

TOWN OF PITTSFORD

Monroe County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2013

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

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
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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, 2013, 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, 2013, 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, budgetary comparison information, and schedule of funding progress postemployment benefit plan on pages 3-12 and 44-47 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.

April 9, 2014

Raymond F. Wager, CPA, P.C.

Town of Pittsford, Monroe County, New York

Management's Discussion and Analysis (MD&A)

December 31, 2013

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, 2013. 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 2013 are as follows:

- ◆ On the government-wide financial statements, the total assets of the Town exceeded liabilities by \$59,136,914 (net position) a decrease of \$247,410. Of the current year amount, the unrestricted portion is \$8,824,654. 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 \$23,196,748, an increase of \$378,760 in comparison with the prior year. At the end of the current year, \$5,673,549 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 \$12,833,058 a decrease of \$283,192 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 \$14,301,428 or 88% of all revenues. Program specific revenues in the form of Charges for Services and Capital Grants and Contributions accounted for \$1,952,381 or 12% 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 three major individual governmental funds; General Fund, Highway Fund, and Highway Part-Town Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund. The Town has elected to report the General Part-Town Fund, the Capital Projects Fund, the Debt Service Fund, the Public Library Fund, the Consolidated Lighting Fund, the Consolidated Water Fund, the Fire Protection Fund, the Parks Fund, the Ambulance District Fund, and the Parkland Deposits and Incentive Zoning 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 \$59,136,914.

Net Position

The Town's combined net position was lower on December 31, 2013, than the year before as shown in table below:

	<u>2013</u>	<u>2012</u>	<u>% Variance</u>
<u>ASSETS</u>			
Current Assets	\$ 23,976,721	\$ 23,167,398	3.49%
Capital Assets, Net	<u>51,448,052</u>	<u>51,716,375</u>	-0.52%
Total Assets	<u>\$ 75,424,773</u>	<u>\$ 74,883,773</u>	0.72%
<u>LIABILITIES</u>			
Current Liabilities	\$ 905,102	\$ 480,909	88.21%
Noncurrent Liabilities	<u>15,382,757</u>	<u>15,018,540</u>	2.43%
Total Liabilities	<u>\$ 16,287,859</u>	<u>\$ 15,499,449</u>	5.09%
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 39,520,517	\$ 39,499,655	0.05%
Restricted Capital Reserves	4,338,568	4,144,377	4.69%
Restricted Debt Service	671,854	720,266	-6.72%
Restricted Special Districts	1,293,177	1,186,080	9.03%
Restricted Capital Projects	235,271	98,416	139.06%
Restricted General Reserve	3,841,932	4,255,108	-9.71%
Restricted Other Purposes	410,941	366,472	12.13%
Unrestricted	<u>8,824,654</u>	<u>9,113,950</u>	-3.17%
Total Net Position	<u>\$ 59,136,914</u>	<u>\$ 59,384,324</u>	-0.42%

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, Debt Service, Special Districts, Capital Projects, General Reserve, and Other Purposes which constitute 18% of total net position. The remaining balance of unrestricted net position, which is a surplus of \$8,824,654 (15%), may be used to finance future operations.

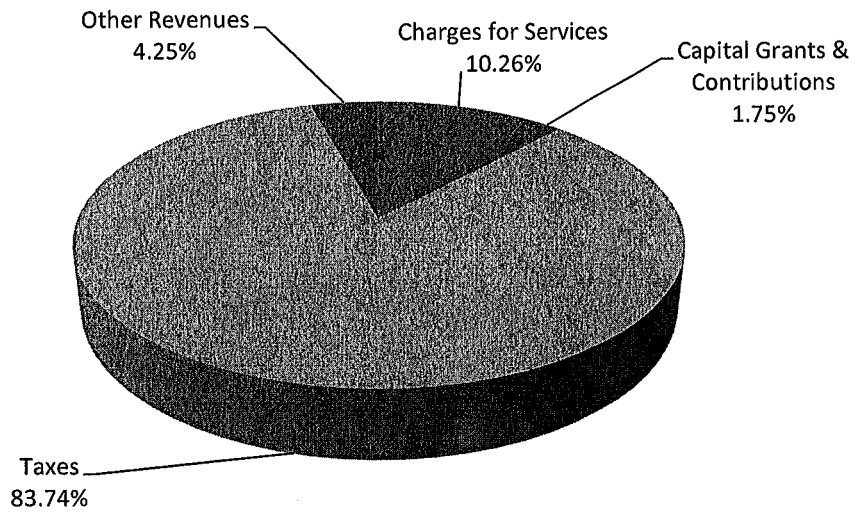
Changes in Net Position

The Town's total revenues were higher in 2013 than they were the year before, increasing to \$16,253,809. The Town relies upon taxes and charges for services as their primary revenue sources.

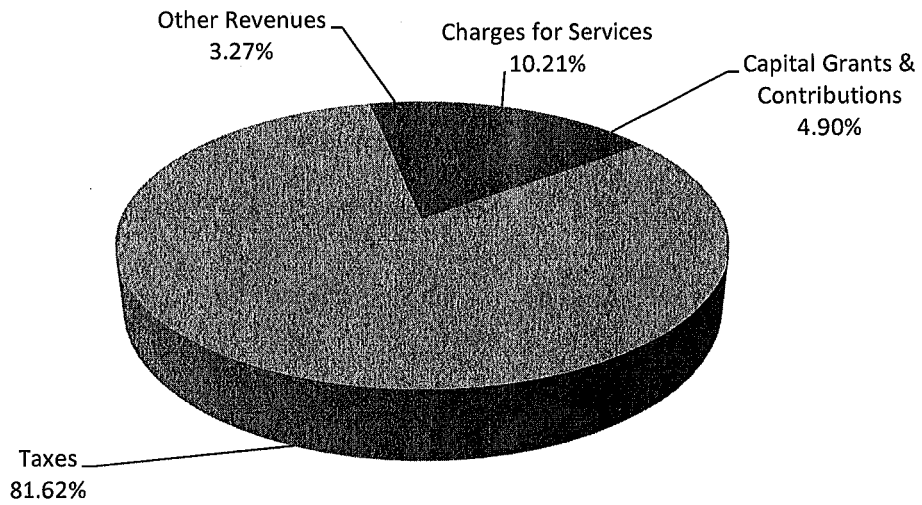
The Town's total expenditures were higher in 2013 than they were the year before, increasing to \$16,501,219. Expenditures incurred are distributed dependent on the Town's services. See table below:

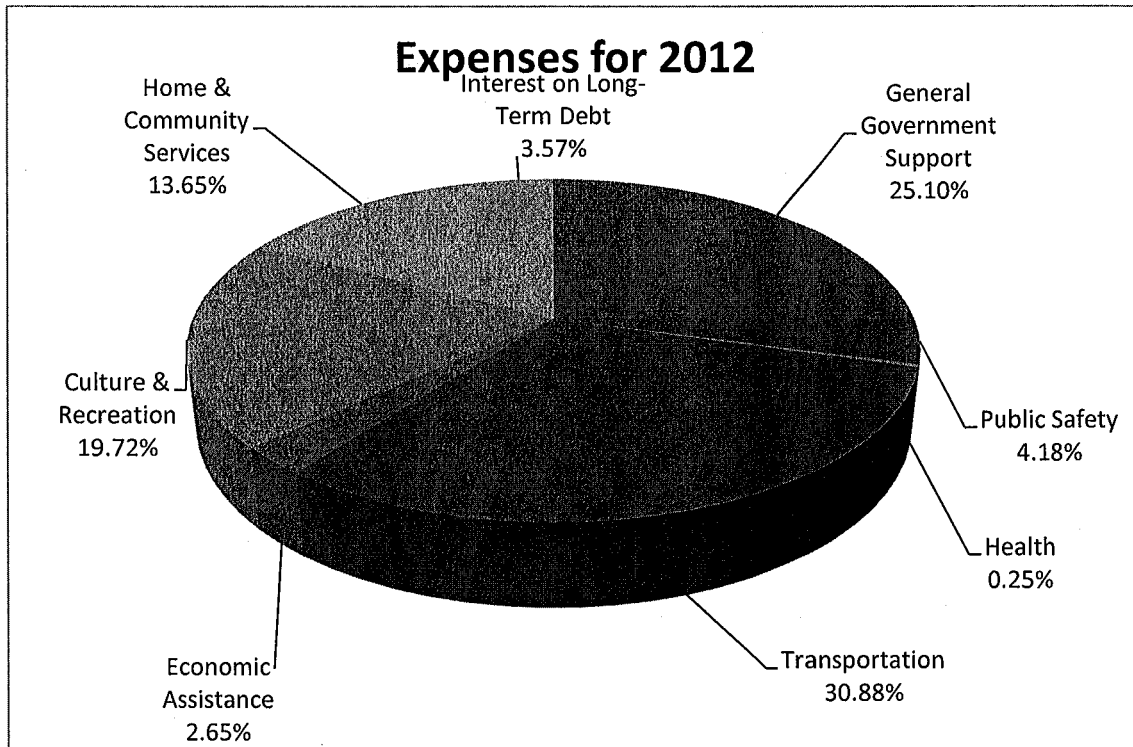
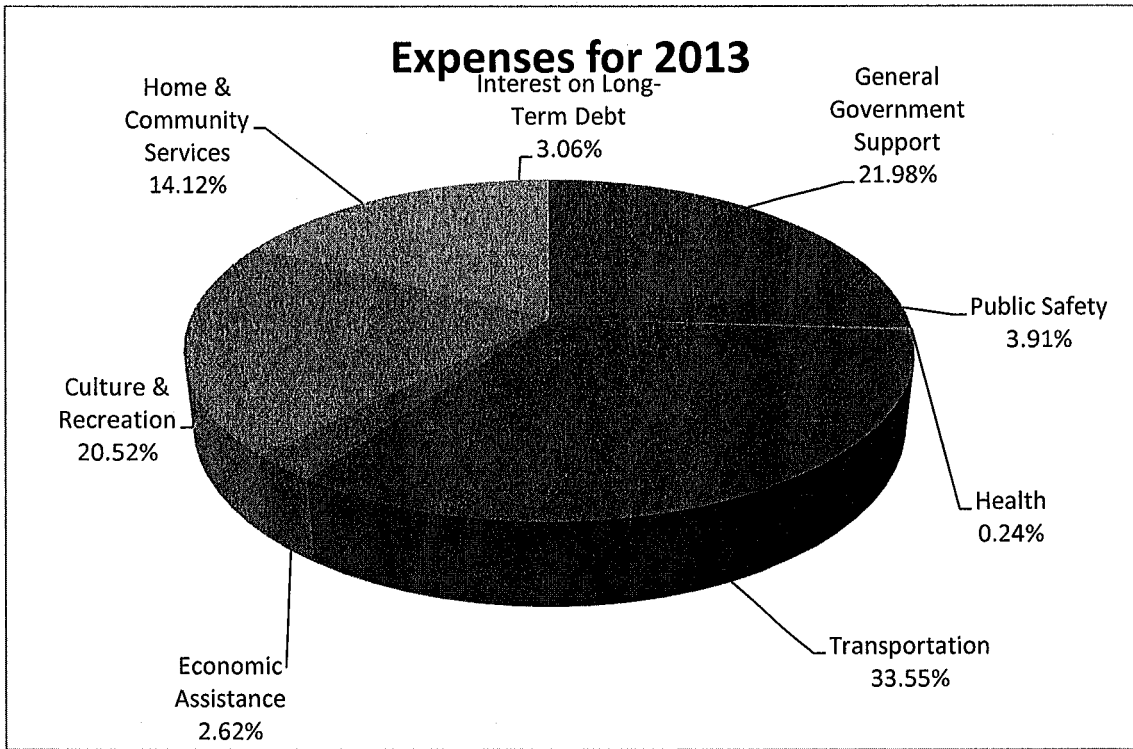
	<u>2013</u>	<u>2012</u>	<u>% Variance</u>
<u>Revenues:</u>			
Charges for Services	\$ 1,667,834	\$ 1,657,436	0.63%
Capital Grants & Contributions	284,547	795,654	-64.24%
Taxes	13,610,409	13,245,032	2.76%
Other Revenues	691,019	529,222	30.57%
Total Revenues	<u>\$ 16,253,809</u>	<u>\$ 16,227,344</u>	<u>0.16%</u>
<u>Expenditures:</u>			
General Government Support	\$ 3,626,883	\$ 3,700,705	-1.99%
Public Safety	644,777	615,939	4.68%
Health	38,908	37,045	5.03%
Transportation	5,535,899	4,552,287	21.61%
Economic Assistance	432,235	390,585	10.66%
Culture & Recreation	3,386,662	2,842,583	19.14%
Home & Community Services	2,330,191	2,012,001	15.81%
Interest on Long-Term Debt	505,664	525,699	-3.81%
Total Expenditures	<u>\$ 16,501,219</u>	<u>\$ 14,676,844</u>	<u>12.43%</u>
Change in Net Position	<u>\$ (247,410)</u>	<u>\$ 1,550,500</u>	<u>-115.96%</u>

Revenues for 2013



Revenues for 2012





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 \$23,196,748, which is more than last year's ending fund balance of \$22,817,988.

Of the total combined fund balances, \$279,162 has been designated for nonspendable fund balance, \$10,509,843 has been restricted, \$6,734,194 has been assigned, and the remaining unassigned balance of \$5,673,549 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 \$12,833,058, of which \$5,673,549 was unassigned. The fund balance for the Town of Pittsford's General Fund decreased by \$283,192 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-Transfers-In	\$240,029	Transfer from Equipment Capital Reserve to purchase equipment.
Highway Fund-Part-Town-State and County Aid	\$171,276	The Town does not budget for NYS CHIPS funding until the NYS budget has been 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- Transfers-Out	\$675,841	Authorized transfers from Townwide Reserves for equipment and capital projects.
Highway Fund-General Government Support	\$210,155	The Town appropriated funds from the Equipment Capital reserve to purchase highway equipment.
Highway Fund-Part-Town-Transportation	\$341,276	NYS CHIPS funding and funds appropriated from the Highway Improvement Capital Reserve for roadwork.

Revenue Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Fund-Sale of Property and Compensation for Loss	\$155,191	The Town sold equipment at auction for higher than anticipated returns.
General Fund-Miscellaneous	\$196,167	The Town received settlements on 2 class action lawsuits and grant funds for prior years' work on a park project.
General Fund-State and County Aid	\$262,378	Higher than projected Mortgage Tax receipts.
Highway Fund-Part-Town-Non-Property Taxes	\$847,978	Higher than projected Sales Tax receipts.
Expenditure Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Fund-General Government Support	\$412,457	Lower than projected salary expenses and cost savings realized throughout the year.
General Fund-Employee Benefits	\$173,678	Lower than projected increase in employee benefits.
General Fund-Transfers-Out	\$337,135	Deferred contribution to reserve accounts.
Highway Fund-Transportation	\$187,682	Lower than projected increase in employee benefits.

Capital Assets

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

	<u>2013</u>	<u>2012</u>
Land	\$ 6,045,366	\$ 6,045,366
Land Development Rights	11,513,343	11,513,343
Infrastructure	19,201,917	19,551,259
Buildings and Improvements	11,022,058	11,422,696
Machinery and Equipment	3,590,798	3,181,441
Work in Progress	74,570	2,270
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 51,448,052</u>	<u>\$ 51,716,375</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>2013</u>	<u>2012</u>
Serial and Statutory Bonds	\$ 11,598,156	\$ 12,216,720
OPEB	3,411,780	2,753,900
Installment Purchase Debt	329,379	-
Compensated Absences	43,442	47,920
Total	<u>\$ 15,382,757</u>	<u>\$ 15,018,540</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 has implemented a 2% property tax cap on all municipalities. While this does not influence the 2014 budget it could affect services in future year's budgets. The Town also is continuing to use fund balance to offset spending during 2014. This will result in lower fund balances at year's end if additional cost savings or revenues are not identified during the year.

The Town is reviewing the possible refunding of a 2004 Public Improvement Bond, which could give cost savings over the original bond payment schedule.

The Town continues to monitor the upturn in mortgage rates which could lead to less refinancing of existing mortgages and lower Mortgage Tax Receipts.

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, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 22,475,956
Investments	68,156
Accounts receivable, net	742,506
Prepaid items	279,162
Capital assets:	
Land and work in progress	17,633,279
Other capital assets, net of depreciation	33,814,773
TOTAL ASSETS	<u>\$ 75,013,832</u>
 LIABILITIES	
Accounts payable and other current liabilities	\$ 10,931
Accrued liabilities	391,180
Unearned revenue	92,050
Noncurrent liabilities:	
Due in one year	723,352
Due in more than one year	14,659,405
TOTAL LIABILITIES	<u>\$ 15,876,918</u>
 NET POSITION	
Net investment in capital assets	\$ 39,520,517
Restricted for:	
Capital reserves	4,338,568
Debt service	671,854
Special districts	1,293,177
Capital projects	235,271
General reserve	3,841,932
Other purposes	410,941
Unrestricted	8,824,654
TOTAL NET POSITION	<u>\$ 59,136,914</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, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Capital</u>	<u>Revenue and</u>
				<u>Services</u>
			<u>Contributions</u>	<u>Changes in</u>
				<u>Net Position</u>
				<u>Primary</u>
				<u>Government</u>
				<u>Governmental</u>
				<u>Activities</u>
Primary Government:				
Governmental Activities:				
General government support	\$ 3,626,883	\$ 6,823	\$ 113,271	\$ (3,506,789)
Public safety	644,777	258,152	-	(386,625)
Health	38,908	-	-	(38,908)
Transportation	5,535,899	500,016	171,276	(4,864,607)
Economic assistance and opportunity	432,235	-	-	(432,235)
Culture and recreation	3,386,662	855,203	-	(2,531,459)
Home and community services	2,330,191	47,640	-	(2,282,551)
Interest on long-term debt	505,664	-	-	(505,664)
Total Governmental Activities	<u>\$ 16,501,219</u>	<u>\$ 1,667,834</u>	<u>\$ 284,547</u>	<u>\$ (14,548,838)</u>
Total Primary Government	<u>\$ 16,501,219</u>	<u>\$ 1,667,834</u>	<u>\$ 284,547</u>	<u>\$ (14,548,838)</u>
General Revenues:				
Taxes:				
Property taxes				\$ 9,366,140
Non-property taxes				3,190,529
Mortgage tax				1,053,740
Compensation for loss				235,918
Investment earnings				201,221
Miscellaneous				253,880
Total General Revenues				<u>\$ 14,301,428</u>
Change in Net Position				\$ (247,410)
Net Position - Beginning (restated)				<u>59,384,324</u>
Net Position - Ending				<u>\$ 59,136,914</u>

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

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2013

	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Highway Fund	Highway Fund Part-Town		
Assets					
Cash and cash equivalents	\$ 12,893,251	\$ 1,932,712	\$ 2,749,325	\$ 4,900,668	\$ 22,475,956
Investments	-	-	68,156	-	68,156
Receivables, net	2,824	-	-	5,559	8,383
Due from other governments, net	27,336	-	585,000	121,787	734,123
Prepaid items	118,419	46,227	53,602	60,914	279,162
Total Assets	\$ 13,041,830	\$ 1,978,939	\$ 3,456,083	\$ 5,088,928	\$ 23,565,780
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and other current liabilities	\$ 7,852	\$ 759	\$ 591	\$ 1,729	\$ 10,931
Accrued liabilities	108,870	82,989	10,156	64,036	266,051
Unearned revenue	92,050	-	-	-	92,050
Total Liabilities	\$ 208,772	\$ 83,748	\$ 10,747	\$ 65,765	\$ 369,032
Fund Balances:					
Nonspendable	\$ 118,419	\$ 46,227	\$ 53,602	\$ 60,914	\$ 279,162
Restricted	5,839,954	-	1,121,755	3,548,134	10,509,843
Assigned	1,201,136	1,848,964	2,269,979	1,414,115	6,734,194
Unassigned	5,673,549	-	-	-	5,673,549
Total Fund Balances	\$ 12,833,058	\$ 1,895,191	\$ 3,445,336	\$ 5,023,163	\$ 23,196,748
Total Liabilities and Fund Balances	\$ 13,041,830	\$ 1,978,939	\$ 3,456,083	\$ 5,088,928	

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.	51,448,052
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(125,129)
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	(11,598,156)
Installment Purchase Debt	(329,379)
OPEB Liability	(3,411,780)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position.	(43,442)

Net Position of Governmental Activities

\$ 59,136,914

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

Governmental Funds

For the Year Ended December 31, 2013

	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Highway Fund	Highway Fund Part-Town		
Revenues:					
Real property and tax items	\$ 4,185,754	\$ 1,645,298	\$ 1,071,903	\$ 2,463,185	\$ 9,366,140
Non-property taxes	449,884	-	1,834,640	906,005	3,190,529
Departmental income	733,342	-	-	187,595	920,937
Intergovernmental charges	85,057	401,252	13,349	7,800	507,458
Use of money and property	167,178	16,698	8,447	8,898	201,221
Licenses and permits	30,774	-	-	86,949	117,723
Fines and forfeitures	121,716	-	-	-	121,716
Sale of property and compensation for loss	156,691	1,097	-	78,130	235,918
Miscellaneous	223,717	358	100	29,705	253,880
Interfund revenues	26,692	-	-	-	26,692
State and county aid	1,167,011	-	171,276	-	1,338,287
Total Revenues	\$ 7,347,816	\$ 2,064,703	\$ 3,099,715	\$ 3,768,267	\$ 16,280,501
Expenditures:					
Current:					
General government support	\$ 2,498,628	\$ 506,296	\$ -	\$ 238,348	\$ 3,243,272
Public safety	185,293	-	-	288,529	473,822
Health	35,133	2,125	940	710	38,908
Transportation	127,744	1,254,984	2,124,490	58,120	3,565,338
Economic assistance and opportunity	339,683	-	-	-	339,683
Culture and recreation	1,360,200	-	-	1,061,546	2,421,746
Home and community services	253,145	-	-	1,534,001	1,787,146
Employee benefits	1,263,576	537,508	731,637	697,886	3,230,607
Debt Service:					
Debt service - principal	82,752	-	-	618,564	701,316
Debt service - interest and other charges	2,426	-	-	509,608	512,034
Total Expenditures	\$ 6,148,580	\$ 2,300,913	\$ 2,857,067	\$ 5,007,312	\$ 16,313,872
Excess (deficiency) of revenue over expenditures	\$ 1,199,236	\$ (236,210)	\$ 242,648	\$ (1,239,045)	\$ (33,371)
Other Financing Sources and Uses:					
Transfers - in	\$ 108,551	\$ 240,029	\$ -	\$ 1,389,419	\$ 1,737,999
Transfers - out	(1,590,979)	(29,874)	-	(117,146)	(1,737,999)
Installment purchase debt	-	-	-	412,131	412,131
Total Other Financing Sources and Uses	\$ (1,482,428)	\$ 210,155	\$ -	\$ 1,684,404	\$ 412,131
Net change in fund balances	\$ (283,192)	\$ (26,055)	\$ 242,648	\$ 445,359	\$ 378,760
Fund Balance - Beginning (restated)	13,116,250	1,921,246	3,202,688	4,577,804	22,817,988
Fund Balance - Ending	\$ 12,833,058	\$ 1,895,191	\$ 3,445,336	\$ 5,023,163	\$ 23,196,748

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

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds		\$ 378,760
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay	\$ 72,300	
Addition of assets	2,241,409	
Gain/(Loss) on sale of assets	(145,047)	
Depreciation	<u>(2,436,985)</u>	(268,323)
<p>Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:</p>		
Debt repayment	\$ 701,316	
Proceeds from installment purchase debt	<u>(412,131)</u>	289,185
<p>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.</p>		
		(657,880)
<p>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.</p>		
		4,478
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		<u>6,370</u>
Change in Net Position of Governmental Activities		<u><u>\$ (247,410)</u></u>

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, 2013

	Agency Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 41,047
	<u> </u>
TOTAL ASSETS	<u><u> </u></u> \$ 41,047
LIABILITIES	
Accounts payable	\$ 818
Other liabilities	40,229
	<u> </u>
TOTAL LIABILITIES	<u><u> </u></u> \$ 41,047

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, 2013

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.

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.

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.

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

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

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:

Public Library Fund	Consolidated Lighting Fund
Consolidated Sewer Fund	Fire Protection Fund
Parks Fund	Ambulance District Fund
Parkland Deposits/Incentive	Zoning Funds

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.

(I.) (Continued)

b. Accrual

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

C. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

Investments are stated at cost, which approximates market value.

2. Receivables

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

(I.) (Continued)

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.

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.

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

b. **Financial Statements –Fund Balance**

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

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

(I.) (Continued)

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.

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.

(I.) (Continued)

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. Recently Issued Accounting Pronouncements

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 GASB has issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, which will be effective for the year ending December 31, 2014.

The GASB has issued Statement No. 71, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No. 68*, which will be effective for the year ending December 31, 2015.

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.)

(I.) (Continued)

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

2. **Budget Basis of Accounting**

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

3. **Revenue Restrictions**

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

B. **Deposit and Investment Laws and Regulations**

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

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

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

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

A. **Cash and Cash Equivalents**

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	21,559,609
Total	<u>\$ 21,559,609</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 \$10,334,173 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)	<u>\$ 68,156</u>	<u>\$ 68,156</u>

C. Receivables

Receivables at December 31, 2013 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	\$ 2,824	\$ -	\$ 5,559	\$ 8,383
Total Accounts Receivable	<u>\$ 2,824</u>	<u>\$ -</u>	<u>\$ 5,559</u>	<u>\$ 8,383</u>
<u>Due From Other Governments</u>				
Sales Tax	\$ 26,410	\$ 585,000	\$ 121,787	\$ 733,197
Other Services	926	-	-	926
Total Due From Other Governments	<u>\$ 27,336</u>	<u>\$ 585,000</u>	<u>\$ 121,787</u>	<u>\$ 734,123</u>

D. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2013 were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 108,551	\$ 1,590,979
Consolidated Sewer	117,146	117,127
Debt Service	1,052,273	19
Capital Fund	220,000	-
Highway Fund	240,029	29,874
Total	<u>\$ 1,737,999</u>	<u>\$ 1,737,999</u>

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 Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>01/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>
<u>Capital assets not being Depreciated:</u>				
Land	\$ 6,045,366	\$ -	\$ -	\$ 6,045,366
Land Development Rights	11,513,343	-	-	11,513,343
Work in progress	2,270	72,300	-	74,570
<i>Total capital assets not being depreciated</i>	<u>\$ 17,560,979</u>	<u>\$ 72,300</u>	<u>\$ -</u>	<u>\$ 17,633,279</u>
<u>Other capital assets:</u>				
Buildings and land improvements	\$ 17,635,559	\$ 29,479	\$ -	\$ 17,665,038
Machinery and equipment	6,704,986	1,386,892	(1,037,747)	7,054,131
Infrastructure	60,548,058	825,038	(1,269,202)	60,103,894
<i>Total other capital assets at historical cost</i>	<u>\$ 84,888,603</u>	<u>\$ 2,241,409</u>	<u>\$ (2,306,949)</u>	<u>\$ 84,823,063</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 6,212,863	\$ 430,117	\$ -	\$ 6,642,980
Machinery and equipment	3,523,545	832,488	(892,700)	3,463,333
Infrastructure	40,996,799	1,174,380	(1,269,202)	40,901,977
<i>Total accumulated depreciation</i>	<u>\$ 50,733,207</u>	<u>\$ 2,436,985</u>	<u>\$ (2,161,902)</u>	<u>\$ 51,008,290</u>
<i>Other capital assets, net</i>	<u>\$ 34,155,396</u>	<u>\$ (195,576)</u>	<u>\$ (145,047)</u>	<u>\$ 33,814,773</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 51,716,375</u>	<u>\$ (123,276)</u>	<u>\$ (145,047)</u>	<u>\$ 51,448,052</u>

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

General Government	\$ 89,543
Public Safety	10,446
Transportation	1,503,145
Economic Assistance and Opportunity	6,041
Culture and Recreation	286,555
Home and Community Service	541,255
Total Depreciation Expense	<u><u>\$ 2,436,985</u></u>

F. Long-Term Debt

At December 31, 2013 the total outstanding obligations of the Town aggregated \$15,382,757 as follows:

Serial Bonds	\$ 11,598,156
OPEB	3,411,780
Installment Purchase Debt	329,379
Compensated Absences	43,442
Total	<u><u>\$ 15,382,757</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, 2013 is as follows:

Interest expense reported on the Statement of Revenues	\$ 512,034
Expenditures, and Changes in Fund Balances	(131,499)
Prior year accrued interest	125,129
Current year accrued interest	505,664
Interest expense - Statement of Activities	\$ 505,664

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, 2013:

	Balance 01/01/13	Additions	Deletions	Balance 12/31/13	Classified As	
					Current	Non-Current
Serial and Statutory Bonds	\$ 12,216,720	-	\$ 618,564	\$ 11,598,156	\$ 631,816	\$ 10,966,340
OPEB	2,753,900	657,880	-	3,411,780	-	3,411,780
Installment Purchase Debt	-	412,131	82,752	329,379	80,675	248,704
Compensated Absences	47,920	-	4,478	43,442	10,861	32,581
Total Obligations	\$ 15,018,540	\$ 1,070,011	\$ 705,794	\$ 15,382,757	\$ 723,352	\$ 14,659,405

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 12/31/2013</u>
<u>Serial Bonds</u>					
Sweeny/Royal Coach	12/89	\$ 1,662,500	6.70%	12/14	\$ 65,000
Pittsford Hill Sewer	08/98	\$ 190,000	5.00%	08/17	40,000
Purchase of Development Rights (PDR)	09/09	\$ 5,475,000	3.29%	09/23	3,950,000
Public Improvement	04/05	\$ 9,000,000	4.13%	04/34	7,475,000
<u>Statutory Bonds</u>					
Pittsford Sewer District - 29 & 29a Sewer	06/04	\$ 129,500	4.00%	06/23	68,156
Total Bonds					\$ 11,598,156
<u>Installment Purchase</u>					
Tub Grinder Wood Composter	01/13	\$ 412,131	1.37%	06/17	\$ 329,379

6. The following table summarizes the Town's future debt service requirements as of December 31, 2013:

<u>Year</u>	<u>Bonds</u>	<u>Installment Purchase Debt</u>	<u>Total Interest</u>
2014	\$ 631,815	\$ 80,675	\$ 490,860
2015	591,816	81,778	462,131
2016	616,816	82,896	436,729
2017	641,815	84,030	408,550
2018	656,814	-	377,442
2019-23	3,754,080	-	1,424,283
2024-28	1,875,000	-	795,516
2029-33	2,305,000	-	363,453
2034	525,000	-	11,156
Total	\$ 11,598,156	\$ 329,379	\$ 4,770,120

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. \$4,100,000 of bonds outstanding are considered defeased.

G. Fund Balances/Net Position

1. Fund Balances

a. Nonspendable

The Town has the following nonspendable fund:

(III.) (Continued)

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

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, 2013 is \$671,854 and \$53,215 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.

(III.) (Continued)

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.

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	\$ 541,378
Whole Town Office Equipment	385,335
Building Maintenance	1,071,309
<u>General Fund Part-Town</u>	
Part-Town Equipment	56,606
Part-Town Office Equipment	31,563
<u>Highway Fund Part-Town</u>	
Highway Part-Town Improvements	1,121,755
<u>Consolidated Sewer Fund</u>	
Sewer Equipment	197,711
PSD Office Equipment	38,624
Trunk Sewer	894,287
Total Capital Reserve	<u>\$ 4,338,568</u>

General Fund – General Reserve - The following is a summary of the General Fund – General Reserves at December 31, 2013:

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.

(III.) (Continued)

<u>Fund</u>	<u>Amount</u>
General Reserve	\$ 2,951,333
Pittsford 2000	890,599
Total General Reserve	<u><u>\$ 3,841,932</u></u>

c. Assigned

The Town has the following assigned funds:

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

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

Significant encumbrances for the general fund, management has determined that amounts in excess of \$21,700 are considered significant and are summarized below:

- There were no significant encumbrances in the General Fund

The Capital Projects Fund has \$155,573 in encumbrances which will be utilized for capital additions.

The Highway Fund reported \$73,786 in encumbrances for snow removal.

The Highway Part Town Fund reported \$127,148 in encumbrances for maintenance of roads and equipment.

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

(III.) (Continued)

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:

<u>FUND BALANCE:</u>	<u>General Fund</u>	<u>Townwide Highway Fund</u>	<u>Highway Part-Town Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<u>Nonspendable -</u>						
Prepaid items	\$ 118,419	\$ 46,227	\$ 53,602	\$ 14,285	\$ 46,629	\$ 279,162
Total Nonspendable	\$ 118,419	\$ 46,227	\$ 53,602	\$ 14,285	\$ 46,629	\$ 279,162
<u>Restricted -</u>						
General reserve	\$ 2,951,333	\$ -	\$ -	\$ -	\$ -	\$ 2,951,333
Pittsford 2000	890,599	-	-	-	-	890,599
Equipment	541,378	-	-	-	-	541,378
Office equipment	385,335	-	-	-	-	385,335
Building maintenance	1,071,309	-	-	-	-	1,071,309
Road improvements	-	-	1,121,755	-	-	1,121,755
Sewer improvements	-	-	-	-	197,711	197,711
Sewer office equipment	-	-	-	-	38,624	38,624
Sewer repairs	-	-	-	-	894,287	894,287
Debt	-	-	-	671,854	-	671,854
Part-Town equipment	-	-	-	56,606	-	56,606
Part-Town office equipment	-	-	-	31,563	-	31,563
Library	-	-	-	-	258,886	258,886
Parks	-	-	-	-	121,837	121,837
Street lighting	-	-	-	-	47,124	47,124
Consolidated sewer	-	-	-	-	818,701	818,701
Parkland deposits/ incentive zoning	-	-	-	-	410,941	410,941
Total Restricted	\$ 5,839,954	\$ -	\$ 1,121,755	\$ 760,023	\$ 2,788,111	\$ 10,509,843
<u>Assigned -</u>						
Appropriated for taxes	\$ 1,158,508	\$ 320,000	\$ 550,000	\$ 428,235	\$ -	\$ 2,456,743
Capital improvements	-	-	-	79,698	-	79,698
Part-Town fund equity	-	-	-	737,259	-	737,259
General government support	30,418	-	-	-	-	30,418
Public safety	202	-	-	1,028	-	1,230
Transportation	1,525	1,528,964	1,719,979	1,310	-	3,251,778
Economic opportunity and development	3,144	-	-	-	-	3,144
Culture and recreation	6,784	-	-	147,788	-	154,572
Home and community service	555	-	-	18,797	-	19,352
Total Assigned	\$ 1,201,136	\$ 1,848,964	\$ 2,269,979	\$ 1,414,115	\$ -	\$ 6,734,194
<u>Unassigned</u>	<u>\$ 5,673,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,673,549</u>
TOTAL FUND BALANCE	\$ 12,833,058	\$ 1,895,191	\$ 3,445,336	\$ 2,188,423	\$ 2,834,740	\$ 23,196,748

(III.) (Continued)

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

The following restricted fund balances have monies appropriated for 2014 taxes:

	<u>Total</u>
Consolidated Lighting	\$ 10,770
Public Library	45,000
Consolidated Sewer	<u>110,330</u>
Total Special District	
Appropriated for Taxes	<u>\$ 166,100</u>

2. Net Position

a. Restricted for Special Districts

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

<u>Fund</u>	<u>Amount</u>
Consolidated Lighting	\$ 47,124
Consolidated Sewer	841,704
Parks Fund	121,837
Library Fund	<u>282,512</u>
Total Restricted for Special	
Districts	<u>\$ 1,293,177</u>

b. Restricted for Other Purposes

On the Statement of Net Position, the following balances represent the restricted for other purposes:

	<u>Amount</u>
Parkland Deposits	\$ 395,937
Incentive Zoning	<u>15,004</u>
Total Restricted	
for Other Purposes	<u>\$ 410,941</u>

IV. Other Notes:

A. Employee Pension and Other Benefit Plans

1. Pension Plans

Plan Description

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

Funding Policy

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

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

	<u>ERS</u>
2013	\$ 1,104,323
2012	\$ 1,004,566
2011	\$ 867,190

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.

(IV.) (Continued)

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		(83,168)
Annual OPEB cost (expense)	\$	943,356
Contributions made		285,476
Increase in net OPEB obligation	\$	657,880
Net OPEB obligation - beginning of year		2,753,900
Net OPEB obligation - end of year	\$	<u>3,411,780</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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
12/31/2013	\$ 943,356	30.3%	\$ 3,411,780

(IV.) (Continued)

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$11,617,522, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$11,617,522. The covered payroll (annual payroll of active employees covered by the plan) was \$6,304,127, and the ratio of the UAAL to the covered payroll was 184.3%.

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, the 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, 2013, was twenty-four years.

B. Risk Management

1. General Information

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

2. Dental Plan

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

(IV.) (Continued)

A reconciliation of the claims recorded for 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Beginning liabilities	\$ -	\$ -
Incurred claims	93,383	98,842
Claims payments	(93,383)	(98,842)
Ending liabilities	\$ -	\$ -

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

	<u>2013</u>	<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>
Contribution Revenue	\$ 93,383	\$ 98,842	\$ 98,517	\$ 93,986	\$ 103,682	\$ 104,242	\$ 103,160	\$ 96,807	\$ 78,462	\$ 93,809
Actual Claims Expense	\$ 93,383	\$ 98,842	\$ 98,517	\$ 93,986	\$ 103,682	\$ 104,775	\$ 103,244	\$ 97,718	\$ 77,550	\$ 94,923

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.

(IV.) (Continued)

2. Lease Commitments and Leased Assets

The Town leases property and equipment under operating leases. Total rental expenditures on such leases for the year ended December 31, 2013, were approximately \$197,916. The maximum future non-cancelable operating lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 197,917
2015	197,917
2016	197,917
2017	197,917
2018	112,739
2019-23	563,693
Total	\$ 1,468,100

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.

V. Restatement of Net Position and Fund Balance:

Pursuant to a recommendation from NYS Audit and Control, the Park Land Deposits and Incentive Zoning have been reclassified to a Special Revenue Fund. This fund was previously reported in the Trust and Agency Fund. Therefore, the following restatement was made as of December 31, 2012:

	<u>Government-Wide Statements</u>	<u>Parkland Deposits/ Incentive Zoning Fund</u>
Net position/fund balance as previously reported at December 31, 2012	\$ 59,017,852	\$ -
Report parkland deposits as special revenue funds	366,472	366,472
Net position/fund balance as restated at December 31, 2012	\$ 59,384,324	\$ 366,472

Required Supplemental Information
TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK
Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)
For Year Ended December 31, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
December 31, 2008	\$ -	\$ 6,172,476	0.00%	\$ 6,172,476	\$ 6,150,005	100.37%
2009	\$ -	\$ 6,172,476	0.00%	\$ 6,172,476	\$ 6,322,160	97.63%
2010	\$ -	\$ 6,172,476	0.00%	\$ 6,172,476	\$ 6,277,029	98.33%
2011	\$ -	\$ 11,617,522	0.00%	\$ 11,617,522	\$ 6,273,221	185.19%
2012	\$ -	\$ 11,617,522	0.00%	\$ 11,617,522	\$ 6,327,990	183.59%
2013	\$ -	\$ 11,617,522	0.00%	\$ 11,617,522	\$ 6,304,127	184.28%

Required Supplementary Information
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, 2013

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 4,165,147	\$ 4,165,147	\$ 4,185,754	\$ -	\$ 20,607
Non-property taxes	448,400	448,400	449,884	-	1,484
Departmental income	682,650	682,650	733,342	-	50,692
Intergovernmental charges	112,049	112,049	85,057	-	(26,992)
Use of money and property	158,579	158,579	167,178	-	8,599
Licenses and permits	33,060	33,060	30,774	-	(2,286)
Fines and forfeitures	105,000	105,000	121,716	-	16,716
Sale of property and compensation for loss	1,500	1,500	156,691	-	155,191
Miscellaneous	23,750	27,550	223,717	-	196,167
Interfund revenues	16,000	16,000	26,692	-	10,692
State and county aid	900,000	904,633	1,167,011	-	262,378
Total Revenues	\$ 6,646,135	\$ 6,654,568	\$ 7,347,816	\$ -	\$ 693,248
Expenditures:					
Current:					
General government support	\$ 2,931,648	\$ 2,941,503	\$ 2,498,628	\$ 30,418	\$ 412,457
Public safety	199,155	199,155	185,293	202	13,660
Health	36,098	36,098	35,133	-	965
Transportation	149,337	151,737	127,744	1,525	22,468
Economic assistance and opportunity	397,174	397,174	339,683	3,144	54,347
Culture and recreation	1,422,624	1,446,424	1,360,200	6,784	79,440
Home and community services	355,551	270,373	253,145	555	16,673
Employee benefits	1,437,254	1,437,254	1,263,576	-	173,678
Debt Service:					
Debt service - principal	-	82,752	82,752	-	-
Debt service - interest and other charges	-	2,426	2,426	-	-
Total Expenditures	\$ 6,928,841	\$ 6,964,896	\$ 6,148,580	\$ 42,628	\$ 773,688
Excess (deficiency) of revenue over expenditures	<u>\$ (282,706)</u>	<u>\$ (310,328)</u>	<u>\$ 1,199,236</u>	<u>\$ (42,628)</u>	<u>\$ 1,466,936</u>
Other Financing Sources and Uses:					
Transfers - in	\$ 200,000	\$ 200,000	\$ 108,551	\$ -	\$ (91,449)
Transfers - out	<u>(1,252,273)</u>	<u>(1,928,114)</u>	<u>(1,590,979)</u>	<u>-</u>	<u>337,135</u>
Total Other Financing Sources and Uses	\$ (1,052,273)	\$ (1,728,114)	\$ (1,482,428)	\$ -	\$ 245,686
Net change in fund balances	\$ (1,334,979)	\$ (2,038,442)	\$ (283,192)	\$ (42,628)	\$ 1,712,622
Fund Balance - Beginning	<u>13,116,250</u>	<u>13,116,250</u>	<u>13,116,250</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	\$ 11,781,271	\$ 11,077,808	\$ 12,833,058	\$ (42,628)	\$ 1,712,622

Required Supplementary Information
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, 2013

HIGHWAY FUND

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,645,298	\$ 1,645,298	\$ 1,645,298	\$ -	\$ -
Intergovernmental charges	396,335	396,335	401,252	-	4,917
Use of money and property	13,000	13,000	16,698	-	3,698
Sale of property and compensation for loss	-	-	1,097	-	1,097
Miscellaneous	-	-	358	-	358
Total Revenues	\$ 2,054,633	\$ 2,054,633	\$ 2,064,703	\$ -	\$ 10,070
Expenditures:					
Current:					
General government support	\$ 296,189	\$ 506,344	\$ 506,296	\$ -	\$ 48
Health	2,345	2,345	2,125	-	220
Transportation	1,516,452	1,516,452	1,254,984	73,786	187,682
Employee benefits	626,828	626,828	537,508	-	89,320
Total Expenditures	\$ 2,441,814	\$ 2,651,969	\$ 2,300,913	\$ 73,786	\$ 277,270
Excess (deficiency) of revenue over expenditures	\$ (387,181)	\$ (597,336)	\$ (236,210)	\$ (73,786)	\$ 287,340
Other Financing Sources and Uses:					
Transfers - in	\$ -	\$ -	\$ 240,029	\$ -	\$ 240,029
Transfers - out	-	(29,874)	(29,874)	-	-
Total Other Financing Sources and Uses	\$ -	\$ (29,874)	\$ 210,155	\$ -	\$ 240,029
Net change in fund balances	\$ (387,181)	\$ (627,210)	\$ (26,055)	\$ (73,786)	\$ 527,369
Fund Balance - Beginning	1,921,246	1,921,246	1,921,246	-	-
Fund Balance - Ending	\$ 1,534,065	\$ 1,294,036	\$ 1,895,191	\$ (73,786)	\$ 527,369

Required Supplementary Information
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, 2013

HIGHWAY FUND - PART-TOWN

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,071,903	\$ 1,071,903	\$ 1,071,903	\$ -	\$ -
Non-property taxes	986,662	986,662	1,834,640	-	847,978
Intergovernmental charges	5,000	5,000	13,349	-	8,349
Use of money and property	6,550	6,550	8,447	-	1,897
Miscellaneous	-	-	100	-	100
State and county aid	-	171,276	171,276	-	-
Total Revenues	\$ 2,070,115	\$ 2,241,391	\$ 3,099,715	\$ -	\$ 858,324
Expenditures:					
Current:					
Health	\$ 2,230	\$ 2,230	\$ 940	\$ -	\$ 1,290
Transportation	1,951,563	2,292,839	2,124,490	127,148	41,201
Employee benefits	784,484	764,484	731,637	-	32,847
Total Expenditures	\$ 2,738,277	\$ 3,059,553	\$ 2,857,067	\$ 127,148	\$ 75,338
Excess (deficiency) of revenue over expenditures	\$ (668,162)	\$ (818,162)	\$ 242,648	\$ (127,148)	\$ 933,662
Fund Balance - Beginning	3,202,688	3,202,688	3,202,688	-	-
Fund Balance - Ending	\$ 2,534,526	\$ 2,384,526	\$ 3,445,336	\$ (127,148)	\$ 933,662

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

	General Fund Part-Town	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,155,818	\$ 235,271	\$ 671,854	\$ 2,837,725	\$ 4,900,668
Receivables, net	5,559	-	-	-	5,559
Due from other governments, net	121,787	-	-	-	121,787
Prepaid items	14,285	-	-	46,629	60,914
Total Assets	\$ 1,297,449	\$ 235,271	\$ 671,854	\$ 2,884,354	\$ 5,088,928
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and other current liabilities	\$ 807	\$ -	\$ -	\$ 922	\$ 1,729
Accrued liabilities	15,344	-	-	48,692	64,036
Total Liabilities	\$ 16,151	\$ -	\$ -	\$ 49,614	\$ 65,765
Fund Balances:					
Nonspendable	\$ 14,285	\$ -	\$ -	\$ 46,629	\$ 60,914
Restricted	88,169	-	671,854	2,788,111	3,548,134
Assigned	1,178,844	235,271	-	-	1,414,115
Total Fund Balances	\$ 1,281,298	\$ 235,271	\$ 671,854	\$ 2,834,740	\$ 5,023,163
Total Liabilities and Fund Balances	\$ 1,297,449	\$ 235,271	\$ 671,854	\$ 2,884,354	\$ 5,088,928

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, 2013

	<u>General Fund Part-Town</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Real property and tax items	\$ -	\$ -	\$ 26,211	\$ 2,436,974	\$ 2,463,185
Non-property taxes	906,005	-	-	-	906,005
Departmental income	44,554	-	-	143,041	187,595
Intergovernmental charges	7,800	-	-	-	7,800
Use of money and property	2,043	-	1,295	5,560	8,898
Licenses and permits	84,039	-	-	2,910	86,949
Sale of property and compensation for loss	32,893	-	-	45,237	78,130
Miscellaneous	8,124	-	-	21,581	29,705
Total Revenues	<u>\$ 1,085,458</u>	<u>\$ -</u>	<u>\$ 27,506</u>	<u>\$ 2,655,303</u>	<u>\$ 3,768,267</u>
Expenditures:					
Current:					
General government support	\$ 160,515	\$ -	\$ -	\$ 77,833	\$ 238,348
Public safety	162,539	-	-	125,990	288,529
Health	-	-	-	710	710
Transportation	-	4,370	-	53,750	58,120
Culture and recreation	-	72,300	-	989,246	1,061,546
Home and community services	543,587	418,606	-	571,808	1,534,001
Employee benefits	168,370	-	-	529,516	697,886
Debt Service:					
Debt service - principal	-	-	618,564	-	618,564
Debt service - interest and other charges	-	-	509,608	-	509,608
Total Expenditures	<u>\$ 1,035,011</u>	<u>\$ 495,276</u>	<u>\$ 1,128,172</u>	<u>\$ 2,348,853</u>	<u>\$ 5,007,312</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 50,447</u>	<u>\$ (495,276)</u>	<u>\$ (1,100,666)</u>	<u>\$ 306,450</u>	<u>\$ (1,239,045)</u>
Other Financing Sources and Uses:					
Transfers - in	\$ -	\$ 220,000	\$ 1,052,273	\$ 117,146	\$ 1,389,419
Transfers - out	-	-	(19)	(117,127)	(117,146)
Installment purchase debt	-	412,131	-	-	412,131
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ 632,131</u>	<u>\$ 1,052,254</u>	<u>\$ 19</u>	<u>\$ 1,684,404</u>
Net change in fund balances	\$ 50,447	\$ 136,855	\$ (48,412)	\$ 306,469	\$ 445,359
Fund Balance - Beginning (restated)	<u>1,230,851</u>	<u>98,416</u>	<u>720,266</u>	<u>2,528,271</u>	<u>4,577,804</u>
Fund Balance - Ending	<u>\$ 1,281,298</u>	<u>\$ 235,271</u>	<u>\$ 671,854</u>	<u>\$ 2,834,740</u>	<u>\$ 5,023,163</u>

TOWN OF PITTSFORD, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2013

	Public Library Fund	Consolidated Lighting Fund	Consolidated Sewer Fund
Assets			
Cash and cash equivalents	\$ 290,590	\$ 47,124	\$ 1,967,233
Prepaid items	23,626	-	23,003
Total Assets	\$ 314,216	\$ 47,124	\$ 1,990,236
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	\$ 743	\$ -	\$ 179
Accrued wages and benefits	30,961	-	17,731
Total Liabilities	\$ 31,704	\$ -	\$ 17,910
Fund Balances:			
Nonspendable	\$ 23,626	\$ -	\$ 23,003
Restricted	258,886	47,124	1,949,323
Total Fund Balances	\$ 282,512	\$ 47,124	\$ 1,972,326
Total Liabilities and Fund Balance	\$ 314,216	\$ 47,124	\$ 1,990,236

Fire Protection Fund	Parks Fund	Ambulance District Fund	Parkland Deposits/ Incentive Zoning Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 121,837	\$ -	\$ 410,941	\$ 2,837,725
-	-	-	-	46,629
<u>\$ -</u>	<u>\$ 121,837</u>	<u>\$ -</u>	<u>\$ 410,941</u>	<u>\$ 2,884,354</u>
\$ -	\$ -	\$ -	\$ -	\$ 922
-	-	-	-	48,692
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,614</u>
\$ -	\$ -	\$ -	\$ -	\$ 46,629
-	121,837	-	410,941	2,788,111
<u>\$ -</u>	<u>\$ 121,837</u>	<u>\$ -</u>	<u>\$ 410,941</u>	<u>\$ 2,834,740</u>
<u>\$ -</u>	<u>\$ 121,837</u>	<u>\$ -</u>	<u>\$ 410,941</u>	<u>\$ 2,884,354</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, 2013

	Public Library Fund	Consolidated Lighting Fund	Consolidated Sewer Fund
Revenues:			
Real property and tax items	\$ 1,089,379	\$ 53,595	\$ 1,106,830
Departmental income	92,934	-	6,207
Use of money and property	1,245	13	3,658
Licenses and permits	-	-	2,910
Sale of property and compensation for loss	-	-	45,237
Miscellaneous	7,946	3,554	10,081
Total Revenues	\$ 1,191,504	\$ 57,162	\$ 1,174,923
Expenditures:			
Current:			
General government support	\$ -	\$ -	\$ 77,833
Public safety	-	-	-
Health	100	-	610
Transportation	-	53,750	-
Culture and recreation	932,539	-	-
Home and community services	-	-	571,808
Employee benefits	256,590	-	272,926
Total Expenditures	\$ 1,189,229	\$ 53,750	\$ 923,177
Excess (deficiency) of revenue over expenditures	\$ 2,275	\$ 3,412	\$ 251,746
Other Financing Sources and Uses:			
Transfers - in	\$ -	\$ -	\$ 117,146
Transfers - out	-	-	(117,127)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 19
Net change in fund balances	\$ 2,275	\$ 3,412	\$ 251,765
Fund Balance - Beginning (restated)	280,237	43,712	1,720,561
Fund Balance - Ending	\$ 282,512	\$ 47,124	\$ 1,972,326

(See Independent Auditors' Report)

Fire Protection Fund	Parks Fund	Ambulance District Fund	Parkland Deposits/ Incentive Zoning Fund	Total Nonmajor Special Revenue Funds
\$ 20,905	\$ 61,180	\$ 105,085	\$ -	\$ 2,436,974
-	-	-	43,900	143,041
-	75	-	569	5,560
-	-	-	-	2,910
-	-	-	-	45,237
-	-	-	-	21,581
<u>\$ 20,905</u>	<u>\$ 61,255</u>	<u>\$ 105,085</u>	<u>\$ 44,469</u>	<u>\$ 2,655,303</u>
\$ -	\$ -	\$ -	\$ -	\$ 77,833
20,905	-	105,085	-	125,990
-	-	-	-	710
-	-	-	-	53,750
-	56,707	-	-	989,246
-	-	-	-	571,808
-	-	-	-	529,516
<u>\$ 20,905</u>	<u>\$ 56,707</u>	<u>\$ 105,085</u>	<u>\$ -</u>	<u>\$ 2,348,853</u>
\$ -	\$ 4,548	\$ -	\$ 44,469	\$ 306,450
\$ -	\$ -	\$ -	\$ -	\$ 117,146
-	-	-	-	(117,127)
\$ -	\$ -	\$ -	\$ -	\$ 19
\$ -	\$ 4,548	\$ -	\$ 44,469	\$ 306,469
-	117,289	-	366,472	2,528,271
<u>\$ -</u>	<u>\$ 121,837</u>	<u>\$ -</u>	<u>\$ 410,941</u>	<u>\$ 2,834,740</u>