

**TOWN OF VICTOR,
ONTARIO COUNTY, NEW YORK**

**Basic Financial Statements
for the Year Ended December 31, 2015
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

May 20, 2016

To the Town Board of the
Town of Victor, Ontario County, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Victor, Ontario County, New York (the Town) as of and for the year ended December 31, 2015, 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 entity'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.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2015 the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Report on 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 schedules of funding progress - other post employment benefits plan, contributions-pension plan, and proportionate share of the net pension liability (asset) 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.

Report on Supplementary Information

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Bonadio & Co., LLP

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2015

The management's discussion and analysis of the Town of Victor, Ontario County, New York's (the Town's) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2015. Please read it in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the assets of the Town exceeded its liabilities by \$60,670,658. Of this amount, the unrestricted portion is \$2,598,520. The balance of net position is considered either restricted for specific purposes or the net investment in capital assets.
- General revenues, which include Mortgage Tax, Non-Property Taxes, and Real Property Tax, are \$6,934,611, or 64%, of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants, and Capital Grants accounted for \$3,894,617, or 36%, of total revenues.
- The Town's governmental fund financial statements report a combined ending fund balance of \$9,733,384.
- At the end of the current year, the unassigned fund balance of the General Fund was \$34,370.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist 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 supplemental schedules in addition to the basic financial statements.

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 Town's net position changed during the most recent 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, fire protection services, water services, and interest on long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

A *fund* is a self-balancing 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 five major individual governmental funds; General Fund, Highway Fund Part-Town, Water Fund, Sewer Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for each fund.

The Town adopts an annual budget for the General Fund, Highway Part-Town Fund and Sewer Fund. A budgetary comparison statement has been provided for each major fund with an annually adopted budget 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 on behalf of others. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of these funds are *not*, and never will be, available to support the Town's programs.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Major Features of the Town-Wide and Fund Financial Statements

<u>Features</u>	<u>Fund Financial Statements</u>		
	<u>Town-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Town	The activities of the Town 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 and Expenditures, and Changes in Fund Balances	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 resource 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

Notes to Basic 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position.

Table 1 - Net Position

	<u>2015</u>	<u>2014</u>
Assets:		
Cash	\$ 8,954,445	\$ 12,056,294
Other assets	1,851,549	1,930,936
Capital assets, net	<u>56,907,708</u>	<u>58,571,561</u>
Total assets	<u>67,713,702</u>	<u>72,558,791</u>
Deferred outflows of resources:		
Pension related	<u>545,297</u>	-
Total deferred outflows of resources	<u>545,297</u>	-
Liabilities:		
Accounts payable and accrued liabilities	521,556	948,029
Other liabilities	935,949	4,205,874
Noncurrent liabilities	<u>6,130,836</u>	<u>2,267,199</u>
Total liabilities	<u>7,588,341</u>	<u>7,421,102</u>
Net position:		
Net investment in capital assets	52,136,208	57,481,561
Restricted	5,935,930	6,212,455
Unrestricted	<u>2,598,520</u>	<u>1,443,673</u>
Total net position	<u>\$ 60,670,658</u>	<u>\$ 65,137,689</u>

By far, the largest component of the Town's net position (86%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the residents and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are restricted net position balances which constitute 10% of total net position at both December 31, 2015 and 2014. The remaining balance is unrestricted net position, which was \$2,598,520 (4%) and \$1,443,673 (2%) in 2015 and 2014, respectively, and may be used to finance future operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 2 - Change in Net Position

	<u>2015</u>	<u>% of Total</u>	<u>2014</u>	<u>% of Total</u>
Revenues:				
Charges for services	\$ 2,701,271	25%	\$ 2,527,107	19%
Operating grants and contributions	1,193,346	11%	889,124	7%
Capital grants and contributions	-	-%	66,130	-%
Taxes	6,698,305	62%	6,612,867	50%
Dedicated capital assets	-	-%	2,732,106	21%
Other revenues	<u>236,306</u>	<u>2%</u>	<u>389,280</u>	<u>3%</u>
Total revenues	<u>10,829,228</u>	<u>100%</u>	<u>13,216,614</u>	<u>100%</u>
Expenses:				
General governmental support	2,740,229	18%	2,993,384	22%
Public safety	3,856,870	25%	3,709,843	28%
Transportation	4,560,869	30%	2,788,415	21%
Public health	23,309	-%	23,435	-%
Economic assistance and opportunity	197,486	1%	203,450	2%
Culture and recreation	2,101,024	14%	2,203,734	16%
Home and community services	1,689,181	11%	1,455,189	11%
Interest on long-term debt	<u>57,704</u>	<u>1%</u>	<u>42,593</u>	<u>-%</u>
Total expenses	<u>15,226,672</u>	<u>100%</u>	<u>13,420,043</u>	<u>100%</u>
Change in net position	<u>(4,397,444)</u>		<u>(203,429)</u>	
Net position - beg of year, as previously reported	65,137,689		65,341,118	
Cumulative effect of change in accounting principle	<u>(69,587)</u>		<u>-</u>	
Net position - beg of year, as restated	<u>65,068,102</u>		<u>65,341,118</u>	
Net position - end of year	<u>\$ 60,670,658</u>		<u>\$ 65,137,689</u>	

The Town relies upon taxes, charges for services, operating grants, and capital grants as its primary revenue sources. Expenses are distributed dependent on the Town's services.

FINANCIAL ANALYSIS OF THE TOWN'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. Amounts to be applied against next year's fund balance are reported as assigned resources.

As of the end of the current year, the Town's combined governmental fund balances were \$9,733,384.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Governmental Funds (Continued)

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 \$2,617,472, of which \$34,370 was unassigned. The fund balance for the Town's General Fund decreased by 18% in 2015, as a function of the Town's operating activities.

Budgetary Highlights

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

<u>Revenue Items</u>	<u>Budget Variance</u>	<u>Explanation for Budget Variance</u>
General Fund – Nonproperty tax items	\$ (165,438)	The Town anticipated an increase in sales tax revenue during the first and last quarters of 2015; however, The Town received less than expected.
General Fund – State aid	\$ (106,839)	The Town anticipated an increase in mortgage tax revenue, however, the Town received less than expected..

<u>Expenditure Items</u>	<u>Budget Variance</u>	<u>Explanation for Budget Variance</u>
General Fund – General governmental support	\$ 248,917	The Town had a long time Assessor's Dep't employee retire, also additional Assesor expenditures including legal and appraisal were not needed as expected.
General Fund – Culture and recreation	\$ 218,838	Recreation program expenditures were not as high as expected as participation was lower than expected..
Highway Fund – Part-Town - Transportation	\$ 249,486	The Town budgeted for overtime pay and other expenditures that did not need to be used because of lighter winter.
Sewer Fund – Home and community services	\$ 298,564	The Town was not able to do as many projects as intended in 2015.

Capital Assets

Capital assets, net of accumulated depreciation, are reflected below:

<u>Class</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,453,350	\$ 2,453,350
Work-in-progress	4,899,089	4,204,998
Infrastructure	42,922,853	45,305,085
Buildings and improvements	4,315,795	4,524,219
Machinery and equipment	<u>2,316,621</u>	<u>2,083,909</u>
Total capital assets, net of accumulated depreciation	<u>\$ 56,907,708</u>	<u>\$ 58,571,561</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Capital Assets (Continued)

During 2015, there were \$2,727,625 of capital asset additions offset by \$4,320,239 of depreciation expense.

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

Long-Term Liabilities

The Town's general obligation and other long-term debt outstanding, was as follows at December 31:

	<u>2015</u>	<u>2014</u>
Revolving fund revenue bonds	\$ 60,000	\$ 195,000
Serial bonds	4,711,500	895,000
Postemployment benefits	1,288,484	1,082,982
Early termination benefits	-	30,196
Compensated absences	<u>70,852</u>	<u>64,021</u>
Total	<u>\$ 6,130,836</u>	<u>\$ 2,267,199</u>

The amount of principal paid on outstanding debt was \$290,000 in 2015 and \$505,000 in 2014.

More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

FACTORS BEARING ON THE TOWN'S FUTURE

The Route 96 corridor will see new commercial development with the construction of a 6,000 +/- square foot free-standing building located in the Victor Crossing Plaza. Also the re-development of a former TGI Friday's Restaurant to City Tavern, a locally based restaurant. Currently under construction is Victor Chevy which consists of a 34,600 square foot building. The Town Planning Board is also in the process of reviewing a site plan for the re-development of a former asphalt plant to a self storage facility which will include relocating an existing building on the project parcel, construction of 35,834 square feet of new storage buildings and provide parking for recreation vehicles and boats.

Fishers Ridge, a mixed residential-commercial development, remains under review by the Planning Board for the construction of the first phase of development which includes a 132,200 square foot retail sporting goods anchor, Bass Pro, with an attached 17,400 square foot restaurant. Later phases of the project are proposed to consist of a 200 room hotel adjacent to the Bass Pro location, the mixed-use Town Center in the central portion of the site, a multi-family residential complex on the western side of the site and several out parcels located near the Route 96 frontage on the southern side of the site. The Town Center portion calls for approximately 248,200 square feet of retail/restaurant uses, approximately 134,300 square feet of office/fitness space and 240 rental residential units.

Along the Route 251 corridor, LSI Solutions received Planning Board approval and will start construction in the near future of a one-story, 5,670 square foot addition to an existing warehouse. Victor Community Church, also along Route 251, received Planning Board approval of a 6,000 square foot building addition and expansion of associated parking and is currently under construction.

FACTORS BEARING ON THE TOWN'S FUTURE (Continued)

Lehigh Crossing off of County Road 42 has started construction of infrastructure of the second phase which will include six light industrial lots on 28.4 acres. Currently under construction in Lehigh Crossing, Section 1 is Lot #11 which consists of a 20,600 square foot single story building and Lot #12 which consists of a 20,000 square foot single story building. Lehigh Crossing, Lot #10 has completed construction in 2015 and consists of a 15,000 square foot single story building.

The Town has also seen a continuation in residential growth/development. Several new single family residential subdivisions are before the Planning Board for review. These developments include East Victor Road Property proposing 28 lots on 56 acres and The Drumlins, Section 3 Phase 3, a townhouse project, consisting of 20 lots on 6.2 acres. The Gullace Property remains under review by the Town and Village Planning Boards for the development of 71 for sale townhomes in the Town and 17 single family lots in the Village. Construction began in 2015 on the Ballerina Court and Tuscany Hills Subdivisions which total 98 lots. Also Stonington Ridge Subdivision, formerly known as Auburn Hills, Section 2, consisting of 40 single family homes started construction.

In 2015 Pinnacle Athletic Complex completed construction and opened in the Town of Victor. This complex is currently 135,000 sq.ft, with plans for future expansions. The facility includes a full-sized indoor soccer field, 350-meter running track, two basketball courts, six volleyball courts, batting cages and turf-training center, and brings a variety of major sporting events, teams, and spectators into Victor.

In 2014, in accordance with the Parks and Recreation Master Plan, the Town constructed a handicapped accessible fishing dock at Mary Frances Bluebird Haven and a Bandshell at Victor Municipal Park. The Department of Parks and Recreation also completed construction on the federally funded Auburn Trail Extension project through its Transportation Enhancements Program (TEP) grant. Final design was completed on the federally funded Safe Routes to School (SRTS) sidewalk project and the Town received the necessary state and federal approvals to go to bid in 2015. This \$389,000 project will go under construction in the spring of 2015 and provide an additional 5,700 L.F. of pedestrian and bicycle infrastructure within the Town and on the Victor Central School District campus.

In 2014, the Town received notification of a \$247,000 project award from the Federal Highway Administration (FHWA) and New York State Department of Transportation (NYSDOT) within the Transportation Alternatives Program (TAP). The "Victor Community Connectivity" project is slated to provide additional pedestrian and bicycle facilities in the area of High Street and Lane Road within the Town and Village of Victor. The future sidewalks and trails will connect to the previously mentioned SRTS project. In 2015, the Town will be responsible for executing the Master Federal Aid Agreement with NYSDOT for the Victor Community Connectivity project as well as retaining a consulting engineering firm to assist in the management of the project.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Town of Victor
85 East Main Street
Victor, New York 14564
(585)742-5022
Attn: Supervisor's office

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

ASSETS

Cash and cash equivalents	\$ 8,954,445
Accounts receivable	375,950
Due from local government	1,402,059
Due from State government	51,040
Prepaid expenses	22,500
Capital assets, net	<u>56,907,708</u>
Total assets	<u>67,713,702</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	<u>545,297</u>
Total deferred outflows of resources	<u>545,297</u>

LIABILITIES

Accounts payable	403,496
Accrued liabilities	118,060
Due to other governments	553,080
Net pension liability	381,664
Unearned revenue	1,205
Long-term obligations -	
Due within one year	454,213
Due in more than one year	<u>5,676,623</u>
Total liabilities	<u>7,588,341</u>

NET POSITION

Net investment in capital assets	52,136,208
Restricted	5,935,930
Unrestricted	<u>2,598,520</u>
Total net position	<u>\$ 60,670,658</u>

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
PRIMARY GOVERNMENT:					
Governmental activities -					
General governmental support	\$ 2,740,229	\$ 429,960	\$ 645,318	\$ -	\$ (1,664,951)
Public safety	3,856,870	756,768	-	-	(3,100,102)
Public health	23,309	2,220	-	-	(21,089)
Transportation	4,560,869	337,688	537,022	-	(3,686,159)
Economic assistance and opportunity	197,486	-	-	-	(197,486)
Culture and recreation	2,101,024	646,193	-	-	(1,454,831)
Home and community services	1,689,181	528,442	11,006	-	(1,149,733)
Interest on long-term debt	57,704	-	-	-	(57,704)
Total governmental activities	\$ 15,226,672	\$ 2,701,271	\$ 1,193,346	\$ -	(11,332,055)
GENERAL REVENUES:					
Real property taxes and real property tax items					1,387,273
Nonproperty tax items					5,311,032
Use of money and property					69,388
Sale of property and compensation for loss					131,082
Miscellaneous					35,836
Total general revenues					6,934,611
Change in net position					(4,397,444)
Net position - beginning of year, as previously reported					65,137,689
Cumulative effect of change in accounting principle (Note 2)					(69,587)
Net position - beginning of year, as restated					65,068,102
Net position - end of year					\$ 60,670,658

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Highway Fund Part-Town	Water Fund	Capital Projects Fund	Sewer Fund	Total Nonmajor Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 2,125,714	\$ 924,322	\$ 3,500,761	\$ 873,965	\$ 360,642	\$ 1,169,041	\$ 8,954,445
Accounts receivable	90,746	40	-	-	84,965	200,199	375,950
Due from local government	928,789	472,882	-	-	-	388	1,402,059
Due from State government	-	51,040	-	-	-	-	51,040
Prepaid expenses	22,500	-	-	-	-	-	22,500
Total assets	\$ 3,167,749	\$ 1,448,284	\$ 3,500,761	\$ 873,965	\$ 445,607	\$ 1,369,628	\$ 10,805,994
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 214,453	\$ 72,027	\$ -	\$ 78,235	\$ 27,500	\$ 11,281	\$ 403,496
Accrued liabilities	68,164	31,715	-	-	-	14,950	114,829
Unearned revenue	-	-	-	-	-	1,205	1,205
Due to other governments	267,660	122,885	16,025	-	85,067	61,443	553,080
Total liabilities	550,277	226,627	16,025	78,235	112,567	88,879	1,072,610
FUND BALANCES:							
Nonspendable	22,500	-	-	-	-	-	22,500
Restricted	1,611,828	811,080	3,484,736	-	-	28,286	5,935,930
Assigned	948,774	410,577	-	795,730	333,040	1,252,463	3,740,584
Unassigned	34,370	-	-	-	-	-	34,370
Total fund balances	2,617,472	1,221,657	3,484,736	795,730	333,040	1,280,749	9,733,384
Total liabilities and fund balances	\$ 3,167,749	\$ 1,448,284	\$ 3,500,761	\$ 873,965	\$ 445,607	\$ 1,369,628	\$ 10,805,994

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015**

Total fund balance - governmental funds \$ 9,733,384

Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of capital assets	111,257,956	
Accumulated depreciation	<u>(54,350,248)</u>	
		56,907,708

Deferred outflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the funds.

Deferred outflows - ERS 545,297

Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.

Net pension liability - ERS (381,664)

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

(70,852)

Accrued interest on long-term debt is an expense in the funds when paid, but a liability in the statement of net position when incurred.

(3,231)

Postemployment benefits are not reported in the funds under fund accounting, but are a liability in the statement of net position.

(1,288,484)

Long-term debt is not due and payable in the current period and; therefore, is not reported as a fund liability.

(4,771,500)

Total net position of governmental activities \$ 60,670,658

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Highway Fund Part-Town	Water Fund	Capital Projects Fund	Sewer Fund	Total Nonmajor Governmental Funds	Total
REVENUES:							
Real property taxes and tax items	\$ 1,387,273	\$ -	\$ -	\$ -	\$ 476,500	\$ 575,637	\$ 2,439,410
Nonproperty tax items	1,888,520	2,744,465	-	-	-	676,047	5,311,032
Departmental income	435,363	-	-	-	-	231,692	667,055
Intergovernmental charges	-	268,231	-	-	-	8,976	277,207
Use of money and property	54,629	1,250	8,484	4,035	91	889	69,388
Licenses and permits	235,883	-	-	-	-	181,651	417,534
Fines and forfeitures	287,338	-	-	-	-	-	287,338
Sale of property and compensation for loss	29,830	98,550	-	-	-	2,702	131,082
Miscellaneous	242	3,030	-	32,464	-	100	35,836
State aid	656,324	175,063	-	-	-	-	831,387
Federal aid	2,540	-	-	359,419	-	-	361,959
Total revenues	4,977,942	3,290,589	8,494	395,918	476,591	1,679,694	10,829,228
EXPENDITURES:							
General governmental support	2,087,571	70,523	-	277,621	276	14,457	2,450,448
Public safety	92,467	-	-	-	-	809,860	902,327
Public health	23,309	-	-	-	-	-	23,309
Transportation	261,839	3,152,361	-	2,616,877	-	77,330	6,108,407
Economic assistance and opportunity	162,835	-	-	-	-	-	162,835
Culture and recreation	1,677,461	-	-	-	-	28,306	1,705,767
Home and community services	468,458	-	1,450	-	81,883	323,818	875,609
Employee benefits	630,996	535,875	20,031	-	-	140,594	1,327,496
Debt service -							
Principal	120,000	265,000	-	-	170,000	30,000	585,000
Interest	11,525	34,600	-	-	7,136	6,700	59,961
Total expenditures	5,536,461	4,058,359	21,481	2,894,498	259,295	1,431,065	14,201,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(558,519)	(767,770)	(12,987)	(2,498,580)	217,296	248,629	(3,371,931)
OTHER FINANCING SOURCES (USES):							
Proceeds from long-term debt	-	-	-	3,971,500	-	-	3,971,500
BANs redeemed from appropriations	-	-	-	295,000	-	-	295,000
Operating transfers - in	-	59,753	-	-	-	-	59,753
Operating transfers - out	-	-	(59,753)	-	-	-	(59,753)
Total other financing sources and uses	-	59,753	(59,753)	4,266,500	-	-	4,266,500
CHANGE IN FUND BALANCE	(558,519)	(708,017)	(72,740)	1,767,920	217,296	248,629	894,569
FUND BALANCE - beginning of year	3,175,991	1,929,674	3,557,476	(972,190)	115,744	1,032,120	8,838,815
FUND BALANCE - end of year	\$ 2,617,472	\$ 1,221,657	\$ 3,484,736	\$ 795,730	\$ 333,040	\$ 1,280,749	\$ 9,733,384

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - governmental funds \$ 894,569

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. Also, depreciation is recorded in the statement of activities, but not as a change in fund balance of the governmental funds. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital additions	2,727,625	
Depreciation	<u>(4,320,239)</u>	(1,592,614)

Losses on disposals of capital assets are not recorded in the governmental funds, but are recorded on the statement of activities. (71,239)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.

Town pension contributions	438,678
Cost of benefits earned net of employee contributions	(205,458)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 290,000

Borrowing new bond principal is an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. (3,971,500)

Accrued interest on bonds is an expenditure in the statement of activities of the government-wide statement, but is not reported as an expenditure in the governmental funds. 2,257

The change in compensated absences is reported in the statement of activities, but does not require the use of current financial resources and; therefore, this is not reported as an expenditure in the governmental funds. (6,831)

The change in early termination benefits is reported in the statement of activities, but does not require the use of current financial resources and; therefore, this is not reported as an expenditure in the governmental funds. 30,196

Other postemployment benefit obligations do not require the use of current financial resources and; therefore, are not reported as expenditures in the governmental funds, but are reported as an expense in the statement of activities. (205,502)

Change in net position of governmental activities \$ (4,397,444)

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2015**

	Expendable <u>Trust</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 77,615
Accounts receivable	-	<u>2,196</u>
Total assets	<u>-</u>	<u>79,811</u>
LIABILITIES		
Other liabilities	-	<u>79,811</u>
Total liabilities	<u>-</u>	<u>79,811</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Expendable <u>Trust</u>
DEDUCTIONS	
Deductions	\$ <u>2,904</u>
Total deductions	<u>2,904</u>
CHANGE IN NET POSITION	(2,904)
NET POSITION - beginning of year	<u>2,904</u>
NET POSITION - end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Victor, Ontario County, New York (the Town) are prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

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 Council, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The Supervisor is elected to serve a two-year term. The Councilpersons are elected to serve four-year terms with two Councilpersons on the ballot every two years.

The Town provides the following basic services to all or some residents of the Town: street lighting, water, environmental services (zoning, planning, etc.), debris removal, snowplowing, street repair, fire protection, recreation facilities, and public safety.

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 as set forth in generally accepted accounting principles.

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 decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth by the GASB including legal standing, fiscal dependency, and financial accountability. A component unit is included in the Town's reporting entity if it is both fiscally dependent on the Town and there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of these criteria, the Town has determined there are no other organizations that meet criteria for inclusion in the reporting entity of the Town.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. 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:

2. The Victor Local Development Corporation (LDC) was established in 2000, as an Internal Revenue Service (IRS) Section 501(c)(4) not-for-profit entity, to stimulate economic development activities that encourage small business investment in the Village and Town of Victor, New York, emphasizing and focusing on the goal of revitalization in the downtown commercial district. Increasing employment opportunities, retaining jobs, attracting new businesses, encouraging existing businesses to expand, and increasing the tax base are key objectives of the LDC. The Town and the Village of Victor each contribute approximately 50% of the budget for the LDC, and the Board of Directors of the LDC has sole responsibility for management of the LDC and full accountability for fiscal matters.

B. Basis of Presentation

1. Government-Wide Statements

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of the assets/deferred inflows of resources, liabilities/deferred outflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in one column in the fund financial statements.

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

1. Major Governmental Funds:

- **General Fund** - the Town uses the General Fund to account for the financial resources related to the general town-wide activities within the Village of Victor (the Village) and the activities associated solely with the portion of the Town which lies outside the Village.

The General Fund is the primary operating fund of the Town. It includes all revenues and expenditures not required by law to be accounted for in other funds.

- **Highway Fund Part-Town** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide highway services to areas throughout the Town.
- **Water Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide water transmission throughout the Town.
- **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.
- **Sewer Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide sewer 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 governmental funds. The following are reported as non-major governmental funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Governmental Funds (Continued)

2. Non-Major Governmental Funds (Continued)

- **Special Revenue Funds** - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Town. The following are non-major special revenue funds utilized by the Town:

- Fire Protection Fund
- Central Water District
- Special Lighting Fund
- General Fund Part-Town
- Bicentennial Fund
- Parks Trust Fund

3. Fiduciary Funds

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

- **Agency Fund** - is custodial in nature and does not present results of operations or have a measurement focus. The Agency Fund is accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.
- **Expendable Trust Fund** - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments, but not the Town itself.

C. Basis of Accounting/Measurement Focus

1. Accrual

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied.

2. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting/Measurement Focus (Continued)

2. Modified Accrual (Continued)

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- Principal and interest on indebtedness is not recognized as an expenditure until due and paid.
- Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.

D. Real Property Taxes

Real property taxes are levied January 1 and collected by the Receiver of Taxes without interest through January 31, and through March 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 April 1 are turned over to Ontario County for collection. At year-end, all Town and special district taxes had been collected; and, therefore, no reserve was necessary.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

F. Cash and Cash Equivalents

The Town's cash and cash equivalents consist of cash on hand and demand deposits.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Due To/From Other Funds

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

I. Prepaid Items

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.

Prepaid items represent payments made by the Town for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

J. Capital Assets - Property, Plant and Equipment

1. Governmental Activities

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded at fair market value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is recorded on the straight-line basis over the following useful lives:

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

K. Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Postemployment Benefits

The Town provides postemployment health insurance coverage to its retired employees and their survivors. Substantially all employees may become eligible for these benefits when they reach eligible retirement age and have worked 20 years for the Town. The Town made no provision for recognizing the cost of postemployment benefits which may eventually be paid to employees who have not yet retired, on the governmental funds statements. On the government-wide statements, these amounts attributable to past service have been recorded as a liability.

M. Unearned Revenue

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

N. Short-Term Debt

The Town may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years of the original issue date.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-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, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund 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.

P. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the funds. Encumbrances are reported in the restricted, committed, or assigned fund balance category from which their spending authorization has been recorded since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with certain interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financial or other services.

R. Equity Classifications

1. Government-Wide Statements

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

- a. **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted net position** - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of an other government; or (2) law through constitutional provisions or enable legislation.
- c. **Unrestricted net position** - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

2. Fund Statements

Generally accepted accounting principles provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- a. **Nonspendable Fund Balances**
These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted Fund Balances**
These are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Equity Classifications (Continued)

2. Fund Statements (Continued)

c. Committed Fund Balances

These are amounts that can be used only for specific purposes determined by a formal action of the Town Board prior to year-end. The Town Board is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances approved by the Town Board.

d. Assigned Fund Balances

These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town Board authorizes the Town Supervisor to make a determination of the assigned amounts of fund balance.

e. Unassigned Fund Balances

These are all other spendable amounts.

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

2. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71*. Statement No. 68 and Statement No. 71 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68 and Statement No. 71, as well as for non-employer governments that have a legal obligation to contribute to those plans. Accordingly, Beginning Net Position and Net Pension Liability (Asset) on the Statement of Net Position was adjusted as noted in the following table:

	Town-Wide Statement of Net Position		
	Net Pension Liability	Deferred Outflows of Resources	Net Position
Balance at January 1, 2015, as previously reported	\$ -	\$ -	\$ 65,137,689
Restatement of beginning balance - Adoption of GASB Statements No. 68 and No. 71			
Contributions subsequent to measurement date	-	440,940	440,940
NYS Employees' Retirement System Plan	(510,527)	-	(510,527)
	<u>(510,527)</u>	<u>440,940</u>	<u>(69,587)</u>
Balance at January 1, 2015, as restated	\$ (510,527)	\$ 440,940	\$ 65,068,102

3. STEWARDSHIP

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

B. Budget Basis of Accounting

Budgets 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. Budgetary comparison schedules are presented as required supplementary information in the basic financial statements.

Budget/GAAP Reconciliation

The Town reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the fund balances computed on GAAP basis and budgetary basis:

General Fund:

GAAP basis fund balance at December 31, 2015	\$ 2,617,472
Less: Outstanding encumbrances	<u>(18,774)</u>

Budgetary basis fund balance at December 31, 2015	<u>\$ 2,598,698</u>
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Highway Fund Part-Town:

GAAP basis fund balance at December 31, 2015	\$ 1,221,657
Less: Outstanding encumbrances	<u>-</u>

Budgetary basis fund balance at December 31, 2015	<u>\$ 1,221,657</u>
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Sewer Fund:

GAAP basis fund balance at December 31, 2015	\$ 333,040
Less: Outstanding encumbrances	<u>(27,434)</u>

Budgetary basis fund balance at December 31, 2015	<u>\$ 305,606</u>
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C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

4. DEPOSITS

Primary Government, Including Fiduciary Funds

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.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities. At year-end, demand deposits and certificates of deposit for the Town were entirely covered by FDIC insurance or collateral held by trust companies located within the State.

The Town's aggregate bank balances were insured and collateralized as follows:

<u>Description</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 9,329,291	\$ 8,954,445
Fiduciary funds	<u>77,615</u>	<u>77,615</u>
Cash and cash equivalents	<u>\$ 9,406,906</u>	<u>\$ 9,032,060</u>
Category 1: Covered by FDIC insurance	\$ 4,083,075	
Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	<u>6,000,029</u>	
	<u>\$ 10,083,104</u>	

5. RECEIVABLES

Receivables at December 31, 2015 for individual major and non-major funds consisted of the following which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>General Fund</u>	<u>Highway Fund Part-Town</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Franchise fees	\$ -	\$ -	\$ -	\$ 200,199	\$ 200,199
Sewer rents	-	-	84,965	-	84,965
Other	<u>90,746</u>	<u>40</u>	-	-	<u>90,786</u>
Total	<u>\$ 90,746</u>	<u>\$ 40</u>	<u>\$ 84,965</u>	<u>\$ 200,199</u>	<u>\$ 375,950</u>

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

Type	Balance 1/1/15	Increases	Decreases	Transfers	Balance 12/31/15
Capital assets not being depreciated:					
Land	\$ 2,453,350	\$ -	\$ -	\$ -	\$ 2,453,350
Work-in-progress	4,204,998	892,905	-	(198,814)	4,899,089
Total capital assets not being depreciated	6,658,348	892,905	-	(198,814)	7,352,439
Depreciable capital assets:					
Buildings and improvements	11,131,650	-	-	-	11,131,650
Machinery and equipment	5,798,085	809,214	(431,017)	-	6,176,282
Infrastructure	85,373,255	1,025,506	-	198,814	86,597,585
Total depreciable capital assets	102,303,000	1,834,720	(431,017)	198,814	103,905,517
Less: Accumulated depreciation:					
Buildings and improvements	(6,607,431)	(208,424)	-	-	(6,815,855)
Machinery and equipment	(3,714,176)	(505,263)	359,778	-	(3,859,661)
Infrastructure	(40,068,180)	(3,606,552)	-	-	(43,674,732)
Total accumulated depreciation, net	(50,389,787)	(4,320,239)	359,778	-	(54,350,248)
Total depreciable assets, net	51,913,213	(2,485,519)	(71,239)	198,814	49,555,269
Capital assets, net	\$ 58,571,561	\$ (1,592,614)	\$ (71,239)	\$ -	\$ 56,907,708

7. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund receivables and payables at December 31, 2015 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Highway Fund	\$ -	\$ -	\$ 59,753	\$ -
Water Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,753</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,753</u>	<u>\$ 59,753</u>

Interfund transactions 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.

8. PENSION PLAN

New York State Employees' Retirement System (NYSERS)

The Town participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. The System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2015	\$ 584,904
2014	\$ 587,920
2013	\$ 588,659

8. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2015, the Town reported a net pension liability of \$381,664 for its proportionate share of the System's net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the Town's proportionate share was .0112977%, which did not change from its proportionate share measured at December 31, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$389,057. At December 31, 2015, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 12,217
Net difference between projected and actual earnings on pension plan investments	66,290
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	28,112
Contributions subsequent to the measurement date	<u>438,678</u>
Total	<u>\$ 545,297</u>

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

Plan's Year Ended March 31:

2016	\$ 26,655
2017	26,655
2018	26,655
2019	26,654
2020	-
Thereafter	-
	<u>\$ 106,619</u>

The Town recognized \$438,678 as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2015 which will be recognized a reduction of the net pension liability in the year ended December 31, 2016.

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The total pension liability for the March 31, 2014 measurement date was determined by using an actuarial valuation as of April 1, 2014.

8. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.9% indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.5% compounded annually, net of investment expenses

Long-term Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

Long-term Expected Rate of Return

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	38	7.30
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return	3	6.75
Opportunistic Portfolio	3	8.60
Real Asset	3	8.65
Bonds & Mortgages	18	4.00
Cash	2	2.25
Inflation-Indexed Bonds	2	4.00
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. PENSION PLAN (Continued)

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of Net Pension liability (asset)	\$ <u>2,543,955</u>	\$ <u>381,664</u>	\$ <u>(1,443,846)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

Total pension liability	\$ 164,591,504
Net position	<u>(161,213,259)</u>
Net pension liability (asset)	\$ <u>3,378,245</u>
ERS net position as a percentage of total pension liability	97.90%

9. POSTEMPLOYMENT HEALTH BENEFITS

Plan Description

The Town provides certain health care benefits for retired employees. The Town administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB).

In general, the Town provides health care benefits for those retired personnel who have reached retirement age with at least 20 years of full-time employment. The Retirement Plan can be amended by action of the Town subject to applicable collective bargaining and employment agreements. There were 18 retired employees receiving benefits at December 31, 2015. The Retirement Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the Retirement Plan are established by action of the Town pursuant to applicable collective bargaining and employment agreements. The Town will pay 75% of the cost of coverage for the retiree and spouse upon retirement, less 5% for each year of service less than 20 upon retirement. Prior to age 65, the Town's contribution rate is fixed at the rate upon retirement. The retiree pays all increases. At age 65, the employees/covered spouse must accept Medicare. Employees that retire after the age of 62 and have 20 years of full-time employment will receive an allowance equal to the cost of supplemental coverage, if available. Employees of the Town of Victor hired on or after January 1, 2015 will not be eligible for any annual allowances to pay the cost of post-employment health insurance premiums. Retirees may still purchase health care insurance through the Town of Victor at 100% premium costs. The costs of administering the Retirement Plan are paid by the Town. The Town currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2015 was approximately \$41,000.

9. POSTEMPLOYMENT HEALTH BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the Town's net OPEB obligation:

Annual required contribution	\$ 247,267
Interest on net OPEB obligation	28,792
Adjustment to ARC	<u>(29,816)</u>
Annual OPEB cost	246,243
Contributions made	<u>(40,741)</u>
Increase in net OPEB obligation	205,502
Net OPEB obligation - beginning of year	<u>1,082,982</u>
Net OPEB obligation - end of year	<u>\$ 1,288,484</u>

Trend Information

The following table provides trend information for the Retirement Plan:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 246,243	\$ 40,741	16.5%	\$ 1,288,484
2014	\$ 246,243	\$ 71,034	28.8%	\$ 1,082,982
2013	\$ 246,243	\$ 58,264	23.7%	\$ 907,773

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of 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 Retirement 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. The Retirement Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the 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.

9. POSTEMPLOYMENT HEALTH BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

In the December 31, 2013 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Entry Age Normal Method
Discount rate*	4.0%
Inflation rate	2.5%
Salary scale	3.0%
Medical care cost trend rate	5.7% initially. The rate changes each year to an ultimate rate of 4.2%.
Dental care cost trend rate	Dental care costs are assumed to be 4.2% each year.
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level Percent of Pay
Amortization basis	Open

* As the plan is unfunded, the assumed discount rate considers that the Town's investment assets are low risk in nature, such as money market funds or certificates of deposit.

10. SHORT-TERM DEBT

Short-term debt provides financing for governmental activities. The Town issued Bond Anticipation Notes (BANs) in order to finance the High Street Capital Project. This BAN was paid off in the current year with the issuance of a new bond.

The following is a summary of changes in short-term debt for the year ended December 31, 2015:

Balance, January 1, 2015	\$ 4,130,000
Increases	-
Decreases	<u>(4,130,000)</u>
Balance, December 31, 2015	<u>\$ -</u>

11. LONG-TERM DEBT OBLIGATIONS

Serial Bonds

The Town borrows money in order to acquire land, high cost equipment, or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These serial bonds are full faith and credit debt of the Town. The provision to be made in future budgets for capital indebtedness represents the amount authorized to be collected in future years from taxpayers and others for liquidations of the long-term liabilities.

Environmental Facilities Corporation/Revolving Fund Revenue Bonds

The Town has borrowed money from the New York State Environmental Facilities Corporation (EFC) for water pollution control in the Town.

11. LONG-TERM DEBT OBLIGATIONS (Continued)

Other Long-Term Debt

In addition to the above long-term debt the Town had the following other non-current liabilities:

- **Compensated absences** - represents the value earned and unused portion of the liability for compensated absences.
- **Postemployment benefits** - represents the cost of health care benefits provided to retirees.
- **Early termination benefits** - represents benefits to be paid to New York State under the NYS Early Retirement incentive program.

Long-term liability balances and activity for the year are summarized below:

<u>Governmental Activities</u>	<u>Balance</u> <u>01/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/15</u>	<u>Classified as</u>	
					<u>Current</u>	<u>Non-Current</u>
Revolving fund revenue bonds	\$ 195,000	\$ -	\$ (135,000)	\$ 60,000	\$ 30,000	\$ 30,000
Serial bonds	895,000	3,971,500	(155,000)	4,711,500	406,500	4,305,000
Postemployment benefits	1,082,982	246,243	(40,741)	1,288,484	-	1,288,484
Early termination benefits	30,196	-	(30,196)	-	-	-
Compensated absences	<u>64,021</u>	<u>6,831</u>	<u>-</u>	<u>70,852</u>	<u>17,713</u>	<u>53,139</u>
Total	<u>\$ 2,267,199</u>	<u>\$ 4,224,574</u>	<u>\$ (360,937)</u>	<u>\$ 6,130,836</u>	<u>\$ 454,213</u>	<u>\$ 5,676,623</u>

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

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>12/31/15</u>	<u>Final Maturity</u>
Serial Bonds:				
Public improvement	2012	1.00 - 2.00%	\$ 740,000	2020
Public improvement	2015	1.50 - 3.00%	3,971,500	2028
Revolving Fund Revenue Bonds:				
State water pollution control	2011A	Various*	<u>60,000</u>	2017
Total			<u>\$ 4,771,500</u>	

* This interest is subsidized by the EFC through the State Revolving Fund by approximately one half of total interest paid.

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

Interest paid	\$ 62,218
Plus: Interest accrued in the current year	3,231
Less: Interest accrued in the prior year	<u>(5,488)</u>
Total interest expense	<u>\$ 59,961</u>

11. LONG-TERM DEBT OBLIGATIONS (Continued)

Other Long-Term Debt (Continued)

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

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2016	\$ 436,500	\$ 91,777
2017	445,000	86,044
2018	425,000	79,594
2019	440,000	72,856
2020	455,000	65,481
2021-2025	1,550,000	228,455
2026-2028	<u>1,020,000</u>	<u>55,925</u>
Total	<u>\$ 4,771,500</u>	<u>\$ 680,132</u>

12. EARLY TERMINATION BENEFITS

During 2010, the Town approved a one-time early retirement incentive plan, known as the 2010-2011 Retirement Incentive Program (the Program), for all employees. The Program was initiated by the System and has two different incentive programs, Part A and Part B. To be eligible for Part A under the Program, employees were required to have 10 years of service with the Town and be at least 50 years of age, or employees had to be at least 55 years of age and have five or more years of service as of the date of retirement. To be eligible for Part B of the Program, employees must have been Tier 2, 3, or 4 and must have been at least 55 years of age and have 25 or more years of service credit. The Town did not approve Part B of the Program. For Part A of the Program, an employee also must have been in active service from February 1, 2010 until the commencement of the open period on October 1, 2010. Eligible employees under Part A of the Program were required to retire by December 29, 2010.

Employees taking advantage of Part A of the Program received approximately one month of additional service credit for each year of service, up to a maximum of three additional years of service credit.

During the year ended December 31, 2010, three employees elected early retirement under the Program. The estimated present value of the benefits provided to the retirees under the Program is reported as a liability to the Town of approximately \$30,000 and is included in the long-term obligations portion in the Statement of Net Position at December 31, 2015. The Town funded the Program through a five-year payment amortization which began on February 1, 2012. The Town has made the final payment of \$30,196 during the year ended December 31, 2015.

13. NET POSITION

A. Net Position - Restricted

The following table shows the net position restricted within the funds as shown on the Statement of Net Position:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Special lighting fund	Special District	\$ 28,286
General fund	Law	1,611,828
Highway fund part-town	Law	811,080
Water fund	Special District	<u>3,484,736</u>
Total restricted net position		<u>\$ 5,935,930</u>

14. FUND BALANCES

As of December 31, 2015, fund balances are composed of the following:

	General Fund	Highway Fund Part- Town	Water Fund	Capital Projects Fund	Sewer Fund	Nonmajor Governmental Funds	<u>Total</u>
Nonspendable -							
Prepaid expenditures	\$ 22,500	-	-	-	-	-	\$ 22,500
Restricted -							
Law	1,611,828	811,080	3,484,736	-	-	28,286	5,935,930
Assigned -							
General government	9,124	-	-	-	-	-	9,124
Culture and recreation	7,175	-	-	-	-	-	7,175
Home and community services	2,475	-	-	-	27,434	-	29,909
Transportation	-	-	-	-	-	-	-
Appropriations	900,000	300,000	-	-	59,270	660,600	1,919,870
Other spendable amounts	30,000	110,577	-	795,730	246,336	591,863	1,774,506
Unassigned	<u>34,370</u>	-	-	-	-	-	<u>34,370</u>
Total	<u>\$ 2,617,472</u>	<u>\$ 1,221,657</u>	<u>\$ 3,484,736</u>	<u>\$ 795,730</u>	<u>\$ 333,040</u>	<u>\$ 1,280,749</u>	<u>\$ 9,733,384</u>

15. DEFERRED COMPENSATION PLAN

Employees of the Town may elect to participate in the Public Employees Benefits Services Corporation Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. As of December 31, 2015, the market value of the assets of the Plan totaled \$3,339,864.

Employees contribute to the Plan through voluntary salary deductions. Participation in the Plan is voluntary and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent third-party which is responsible for administering the fund's investments and record keeping.

16. OTHER INFORMATION

A. Risk Management

1. Workers' Compensation (the Compensation Plan)

The Town, together with Ontario County, sixteen (16) towns, eight (8) villages, and two (2) cities have joined together to self-insure for workers' compensation coverage which is maintained and administered by Ontario County. Ontario County also utilizes a third-party administrator who is responsible for processing claims, estimating liabilities, and providing actuarial services. The Compensation Plan, which was approved in 1956, states participants are charged an annual assessment on the basis of their five-year experience (60%), exposure (20%) and assessed value (20%). The pool does not take into consideration estimated investment income when determining if premium deficiencies exist. Ontario County has excess insurance coverage in the amount of \$1,000,000 per occurrence with coverage to full statutory limits. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The Compensation Plan as of December 31, 2015 is fully funded.

For the year ended December 31, 2015, the Town was assessed and paid Workers' Compensation fees of \$88,256.

2. Health Insurance

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

16. OTHER INFORMATION (Continued)

B. Commitments and Contingencies

1. Commitments

The Town participates in a number of federal and New York State grant and assistance programs. These programs are 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.

2. Litigation

There are tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims is undeterminable at this time; as such no allowance has been recorded.

17. OPERATING LEASES

The Town entered into a lease agreement with Blossom Properties, LLC to rent a 12,572 square foot space for the Parks and Recreation Department. The Town also paid as additional rent those costs, expenses, taxes, assessments, and insurance premiums set forth in the lease agreement on top of the base rent. The Town's agreement with Blossom Properties expired on June 30, 2015. The Town extended the lease on a month to month basis until December 31, 2015.

With the termination of the Blossom Properties, LLC location, the Town moved the Parks and Recreation Department and began a new lease with Bluestone Creek Development, LLC at 7891 Lehigh Crossing, effective January 1, 2016. The Town's new lease expires December 31, 2022.

The Town also has a lease agreement with DiFelice Development, Inc. to rent a 7,600 square foot space for the Town Courts at 11 Framark Drive in the Village of Victor. The Town's lease agreement expires August 31, 2016.

The estimated future base rent payments, under the original lease agreements, are as follows for the years ended:

2016	\$	232,500
2017		157,500
2018		157,500
2019		157,500
2020		165,000
2021-2022		330,000

The total lease expense in 2015 was approximately \$222,504.

18. INTER-MUNICIPAL AGREEMENTS

Town of Farmington Sewer Management and Billing/Service Contract

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

Village of Victor Sewer Contract Agreement

The Town executed a Sewer Contract Agreement with the Village on April 27, 2004. The agreement states that the Village will provide wastewater treatment service to specified areas of the Town. The Village bills all Town properties connected to the Village sewer system for sewer rents, connection, inspection, and any review charges. The agreement pertains to maintenance and operations only. Any capital replacement or reconstruction costs of sewer system components in the Town will be borne by the Town.

Monroe County Water Authority Agreement

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

19. JOINT VENTURE - BOUGHTON PARK

The Towns of East Bloomfield, New York, West Bloomfield, New York, and Victor, New York entered into a municipal cooperation agreement to jointly establish and operate Boughton Park (the Park). The towns jointly share the costs of operation and maintenance on the basis of each Town's full equalized value to the combined total full value. The Town contributes approximately 72% of these costs. The management of the Park is overseen by the Joint Boughton Park Commission which consists of nine members appointed by the respective Town Boards. One member of the Commission serves as the Treasurer. The Commission maintains its own accounting records and reports. Financial statements for the Park are on file at the Town of East Bloomfield, 99 Main Street, East Bloomfield, New York.

20. IMPACT OF FUTURE GASB PRONOUNCEMENTS

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2016.

20. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 64, 74, and 82. Statement No. 76 reduces the number of categories of authoritative generally accepted accounting principles (GAAP) hierarchy and the framework for selecting those principles to two categories. The primary category "Category A" will consist of officially established GASB Statements and GASB Interpretations heretofore issued and currently in effect. The second category "Category B" will consist of GASB Technical Bulletins, GASB Implementation Guides when presented in the form of a *Comprehensive Implementation Guide*, and literature of the AICPA cleared by the GASB. The goal of Statement No. 76 is to help governments apply financial reporting guidance with less variability, therefore improving usefulness and comparability of financial statement information among state and local governments. The Town is required to adopt the provisions of Statement No. 76 for the year ending December 31, 2016, and should be adopted retroactively, with early adoption permitted.

In August 2015, the GASB issued Statement No. 77 *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. The Town is required to adopt the provisions of these Statements for the year ending December 31, 2016, with early adoption encouraged.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	GENERAL FUND			
	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES:				
Real property taxes and tax items	\$ 1,387,581	\$ 1,387,581	\$ 1,387,273	\$ (308)
Nonproperty tax items	2,053,958	2,053,958	1,888,520	(165,438)
Departmental income	405,700	405,700	435,363	29,663
Use of money and property	59,500	59,500	54,629	(4,871)
Licenses and permits	171,040	171,040	235,883	64,843
Fines and forfeitures	275,000	275,000	287,338	12,338
Sale of property and compensation for loss	34,750	34,750	29,830	(4,920)
Miscellaneous	200	200	242	42
State aid	763,163	763,163	656,324	(106,839)
Federal aid	36,500	36,500	2,540	(33,960)
	<u>5,187,392</u>	<u>5,187,392</u>	<u>4,977,942</u>	<u>(209,450)</u>
EXPENDITURES:				
General governmental support	2,386,202	2,345,612	2,096,695	248,917
Public safety	116,853	93,897	92,467	1,430
Public health	24,000	24,000	23,309	691
Transportation	295,585	285,774	261,839	23,935
Economic assistance and opportunity	185,355	191,345	162,835	28,510
Culture and recreation	1,884,104	1,903,474	1,684,636	218,838
Home and community services	387,465	489,780	470,933	18,847
Employee benefits	675,828	675,828	630,996	44,832
Debt service	132,000	132,000	131,525	475
	<u>6,087,392</u>	<u>6,141,710</u>	<u>5,555,235</u>	<u>586,475</u>
CHANGE IN FUND BALANCE	(900,000)	(954,318)	(577,293)	377,025
FUND BALANCE - beginning of year	<u>3,175,991</u>	<u>3,175,991</u>	<u>3,175,991</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 2,275,991</u>	<u>\$ 2,221,673</u>	<u>\$ 2,598,698</u>	<u>\$ 377,025</u>

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HIGHWAY FUND PART-TOWN
FOR THE YEAR ENDED DECEMBER 31, 2015**

	HIGHWAY FUND - PART-TOWN			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES:				
Nonproperty tax items	\$ 2,744,465	\$ 2,744,465	\$ 2,744,465	\$ -
Intergovernmental charges	250,000	250,000	268,231	18,231
Use of money and property	1,700	1,700	1,250	(450)
Sale of property and compensation for loss	66,100	66,100	98,550	32,450
Miscellaneous	450	450	3,030	2,580
State aid	<u>163,757</u>	<u>163,757</u>	<u>175,063</u>	<u>11,306</u>
Total revenues	<u>3,226,472</u>	<u>3,226,472</u>	<u>3,290,589</u>	<u>64,117</u>
EXPENDITURES:				
General government	121,657	121,657	70,523	51,134
Transportation	3,203,038	3,401,847	3,152,361	249,486
Employee benefits	637,277	624,177	535,875	88,302
Debt Service	<u>286,500</u>	<u>299,600</u>	<u>299,600</u>	<u>-</u>
Total expenditures	<u>4,248,472</u>	<u>4,447,281</u>	<u>4,058,359</u>	<u>388,922</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,022,000)</u>	<u>(1,220,809)</u>	<u>(767,770)</u>	<u>453,039</u>
OTHER FINANCING SOURCES				
Operating transfers - in	<u>222,000</u>	<u>222,000</u>	<u>59,753</u>	<u>(162,247)</u>
CHANGE IN FUND BALANCE	(800,000)	(998,809)	(708,017)	290,792
FUND BALANCE - beginning of year	<u>1,929,674</u>	<u>1,929,674</u>	<u>1,929,674</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 1,129,674</u>	<u>\$ 930,865</u>	<u>\$ 1,221,657</u>	<u>\$ 290,792</u>

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	SEWER FUND			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 91	\$ 91
Real property taxes	<u>476,500</u>	<u>476,500</u>	<u>476,500</u>	<u>-</u>
Total revenues	<u>476,500</u>	<u>476,500</u>	<u>476,591</u>	<u>91</u>
EXPENDITURES:				
General government	500	500	276	224
Home and community services	407,881	407,881	109,317	298,564
Debt service	<u>177,500</u>	<u>177,500</u>	<u>177,136</u>	<u>364</u>
Total expenditures	<u>585,881</u>	<u>585,881</u>	<u>286,729</u>	<u>299,152</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(109,381)</u>	<u>(109,381)</u>	<u>189,862</u>	<u>(299,243)</u>
CHANGE IN FUND BALANCE	(109,381)	(109,381)	189,862	(299,243)
FUND BALANCE - beginning of year	<u>115,744</u>	<u>115,744</u>	<u>115,744</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 6,363</u>	<u>\$ 6,363</u>	<u>\$ 305,606</u>	<u>\$ (299,243)</u>

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

Actuarial Valuation Date	Fiscal Year Ended	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a percentage of Covered Payroll
December 31, 2013	12/31/2015	\$ -	\$ 2,656,456	\$ 2,656,456	0%	\$ 3,414,820	77.8%
December 31, 2013	12/31/2014	\$ -	\$ 2,656,456	\$ 2,656,456	0%	\$ 2,941,159	90.3%
December 31, 2013	12/31/2013	\$ -	\$ 1,923,307	\$ 1,923,307	0%	\$ 2,853,349	67.4%

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Proportion of the net pension liability (asset)	0.011%									
Proportionate share of the net pension liability (asset)	\$ 382									
Covered-employee payroll	\$ 3,088									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.37%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.90%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Contractually required contribution	\$ 588									
Contributions in relation to the contractually required contribution	\$ 588									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 3,088									
Contributions as a percentage of covered-employee payroll	19.04%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Lighting Fund	General Fund Part-Town	Central Water District Fund	Bicentennial Fund	Fire Protection Fund	Parks Trust Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 32,896	\$ 576,798	\$ 6,017	\$ 2,244	\$ 12,069	\$ 539,017	\$ 1,169,041
Receivables	-	200,199	-	-	-	-	200,199
Due from local government	-	388	-	-	-	-	388
Total assets	\$ 32,896	\$ 777,385	\$ 6,017	\$ 2,244	\$ 12,069	\$ 539,017	\$ 1,369,628
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 4,610	\$ 6,671	\$ -	\$ -	\$ -	\$ -	\$ 11,281
Unearned revenue	-	1,205	-	-	-	-	1,205
Due to other governments	-	61,443	-	-	-	-	61,443
Accrued liabilities	-	14,950	-	-	-	-	14,950
Total liabilities	4,610	84,269	-	-	-	-	88,679
FUND BALANCES:							
Restricted	28,286	-	-	-	-	-	28,286
Assigned	-	693,116	6,017	2,244	12,069	539,017	1,252,463
Total fund balances	28,286	693,116	6,017	2,244	12,069	539,017	1,280,749
Total liabilities and fund balances	\$ 32,896	\$ 777,385	\$ 6,017	\$ 2,244	\$ 12,069	\$ 539,017	\$ 1,369,628

TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Lighting Fund	General Fund Part-Town	Central Water District Fund	Bicentennial Fund	Fire Protection Fund	Parks Trust Fund	Total Nonmajor Governmental Funds
REVENUES:							
Real property taxes and tax items	\$ 69,457	\$ -	\$ 36,750	\$ -	\$ 469,430	\$ -	\$ 575,637
Nonproperty tax items	-	678,047	-	-	-	-	678,047
Departmental income	-	15,192	-	-	-	216,500	231,692
Intergovernmental charges	-	8,976	-	-	-	-	8,976
Licenses and permits	-	181,651	-	-	-	-	181,651
Sale of property and compensation for loss	-	2,702	-	-	-	-	2,702
Miscellaneous	-	100	-	-	-	-	100
Use of money and property	-	789	10	-	-	90	889
Total revenues	69,457	887,457	36,760	-	469,430	216,590	1,679,694
EXPENDITURES:							
General governmental support	-	14,457	-	-	-	-	14,457
Public safety	-	341,195	-	-	468,665	-	809,860
Transportation	60,356	16,974	-	-	-	-	77,330
Culture and recreation	-	-	-	-	-	28,306	28,306
Home and community services	-	323,818	-	-	-	-	323,818
Employee benefits	-	140,594	-	-	-	-	140,594
Debt service -							
Principal	-	-	30,000	-	-	-	30,000
Interest	-	-	6,700	-	-	-	6,700
Total expenditures	60,356	837,038	36,700	-	468,665	28,306	1,431,065
CHANGE IN FUND BALANCE	9,101	50,419	60	-	765	188,284	248,629
FUND BALANCE - beginning of year	19,185	642,697	5,957	2,244	11,304	350,733	1,032,120
FUND BALANCE - end of year	28,286	693,116	6,017	2,244	12,069	539,017	1,280,749