,057)
Current year accrued interest	<u>131,499</u>
Interest expense - Statement of Activities	<u><u>\$ 525,699</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, 2012:

	Balance			Balance	<u>Classified As</u>	
	<u>01/01/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/12</u>	<u>Current</u>	<u>Non-Current</u>
Serial and Statutory Bonds	\$ 12,820,284	\$ -	\$ 603,564	\$ 12,216,720	\$ 618,563	\$ 11,598,157
OPEB	2,096,020	657,880	-	2,753,900	-	2,753,900
Compensated Absences	37,014	10,906	-	47,920	11,980	35,940
Total Obligations	<u>\$ 14,953,318</u>	<u>\$ 668,786</u>	<u>\$ 603,564</u>	<u>\$ 15,018,540</u>	<u>\$ 630,543</u>	<u>\$ 14,387,997</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 12/31/2012</u>
<u>Serial Bonds</u>					
Sweeny/Royal Coach	12/89	\$ 1,662,500	6.70%	12/14	\$ 130,000
Pittsford Hill Sewer	08/98	\$ 190,000	5.00%	08/17	50,000
Purchase of Development Rights (PDR)	09/09	\$ 5,475,000	3.29%	09/23	4,260,000
Public Improvement	04/05	\$ 9,000,000	4.13%	04/34	7,695,000
<u>Statutory Bonds</u>					
Pittsford Sewer District -					
29 & 29a Sewer	06/04	\$ 129,500	4.00%	06/23	74,972
Water/JH-130/SWBC #35	07/04	\$ 79,217	4.63%	07/13	6,748
Total					<u>\$ 12,216,720</u>

6. The following table summarizes the Town's future debt service requirements as of December 31, 2012:

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2013	\$ 618,563	\$ 509,608
2014	631,815	486,357
2015	591,816	458,731
2016	616,816	434,447
2017	641,815	407,401
2018-22	3,599,079	1,579,109
2023-27	2,281,816	890,585
2028-32	2,210,000	458,063
2033-34	1,025,000	44,094
Total	<u>\$ 12,216,720</u>	<u>\$ 5,268,395</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. \$4,410,000 of bonds outstanding are considered defeased.

G. **Fund Balances/Net Position**

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, 2012 is \$720,266 and \$23,572 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	\$ 593,533
Whole Town Office Equipment	337,647
Building Maintenance	1,084,071
Highway Office Equipment	67
<u>General Fund Part-Town</u>	
Part-Town Equipment	56,074
Part-Town Office Equipment	30,173
<u>Highway Fund Part-Town</u>	
Highway Part-Town Improvement	1,067,093
<u>Consolidated Sewer Fund</u>	
Sewer Equipment	161,623
PSD Office Equipment	35,070
Trunk Sewer	779,026
Total Capital Reserve	<u>\$ 4,144,377</u>

General Fund – General Reserve - The following is a summary of the General Fund – General Reserves at December 31, 2012:

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	\$ 3,146,397
Pittsford 2000	1,108,711
Total General Reserve	<u>\$ 4,255,108</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 \$21,800 are considered significant and are summarized below:

- Garbage contractual & miscellaneous expense for \$82,000.

The Capital Projects Fund has \$3,980 in encumbrances which will be utilized for capital additions.

The Highway Fund reported \$62,000 in encumbrances for snow removal.

The Highway Part Town Fund reported \$117,700 in encumbrances for maintenance of roads and equipment.

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	\$ 128,373	\$ 44,006	\$ 50,687	\$ 19,983	\$ 18,417	\$ 25,904	\$ 287,370
Total Nonspendable	\$ 128,373	\$ 44,006	\$ 50,687	\$ 19,983	\$ 18,417	\$ 25,904	\$ 287,370
<u>Restricted -</u>							
General reserve	\$ 3,146,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,146,397
Pittsford 2000	1,108,711	-	-	-	-	-	1,108,711
Equipment	593,533	-	-	-	-	-	593,533
Office equipment	337,714	-	-	-	-	-	337,714
Building maintenance	1,084,071	-	-	-	-	-	1,084,071
Road improvements	-	-	1,067,093	-	-	-	1,067,093
Sewer improvements	-	-	-	161,623	-	-	161,623
Sewer office equipment	-	-	-	35,070	-	-	35,070
Sewer repairs	-	-	-	779,026	-	-	779,026
Debt	-	-	-	-	720,266	-	720,266
Part-Town equipment	-	-	-	-	56,074	-	56,074
Part-Town office equipment	-	-	-	-	30,173	-	30,173
Library	-	-	-	-	-	254,333	254,333
Parks	-	-	-	-	-	117,289	117,289
Street lighting	-	-	-	-	-	43,712	43,712
Consolidated sewer	-	-	-	724,859	-	-	724,859
Total Restricted	\$ 6,270,426	\$ -	\$ 1,067,093	\$ 1,700,578	\$ 806,513	\$ 415,334	\$ 10,259,944
<u>Assigned -</u>							
Appropriated for taxes	\$ 1,164,754	\$ 320,000	\$ 550,000	\$ -	\$ 410,136	\$ -	\$ 2,444,890
Capital improvements	-	-	-	-	94,436	-	94,436
Part-Town fund equity	-	-	-	-	700,408	-	700,408
General government support	49,875	-	-	-	14,538	-	64,413
Public safety	156	-	-	-	961	-	1,117
Transportation	2,988	1,556,575	1,534,528	-	3,980	-	3,098,071
Economic opportunity and development	8,653	-	-	-	-	-	8,653
Culture and recreation	12,620	-	-	-	-	-	12,620
Benefits	4,733	320	380	-	144	-	5,577
Health	-	345	-	-	-	-	345
Home and community service	91,200	-	-	-	-	-	91,200
Total Assigned	\$ 1,334,979	\$ 1,877,240	\$ 2,084,908	\$ -	\$ 1,224,603	\$ -	\$ 6,521,730
Unassigned	\$ 5,382,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,382,472
TOTAL FUND BALANCE	\$ 13,116,250	\$ 1,921,246	\$ 3,202,688	\$ 1,720,561	\$ 2,049,533	\$ 441,238	\$ 22,451,516

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.

(III.) (Continued)

The following restricted fund balances have monies appropriated for 2013 taxes:

	<u>Total</u>
Consolidated Lighting	\$ 10,382
Public Library	45,000
Consolidated Sewer	<u>119,200</u>
Total Special District Appropriated for Taxes	<u>\$ 174,582</u>

2. **Net Position - 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	\$ 43,712
Consolidated Sewer	744,842
Parks Fund	117,289
Library Fund	<u>280,237</u>
Total Restricted for Special Districts	<u>\$ 1,186,080</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.

(IV.) (Continued)

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>
2012	\$ 1,004,566
2011	\$ 867,190
2010	\$ 590,306

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

2. **Deferred Compensation Plan**

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

3. **Other Postemployment Benefits**

Plan Description. In addition to providing pension benefits described in Note IV, 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; MVP Gold, MVP Care, 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>2,096,020</u>
Net OPEB obligation - end of year	<u><u>\$ 2,753,900</u></u>

(IV.) (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
12/31/2012	\$ 943,356	30.3%	\$ 2,753,900

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 \$6,327,990, and the ratio of the UAAL to the covered payroll was 183.6%.

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, reduced by decrements to a rate of five percent each after ten years. The remaining amortization period at December 31, 2012, was twenty-five years.

The Town's schedule of funding progress for 2012 is as follows:

<u>Actuarial Valuation Date December 31,</u>	<u>(1) Actuarial Value of Assets</u>	<u>Accrued Liability (AAL) Entry-Age Normal</u>	<u>(3) Funded Ratio (1) / (2)</u>	<u>Actuarial Accrued Liability (UAAL) (2) - (1)</u>	<u>(5) Active Members Covered Payroll</u>	<u>As a Percentage of Covered Payroll (4) / (5)</u>
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%
2012	\$ -	\$ 11,617,522	0.00%	\$ 11,617,522	\$ 6,327,990	183.6%

(IV.) (Continued)

B. Risk Management

1. General Information

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

2. Dental Plan

The Town self-insures for dental coverage for its employees. The Town contracts with a third party administrator who is responsible for processing claims and estimating liabilities. The Town does not carry excess insurance coverage relative to this Plan. The Town records expenditures as claims are presented for payment with a cap of \$1,000 a year per member. Based upon the requirements of GASB Statement #10, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

A reconciliation of the claims recorded for 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Beginning liabilities	\$ -	\$ -
Incurred claims	98,842	98,517
Claims payments	(98,842)	(98,517)
Ending liabilities	<u>\$ -</u>	<u>\$ -</u>

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

	<u>2012</u>	<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>
Contribution Revenue	\$ 98,842	\$ 98,517	\$ 93,986	\$ 103,682	\$ 104,242	\$ 103,160	\$ 96,807	\$ 78,462	\$ 93,809	\$ 81,626	\$ 74,749
Actual Claims Expense	\$ 98,842	\$ 98,517	\$ 93,986	\$ 103,682	\$ 104,775	\$ 103,244	\$ 97,718	\$ 77,550	\$ 94,923	\$ 80,887	\$ 81,896

(IV.) (Continued)

C. Commitments and Contingencies

1. Litigation

The Town has several 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 are pending tax certiorari claims requesting reduction of assessments which are undeterminable at this time. The Town also has a pending 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.

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, 2012, were approximately \$184,806. The maximum future non-cancelable operating lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 184,806
2014	112,739
2015	112,739
2016	112,739
2017	112,739
2018-22	563,693
2023	112,739
Total	<u>\$ 1,312,194</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.

E. Subsequent Events

On January 10, 2013 the Town entered into a master lease-purchase agreement in the amount of \$412,131 with a an interest rate of 1.5670% which matures on June 15, 2017.

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2012

	General Fund Part-Town	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,158,753	\$ 98,416	\$ 720,266	\$ 443,524	\$ 2,420,959
Receivables, net	10,478	-	-	-	10,478
Due from other governments, net	60,000	-	-	-	60,000
Prepaid items	18,417	-	-	25,904	44,321
Total Assets	\$ 1,247,648	\$ 98,416	\$ 720,266	\$ 469,428	\$ 2,535,758
Liabilities and Fund Balance					
Liabilities:					
Accrued liabilities	\$ 16,797	\$ -	\$ -	\$ 28,190	\$ 44,987
Total Liabilities	\$ 16,797	\$ -	\$ -	\$ 28,190	\$ 44,987
Fund Balances:					
Nonspendable	\$ 18,417	\$ -	\$ -	\$ 25,904	\$ 44,321
Restricted	86,247	-	720,266	415,334	1,221,847
Assigned	1,126,187	98,416	-	-	1,224,603
Total Fund Balances	\$ 1,230,851	\$ 98,416	\$ 720,266	\$ 441,238	\$ 2,490,771
Total Liabilities and Fund Balances	\$ 1,247,648	\$ 98,416	\$ 720,266	\$ 469,428	\$ 2,535,758

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, 2012

	General Fund Part-Town	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:					
Real property and tax items	\$ -	\$ -	\$ 27,351	\$ 1,316,202	\$ 1,343,553
Non-property taxes	893,255	-	-	-	893,255
Departmental income	71,963	-	-	101,147	173,110
Intergovernmental charges	7,800	-	-	-	7,800
Use of money and property	2,615	-	1,559	1,845	6,019
Licenses and permits	119,872	-	-	-	119,872
Sale of property and compensation for loss	2,932	-	-	-	2,932
Miscellaneous	442	121,264	-	7,589	129,295
State and county aid	-	71,088	-	-	71,088
Total Revenues	\$ 1,098,879	\$ 192,352	\$ 28,910	\$ 1,426,783	\$ 2,746,924
Expenditures:					
Current:					
General government support	\$ 89,286	\$ 81,087	\$ -	\$ -	\$ 170,373
Public safety	135,862	-	-	137,833	273,695
Transportation	-	5,741	-	55,324	61,065
Culture and recreation	-	407,436	-	957,142	1,364,578
Home and community services	575,299	-	-	-	575,299
Employee benefits	176,804	-	-	251,594	428,398
Debt Service:					
Debt service - principal	-	-	603,564	-	603,564
Debt service - interest and other charges	-	-	530,257	-	530,257
Total Expenditures	\$ 977,251	\$ 494,264	\$ 1,133,821	\$ 1,401,893	\$ 4,007,229
Excess (deficiency) of revenue over expenditures	\$ 121,628	\$ (301,912)	\$ (1,104,911)	\$ 24,890	\$ (1,260,305)
Other Financing Sources and Uses:					
Operating transfers - in	\$ -	\$ -	\$ 1,060,432	\$ -	\$ 1,060,432
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 1,060,432	\$ -	\$ 1,060,432
Net change in fund balances	\$ 121,628	\$ (301,912)	\$ (44,479)	\$ 24,890	\$ (199,873)
Fund Balance - Beginning	1,109,223	400,328	764,745	416,348	2,690,644
Fund Balance - Ending	\$ 1,230,851	\$ 98,416	\$ 720,266	\$ 441,238	\$ 2,490,771

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2012

	Public Library Fund	Consolidated Lighting Fund	Fire Protection Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 282,523	\$ 43,712	\$ -
Prepaid items	25,904	-	-
Total Assets	<u>\$ 308,427</u>	<u>\$ 43,712</u>	<u>\$ -</u>
Liabilities and Fund Balance			
Liabilities:			
Accrued liabilities	\$ 28,190	\$ -	\$ -
Total Liabilities	<u>\$ 28,190</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:			
Nonspendable	\$ 25,904	\$ -	\$ -
Restricted	254,333	43,712	-
Total Fund Balances	<u>\$ 280,237</u>	<u>\$ 43,712</u>	<u>\$ -</u>
Total Liabilities and Fund Balances	<u>\$ 308,427</u>	<u>\$ 43,712</u>	<u>\$ -</u>

Parks Fund	Ambulance District Fund	Nonmajor Special Revenue Funds
\$ 117,289	\$ -	\$ 443,524
-	-	25,904
<u>\$ 117,289</u>	<u>\$ -</u>	<u>\$ 469,428</u>
\$ -	\$ -	\$ 28,190
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,190</u>
\$ -	\$ -	\$ 25,904
117,289	-	415,334
<u>\$ 117,289</u>	<u>\$ -</u>	<u>\$ 441,238</u>
<u>\$ 117,289</u>	<u>\$ -</u>	<u>\$ 469,428</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, 2012

	Public Library Fund	Consolidated Lighting Fund	Fire Protection Fund
Revenues:			
Real property and tax items	\$ 1,052,288	\$ 51,945	\$ 20,742
Departmental income	101,147	-	-
Use of money and property	1,707	37	-
Miscellaneous	7,589	-	-
Total Revenues	\$ 1,162,731	\$ 51,982	\$ 20,742
Expenditures:			
Current:			
Public safety	\$ -	\$ -	\$ 20,742
Transportation	-	55,324	-
Culture and recreation	906,640	-	-
Employee benefits	251,594	-	-
Total Expenditures	\$ 1,158,234	\$ 55,324	\$ 20,742
Excess (deficiency) of revenue over expenditures	\$ 4,497	\$ (3,342)	\$ -
Fund Balance - Beginning	275,740	47,054	-
Fund Balance - Ending	\$ 280,237	\$ 43,712	\$ -

Parks Fund	Ambulance District Fund	Total Nonmajor Special Revenue Funds
\$ 74,136	\$ 117,091	\$ 1,316,202
-	-	101,147
101	-	1,845
-	-	7,589
<u>\$ 74,237</u>	<u>\$ 117,091</u>	<u>\$ 1,426,783</u>
\$ -	\$ 117,091	\$ 137,833
-	-	55,324
50,502	-	957,142
-	-	251,594
<u>\$ 50,502</u>	<u>\$ 117,091</u>	<u>\$ 1,401,893</u>
\$ 23,735	\$ -	\$ 24,890
93,554	-	416,348
<u>\$ 117,289</u>	<u>\$ -</u>	<u>\$ 441,238</u>