

TOWN OF GEDDES, NEW YORK

**Financial Statements — Statutory Basis
as of and For The Year Ended
December 31, 2013
Together with
Independent Auditor's Report**

DRAFT

TOWN OF GEDDES, NEW YORK

**FINANCIAL STATEMENTS – STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

April __, 2014

To the Town Council of
Town of Geddes, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Geddes which comprise the balance sheet – statutory basis, all fund types and account group, as of December 31, 2013, and the statements of revenues, expenditures and changes in fund balance – governmental funds – statutory basis for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the statutory basis of accounting as prescribed by the New York State Office of State Comptroller as described in Note 1; this includes determining that the statutory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 an opinion 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 of 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance – statutory basis of Town of Geddes as of December 31, 2013, and its changes in revenues, expenditures and in fund balance – governmental fund type – statutory basis and revenues, expenditures for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared using the statutory basis as prescribed by the New York State Office of the Comptroller for reports to that office, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

TOWN OF GEDDES, NEW YORK

BALANCE SHEET - STATUTORY BASIS - GOVERNMENTAL FUND TYPES, FIDUCIARY FUND TYPE AND LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2013

	Governmental Fund Types					Total Governmental Funds	Fiduciary Fund Type	Long-Term Debt Account Group
	General	General Part-Town	Highway	Sewer	Capital Projects			
ASSETS								
Cash and cash equivalents	\$ 892,920	\$ 924,749	\$ 1,222,032	\$ 125,688	\$ 4,150	\$ 791,128	\$ 73,030	\$ -
Cash - restricted	-	-	-	17,188	-	-	-	-
Other current assets	-	-	-	60,382	-	-	-	-
Accounts receivable	11,496	-	4,282	-	-	2,931	-	-
Due from other governments	138,700	-	3,166	-	5,161	50,000	-	-
Due from other funds	37,532	-	-	-	-	-	-	-
Prepaid expense	36,109	97,036	97,072	-	-	-	-	-
Amounts to be provided for retirement of long-term debt	-	-	-	-	-	-	-	5,781,329
TOTAL ASSETS	\$ 1,116,757	\$ 1,021,785	\$ 1,326,552	\$ 430,105	\$ 9,431	\$ 844,059	\$ 73,030	\$ 5,781,329
LIABILITIES AND FUND BALANCES:								
LIABILITIES								
Accounts payable	\$ 22,907	\$ 14,995	\$ 43,313	\$ 1,745	\$ 181,725	\$ 100,873	\$ -	\$ -
Accrued liabilities	10,163	6,932	27,010	363,661	-	2,000	532	-
Due to other funds	-	-	-	-	35,000	-	72,498	-
Agency liabilities	-	-	-	-	-	-	-	3,867,996
Other postemployment benefits	-	-	-	-	-	-	-	833
Compensated absences	-	-	-	-	192,075	-	-	197,500
Bond anticipation notes payable	-	-	-	-	-	-	-	1,715,000
Bonds payable	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 33,070	\$ 21,927	\$ 70,323	\$ 191,307	\$ 408,800	\$ 102,873	\$ 73,030	\$ 5,781,329
FUND BALANCE								
Non-spendable fund balance	36,109	-	-	-	-	-	-	-
Restricted	2,807	53,784	97,072	113,953	-	-	-	-
Assigned	277,747	267,153	355,100	74,375	-	133,145	-	-
Appropriated for subsequent year's expenditures	-	-	-	-	-	-	-	-
Unappropriated	-	-	-	-	-	-	-	-
Total assigned fund balance	277,747	267,153	355,100	74,375	-	133,145	-	-
Unassigned	767,024	510,885	804,057	50,470	(399,369)	608,041	-	-
TOTAL FUND BALANCE	\$ 1,043,687	\$ 999,856	\$ 1,256,229	\$ 238,798	\$ (399,369)	\$ 741,186	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,150,437	\$ 1,021,785	\$ 1,326,552	\$ 430,105	\$ 9,431	\$ 844,059	\$ 73,030	\$ 5,781,329

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - STATUTORY BASIS - GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types					Total Governmental Funds
	General	General Part-Town	Highway	Sewer	Capital Projects	
REVENUE:						
Real property taxes and tax items	\$ 1,447,339	\$ 1,933,651	\$ 2,296,000	\$ 30,900	\$ -	\$ 7,395,314
Nonproperty tax items	-	200,405	-	-	-	200,405
Departmental income	30,823	1,817	-	-	-	32,640
Miscellaneous local sources	21,745	49,115	1,768	6,655	303,082	422,365
Intergovernmental charges	2,571	28,000	36,026	36	-	129,554
Use of money and property	2,549	1,062	1,388	180	-	6,086
Licenses and permits	12,239	27,115	-	-	-	39,354
Fines and forfeitures	121,550	-	-	-	-	121,550
Sale of property and compensation of loss	93	35,936	-	-	-	42,721
State aid	296,776	23,924	15,000	-	66,595	538,908
Federal aid	-	-	-	-	48,019	48,019
Total revenue	1,935,685	2,207,025	2,492,742	79,071	417,696	8,376,916
EXPENDITURES:						
General governmental support	873,549	25,413	33,823	-	-	932,785
Public safety	58,875	1,551,037	-	-	-	2,193,864
Transportation	135,258	-	1,366,971	-	690,136	2,429,048
Culture and recreation	240,795	-	-	-	1,550	242,345
Home and community services	-	7,711	7,711	111,006	-	706,954
Employee benefits	632,945	1,537,165	888,305	-	-	850,387
Debt service - principal	108	1,000	236,431	2,000	-	2,553,292
Debt service - interest	1,201	1,201	57,584	264	-	400,272
Total expenditures	2,087,731	2,502,372	2,589,945	113,270	691,686	9,690,791
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(152,046)	(295,347)	(97,203)	(34,199)	(273,990)	(713,875)
OTHER SOURCES (USES):						
Operating transfers in	-	-	5,241	-	-	5,925
Operating transfers (out)	(5,241)	-	(684)	-	-	(5,925)
Total other sources (uses)	(5,241)	-	4,557	-	-	684
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER SOURCES	(157,287)	(295,347)	(92,646)	(34,199)	(273,990)	(713,875)
FUND BALANCE - beginning of year	1,399,974	1,201,405	1,348,875	272,997	(125,379)	4,634,264
FUND BALANCE - ending of year	\$ 1,093,687	\$ 999,858	\$ 1,256,229	\$ 238,798	\$ (399,369)	\$ 3,920,389

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES, NEW YORK

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013

1. FINANCIAL REPORTING ENTITY

Nature of Operations

The Town provides various services, including general government support, public safety, culture and recreation, community services, highway administration and maintenance, sewer, water, sanitation, fire protection and lighting services.

Financial Reporting Entity

The Town of Geddes is governed by its Charter, Town law, other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Supervisor serves as chief executive officer and the comptroller serves as chief fiscal officer.

Basis of Accounting

The Town of Geddes, New York (Town) has elected to prepare its financial statements using the statutory basis required by the New York State Office of the State Comptroller for annual reports to that office. This statutory basis is another comprehensive basis of accounting which varies from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The statutory basis under the New York State Office of the Comptroller uses the modified accrual basis of accounting for governmental funds and fiduciary funds; accrual basis accounting is used for the account groups. This basis differs from GAAP primarily in that government-wide financial statements are not prepared, nor is a Management's Discussion and Analysis provided.

Use of Estimates

In preparing the financial statements in conformity with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on the modified accrual basis using a current financial resources focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes available if they are collected within 60 days after year-end. Property taxes determined to be collectible after the 60-day period are recorded as deferred revenues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received. For state and federal grants, if reimbursement of expenditures is the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the "purchase" method.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by employees.
- Current pension costs payable to the New York State retirement systems are recorded as expenditures when billed by the systems.
- Costs of acquiring fixed assets are recorded as expenditures when the related acquisition amounts are due and payable.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures which are segregated to the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The Town reports the following major governmental funds: General, General Part Town, Highway, Sewer and Capital Projects. All remaining funds are aggregated and reported as nonmajor funds. The Town's fund types and account groups are as follows:

Fund Types

Governmental Funds Types

General Fund is the principal operating fund of the Town and accounts for the general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to another fund, risk retention operations, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the Town Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

General Fund – Part Town is used to account for specific revenues restricted to part town expenditures.

Highway Fund is primarily used to account for revenues and expenditures for the maintenance of the Town's highways.

Sewer Fund is used to account for sewer line revenues and expenditures.

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

The Town also reports other governmental funds, which are individually nonmajor, in total. These other governmental funds are shown as nonmajor Special Revenue Funds. The following Special Revenue Funds are utilized: special grant, self-insurance, debt service, drainage, fire, lighting, refuse and garbage and water. They are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specific purposes. In addition, the Town utilizes a debt service fund to account for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets received and held by the Town in the capacity of trustee, custodian or agent.

Account Group

Long-Term Debt Account Group - The General Long-Term Debt Account Group accounts for all long-term obligations of the Town and includes bonds and ban's payable, compensated absences and other postemployment benefits.

Property Taxes

County real property taxes are levied annually no later than November 20 and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for County purposes are levied together with taxes for Town and Special District purposes as 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. The County assumes enforcement responsibility for all taxes levied in the Town.

Budgetary Data

Budget Policy - The budget policy is as follows:

- a. No later than September 30, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data (Continued)

Budget Policy (Continued)

- b. After public hearings are conducted to obtain taxpayer comments no later than November 20, the Town Board adopts the budget.
- c. All modifications to the adopted budget must be approved by the Town Board.

Cash and Cash Equivalents

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Town Comptroller is authorized to use demand deposits and certificates of deposits.

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, or obligations of federal agencies, the principal and interest of which is guaranteed by the United States or obligations of New York State local governments.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities shall be valued to market at periodic intervals by the Town Supervisor or his/her designee.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Interfund Transactions

During the course of operations, the Town may process transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

Compensated Absences

Town employees are granted vacation and sick leave in varying amounts. Vacations are not cumulative and must be taken in the current year earned. Sick leave may accumulate, but upon retirement or termination of employment, employees are not compensated for unused sick days. Members of the Office and Technical Bargaining Unit can apply unused sick days upon retirement towards additional service credit or insurance premiums. Members of the Office and Technical Bargaining Unit also have compensatory time in lieu of receiving overtime. A total of 40 hours can accumulate in compensatory time, which would be paid in the event of the employee's retirement or termination. Any unused compensatory time is accrued in the Long Term Debt Group and totaled \$833 at December 31, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits

In addition to providing pension benefits, the Town provides health and dental insurance coverage and survivor benefits for retired employees and their survivors. Non-union employees become eligible for these benefits if they reach normal retirement age and have ten (10) years of continuous service with the Town. Union employees are eligible for continuing health insurance benefits in accordance with union agreements. Health care benefits and survivors benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of issuance premiums as an expenditure in the year paid. Survivors pay for these premiums, if coverage is elected.

During the year, approximately \$1,628,750 was paid on behalf of 55 retirees and all other active employees and was recorded as an expenditure in the general and highway funds. The cost of providing benefits for the retirees was approximately \$446,295.

Fund Balance

Reserves represent those portions of fund balance not available for appropriation or legally segregated for future use. Designated fund balances represent tentative plans for future uses of financial resources.

General Fund – The Town has a restricted fund balance of \$2,807 for equipment.

General Part Town Fund – The Town has restricted fund balance of \$63,784 for police.

Sewer Fund – The Town has a restricted fund balance of \$113,953 for repairs.

Deficit Fund Balances

The Town had the following funds with deficit fund balances at December 31, 2013 and are as follows:

Capital Projects Fund – The Town borrowed for various capital projects and the deficit of \$399,369 will be reduced as BAN's are redeemed and project revenues are realized.

Special Grant Fund – The Town is expecting the deficit of \$13,491 to be reversed in 2014 due to funds being received for a project.

3. CASH AND CASH EQUIVALENTS

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

3. CASH AND CASH EQUIVALENTS (Continued)

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents, including trust and agency funds	\$ 4,146,630	\$ 4,033,064
Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	\$ 5,076,316	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$ 5,576,316</u>	

4. INTERFUND TRANSACTIONS

Interfund transactions at December 31, 2013, were as follows:

	<u>Interfund Receivable</u>	<u>Payable</u>	<u>Interfund Revenue</u>	<u>Expenditure</u>
General		\$ 37,532		\$ 5,241
Highway Part-Town			5,241	684
Capital Projects	35,000	-		-
Fire Protection	2,000	-		-
Special Grants		-	684	-
Trust & Agency	<u>532</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total government activities	<u>\$ 37,532</u>	<u>\$ 37,532</u>	<u>\$ 5,925</u>	<u>\$ 5,925</u>

5. NEW YORK STATE RETIREMENT SYSTEMS

The Town participates in the New York State and Local Employees' Retirement System (ERS), and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

5. NEW YORK STATE RETIREMENT SYSTEMS (Continued)

Funding Policy

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town is required to contribute at an actuarially determined rate. The required contribution for the current year and two preceding years were:

	ERS	PFRS
2013	\$ 381,247	\$ 287,168
2012	\$ 289,003	\$ 224,590
2011	\$ 254,423	\$ 195,872

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

6. SHORT TERM DEBT

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Funds. Principal payments must be made annually.

State law requires the BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Town has a BAN outstanding in the Capital Fund as of December 31, 2013, but has outstanding statutory installment bonds for capital expenditures in its long term debt. These bonds are not renewed each year, but annual reductions of principal are made.

	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Pay loader and refueling system	2012	2016	1.20%	\$ 240,094	\$ -	\$ 48,019	\$ 192,075

Total interest expense for short term debt was \$4,996 in 2013.

7. LONG TERM DEBT

The following is a summary of the Town's non-current governmental liabilities:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Bonds Payable	\$ 1,965,000	\$ -	\$ 250,000	\$ 1,715,000
Statutory Installment Bonds and Notes	299,753	-	102,253	197,500
Compensated Absences	1,101	-	268	833
Other Postemployment Benefits	3,181,188	686,808	-	3,867,996
	<u>\$ 5,447,042</u>	<u>\$ 686,808</u>	<u>\$ 352,521</u>	<u>\$ 5,781,329</u>

The following is a summary of the Town's bonds payable and statutory installment bonds and notes.

	Issuance	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds payable:								
Roads	2005	2020	4.20%-4.25%	\$ 545,000	\$ -	\$ 65,000	\$ 480,000	\$ 65,000
Roads	2006	2021	4.00%	610,000	-	65,000	545,000	65,000
Certiorari	1999	2018	4.35%-4.50%	810,000	-	120,000	690,000	125,000
Total bonds				<u>1,965,000</u>	<u>-</u>	<u>250,000</u>	<u>1,715,000</u>	<u>255,000</u>
Statutory installment bonds and notes:								
Police vehicle	2010	2013	1.75%	17,753	-	17,753	-	-
Police and codes vehicles	2012	2016	2.00%	190,000	-	47,500	142,500	47,500
International dump truck	2009	2014	2.95%	70,000	-	35,000	35,000	35,000
Brookside Heights sewer	2003	2023	2.40%	22,000	-	2,000	20,000	2,000
Total bonds and notes				<u>299,753</u>	<u>-</u>	<u>102,253</u>	<u>197,500</u>	<u>84,500</u>
Total long term debt				<u>\$ 2,264,753</u>	<u>\$ -</u>	<u>\$ 352,253</u>	<u>\$ 1,912,500</u>	<u>\$ 339,500</u>

Total interest expense for long term debt totaled \$83,852 in 2013.

7. LONG TERM DEBT (Continued)

Maturity Information

The annual debt service requirements to maturity, including principal and interest as of December 31, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 339,500	\$ 72,929	\$ 412,429
2015	309,500	59,999	369,499
2016	324,500	47,546	372,046
2017	287,000	34,586	321,586
2018	292,000	22,150	314,150
2019-2023	<u>360,000</u>	<u>23,289</u>	<u>383,289</u>
Totals	<u>\$ 1,912,500</u>	<u>\$ 260,499</u>	<u>\$ 2,172,999</u>

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Town administers a single-employer defined benefit healthcare plan ("the Plan"). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Town subject to applicable collective bargaining and employment agreements. Employees covered include the employees of the Police Benevolent Association, Office and Technical bargaining unit, highway and non-represented employees. The plan is open to new entrants. The plan is subject to good faith collective bargaining between Town and these covered employees. The 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 plan members, employers and other entities are established by action of Town pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by Town. For the year ended December 31, 2013, the Town contributed \$446,295 to the Plan. Total member contributions were \$3,884 for the year ended December 31, 2013.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the Retiree Health Plan:

Annual required contributions and OPEB expense	\$ 1,179,952
Interest on net OPEB obligation	99,240
Adjustment to annual required contribution	<u>(146,089)</u>
Annual	1,133,103
Contributions made	<u>(446,295)</u>
Increase in net OPEB obligation - beginning of year	686,808
Net OPEB obligation - beginning of year	<u>3,181,188</u>
Net OPEB obligation - end of year	<u><u>\$ 3,867,996</u></u>

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended December 31, 2013, was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/13	\$1,133,103	29.3%	\$3,867,996
12/31/12	\$1,018,701	31.3%	\$3,181,108
12/31/11	\$1,088,974	38.4%	\$2,480,994

Funded Status and Funding Progress. As of December 31, 2013, the actuarial accrued liability for benefits was \$12,513,043, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,061,446 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 408%.

The projection of future benefit payments 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 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.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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.

The following simplifying assumptions were made:

Measurement date – January 1, 2011.

Retirement age for active employees - Based on the historical average retirement age for the covered group according to the NY State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five and have at least 10 years of service, or 20 years of service for members of the PBA, with the Town to be eligible.

Length of coverage – The retiree and spouse are covered for the lifetime of the retiree.

Year payout projection – 20 years.

Actuarial method used – Projected unit credit.

Amortization period of UAAL (in years) – 27.00.

Medicare Part B – The Town does not provide Medicare Part B premium reimbursement for retirees and dependents.

Payroll growth rate - No salary increases were assumed since benefits are not based on compensation.

Assumed rate of return on investments discount rate – 4%

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b/a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b/a)/c)
12/31/12	\$ -	\$12,513,043	\$12,513,043	0%	\$2,930,421	427%

9. COMMITMENTS AND CONTINGENCIES

The Town is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the Town Attorney, these actions when finally adjudicated will not have material adverse effect on the financial position of the Town.

11. LEASES

Onondaga County Water Authority (OCWA) Leases – The Town has leased various water districts to the OCWA, which expire over a period of forty years. For these districts, terms call for the County to pay the Town an amount equal to the outstanding debt payments annually.

Lakeland Water District – The Lakeland Water District entered into a 40 year lease with OCWA for water distribution on December 23, 1996. The Town pursuant to Section 198(12) of New York State Town Law approved and authorized the water district to enter into the lease. The lease calls for OCWA to pay up to \$30,000 to the district for the purchase and installation of approximately 120 water pumps.

12. IMPACT OF FUTURE GASB PRONOUNCEMENTS

GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* establishing 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, as well as for non-employer governments that have a legal obligation to contribute to those plans. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2015 with early adoption encouraged.

12. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* establishing accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Town is required to adopt the provisions of this Statement, if applicable, for the year ending December 31, 2014. A prospective basis should be applied and early adoption is encouraged.

GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* establishing accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. As issued in this Statement, a nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third party obligation holder under specified conditions. The Town is required to adopt the provisions of the Statement, if applicable, for the year ending December 31, 2014. A prospective basis should be applied and early adoption is encouraged.

GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68* that addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Town is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68, for the year ending June 30, 2015, with early adoption encouraged.

The Town has not yet assessed the impact of these statements on its future financial statements.

TOWN OF GEDDES, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - STATUTORY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUE:				
Real property taxes and tax items	\$ 1,435,557	\$ 1,435,557	\$ 1,447,339	11,782
Departmental income	39,837	39,837	30,823	(8,364)
Intergovernmental charges	-	-	2,571	2,571
Use of money and property	15,000	15,000	2,549	(12,451)
Licenses and permits	10,000	10,000	12,239	2,239
Fines and forfeitures	104,250	104,250	121,550	17,300
Sale of property and compensation for loss	75	75	93	18
Miscellaneous local sources	1,400	1,400	21,745	20,345
State aid	256,431	259,305	296,776	37,471
Total revenue	<u>1,881,900</u>	<u>1,864,774</u>	<u>1,935,685</u>	<u>70,911</u>
EXPENDITURES:				
General governmental support	873,483	976,357	873,549	102,808
Public safety	58,082	58,082	58,875	(793)
Transportation	157,566	157,566	135,258	22,308
Culture and recreation	299,094	299,094	240,795	58,299
Employee benefits	684,950	684,950	632,945	52,005
Debt service - principal	51,120	51,120	51,108	12
Debt service - interest	14,204	14,204	14,201	3
Total expenditures	<u>2,238,499</u>	<u>2,241,373</u>	<u>2,006,731</u>	<u>234,642</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>(376,599)</u>	<u>(376,599)</u>	<u>(71,046)</u>	<u>305,553</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,599	3,599	-	(3,599)
Operating transfers (out)	-	-	(5,241)	5,241
Total other sources (uses)	<u>3,599</u>	<u>3,599</u>	<u>(5,241)</u>	<u>1,642</u>
NET CHANGE IN FUND BALANCE	<u>(373,000)</u>	<u>(373,000)</u>	<u>(76,287)</u>	<u>307,195</u>
FUND BALANCE - beginning of year	<u>1,159,974</u>	<u>1,159,974</u>	<u>1,159,974</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 786,974</u>	<u>\$ 786,974</u>	<u>\$ 1,083,687</u>	<u>\$ 307,195</u>

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - STATUTORY BASIS - HIGHWAY FUND FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Budgetary Actual
REVENUE:				
Real property taxes and tax items	\$ 2,292,208	\$ 2,492,208	\$ 2,296,505	\$ 4,297
Intergovernmental charges	32,888	32,888	38,026	5,138
Use of money and property	2,000	2,000	1,388	(612)
Sale of property and compensation for loss	2,500	2,500	3,442	942
Miscellaneous local sources	-	-	1,768	1,768
State aid	125,914	125,914	151,613	25,699
Total revenue	2,455,510	2,455,510	2,492,742	37,232
EXPENDITURES:				
General government support	41,410	41,410	33,823	7,587
Transportation	1,508,911	1,508,911	1,366,091	142,820
Home and Community Services	40,000	40,000	7,711	32,289
Employee benefits	921,073	921,073	888,305	32,768
Debt - principal	238,412	238,412	236,431	1,981
Debt - interest	59,704	59,704	57,584	2,120
Total expenditures	2,809,510	2,809,510	2,589,945	219,565
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES:	(354,000)	(354,000)	(97,203)	256,797
OTHER SOURCES (USES):				
Operating transfers (In)	-	-	5,241	5,241
Operating transfers (out)	(25,000)	(25,000)	(684)	24,316
Other sources (uses)	(25,000)	(25,000)	4,557	5,241
NET CHANGES IN FUND BALANCES	(379,000)	(379,000)	(92,646)	262,038
FUND BALANCE - beginning of year	1,348,875	1,348,875	1,348,875	-
FUND BALANCE - end of year	\$ 969,875	\$ 969,875	\$ 1,256,229	\$ 262,038

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HISTORICAL BASIS
GENERAL PART-TOWN FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Basis
REVENUE:				
Real property taxes and tax items	\$ 1,933,647	\$ 1,933,647	\$ 1,933,651	\$ 4
Non property tax items	195,000	195,000	200,405	5,405
Departmental income	1,225	1,225	1,817	592
Intergovernmental charges	-	1,000	28,000	18,400
Use of money and property	2,500	2,500	1,062	(1,438)
Licenses and permits	18,700	18,700	27,115	8,415
Sale of property and compensation for loss	-	29,000	35,936	6,880
Miscellaneous local sources	13,400	5,400	49,115	43,715
State aid	25,338	25,336	23,924	(1,412)
Total revenue	2,181,808	2,225,764	2,301,025	80,561
EXPENDITURES:				
General government	10,000	40,344	25,413	14,931
Public Safety	1,359,429	1,359,204	1,351,037	8,167
Home and community services	36,234	36,234	24,716	11,518
Employee benefits	107,159	1,064,696	1,032,042	32,654
Debt - principal	63,363	65,253	65,253	-
Debt - interest	1,000	4,733	4,111	622
Total expenditures	1,677,808	2,570,464	2,502,572	67,892
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES:	(350,000)	(350,000)	(201,547)	148,453
NET CHANGE IN FUND BALANCE	(350,000)	(350,000)	(201,547)	12,669
FUND BALANCE - beginning of year	1,201,405	1,201,405	1,201,405	-
FUND BALANCE - end of year	\$ 851,405	\$ 851,405	\$ 999,858	\$ 12,669

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - STATUTORY BASIS - SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUE:				
Real property taxes and tax items	\$ 30,902	\$ 30,902	\$ 30,900	\$ (2)
Miscellaneous local sources	-	-	46,655	46,655
Intergovernmental charges	1,336	1,336	1,336	-
Use of money and property	475	475	180	(295)
Total revenue	<u>32,713</u>	<u>32,713</u>	<u>79,071</u>	<u>46,358</u>
EXPENDITURES:				
General Governmental Support	4,250	4,250	-	4,250
Home and community services	102,324	102,324	111,006	(8,682)
Debt - principal	2,000	2,000	2,000	-
Debt - interest	540	540	264	276
Total expenditures	<u>109,114</u>	<u>109,114</u>	<u>113,270</u>	<u>(8,406)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>(76,401)</u>	<u>(76,401)</u>	<u>(34,199)</u>	<u>37,952</u>
OTHER SOURCES (USES):				
Operating transfers out	3,599	3,599	-	3,599
Total other sources (uses)	<u>3,599</u>	<u>3,599</u>	<u>-</u>	<u>3,599</u>
NET CHANGE IN FUND BALANCES	<u>(80,000)</u>	<u>(80,000)</u>	<u>(34,199)</u>	<u>41,551</u>
FUND BALANCE - beginning of year	<u>272,997</u>	<u>272,997</u>	<u>272,997</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 192,997</u>	<u>\$ 192,997</u>	<u>\$ 238,798</u>	<u>\$ 41,551</u>

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES

COMBINING SCHEDULE OF BALANCE SHEETS - STATUTORY BASIS - NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	Special Grant	Debt Service	Drainage	Fire	Lighting	Police & Garbage	Water	TOTAL
ASSETS								
Cash and cash equivalents	\$ 3,167	\$ -	\$ 3,353	\$ 1,151	\$ 207,062	\$ 329,464	\$ 246,931	\$ 791,128
Accounts receivable	-	-	-	1,445	269	1,217	-	2,931
Due from other governments	50,000	-	-	-	-	-	-	50,000
TOTAL ASSETS	53,167	-	3,353	2,596	207,331	330,681	246,931	844,059
LIABILITIES AND FUND BALANCES:								
LIABILITIES								
Accounts payable	66,658	-	-	-	16,907	18,208	-	100,873
Due to other funds	-	-	-	2,000	-	-	-	2,000
TOTAL LIABILITIES	66,658	-	-	2,000	16,907	18,208	-	102,873
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	-
Assigned	-	-	2,103	-	45,000	80,000	6,042	133,145
Appropriated for subsequent year's expenditures	-	-	-	-	-	-	-	-
Unappropriated	-	-	2,103	-	45,000	80,000	6,042	133,145
Total assigned fund balance	(12,491)	-	1,250	596	146,324	232,473	240,889	608,041
Unassigned	-	-	3,103	596	191,324	312,473	246,931	741,186
TOTAL FUND BALANCES	53,167	-	3,353	2,596	207,331	330,681	246,931	844,059
TOTAL LIABILITIES AND FUND BALANCE	\$ 53,167	\$ -	\$ 3,353	\$ 2,596	\$ 207,331	\$ 330,681	\$ 246,931	\$ 844,059

The accompanying notes are an integral part of these statements.

TOWN OF GEDDES
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - STATUTORY BASIS - NONMAJOR SPECIAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Grants	Debt Service	Drainage	Fire Protection	Lighting	Refuse & Garbage	Water	Total
REVENUE:								
Real property taxes and tax items	\$ -	\$ -	\$ 500	\$ 810,715	\$ 160,783	\$ 713,550	\$ 1,361	\$ 1,686,919
Intergovernmental charges	59,546	-	-	-	-	-	75	59,621
Use of money and property	-	-	-	141	284	-	115	907
Sale of property and compensation for loss	-	-	-	-	3,250	-	-	3,250
Total revenue	59,546	-	500	810,899	160,924	717,094	1,734	1,750,697
EXPENDITURES:								
Public safety	-	-	-	783,857	-	-	-	783,852
Transportation	73,443	-	-	164,120	-	-	-	237,563
Home and community services	-	5,241	-	-	694,830	6,883	-	706,954
Debt service - principal	-	-	-	19,584	7,884	18,012	-	45,480
Debt service - interest	-	-	-	5,442	2,191	5,005	-	12,638
Total expenditures	73,443	5,241	-	808,978	174,855	717,847	6,883	1,786,587
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(13,897)	(5,241)	500	921	(13,271)	(753)	(5,149)	(35,890)
OTHER SOURCES (USES):								
Operating transfers in	684	-	-	-	-	-	-	684
Total other sources (uses)	684	-	-	-	-	-	-	684
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES):	(13,213)	(5,241)	500	1,921	(13,271)	(753)	(5,149)	(35,206)
FUND BALANCE - beginning of year	(278)	5,241	2,853	(1,325)	204,595	313,226	252,080	776,392
FUND BALANCE - end of year	(13,491)	\$ -	\$ 3,353	\$ 596	\$ 191,324	\$ 312,473	\$ 246,931	\$ 741,186