

TOWN OF BRIGHTON

Monroe County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2011

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

Shareholders:

Raymond F. Wager, CPA
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Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council
The Town of Brighton
Monroe County, New York

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brighton, Monroe County, New York (the Town) as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds presented as supplemental information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town at December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund, the highway fund, and the consolidated sewer fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012 on our consideration of the Town of Brighton, Monroe County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion there on.

Raymond F Wager CPA PC

March 28, 2012

Management's Discussion and Analysis

Town of Brighton, Monroe County, New York

December 31, 2011

As the management of the Town of Brighton, Monroe County, New York, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2011. This discussion and analysis should be read in conjunction with the financial statements and the accompanying notes to the statements.

The Basic Financial Statements consist of a series of inter-related financial statements. The Statement of Net Assets and Statement of Activities provide information about the activities of the Town as a whole, presenting both short term and longer-term views of the Town's finances. For governmental activities, the Town's traditional fund financial statements tell the reader how Town provided services and programs were financed in 2011, as well as what resources are available for future spending. Fund financial statements report on the Town's operations in greater detail than the government-wide statements, and concentrate on the Town's most significant funds (identified as "major" funds), with less significant (or "non-major") funds accumulated for presentation in one column. Fiduciary funds statements provide information about financial activities for which the Town acts solely as trustee or agent for the benefit of organizations or persons outside of the Town government.

Reporting on the Town as an Entity:

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets includes Assets and Liabilities of the Town as a whole, with the difference between Assets and Liabilities reported as Net Assets. The Statement of Activities presents financial information as to how the Town's Net Assets changed during the fiscal year, with all changes being reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Over time, increases or decreases in the Town's Net Assets position are one indicator of whether its "financial health" is strengthening or deteriorating. These statements are inclusive of all of the Town's basic services including police, public works/highway, parks and recreation, and library. Both statements utilize the accrual basis of accounting, the same accounting method used by most private-sector organizations.

Reporting the Town's Most Significant Funds:

Fund Financial Statements

The Fund Financial Statements provide detailed financial information about the most significant funds of the Town, not the Town as a whole. Some funds (most notably the General and Highway Funds) are established as required by State law, while other funds (such as the Library Fund) are established at the Town's discretion to help it account for and manage money for specific purposes. All of the Town's funds are classified as Governmental Funds which focus on near-term inflows and outflows of spendable resources, and on balances of spendable resources still available at the end of the fiscal year. This measurement focus is known as the modified accrual basis of accounting.

Financial information is presented separately in the Governmental Fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Town's General Fund, Highway Fund, and Consolidated Sewer Fund, each being considered a major fund. Financial information for all other Governmental Funds is combined into a single, aggregated presentation. Individual fund data for each of the non-major funds is provided in the Combining Statements provided at the end of these Basic Financial Statements.

Compliance with the Original and Final Operating Budget for the Town's major funds is reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

In that the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information provided in each. The reader may then better understand the long-term impacts of near-term financing decisions. The reconciliation of total Fund Balances to the Net Assets of Governmental Activities provided in the Governmental Funds Balance Sheet, and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances to the Statement of Activities facilitate the comparison between Governmental Funds and Governmental Activities.

Reporting the Town's Fiduciary Responsibilities:

The Town as Trustee

Fiduciary Funds are not reported in the government-wide financial statements in that the resources of those funds are not available to support the Town's services and programs. The Town is responsible for ensuring that the assets reported in these funds are utilized for their intended purpose. The Town's fiduciary activities are reported in the Statement of Fiduciary Net Assets and in the Statement of Changes in Fiduciary Net Assets and are prepared using the full accrual basis of accounting.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information essential to a clear understanding of the financial information provided in the government-wide and fund financial statements.

Combining Financial Statements

The Combining Balance Sheet – Non-major Special Revenue Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for the Town's non-major Special Revenue Funds present individual fund information for each of the Town's Special Revenue Funds (other than the Highway Fund). The totals provided in these statements are brought forward to the Combining Balance Sheet and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Non-Major Governmental Funds inclusive of the Debt Service Fund and the Capital Projects Fund. These combining statements provide a frame of reference for the aggregations provided in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

**The Town as a Whole
Governmental Activities**

For the fiscal year ended December 31, 2011 Net Assets changed as noted below, with the total \$73,303,823 representing a 2.23% decrease in Net Assets.

<u>Assets:</u>		
Current and Other Assets	\$ 14,856,177	\$ 14,084,330
Capital Assets	70,232,009	72,617,930
Total Assets	\$ 85,088,186	\$ 86,702,260
<u>Liabilities:</u>		
Current Liabilities	\$ 1,879,166	\$ 2,694,637
Noncurrent Liabilities	9,905,197	9,030,998
Total Liabilities	\$ 11,784,363	\$ 11,725,635
<u>Net Assets:</u>		
Invested in Capital Assets, net of Related Debt	\$ 65,288,470	\$ 67,187,658
<u>Restricted For:</u>		
Capital Reserves	1,579,373	1,655,068
Other Purposes	4,405,384	4,240,267
Unrestricted	2,030,596	1,893,632
Total Net Assets	\$ 73,303,823	\$ 74,976,625

The overall net decrease of \$1,672,802 in net assets is made up of several components, both favorable and unfavorable. While the results of operations yielded an increase of \$332,366 in fund balances, this increase was more than offset by several decreases in net assets. The most significant factor relating to the overall decrease in net assets was the decrease of capital assets of \$2,385,921 resulting from net depreciation expense of \$6,208,720 and additions of assets (net of deletions) of \$3,822,799 occurring in the year. Depreciation expense is an accounting measure of asset utilization based on estimates of useful life for each asset. The actual life of an asset may not parallel the estimated life used for the purpose of calculating depreciation expenses. Also, the Town is a mature, nearly fully developed community such that most of its needed infrastructure already exists, is being maintained and depreciated, with comparatively little opportunity for infrastructure expansion. The next major factor is the recording of the fourth year of the OPEB (Other Post Employment Benefits) liability further reducing the net assets by \$177,235, which is required under GASB 45. Long-term debt redeemed, net of refunding, resulted in an increase in net assets of \$601,719 as did a decrease in interest accrued on outstanding bonds of \$39,549. An additional reduction of \$54,080 was for compensated absences.

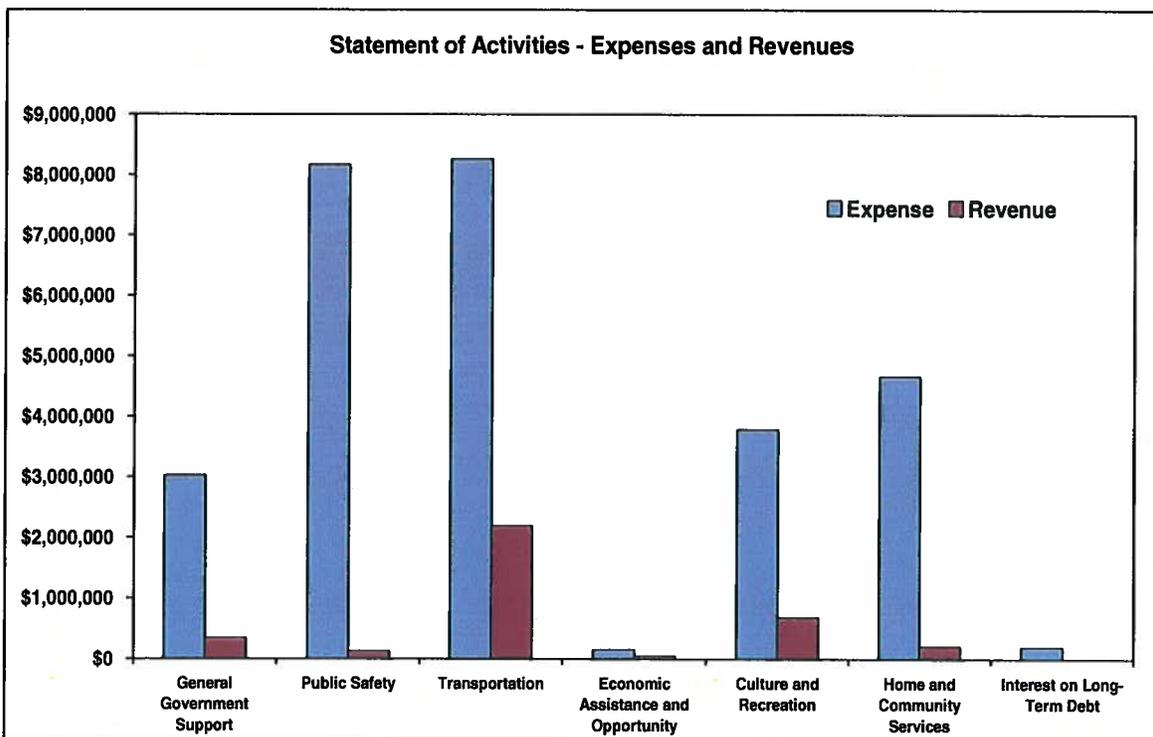
In the Statement of Net Assets, Total Assets are reported to be \$85,088,186, with \$70,232,009 (or 82.54%) representing Capital Assets, net of accumulated depreciation. Another \$14,856,177 (or 17.46%) of Total Assets is held in liquid cash and cash equivalents. Total Liabilities are reported at \$11,784,363, of which \$3,026,466 (or 25.68%) is classified as current liabilities (primarily Accounts Payable and Accrued Wages and Benefits, and a BAN), and \$8,757,897 (or 74.32%) being non-current liabilities due within one year or more. Non-current liabilities are composed of \$5,116,257 (58.42%) in outstanding long-term debt, \$426,888 (4.87%) in compensated absences, and \$3,214,752 (36.71%) in OPEB liabilities. Total Net Assets are reported to be \$73,303,823 with \$65,288,470 (or 89.07%) relating to investment in Capital Assets net of outstanding debt and accumulated depreciation; \$5,984,757 (or 8.16%) restricted for capital reserves, debt service obligations, and other purpose operations; and leaving \$2,030,596 (or 2.77%) in unrestricted balances.

Total Assets of \$85,088,186 reflect a net decrease of \$1,672,802 with increases in Current Assets (primarily composed of Cash and Cash Equivalents) of \$771,847 and \$2,385,921 in reductions of Capital Assets, Net of Depreciation. The net value of Work in Progress increased by \$53,247, the net value of Infrastructure decreased by \$2,259,880 (principally relating to annual depreciation expenses in excess of infrastructure additions), the net value of Buildings and Improvements decreased by \$448,680 and the net value of equipment increased by \$269,395.

Total Liabilities of \$11,784,363 reflect an overall increase of \$58,728, with decreases of \$815,471 in current liabilities and an increase of \$874,199 in non-current liabilities.

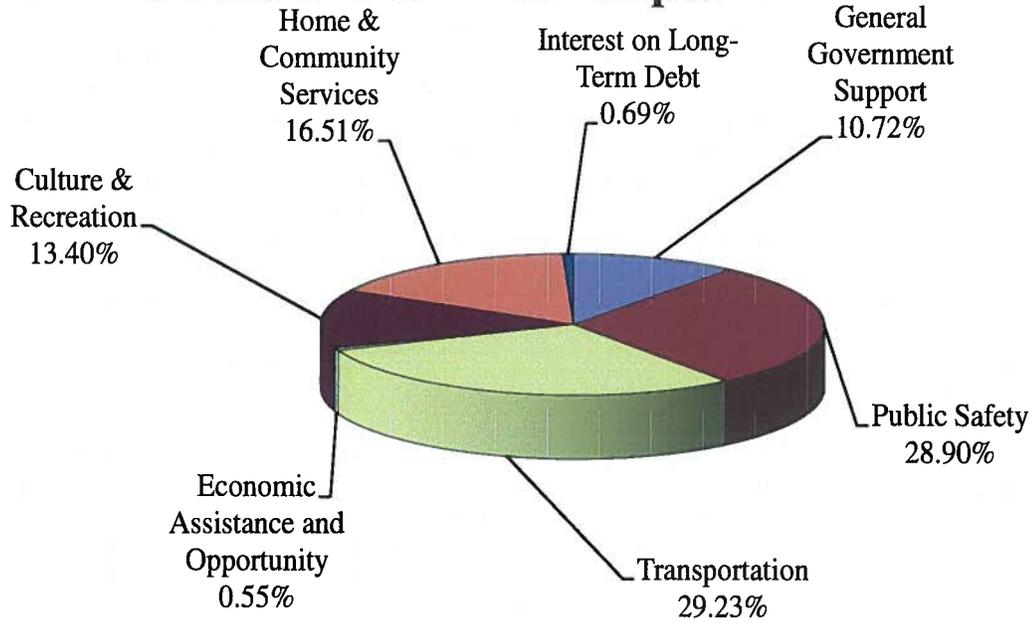
Total Net Assets of \$73,303,823 reflects a reduction of \$1,672,802. This reduction is primarily due to the investment in Capital Assets, net of related debt, which decreased by \$1,899,188 as depreciation expenses exceeded capital additions.

In the Statement of Activities, expenses incurred by type of governmental activity total \$28,248,706 (presented in the first column), with program revenues by type attributable to a particular activity totaling \$3,596,893 (being presented in the next three columns to the right of expenses). The \$24,651,813 net negative result of expenses less revenues is shown as Net Expense, Revenue, and Changes in Net Assets (as shown in the column to the far right). This format highlights the relative financial burden that each of the governmental activities places on the Town's taxpayers. A total of \$23,014,011 in revenues not directly attributable to any particular governmental activity are reported as General Revenues, serving to further reduce the net cost of governmental activities. The net cost of all governmental activities, after applying all Program and General Revenues, results in a \$1,672,802 negative Change in Net Assets.

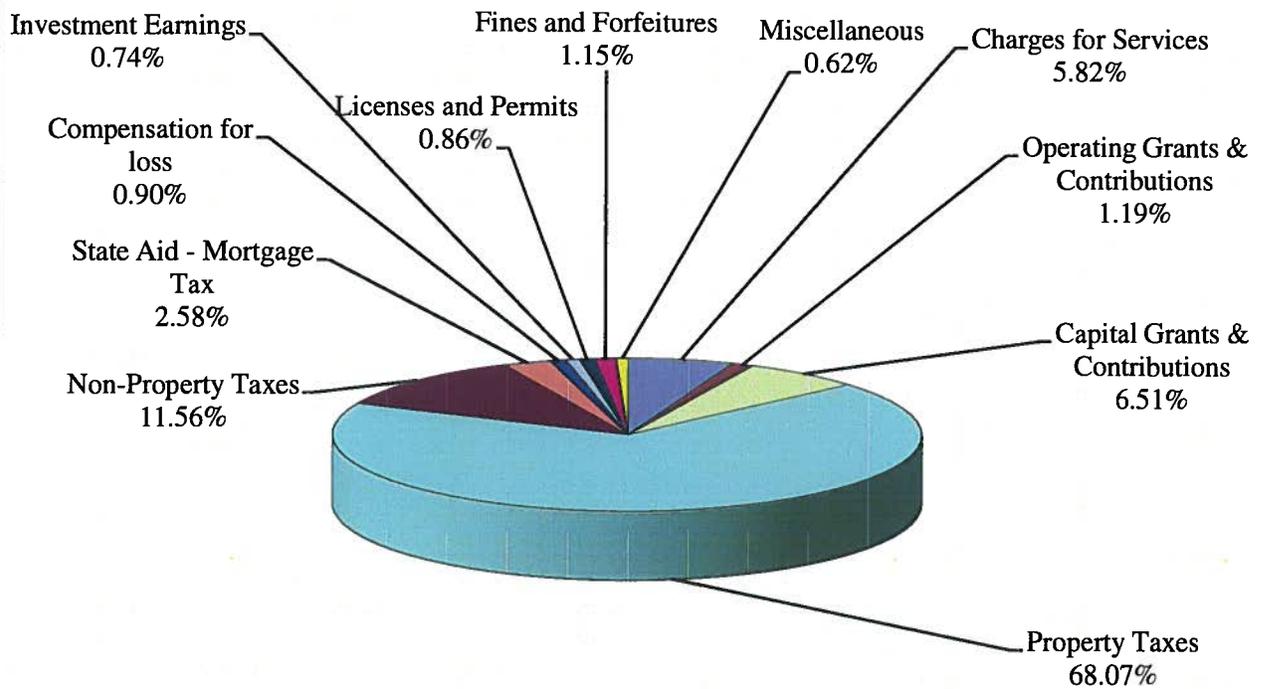


The Bar Graph presented above shows the relative relationship between Program Expenses of \$28,248,706 and Program Revenues of \$3,596,893. The \$24,651,813 balance in the net cost of operations is funded by General Revenues of \$23,014,011 (\$18,114,022 or 78.71% of all General Revenues being generated through the levy of property taxes), \$1,672,802 in utilized Net Assets, and \$35,000 from an advanced refunding of bonds.

Statement of Activities - Expenses



Statement of Activities - Revenues



The Program Expenses Pie Chart presented above shows the relative commitment of resources to provide the many types of critical services provided by the Town, and the Program Revenues Pie Chart shows the sources of revenue generated and their relative proportions as a part of total Town Revenues.

The Town's Governmental Funds

For the fiscal year ended December 31, 2011, the Town's Governmental Funds reported combined ending fund balances of \$13,039,465, an increase of \$332,366 or 2.62% increase from 2010 fund balances of \$12,707,099. Of the net increase, \$313,022 is the result of favorable operational variances across all funds. The balance is the result of \$19,344 net proceeds from advance refunding of bonds.

The fund balance, per new GASB Statement 54 reporting beginning in 2011, is broken out into four categories: Nonspendable, Restricted, Assigned, and Unassigned, all of which are more fully defined in the notes to these statements. Nonspendable fund balance, such as inventory and prepaid expenditures, total \$494,227. Restricted fund balance, such as reserves and amounts restricted by law or grantors for a specific purpose, total \$6,790,559. Assigned fund balance, amounts intended to be used for a specific purpose such as encumbrances and appropriated fund balance, total \$3,315,357. Unassigned fund balance, available for Town use, total \$2,439,322.

Comparative Schedule of Expenditures

The following schedule presents a summary of General Fund, Special Revenue Funds (including Highway), Capital Projects and Debt Service Fund expenditures for the fiscal years ended December 31, 2011 and 2010.

<u>Expenditures:</u>	<u>2011</u>	<u>2010</u>	<u>Variance</u>
General Governmental Support	\$ 2,606,947	\$ 2,536,104	\$ 70,843
Public Safety	5,908,329	5,873,208	35,121
Transportation	6,108,570	4,340,244	1,768,326
Economic Assistance/Opportunity	149,937	144,450	5,487
Culture and Recreation	2,800,769	2,691,669	109,100
Home and Community Services	3,457,772	3,114,407	343,365
Employee Benefits	4,811,772	4,629,713	182,059
Debt Service - Principal	636,719	690,470	(53,751)
Debt Service - Interest	204,211	246,702	(42,491)
Total	\$ 26,685,026	\$ 24,266,967	\$ 2,418,059

As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the chart above, the Town expended \$26,685,026 for current year operations. By comparison, this was (on a net basis) \$2,418,059 more than the \$24,266,967 expended in 2010.

Transportation expenditures increased \$1,768,326 mainly due to the reconstruction project for Highland Avenue which had \$1,431,044 in expenditures in 2011. Home and Community Services expenditures were up \$343,365 mainly due to equipment purchased for the Sewer District consisting of a dump truck for \$147,432 and a loader for \$122,936. Employee Benefits were up \$182,059 that was mainly a result of mandated NYS Retirement System employer contributions increasing \$495,213 and medical premiums decreased \$382,509 due to new experience rated health plans instituted in 2011.

Comparative Schedule of Revenues

The following schedule presents a summary of General Fund, Special Revenue Funds (including Highway), Capital Projects and Debt Service Fund revenues for the fiscal years ended December 31, 2011 and 2010.

<u>Revenues:</u>	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Real Property and Tax Items	\$ 18,114,022	\$ 18,061,213	\$ 52,809
Non-Property Taxes	3,075,788	2,673,783	402,005
Departmental Income	809,404	814,365	(4,961)
Intergovernmental Charges	619,434	558,012	61,422
Use of Money and Property	195,825	198,512	(2,687)
Licenses and Permits	228,304	217,089	11,215
Fines and Forfeitures	305,811	285,768	20,043
Sale of Property and Compensation for Loss	238,342	231,968	6,374
Miscellaneous	301,972	190,303	111,669
Interfund Revenues	406,488	391,744	14,744
State and County Aid	1,430,840	1,137,271	293,569
Federal Aid	1,271,818	85,600	1,186,218
Total	\$ 26,998,048	\$ 24,845,628	\$ 2,152,420

Again, as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the chart above, the Town recorded \$26,998,048 in revenues to support current year operations. By comparison, on a net basis this was \$2,152,420 more than the \$24,845,628 recorded in 2010.

Non-Property Taxes increased \$402,005 largely due to an increase in sales tax revenue of \$384,433 (or 17.47%) from 2010. Miscellaneous revenues were up \$111,669 mostly due to a \$79,000 refund of prior year utility expenditures. State and Federal aid were up a combined \$1,479,787 mostly due to funding received for the Highland Avenue reconstruction project totaling \$1,378,293.

General Fund. The General Fund, a major fund, is the primary operating fund of the Town including operations of the Police, Parks and Recreation, and Public Works Departments, the Town Court, that portion of the Highway Department not required to be accounted for in the Highway Fund, and General Administration. Results of operations in the General Fund generated a \$283,498 excess of revenues over expenditures (favorable), and Capital Reserve and Cash Transfers to various capital projects totaling \$9,012, together resulted in a \$292,510 positive net change in fund balance. The present \$2,622,706 in unassigned fund balance represents 18.70% of the \$14,027,498 in total fund expenditures and operating transfers out recorded in the fiscal year.

Highway Fund. The Highway Fund, also classified as a major fund, includes the greater portion of the activities of the Town's Highway Department (with the balance of Highway Department activities being accounted for in the General Fund). Highway Fund activities include road repair, storm sewer maintenance, machinery acquisition and maintenance, and snow and ice control. Results of operations in the Highway Fund generated a \$33,084 deficit, but when netted against operating transfers resulted in an overall positive change in fund balances of \$40,781. The present \$1,188,747 of assigned fund balance for highway operations represents 23.97% of the \$4,959,187 in total fund expenditures and operating transfers out recorded in the fiscal year.

Consolidated Sewer District. The Consolidated Sewer District Fund, classified as a major fund for 2011, supports maintenance and infrastructure for sanitary sewer systems within the Town. Results of operations in the Consolidated Sewer District generated a \$95,832 reduction in fund balance, however this was \$99,168 less than the \$195,000 anticipated for fund balance appropriations in the 2011 budget, mainly due to a positive variance in supplies and contractual expenditures.

“Non-Major” Special Revenue (Governmental) Funds. “Non-Major” Special Revenue Funds are used to account for taxes, user fees, and other revenues that are raised or received to fund special governmental activities including the Brighton Memorial Library, and other governmental services (e.g. ambulance service, fire protection, street lighting, and refuse collection) provided to service areas that may or may not encompass the entire Town. Operations of all “Non-Major” Special Revenue funds resulted in a \$94,907 positive net change in fund balances.

As shown on the Balance Sheet for all Governmental Funds, the reconciliation of Total Fund Balances of \$13,039,465 to Net Assets of Governmental Activities of \$73,303,823 includes \$70,232,009 in net Capital Assets used in governmental activities as an addition to Fund Balances and subtractions to fund balance include \$5,623,225 in obligations on outstanding bonds, the OPEB liability of \$3,214,752, accrued interest totaling \$62,454, and Compensated Absences earned and due to Town employees totaling \$1,067,220.

General Fund Budgetary Highlights

The Town’s General Fund Budget for revenue and operating transfers increased by \$235,324 over the course of the year, to a total amended budget of \$13,785,194. Actual revenues and operating transfers-in favorably increased the amended budget estimates by \$534,814. Major favorable variances included: Sales tax distribution exceeded the budget estimate by \$434,954 and refunds of prior year expenses totaled \$138,473. These were coupled with a shortfall of \$148,042 in Mortgage Tax revenues.

The Town’s General Fund appropriation budget increased by \$375,562 over the course of the year to a total of \$15,522,846 in amended appropriations. In all categories, actual expenditures and transfers out were less than amended budget estimates (again favorable) by \$1,208,481. While actual expenditures in every type of governmental activity were less than budgeted, major favorable budget variances included: General Government Support of \$197,813 less than budget, Culture and Recreation of \$170,268 less than budget, Home and Community Services of \$193,211 less than budget, and employee benefits of \$376,889 less than budget.

Highway Fund Budgetary Highlights

The Town’s amended Highway Fund revenue budget totaled \$4,930,977. Actual revenues and operating transfers-in favorably increased the amended budget estimates by \$68,991. The major favorable variance was for snow and ice control under Intergovernmental Charges accounting for a \$53,500 favorable variance.

The Town’s amended Highway Fund appropriation budget totaled \$5,105,591. The total favorable variance in Highway Fund expenditures was \$95,783. This resulted in a net overall favorable variance of revenues over expenditures in the Highway Fund of \$164,774.

Consolidated Sewer District Budgetary Highlights

The Consolidated Sewer District had an amended revenue budget of \$1,736,600 with an overall favorable variance of \$26,573, due mainly to the sale of equipment.

The amended appropriations budget for the Consolidated Sewer District totaled \$2,098,344 with a favorable variance totaling \$230,244, mainly from supplies and contractual expenditures coming in less than budgeted.

Capital Assets and Debt Administration

Capital Assets. In accordance with Governmental Accounting Standards Board (GASB) Statement #34, the Town records depreciation expense and accumulated depreciation associated with all of its capital assets including infrastructure. The Town's investment in capital assets for its governmental activities totals \$70,232,009, net of accumulated depreciation. This investment in capital assets includes Land, Work in Progress, Buildings and Improvements, Machinery and Equipment, and Infrastructure. Work in Progress was increased on a net basis by \$53,247. Buildings and Improvements values of \$5,624,968 are reflective of \$638,768 in depreciation expenses. Machinery and Equipment values of \$3,100,249 reflect \$1,064,723 in additions and \$554,685 in disposals (through sale or other disposal), and \$700,613 in net depreciation expense. Infrastructure is valued at \$53,823,362. This includes \$3,606,321 in new and improved infrastructure, \$531,929 in deletions, and net depreciation expenses in 2011 of \$5,861,238. This primarily results from the Town's nearly fully developed dynamic, such that the need and opportunity to develop new infrastructure is small while, by comparison, the recording of depreciation on its mature network of roads (and road improvements), sewers (sanitary and storm), sidewalks, street lights, etc. is substantial. The Town's newly acquired or constructed Capital Assets were funded with cash, Federal and State Aid.

	<u>2011</u>	<u>2010</u>
Land	\$ 7,276,434	\$ 7,276,434
Work in Progress	406,996	353,749
Buildings and Land Improvements	5,624,968	6,073,650
Machinery and Equipment	3,100,249	2,830,854
Infrastructure	53,823,362	56,083,243
Total	<u>\$ 70,232,009</u>	<u>\$ 72,617,930</u>

Debt Administration. At year-end 2011, the Town had \$5,623,225 in Bonds outstanding. The Town did not issue new Public Improvement Bonds. Of the \$5,623,225 in Bonds outstanding at year-end 2011, \$506,968 will be redeemed in the ensuing year's budget, leaving \$5,116,257 to be redeemed in future years. The Town maintains a conservative debt borrowing policy and received a rating upgrade in 2011 from AA-3 to AA-2 from Moody's Investors Service.

At year end 2011, the Town also had \$1,067,220 in accumulated Compensated Absences due its employees, a net increase of \$54,080 from the prior year. The Town does not specifically budget for the payment of Compensated Absences, but utilizes available budgetary appropriations when that portion of the liability that relates to an employee severing service with the Town is "cashed out".

Also at the end of 2011 an additional year of OPEB liability was recorded. The fourth year of the Town of Brighton's OPEB liability was recorded bringing the total liability to \$3,214,752.

Economic Factors, Subsequent Significant Events, and Future Budget Impacts

The Town's historically conservative budgeting philosophy and continued strong fund balance positions in the General and Highway funds (both being major funds) provide a stable financial base and enables the Town to quickly respond to unanticipated budgetary demands that might be classified as modest or moderate. Most often, such demands have resulted from an unusually harsh winter or other weather-related events. The volatile cost of gasoline and diesel fuel and other oil related products has continued to pose a challenge for current and future budgets. However, for the current fiscal year, no major short falls in appropriations are presently anticipated that cannot be addressed either through additional appropriation of fund balance, or through the transfer of existing, available budgeted appropriations.

Another on-going challenge every budget cycle is the funding of employee benefits. Employer contributions to the New York State Local Employees and Police and Fire Retirement Systems continue to rise and are expected to increase in the current year by 18% to 20%. While the State once again has instituted a new tier in the system with reduced benefits that is anticipated to reduce employer contributions, this will take many years to be reflected in the overall contributions by the employers. In 2011 the Town negotiated new health insurance plans for active and under-65 retired employees. These new plans, in addition to increased employee contributions, resulted in an overall reduction in Town paid premiums from 2010 to 2011. While the Town has contracted for a maximum cap increase in premiums for 2013, uncertainty on premiums for 2014 and beyond will be of great concern when developing future budgets.

The Town met the first year of New York State's new law on a property tax levy cap of 2% or the rate of inflation, whichever is less, with a zero increase in the overall tax levy for 2012. While Town departments met this difficult challenge in 2012 by cutting back expenditures while preserving services in the Town, this will pose an even grater challenge in the coming years.

While the economy continues to show signs of recovery, this has been a slow process. It is hopeful there will be some positive impacts on the local level, such as local development and increases in revenues to the Town such as mortgage tax and interest on investments, in addition to the continued growth in the sales tax distributions.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those having an interest, and should be considered along with the Basic Financial Statements and related notes.

Questions concerning any of the information provided in this report may be addressed to William Moehle, Supervisor, or to Suzanne Zaso, Director of Finance, at 2300 Elmwood Avenue, Rochester, New York, 14618.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Net Assets

December 31, 2011

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 13,072,082
Accounts receivable, net	348,655
Due from other governments, net	725,575
State and federal aid receivable	215,638
Deferred expenditures	494,227
Capital assets, net of accumulated depreciation:	
Land	7,276,434
Buildings	5,624,968
Equipment	3,100,249
Infrastructure	53,823,362
Work in progress	406,996
TOTAL ASSETS	\$ 85,088,186
LIABILITIES	
Accounts payable and other current liabilities	\$ 1,113,667
Accrued liabilities	276,477
Bond anticipation notes payable	289,500
Deferred revenue	199,522
Noncurrent liabilities:	
Due in one year	1,147,300
Due in more than one year	8,757,897
TOTAL LIABILITIES	\$ 11,784,363
NET ASSETS	
Invested in capital assets, net of related debt	\$ 65,288,470
Restricted for:	
Capital reserves	1,579,373
Restricted other purposes	4,405,384
Unrestricted	2,030,596
TOTAL NET ASSETS	\$ 73,303,823

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General government support	\$ 3,027,609	\$ 59,293	\$ 227,498	\$ 55,161	\$ (2,685,657)
Public safety	8,163,343	75,356	27,758	21,109	(8,039,120)
Transportation	8,257,333	602,758	20,700	1,567,601	(6,066,274)
Economic assistance and opportunity	155,980	42,301	8,355	-	(105,324)
Culture and recreation	3,786,377	578,025	17,422	87,802	(3,103,128)
Home and community services	4,664,202	191,380	14,374	-	(4,458,448)
Interest on long-term debt	193,862	-	-	-	(193,862)
Total Governmental Activities	\$ 28,248,706	\$ 1,549,113	\$ 316,107	\$ 1,731,673	\$ (24,651,813)
Total Primary Government	\$ 28,248,706	\$ 1,549,113	\$ 316,107	\$ 1,731,673	\$ (24,651,813)
 General Revenues:					
Taxes:					
Property taxes					\$ 18,114,022
Non-property taxes					3,075,788
Mortgage tax					686,958
Compensation for loss					238,342
Investment earnings					195,825
Licenses and permits					228,304
Fines and forfeitures					305,811
Miscellaneous					168,961
Total General Revenues					\$ 23,014,011
 Special Items:					
Advance Refunding					\$ (35,000)
Total Special Items					\$ (35,000)
Total General Revenues and Special Items					\$ 22,979,011
Change in Net Assets					\$ (1,672,802)
Net Assets - Beginning					74,976,625
Net Assets - Ending					\$ 73,303,823

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2011

	<u>Major</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Highway Fund</u>	<u>Consolidated Sewer Fund</u>		
Assets					
Cash and cash equivalents	\$ 6,717,789	\$ 1,926,463	\$ 1,017,251	\$ 3,410,579	\$ 13,072,082
Receivables, net	49,546	8,071	357	290,681	348,655
Due from other funds	-	22,248	-	138,410	160,658
Due from other governments, net	700,241	22,601	-	2,733	725,575
State and federal aid receivable	7,429	-	-	208,209	215,638
Deferred expenses	373,910	63,049	18,271	38,997	494,227
Total Assets	\$ 7,848,915	\$ 2,042,432	\$ 1,035,879	\$ 4,089,609	\$ 15,016,835
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and other current liabilities	\$ 263,306	\$ 287,265	\$ 297,735	\$ 178,848	\$ 1,027,154
Accrued liabilities	156,021	96,120	7,210	17,126	276,477
Notes payable - bond anticipation notes	-	-	-	289,500	289,500
Due to other funds	143,329	11,135	6,194	-	160,658
Due to other governments	12,708	-	-	-	12,708
Overpayments and collections in advance	11,351	-	-	-	11,351
Deferred revenue	76,182	122,216	-	1,124	199,522
Total Liabilities	\$ 662,897	\$ 516,736	\$ 311,139	\$ 486,598	\$ 1,977,370
Fund Balances:					
Nonspendable	\$ 373,910	\$ 63,049	\$ 18,271	\$ 38,997	\$ 494,227
Restricted	2,159,321	273,900	706,469	3,650,869	6,790,559
Assigned	2,030,081	1,188,747	-	96,529	3,315,357
Unassigned	2,622,706	-	-	(183,384)	2,439,322
Total Fund Balances	\$ 7,186,018	\$ 1,525,696	\$ 724,740	\$ 3,603,011	\$ 13,039,465
Total Liabilities and Fund Balances	\$ 7,848,915	\$ 2,042,432	\$ 1,035,879	\$ 4,089,609	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	70,232,009
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(62,454)
The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:	
Serial Bonds Payable	(5,623,225)
OPEB Liability	(3,214,752)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net assets.	(1,067,220)
Net Assets of Governmental Activities	\$ 73,303,823

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

	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Highway Fund	Consolidated Sewer Fund		
Revenues:					
Real property and tax items	\$ 8,325,162	\$ 3,749,040	\$ 1,652,145	\$ 4,387,675	\$ 18,114,022
Non-property taxes	3,075,788	-	-	-	3,075,788
Departmental income	659,211	6,879	19,465	123,849	809,404
Intergovernmental charges	49,970	568,044	-	1,420	619,434
Use of money and property	123,475	11,056	5,198	56,096	195,825
Licenses and permits	214,461	13,843	-	-	228,304
Fines and forfeitures	305,811	-	-	-	305,811
Sale of property and compensation for loss	54,323	133,031	46,259	4,729	238,342
Miscellaneous	199,303	55,414	22,927	24,328	301,972
Interfund revenues	229,248	164,471	12,769	-	406,488
State and county aid	1,014,066	160,208	-	256,566	1,430,840
Federal aid	44,278	52,982	-	1,174,558	1,271,818
Total Revenues	\$ 14,295,096	\$ 4,914,968	\$ 1,758,763	\$ 6,029,221	\$ 26,998,048
Expenditures:					
Current:					
General government support	\$ 2,566,986	\$ -	\$ -	\$ 39,961	\$ 2,606,947
Public safety	4,981,913	-	-	926,416	5,908,329
Transportation	426,114	3,814,700	-	1,867,756	6,108,570
Economic assistance and opportunity	149,937	-	-	-	149,937
Culture and recreation	1,259,513	-	-	1,541,256	2,800,769
Home and community services	1,060,200	-	1,500,860	896,712	3,457,772
Employee benefits	3,186,856	1,001,807	236,423	386,686	4,811,772
Debt Service:					
Debt service - principal	235,000	130,000	95,719	176,000	636,719
Debt service - interest and other charges	145,079	1,545	14,253	43,334	204,211
Total Expenditures	\$ 14,011,598	\$ 4,948,052	\$ 1,847,255	\$ 5,878,121	\$ 26,685,026
Excess (deficiency) of revenue over expenditures	\$ 283,498	\$ (33,084)	\$ (88,492)	\$ 151,100	\$ 313,022
Other Financing Sources and Uses:					
Operating transfers - in	\$ 24,912	\$ 85,000	\$ 4,410	\$ 117,012	\$ 231,334
Operating transfers - out	(15,900)	(11,135)	(11,750)	(192,549)	(231,334)
Proceeds from advance refunding	-	-	-	635,000	635,000
Transfer to escrow agent	-	-	-	(615,656)	(615,656)
Total Other Financing Sources and Uses	\$ 9,012	\$ 73,865	\$ (7,340)	\$ (56,193)	\$ 19,344
Net change in fund balances	\$ 292,510	\$ 40,781	\$ (95,832)	\$ 94,907	\$ 332,366
Fund Balance - Beginning	6,893,508	1,484,915	820,572	3,508,104	12,707,099
Fund Balance - Ending	\$ 7,186,018	\$ 1,525,696	\$ 724,740	\$ 3,603,011	\$ 13,039,465

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds		\$ 332,366
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlay	\$ 1,614,385	
Addition of Assets, Net	3,200,313	
Depreciation	<u>(7,200,619)</u>	(2,385,921)
<p>Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets. The following details these items as they effect the governmental activities:</p>		
Debt Repayment	\$ 636,719	
Advanced Refunding	<u>(35,000)</u>	601,719
<p>The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds.</p>		
		(177,235)
<p>Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences.</p>		
		(54,080)
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		<u>10,349</u>
Change in Net Assets of Governmental Activities		<u><u>\$ (1,672,802)</u></u>

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General and Major Special Revenue Fund Types

For the Year Ended December 31, 2011

	GENERAL FUND				
	Original Budget	Budget	Actual	Encumbrances	Variance
	(Incl. Carryover Encumbrances)	(Amended)			
Revenues:					
Real property and tax items	\$ 8,309,690	\$ 8,309,690	\$ 8,325,162	\$ -	\$ 15,472
Non-property taxes	2,625,000	2,625,000	3,075,788	-	450,788
Departmental income	582,930	606,061	659,211	-	53,150
Intergovernmental charges	69,360	69,360	49,970	-	(19,390)
Use of money and property	122,720	122,720	123,475	-	755
Licenses and permits	166,330	212,030	214,461	-	2,431
Fines and forfeitures	245,500	245,500	305,811	-	60,311
Sale of property and compensation for loss	27,000	39,275	54,323	-	15,048
Miscellaneous	12,810	12,810	199,303	-	186,493
Interfund revenues	250,120	250,120	229,248	-	(20,872)
State and county aid	1,080,960	1,166,678	1,014,066	-	(152,612)
Federal aid	45,000	113,500	44,278	-	(69,222)
Total Revenues	\$ 13,537,420	\$ 13,772,744	\$ 14,295,096	\$ -	\$ 522,352
Expenditures:					
Current:					
General government support	\$ 2,632,516	\$ 2,864,843	\$ 2,566,986	\$ 100,044	\$ 197,813
Public safety	4,923,547	5,131,342	4,981,913	9,169	140,260
Transportation	552,093	559,801	426,114	19,448	114,239
Economic assistance and opportunity	151,865	153,270	149,937	-	3,333
Culture and recreation	1,442,224	1,487,357	1,259,513	57,576	170,268
Home and community services	1,233,854	1,385,853	1,060,200	132,442	193,211
Employee benefits	3,818,650	3,563,745	3,186,856	-	376,889
Debt Service:					
Debt service - principal	235,000	235,000	235,000	-	-
Debt service - interest and other charges	145,085	145,085	145,079	-	6
Total Expenditures	\$ 15,134,834	\$ 15,526,296	\$ 14,011,598	\$ 318,679	\$ 1,196,019
Excess (deficiency) of revenue over expenditures	\$ (1,597,414)	\$ (1,753,552)	\$ 283,498	\$ (318,679)	\$ 1,718,371
Other Financing Sources and Uses:					
Operating transfers - in	\$ 12,450	\$ 12,450	\$ 24,912	\$ -	\$ 12,462
Operating transfers - out	-	(15,900)	(15,900)	-	-
Total Other Financing Sources and Uses	\$ 12,450	\$ (3,450)	\$ 9,012	\$ -	\$ 12,462
Net change in fund balances	\$ (1,584,964)	\$ (1,757,002)	\$ 292,510	\$ (318,679)	\$ 1,730,833
Fund Balance - Beginning	6,893,508	6,893,508	6,893,508	-	-
Fund Balance - Ending	\$ 5,308,544	\$ 5,136,506	\$ 7,186,018	\$ (318,679)	\$ 1,730,833

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General and Major Special Revenue Fund Types

December 31, 2011

HIGHWAY FUND

	<u>Original Budget (Incl. Carryover Encumbrances)</u>	<u>Budget (Amended)</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Revenues:					
Real property and tax items	\$ 3,749,040	\$ 3,749,040	\$ 3,749,040	\$ -	\$ -
Departmental income	6,000	6,000	6,879	-	879
Intergovernmental charges	509,340	509,340	568,044	-	58,704
Use of money and property	9,250	9,250	11,056	-	1,806
Licenses and permits	15,000	15,000	13,843	-	(1,157)
Sale of property and compensation for loss	108,800	128,740	133,031	-	4,291
Miscellaneous	-	16,700	55,414	-	38,714
Interfund revenues	169,800	198,775	164,471	-	(34,304)
State and county aid	160,150	160,150	160,208	-	58
Federal aid	-	52,982	52,982	-	-
Total Revenues	<u>\$ 4,727,380</u>	<u>\$ 4,845,977</u>	<u>\$ 4,914,968</u>	<u>\$ -</u>	<u>\$ 68,991</u>
Expenditures:					
Current:					
Transportation	\$ 3,681,215	\$ 3,939,686	\$ 3,814,700	\$ 50,621	\$ 74,365
Employee benefits	1,175,740	1,023,225	1,001,807	-	21,418
Debt Service:					
Debt service - principal	130,000	130,000	130,000	-	-
Debt service - interest and other charges	1,545	1,545	1,545	-	-
Total Expenditures	<u>\$ 4,988,500</u>	<u>\$ 5,094,456</u>	<u>\$ 4,948,052</u>	<u>\$ 50,621</u>	<u>\$ 95,783</u>
Excess (deficiency) of revenue over expenditures	\$ (261,120)	\$ (248,479)	\$ (33,084)	\$ (50,621)	\$ 164,774
Other Financing Sources and Uses:					
Operating transfers - in	\$ 85,000	\$ 85,000	\$ 85,000	\$ -	\$ -
Operating transfers - out	-	(11,135)	(11,135)	-	-
Total Other Financing Sources and Uses	<u>\$ 85,000</u>	<u>\$ 73,865</u>	<u>\$ 73,865</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (176,120)	\$ (174,614)	\$ 40,781	\$ (50,621)	\$ 164,774
Fund Balance - Beginning	<u>1,484,915</u>	<u>1,484,915</u>	<u>1,484,915</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,308,795</u>	<u>\$ 1,310,301</u>	<u>\$ 1,525,696</u>	<u>\$ (50,621)</u>	<u>\$ 164,774</u>

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General and Major Special Revenue Fund Types

For the Year Ended December 31, 2011

CONSOLIDATED SEWER FUND

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 1,652,145	\$ 1,652,145	\$ 1,652,145	\$ -	\$ -
Departmental income	24,350	24,350	19,465	-	(4,885)
Use of money and property	5,450	5,450	5,198	-	(252)
Sale of property and compensation for loss	17,000	17,000	46,259	-	29,259
Miscellaneous	-	-	22,927	-	22,927
Interfund revenues	33,245	33,245	12,769	-	(20,476)
Total Revenues	\$ 1,732,190	\$ 1,732,190	\$ 1,758,763	\$ -	\$ 26,573
Expenditures:					
Current:					
Home and community services	\$ 1,537,362	\$ 1,648,849	\$ 1,500,860	\$ 9,095	\$ 138,894
Employee benefits	274,100	274,100	236,423	-	37,677
Debt Service:					
Debt service - principal	95,720	95,720	95,719	-	1
Debt service - interest and other charges	19,675	19,675	14,253	-	5,422
Total Expenditures	\$ 1,926,857	\$ 2,038,344	\$ 1,847,255	\$ 9,095	\$ 181,994
Excess (deficiency) of revenue over expenditures	\$ (194,667)	\$ (306,154)	\$ (88,492)	\$ (9,095)	\$ 208,567
Other Financing Sources and Uses:					
Operating transfers - in	\$ 4,410	\$ 4,410	\$ 4,410	\$ -	\$ -
Operating transfers - out	(60,000)	(60,000)	(11,750)	-	48,250
Total Other Financing Sources and Uses	\$ (55,590)	\$ (55,590)	\$ (7,340)	\$ -	\$ 48,250
Net change in fund balances	\$ (250,257)	\$ (361,744)	\$ (95,832)	\$ (9,095)	\$ 256,817
Fund Balance - Beginning	820,572	820,572	820,572	-	-
Fund Balance - Ending	\$ 570,315	\$ 458,828	\$ 724,740	\$ (9,095)	\$ 256,817

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2011

	<u>Expendable Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 475,904	\$ 766,036
Investments	<u>501,767</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 977,671</u>	<u>\$ 766,036</u>
LIABILITIES		
Accounts payable	\$ -	\$ 256,105
Accrued liabilities	-	54,307
Other liabilities	<u>-</u>	<u>455,624</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 766,036</u>
NET ASSETS		
Unrestricted	<u>\$ 977,671</u>	
TOTAL NET ASSETS	<u>\$ 977,671</u>	

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

December 31, 2011

	<u>Expendable Trust</u>
ADDITIONS	
Contributions	\$ 257,637
Investment earnings	<u>16,693</u>
TOTAL ADDITIONS	<u>\$ 274,330</u>
DEDUCTIONS	
Culture and recreation	<u>\$ 50,067</u>
TOTAL DEDUCTIONS	<u>\$ 50,067</u>
Change in net assets	\$ 224,263
NET ASSETS - BEGINNING	<u>753,408</u>
NET ASSETS - ENDING	<u><u>\$ 977,671</u></u>

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2011

I. Summary of Significant Accounting Policies:

The financial statements of the Town of Brighton, Monroe County, New York (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town (which was established in 1814) is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The 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: public safety, transportation (highway maintenance); parks and recreation; planning and zoning; public library; sanitary sewer; and drainage; refuse disposal; street lighting; fire protection and ambulance; sidewalks and sidewalk snow removal.

All governmental activities and functions performed by the Town are its direct responsibility, no other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Town and (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered to determining the Town's reporting entity.

1. Included in the Reporting Entity

The Brighton Memorial Library was established in 1951 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Town appoints trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the Town. The library is a blended component unit, part of the primary government, and is reported in the special revenue fund types. The Town provides ongoing financial support of Library operations through the annual property tax levy.

However, line item control over the library budget as well as control over the Library's general reserve fund rests exclusively with the Library Board of Trustees. Gifts and donations received by the Brighton Memorial Library are reported within the Trust and Agency Fund. Pursuant to Education Law, such funds are under exclusive control of the Library Board of Trustees. The Town does not exercise oversight responsibility with regard to such gifts and donations.

(I.) (Continued)

2. Excluded From the Reporting Entity

Although the following organizations, functions or activities are related to the Town they are not included in the Town reporting entity because of the reasons noted:

a. The Town is served by five school districts created by state legislation which designates the school boards as their governing authority. School board members are elected by the qualified voters of the districts. The school boards designate management and exercise complete responsibility of all financial matters. The Town Council exercises no oversight over school operations. Their audit reports may be obtained by contacting the school district.

b. The Brighton Fire District is an independent district corporation that has the authority to levy its own property taxes and borrow in its own name, and for which the governing commissioners are elected by the residents of the District. The Board of Fire Commissioners has complete responsibility for management of the District and its fiscal affairs. The Town Council exercises no oversight over District operations. Their audit reports may be obtained by contacting the Brighton Fire District.

B. Basis of Presentation

1. Government-Wide Statements

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

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

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

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

(I.) (Continued)

The Town does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Town's special district funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of services provided (finance, personnel, purchasing, legal, technology, management, etc.).

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

2. **Fund Financial Statements**

The emphasis in fund financial statements is on the major fund in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

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

1. **Major Governmental Funds**

General Fund - the principal operating fund and includes all operations not required to be recorded in other funds.

Highway Fund - 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.

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

2. **Non-Major Governmental Funds**

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds. The following are reported as non-major other governmental funds.

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

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

(I .) (Continued)

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

Public Library Fund	Business Improvement Districts Fund
Consolidated Water District Fund	Refuse Disposal Districts Fund
Neighborhood Improvement District Fund	Ambulance Service District Fund
Lighting Districts Fund	Park Special District Fund
Drainage Districts Fund	Sidewalk Snow Removal District Fund
Fire Protection District Fund	Consolidated Sidewalk District 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 measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Private Purpose Trust Funds - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

1. **Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net assets.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

(I.) (Continued)

2. **Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

3. **Changes in Accounting Standards**

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

4. **Future Changes in Accounting Standards**

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending December 31, 2013.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending December 31, 2012.

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

The GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions- an amendment of GASB Statement No. 53*, which will be effective for the year ending December 31, 2012.

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

(I.) (Continued)

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

Investments are stated at cost, which approximates market value.

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax and sewer fees.

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

3. Inventory

Inventory purchases in the General and Special Revenue Funds are recorded as expenditures at the time of purchase and year-end balances are not maintained.

4. Deferred Expenditures

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

5. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

a. Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

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

(I.) (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Life in Years</u>
Buildings	15-20 Years
Sanitary Sewer System	30 Years
Machinery and Equipment	5-15 Years
Improvements; Parking Lots Roads, Sidewalks, Curbing, Light Systems, Gutters	5-10 Years 30 Years

b. Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Deferred Revenue

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

7. Accrued Liabilities and Long-Term Obligations

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

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

a. Compensatory Absences

The Town accrues accumulated unpaid vacation and compensatory time cost when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

(I.) (Continued)

1. **Non-Represented Employees**

Full-time employees can earn up to twenty-five (25) days of vacation leave per year based on their number of years of service. An employee may not at any point during the year or at year end accrue more than thirty-five (35) vacation days. Compensatory time accrued in the calendar year must be used by March 31 of the following year.

2. **CSEA Represented Employees**

CSEA represented employees can earn up to thirty (30) days of vacation leave per year based on their number of years of service. A maximum of five (5) vacation leave days may be carried over into the next calendar year.

3. **BPPA Represented Employees**

BPPA represented employees can earn up to thirty days (30) of vacation leave per year based on their number of years of service.

4. **Teamsters Represented Employees**

Teamsters represented employees can earn up to thirty days (30) of vacation leave per year based on their number of years of service. An employee may not at any point during the year or at year end accrue more than thirty-five (35) vacation days.

b. **Other Benefits**

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

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

8. **Encumbrances**

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

9. **Equity Classifications**

a. **Government-Wide Statements**

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

(I.) (Continued)

1. **Invested in capital assets, net of related debt** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted net assets** - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. **Unrestricted net assets** - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

b. **Financial Statements – Fund Balance**

Beginning with the year ended December 31, 2011, the Town implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.

2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

4. **Unassigned fund balance** – Amounts that are available for town purposes pursuant to any Law restrictions. Any positive amounts are reported only in the general fund.

c. The following policies relate to GASB No. 54:

1. **Assigned fund balance** – The department head is responsible for all of the purchasing activities of the Town and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (At year end, open purchase orders will therefore be designated as a component of the assigned fund balance.)

The Board has the authority to assign fund balance for the purpose of tax reduction on an annual basis.

(I.) (Continued)

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the Board and/or voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.
3. **Order of fund balance** – The Town’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts other than the General Fund are classified as restricted.

In the General Fund, assigned fund balance is determined before the remaining amounts which are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

It is possible for the funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance.

E. Revenues, Expenditures/Expenses

1. Revenues

Real property taxes are levied January 1 and collected by the Receiver of Taxes without interest through February 10, and through May 31 with interest and penalties. Taxes for county purposes are levied together with taxes for town and special district purposes on a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Uncollected taxes at June 1 are turned over to Monroe County for collection.

The County of Monroe currently imposes a *sales and use tax*. Based upon a complex formula, a portion of the total revenue collected is allocated annually to the Town in four quarterly installments.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

(I .) (Continued)

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources. Government-wide financial statements report expenses relating to use of economic resources.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. **Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. **Interfund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. **Interfund reimbursements** – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- d. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. **Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Assets, except for the net residual amounts due between governmental funds.
- b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

G. Use of Estimates

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

II. Stewardship, Compliance and Accountability:

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

A. Budgetary Data

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

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

2. Budget Basis of Accounting

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

3. Revenue Restrictions

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

B. Deposit and Investment Laws and Regulations

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

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

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

III. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

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

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

Uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		7,201,220
Collateralized within Trust department or agent		<u>6,058,720</u>
Total	\$	<u>13,259,940</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$519,068 within the governmental funds and \$475,904 in the fiduciary funds.

B. Brighton Memorial Library Expendable Trust Gift Fund

The Brighton Memorial Library Board of Trustees, pursuant to Education Law, exercise exclusive control and manage the gift Fund of the following expendable trust funds:

	<u>Carrying Amount</u>
JP Morgan Chase Savings Account	\$ 3,586
JP Morgan Chase Checking Account	58,157
Morgan Stanley Trust Account	61,951
AM&M Financial Services	431,022
Dina Ascher Zwick Endowment Fund	<u>8,794</u>
Total	\$ <u>563,510</u>

C. Receivables

Receivables at December 31, 2011 consisted of the following, which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Amount</u>
Court Fines and Fees	\$ 49,546
Park Trust Fund	291,038
Other	<u>8,071</u>
Total	\$ <u>348,655</u>

(III.) (Continued)

D. Interfund Receivables, Payables, Revenues and Expenditures

Interfund receivables, payables, transfers-in, and transfers-out at December 31, 2011 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Transfers-In</u>	<u>Interfund Transfers-Out</u>
General	\$ -	\$ 143,329	\$ 15,900	\$ 24,912
Highway	22,248	11,135	11,135	85,000
Consolidated Sewer	-	6,194	4,410	11,750
Capital Fund	138,410	-	16,449	96,435
Debt Service Fund	-	-	118,450	3,987
Non major Special Revenue Funds	-	-	64,990	9,250
Total	\$ 160,658	\$ 160,658	\$ 231,334	\$ 231,334

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

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

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

E. Changes In Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 01/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/11</u>
<u>Capital assets not being Depreciated:</u>				
Land	\$ 7,276,434	\$ -	\$ -	\$ 7,276,434
Work in progress	353,749	53,247	-	406,996
<i>Total capital assets not being depreciated</i>	<u>\$ 7,630,183</u>	<u>\$ 53,247</u>	<u>\$ -</u>	<u>\$ 7,683,430</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 17,888,326	\$ 190,086	\$ -	\$ 18,078,412
Machinery and equipment	9,797,041	1,064,723	(554,685)	10,307,079
Infrastructure	176,058,944	3,606,321	(536,893)	179,128,372
<i>Total other capital assets at historical cost</i>	<u>\$ 203,744,311</u>	<u>\$ 4,861,130</u>	<u>\$ (1,091,578)</u>	<u>\$ 207,513,863</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 11,814,676	\$ 638,768	\$ -	\$ 12,453,444
Machinery and equipment	6,966,187	700,613	(459,970)	7,206,830
Infrastructure	119,975,701	5,861,238	(531,929)	125,305,010
<i>Total accumulated depreciation</i>	<u>\$ 138,756,564</u>	<u>\$ 7,200,619</u>	<u>\$ (991,899)</u>	<u>\$ 144,965,284</u>
<i>Other capital assets, net Governmental activities capital assets, net</i>	<u>\$ 64,987,747</u>	<u>\$ (2,339,489)</u>	<u>\$ (99,679)</u>	<u>\$ 62,548,579</u>
	<u>\$ 72,617,930</u>	<u>\$ (2,286,242)</u>	<u>\$ (99,679)</u>	<u>\$ 70,232,009</u>

(III.) (Continued)

Depreciation expense for the year totaled \$7,200,619 and was charged to the following functions:

General Government	\$	41,248
Public Safety		224,312
Transportation		4,798,905
Culture & Recreation		515,887
Home & Community Services		1,620,267
Total	\$	<u>7,200,619</u>

F. Short-Term Debt

1. Bond Anticipation Notes

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the capital project funds. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State law requires that BANs issued for capital purposes be retired or 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.

2. Interest Reconciliation

The short-term interest expense as of December 31, 2011 is \$700.

3. Transactions in short-term debt for the year are summarized below:

	<u>Balance</u> <u>01/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2011</u>
BANS	\$ -	\$ 289,500	\$ -	\$ 289,500

G. Long-Term Debt

At December 31, 2011 the total outstanding obligations of the Town aggregated \$9,905,197 as follows:

1. Serial Bonds

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

(III.) (Continued)

2. Interest Reconciliation

A summary of the long-term interest expense as of December 31, 2011 is as follows:

Interest expense reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 204,211
Prior year accrued interest	(72,803)
Current year accrued interest	61,754
Interest expense - Statement of Activities	\$ 193,162

3. Other Long-Term Obligations

In addition to long-term bonded debt the Town had the following other obligations:

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time.

OPEB Liability- represents health insurance benefits provided to employees upon retirement.

4. Summary of Debt

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

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Classified As	
					Current	Non-Current
Serial Bonds	\$ 6,224,944	\$ 635,000	\$ 1,236,719	\$ 5,623,225	\$ 506,968	\$ 5,116,257
Other Long-Term Obligations						
Compensated Absences	1,013,140	54,080	-	1,067,220	640,332	426,888
OPEB Liability	3,037,517	177,235	-	3,214,752	-	3,214,752
Total Long-Term Obligations	\$ 10,275,601	\$ 866,315	\$ 1,236,719	\$ 9,905,197	\$ 1,147,300	\$ 8,757,897

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

(III.) (Continued)

On September 29, 2011, the Town issued \$635,000 in general obligation bonds with an average interest rate of 2.05% to advance refund \$600,000 of outstanding serial bonds with an average interest rate of 5.25%. The net proceeds of \$615,656 (including a premium of \$20,617 and after payment of \$39,961 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds have been removed from the Town's financial statements. The Town advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (loss) on the transaction (the difference between the present value of the debt service payments on the old and new debt) is approximately \$43,141.

H. Fund Balances/Net Assets

1. Fund Balances

a. Nonspendable

The Town has the following nonspendable funds:

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

b. Restricted

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

1. Capital Reserves

As provided in the General Municipal Law Section 6, the Town has established the following "Type Capital" Reserves:

a. General Fund

Quality of Life - to finance future capital projects that will improve the "Quality of Life" in the Town. The Town credited the reserve \$48 in interest earnings. The balance in this reserve at December 31, 2011 is \$92,806.

Assessment - to finance the update and assessment on all real property situated in the Town. The Town credited \$25 in interest earnings to the reserve during the year. There was appropriation of funds for \$12,462. The balance in this reserve at December 31, 2011 is \$61,336.

Streetscape - to finance streetscape improvements as determined by the Town. The Town credited \$41 in interest earnings. There was contributions of funds for \$50,000. The balance in this reserve at December 31, 2011 is \$109,680.

(III.) (Continued)

Town Sidewalk - to finance the cost of construction of new Town wide sidewalks as proposed for construction by the Town. The Town credited \$62 in interest earnings. There were contributions of \$73,937 and appropriation of funds for \$90,000. The balance in this reserve at December 31, 2011 is \$199,290.

Parks - to finance the purchase and development of open space for park purposes. The Town credited \$336 in interest earnings. The balance in this reserve at December 31, 2011 is \$551,047.

b. **Consolidated Sewer Fund**

Sewer Equipment - to finance future planned replacement of high cost sewer equipment items. There was appropriation funds for \$122,936. The Town credited the reserve for \$128 in interest earnings. The balance in this reserve at December 31, 2011 is \$157,416.

c. **Water Fund**

Consolidated Water District - to finance future capital improvements to be made in the consolidated water district. The Town credited the reserve for \$66 in interest earnings, and the balance in this reserve at December 31, 2011 is \$133,898.

d. **Highway Fund**

Highway Equipment - to finance all or part of the cost of future Town expenditures for capital assets which have a period of probable usefulness of at least five years. The Town also credited the reserve for \$136 in interest earnings. The balance of the reserve at December 31, 2011 is \$273,900.

2. **Reserve For Debt**

In accordance with General Municipal Law, Section 6-1, the Town has established a reserve to provide funding for the outstanding balance due on serial bonds and bond anticipation notes which were issued for various building and reconstruction projects. This reserve is recorded in the Debt Service Fund and may be reduced each year until the serial bonds and bond anticipation notes are paid in full. The balance at December 31, 2011 is \$263,393 and \$31,585 has been appropriated for the ensuing year's budget.

(III.) (Continued)

3. **General Reserve**

The Brighton Memorial Library Board of Trustees initially established a reserve fund in 1987 in accordance with New York State Education Law 259 and Opinion No. 80-260 of the State Comptroller. The purpose of the reserve is to provide for upgrades and improvements to library automation, capital and/or services which are not operating expenses. This reserve may be carried over from year to year for the above purpose stated. Moneys from this reserve may be expended only upon the direction and written demand of the Library Trustees. The reserve had \$56 earnings and appropriated \$18,782 during the year. This reserve fund is recorded in the Library Fund and the balance is \$136, 573 at December 31, 2011.

4. **Insurance Reserve**

The Town Board has established such a reserve in accordance with General Municipal Law, Section 6(n). The purpose of this reserve fund is to pay for property loss, claims against the Town, and other liabilities incurred for which the Town has no insurance coverage. This reserve is recorded in the General Fund. The reserve earned \$71 in interest during the year. The balance at December 31, 2011 is \$142,998.

5. **Workers' Compensation Reserve**

The Town Board established a workers' compensation reserve in accordance with General Municipal Law, Section 6(j). This reserve is recorded in the General Fund. The reserve earned \$304 in interest during the year. The balance at December 31, 2011 is \$615,948.

6. **Reserve for Forfeiture of the Proceeds of Crime**

To conform with financial reporting requirements as promulgated by the Office of the State Comptroller the Town has recorded the unspent balance of the forfeiture of the proceeds of crime in the General Fund as a general reserve. The Town Board appropriated \$54,446 from the reserve, received \$48,450 in seized property revenues, and credited \$614 in interest earnings. The balance of this reserve at December 31, 2011 is \$144,870.

7. **Repair Reserve**

To be used for repair or replacement of major mechanical systems and roofs in and on major Town facilities. The Town Board appropriated \$88,200 from the reserve, received \$27,771 and credited the reserve \$140 in interest earnings. The balance in this reserve at December 31, 2011 is \$241,346.

(III.) (Continued)

8. Special Districts

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

Public Library Fund	Business Improvement Districts Fund
Consolidated Water District Fund	Refuse Disposal Districts Fund
Neighborhood Improvement District Fund	Ambulance Service District Fund
Lighting Districts Fund	Park Special District Fund
Consolidated Sewer Fund	Sidewalk Snow Removal District Fund
Drainage Districts Fund	Consolidated Sidewalk District Fund
Fire Protection District Fund	

c. Assigned

The Town has the following assigned funds:

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

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

Significant encumbrances for the general fund, management has determined that amounts in excess of \$13,074 are considered significant and are summarized below:

- General government support at \$100,044, transportation at \$19,448, culture and recreation at \$ 57,576, and home and community services at \$132,442.

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

d. Unassigned

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

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

(III.) (Continued)

	General Fund	Highway Fund	Consolidated Sewer Fund	Capital Projects	Debt Service Fund	Special Revenue Funds	Total
FUND BALANCE:	\$ 373,910	\$ 63,049	\$ 18,271	\$ -	\$ -	\$ 38,997	\$ 494,227
Nonspendable -							
Prepaid items	\$ 92,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,806
Restricted -							
Capital Reserves -							
Quality of life	61,336	-	-	-	-	-	61,336
Assessment	109,680	-	-	-	-	-	109,680
Streetscape	199,290	-	-	-	-	-	199,290
Town sidewalk	551,047	-	-	-	-	-	551,047
Parks	-	-	157,416	-	-	-	157,416
Sewer equipment	-	-	-	-	-	133,898	133,898
Consolidated water district	-	273,900	-	-	-	-	273,900
Highway equipment	-	-	-	-	294,978	-	294,978
Reserve for debt	-	-	-	-	-	136,573	136,573
General reserve	142,998	-	-	-	-	-	142,998
Insurance reserve	615,948	-	-	-	-	-	615,948
Workers' compensation reserve	144,870	-	-	-	-	-	144,870
Reserve for forfeiture of the	241,346	-	-	-	-	-	241,346
proceeds of crime	-	-	-	863,070	-	-	863,070
Repair reserve	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-
Special Districts -							
Public library	-	-	-	-	-	222,548	222,548
Consolidated water	-	-	-	-	-	344,319	344,319
Neighborhood improvement	-	-	-	-	-	2,180	2,180
Lighting	-	-	-	-	-	312,302	312,302
Consolidated sewer	-	-	549,053	-	-	-	549,053
Drainage	-	-	-	-	-	18,757	18,757
Fire projection	-	-	-	-	-	966,426	966,426
Business improvement	-	-	-	-	-	3,808	3,808
Refuse Disposal	-	-	-	-	-	55,998	55,998
Ambulance Service	-	-	-	-	-	94,958	94,958
Park special	-	-	-	-	-	5,142	5,142
Sidewalk snow removal	-	-	-	-	-	58,633	58,633
Consolidated sidewalk	-	-	-	-	-	137,279	137,279
Total Restricted	\$ 2,159,321	\$ 273,900	\$ 706,469	\$ 863,070	\$ 294,978	\$ 2,492,821	\$ 6,790,559

(III.) (Continued)

FUND BALANCE (CONTINUED):

	General Fund	Highway Fund	Consolidated Sewer Fund	Capital Projects	Debt Service Fund	Special Revenue Funds	Total
Assigned -							
Appropriated for taxes	\$ 1,200,000	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ 1,440,000
Retirement benefits	511,402	-	-	-	-	-	511,402
General government support	100,044	-	-	96,529	-	-	196,573
Public safety	9,169	-	-	-	-	-	9,169
Transportation	19,448	948,747	-	-	-	-	968,195
Culture and recreation	57,576	-	-	-	-	-	57,576
Home and community service	132,442	-	-	-	-	-	132,442
Total Assigned	\$ 2,030,081	\$ 1,188,747	\$ -	\$ 96,529	\$ -	\$ -	\$ 3,315,357
Unassigned	\$ 2,622,706	\$ -	\$ -	\$ (183,384)	\$ -	\$ -	\$ 2,439,322
TOTAL FUND BALANCE	\$ 7,186,018	\$ 1,525,696	\$ 724,740	\$ 776,215	\$ 294,978	\$ 2,531,818	\$ 13,039,465

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

	Total
Neighborhood Improvement	\$ 860
Lighting	1,425
Consolidated Sewer	123,805
Drainage	1,900
Business Improvement	130
Refuse	16,810
Ambulance Service	20,340
Park Special	100
Sidewalk Snow Removal	2,630
Consolidated Sidewalk	30,000
Total Special District	\$ 198,000
Appropriated for Taxes	\$ 198,000

(III.) (Continued)

2. Net Assets – Capital Reserves

Represents those amounts which have been restricted for capital reserves.

	<u>Total</u>
<u>General Fund -</u>	
Quality of life	\$ 92,806
Assessment	61,336
Streetscape	109,680
Town sidewalk	199,290
Parks	551,047
<u>Consolidated Sewer Fund -</u>	
Sewer equipment	157,416
<u>Water Fund -</u>	
Consolidated water district	133,898
<u>Highway Fund -</u>	
Highway equipment	273,900
Total Net Assets - Capital Reserves	<u>\$ 1,579,373</u>

3. Net Assets - Restricted for Other Purposes

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

	<u>Total</u>
Reserve for debt	\$ 294,978
General reserve	136,573
Insurance reserve	142,998
Workers' Compensation	615,948
Forfeiture of the proceeds of crime	144,870
Repair reserve	241,346
Public library	253,878
Consolidated water	344,319
Neighborhood improvement	2,180
Lighting	312,302
Consolidated sewer	567,324
Drainage	18,757
Fire protection	974,093
Business improvement	3,808
Refuse Disposal	55,998
Ambulance service	94,958
Park special	5,142
Sidewalk snow removal	58,633
Consolidated sidewalk	137,279
Total Net Assets - Restricted for Other Purposes	<u>\$ 4,405,384</u>

IV. **Other Notes:**

A. **Employee Pension and Other Benefit Plans**

1. **Pension Plans**

a. **New York State Pension Plans**

Plan Description

The Town participates in the New York State Local Employees' and the New York State Police and Fire Retirement 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 and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the 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 its funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. Reports may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

The System is noncontributory for the employee, except for those who joined the system after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. For NYSERS and NYSPFRS 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 contributions for the current year and two preceding years were:

		<u>ERS</u>	<u>PFRS</u>
2011	\$	927,571	\$ 724,306
2010	\$	626,749	\$ 529,915
2009	\$	472,120	\$ 470,961

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

b. **West Brighton Fire Protection District Service Award Program**

The information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on December 31, 2011, which is the most recent plan year for which complete information is available.

1. **Length of Service Awards Program – LOSAP**

The Town established a defined benefit LOSAP for the active volunteer firefighters of the West Brighton Fire Protection District Service. The program took effect in 1994. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program.

2. **Program Description**

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive a maximum 5 years of credit for firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of service credits. The number of years of firefighting service used to compute the benefit cannot exceed forty. Benefits are not payable until the first day of the month if the participant attained the entitlement age on that date or the first date of the next month. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

3. **Fiduciary Investment and Control**

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

(IV.) (Continued)

The governing board of the sponsor has retained and designated PENFLEX, Inc. to assist in the administration of the program. The designated program administrator's functions include preparing annual individual participant statements, preparing annual service award program reports such as annual program costs, asset changes, including fact sheets and special commentaries, reports relating to changes in defined benefits, historical data comparisons, cash flow projections, actuarial related documentation and related participant forms, and also prepares and files all related IRS documents and audit statements relating to GASB #25. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Town Supervisor and administered by Bank of America. Administrative expenses for PENFLEX, Inc. are approved by the Town Board via a contractual agreement and approved by the Audit Committee and ultimately the Town Board.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated January 1, 2004, and the trustee is Bank of America.

Authority to invest program assets is vested in Bank of America. While there are no investment restrictions, Bank of America follows the investment objectives of the program which are to invest in balanced funds. This offers the potential for both capital appreciation and current income through a 40% to 60% allocation to fixed income securities with a corresponding allocation to equity investments.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is PENFLEX, Inc. Portions of the following information are derived from a report prepared by the actuary dated January 1, 2012.

4. Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits		\$ 838,244
<u>Less: Assets Available for Benefits</u>		
Equity Funds	\$ 391,391	
Fixed Income Funds	335,897	
Real Estate Funds	9,076	
Tangible Asset Funds	53,894	
Cash and Short-Term Investments	41,075	
Accrued Interest/Benefit Payable	653	
Total Net Assets Available for Benefits		<u>831,986</u>
Total Unfunded (Overfunded) Benefits		<u>\$ 6,258</u>

(IV.) (Continued)

Receipts and Disbursements

Plan Net Assets, Beginning of Year		\$ 873,386
Changes During the Year:		
Plan Contributions	\$ 16,117	
Investment Income Earned	34,270	
Changes in Fair Market Value of Investments	(45,828)	
Plan Benefit Withdrawals	(45,607)	
Administrative and Other Fees/Charges	<u>(352)</u>	
Total Changes During the Year		<u>(41,400)</u>
Plan Net Assets, End of Year		<u><u>\$ 831,986</u></u>

5. Actuarial Cost Method

Attained Age Normal Frozen Initial Liability

Under this cost method, there are two components to the annual cost each year. The first component, the "normal cost", is equal to the level annual payment required to fund the current participant's projected benefits based on their service credit earned after the effective date of the Service Award Program and before the Entitlement Age (EA). The second component, the annual amortization cost, equals the level annual payments required to fund over the amortization period(s), the participant's benefits, if any, based on (1) either service credit earned before the effective date of the program or service credit earned after the attainment of the EA, or (2) plan amendments that create an immediate unfunded liability and are required to be amortized.

Amortization period for liability for service after EA – 5 years
Amortization period for change in assumptions liability and 2003 contributions – 5 years.

Under the Attained Age Normal Frozen Initial Liability cost method, actuarial gains and losses are amortized over the future years of firefighting service before the entitlement age for the group of firefighters participating in the Service Award Program on the valuation date. Higher than expected investment income, for example, in any one particular year will reduce the normal cost in that year and in each of the future years based upon the ages of the current firefighters participating in the program on the valuation date. Likewise, losses to the Service Award Program Trust Fund will result in an increase in the future annual normal costs.

Assets are valued at fair market value, any insurance contracts at contract value.

(IV.) (Continued)

Valuation date:	1/1/2011
Plan year:	2011
Assumed investment rate of return:	6%
Pre-Entitlement age mortality table:	None assumed
Post-Entitlement age mortality table:	1994 Unisex Pensioner Male Mortality Table projected with scale AA to 2011
Retirement:	100% at entitlement age
Withdrawal rates:	None assumed
Valuation age:	Exact age on the valuation date, with annuity values linearly interpolated between whole ages
Contribution timing adjustment:	Contributions are assumed to be made 6 months after the valuation date
Administrative cost:	Paid outside the Trust Fund by the Town

2. **Deferred Compensation Plan**

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

3. **Other Postemployment Benefits – Government-Wide**

Plan Description. The Town provides post-employment medical benefits (OPEB) for retirees and spouses through the Town of Brighton Postretirement Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual or union contract negotiations.

Funding Policy. The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the Town will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

The Town Board has elected to earmark funds in preparation for the Town's OPEB obligation. The balance at December 31, 2011 is \$511,402.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation by governmental activities:

Annual required contribution	\$ 756,073
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	\$ 756,073
Contributions made	578,838
Increase in net OPEB obligation	\$ 177,235
Net OPEB obligation - beginning of year	3,037,517
Net OPEB obligation - end of year	<u>\$ 3,214,752</u>

(IV.) (Continued)

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 1,883,307	24.1%	\$ 1,430,141
12/31/2009	\$ 1,883,307	24.1%	\$ 1,430,141
12/31/2010	\$ 756,073	23.4%	\$ 177,235
12/31/2011	\$ 756,073	23.4%	\$ 177,235

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$13,765,141, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$13,765,141. The covered payroll (annual payroll of active employees covered by the plan) was \$11,258,641, and the ratio of the UAAL to the covered payroll was 122.26%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplemental information following the notes to the financial statements.

Assumptions and Methods

Discount Rate

The discount rate as of December 31, 2011, is 4.50%. The discount rate is determined by the Plan sponsor based on the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. The Town of Brighton, Monroe County, New York does not pre-fund the ARC, and therefore the discount rate is based on the expected return on the Town's general assets.

Trend Rate for Health Claims

The trend rate for health claims is 10.00% for 2011 grading down to 5.00% for 2017 and beyond. The trend rate is determined by the Plan sponsor based on historical data and anticipated experience under the Plan.

Actuarial Cost Method

The method used to calculate normal cost and actuarial accrued liability is the projected unit credit cost method. Under this method, the present value of projected benefits is estimated at each decrement age, taking into account the value of future increases in medical claims and the effect of medical contributions and Medicare reimbursement. The total present value of projected benefits is the sum of the present values for each decrement age.

(IV.) (Continued)

The actuarial accrued liability is calculated by prorating the present value of projected benefits by service at the valuation date over service projected to the date of decrement.

The normal cost in the present value of projected benefits attributable to the valuation year.

The Town's schedule of funding progress for 2011 is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	Unfunded Actuarial Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
1/1/2008	\$ -	\$ 21,728,424	0.00%	\$ 21,728,424	\$ 7,979,664	272.30%
1/1/2009	\$ -	\$ 21,728,424	0.00%	\$ 21,728,424	\$ 7,979,664	272.30%
1/1/2010	\$ -	\$ 13,765,141	0.00%	\$ 13,765,141	\$ 8,526,648	161.44%
1/1/2011	\$ -	\$ 13,765,141	0.00%	\$ 13,765,141	\$ 11,258,641	122.26%

B. Risk Management

1. General Information

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

2. Insurance Reserve

The Town is exposed to various risks of loss related to torts; theft or damage to, or destruction of assets; and natural disasters. Under the Town's self insurance plan, self-insurance coverage is provided for deductibles and for uninsured claims. The Town purchases commercial insurance for claims in excess of the self-insurance coverage and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past four years.

There were no estimated accrued claims for the years ended December 31, 2011 and 2010 as defined by GASB Statement #10, which requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. However, as referred to in Note III, the Town has established and maintains an insurance reserve having a balance of \$142,998 at December 31, 2011.

(IV.) (Continued)

3. Workers' Compensation

On October 1, 2006, the Town joined the Monroe County Municipal Workers' Compensation Plan. The Monroe County Municipal Workers' Compensation Plan (the Plan) is an unincorporated association of municipalities in New York State formed in June 2004. It provides municipalities located in Monroe County the opportunity to participate in a cooperative program for providing workers' compensation benefits to their employees by entering into an intermunicipal agreement pursuant to Article 5-G of General Municipal Law. By statute, the agreement is limited to a claims-servicing arrangement, whereby the participants are not allowed to share risk.

Voluntary withdrawal from the Plan is effective no sooner than 10 days after filing a notice of termination with the Chairman of the Plan. Membership is effective on the first day of the month following the Board's resolution to accept a new participant organization. Premiums for coverage are determined annually by the Board of Directors after review of claim history information and consultation with various advisors. Participant organizations are billed in installments during the year. No refunds or assessments, other than the monthly premiums are charged to the participant organizations, except in the case where the Plan's assets are not sufficient to meet liabilities. In that instance, a special assessment may be assessed against the participant organizations.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

Effective January 1, 2011 the Town withdrew from the Monroe County Municipal Workers' Compensation Plan and is now purchasing insurance and is fully insured.

The Town also entered into a separate agreement with EM Risk Management to administer the claims which had occurred prior to October 1, 2006. The following represents the estimated liabilities for those claims incurred prior to October 1, 2006. The changes in claims liabilities for 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Beginning liabilities	\$ 170,755	\$ 278,117
Incurred claims	5,000	(54,434)
Claims payments	<u>(58,965)</u>	<u>(52,928)</u>
Ending liabilities	<u>\$ 116,790</u>	<u>\$ 170,755</u>

No claims were settled during 2011 by purchasing annuity contracts.

In addition, as referred to in Note III, the Town has established and maintains a Workers' Compensation reserve in the amount of \$615,948. In the Town's judgment, the Town believes the reserve fund is adequate.

(IV.) (Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Contribution Revenue	\$ 5,000	\$ 54,434	\$ 70,843	\$ 273,121	\$ 21,564	\$ 149,994	\$ 78,986	\$ 127,983	\$ 109,013	\$ 61,728	\$ 51,497
Actual Claims Expense	\$ 58,965	\$ 52,928	\$ 61,784	\$ 71,257	\$ 44,322	\$ 123,483	\$ 78,986	\$ 127,983	\$ 109,013	\$ 61,728	\$ 61,198

4. Dental Plan

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

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

	<u>2011</u>	<u>2010</u>
Beginning liabilities	\$ 34	\$ 4,489
Incurred claims	139,504	132,305
Claims payments	(139,535)	(136,760)
Ending liabilities	\$ 3	\$ 34

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Contribution Revenue	\$ 139,504	\$ 132,305	\$ 118,111	\$ 122,876	\$ 135,212	\$ 127,337	\$ 114,373	\$ 115,102	\$ 89,016	\$ 107,754
Actual Claims Expense	\$ 139,535	\$ 135,760	\$ 127,535	\$ 126,416	\$ 124,750	\$ 131,992	\$ 102,739	\$ 116,091	\$ 98,201	\$ 98,950

(IV.) (Continued)

C. Commitments and Contingencies

1. Litigation

The Town has several claims and notice of claims filed against it as of the date of this report which management believes will be covered under the Town's insurance policy. In addition, there are pending tax certiorari claims requesting reduction of assessments which are undeterminable at this time. The Town is also investigating a potential claim relating to a PILOT agreement.

2. Lease Agreements – Operating Leases

The Town leases property and equipment under operating leases. Total expenditures on such leases for the year ended December 31, 2011 were \$21,228.

D. Rental of Real Property

The Town has entered into agreements to lease Town property for cellular tower usage. The total rental income received for the year ended December 31, 2011 totaled \$140,352 which is reported in the General Fund and Water Special Revenue Fund.

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2011

	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 519,068	\$ 294,978	\$ 2,596,533	\$ 3,410,579
Receivables, net	250,000	-	40,681	290,681
Due from other funds	138,410	-	-	138,410
Due from other governments, net	1,420	-	1,313	2,733
State and federal aid receivable	208,209	-	-	208,209
Deferred expenses	-	-	38,997	38,997
Total Assets	\$ 1,117,107	\$ 294,978	\$ 2,677,524	\$ 4,089,609
 Liabilities and Fund Balance				
Liabilities:				
Accounts payable and other current liabilities	\$ 51,392	\$ -	\$ 127,456	\$ 178,848
Accrued wages and benefits	-	-	17,126	17,126
Notes payable - bond anticipation notes	289,500	-	-	289,500
Deferred revenue	-	-	1,124	1,124
Total Liabilities	\$ 340,892	\$ -	\$ 145,706	\$ 486,598
 Fund Balances:				
Nonspendable	\$ -	\$ -	\$ 38,997	\$ 38,997
Restricted	863,070	294,978	2,492,821	3,650,869
Assigned	96,529	-	-	96,529
Unassigned	(183,384)	-	-	(183,384)
Total Fund Balances	\$ 776,215	\$ 294,978	\$ 2,531,818	\$ 3,603,011
Total Liabilities and Fund Balances	\$ 1,117,107	\$ 294,978	\$ 2,677,524	\$ 4,089,609

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

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Real property and tax items	\$ -	\$ -	\$ 4,387,675	\$ 4,387,675
Departmental income	-	-	123,849	123,849
Intergovernmental charges	1,420	-	-	1,420
Use of money and property	541	2,361	53,194	56,096
Sale of property and compensation for loss	-	-	4,729	4,729
Miscellaneous	-	20,617	3,711	24,328
State and county aid	233,458	-	23,108	256,566
Federal aid	1,173,935	-	623	1,174,558
Total Revenues	<u>\$ 1,409,354</u>	<u>\$ 22,978</u>	<u>\$ 4,596,889</u>	<u>\$ 6,029,221</u>
Expenditures:				
Current:				
General government support	\$ -	\$ 39,961	\$ -	\$ 39,961
Public safety	-	-	926,416	926,416
Transportation	1,431,045	-	436,711	1,867,756
Culture and recreation	88,975	-	1,452,281	1,541,256
Home and community services	77,916	-	818,796	896,712
Employee benefits	-	-	386,686	386,686
Debt Service:				
Debt service - principal	-	-	176,000	176,000
Debt service - interest and other charges	-	-	43,334	43,334
Total Expenditures	<u>\$ 1,597,936</u>	<u>\$ 39,961</u>	<u>\$ 4,240,224</u>	<u>\$ 5,878,121</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (188,582)</u>	<u>\$ (16,983)</u>	<u>\$ 356,665</u>	<u>\$ 151,100</u>
Other Financing Sources and Uses:				
Operating transfers - in	\$ 96,435	\$ 3,987	\$ 16,590	\$ 117,012
Operating transfers - out	(16,449)	(118,450)	(57,650)	(192,549)
Proceeds from advance refunding	-	635,000	-	635,000
Transfer to escrow agent	-	(615,656)	-	(615,656)
Total Other Financing Sources and Uses	<u>\$ 79,986</u>	<u>\$ (95,119)</u>	<u>\$ (41,060)</u>	<u>\$ (56,193)</u>
Net change in fund balances	\$ (108,596)	\$ (112,102)	\$ 315,605	\$ 94,907
Fund Balance - Beginning	<u>884,811</u>	<u>407,080</u>	<u>2,216,213</u>	<u>3,508,104</u>
Fund Balance - Ending	<u>\$ 776,215</u>	<u>\$ 294,978</u>	<u>\$ 2,531,818</u>	<u>\$ 3,603,011</u>

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2011

	Public Library Fund	Consolidated Water District Fund	Neighborhood Improvement District Fund	Lighting Districts Fund	Drainage Districts Fund
Assets					
Cash and cash equivalents	\$ 379,414	\$ 479,341	\$ 2,180	\$ 358,816	\$ 18,807
Receivables, net	-	-	-	-	-
Due from other governments, net	1,313	-	-	-	-
Deferred expenses	31,330	-	-	-	-
Total Assets	\$ 412,057	\$ 479,341	\$ 2,180	\$ 358,816	\$ 18,807
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and other current liabilities	\$ 11,564	\$ -	\$ -	\$ 46,514	\$ 50
Accrued wages and benefits	10,042	-	-	-	-
Deferred revenue	-	1,124	-	-	-
Total Liabilities	\$ 21,606	\$ 1,124	\$ -	\$ 46,514	\$ 50
Fund Balances:					
Nonspendable	\$ 31,330	\$ -	\$ -	\$ -	\$ -
Restricted	359,121	478,217	2,180	312,302	18,757
Total Fund Balances	\$ 390,451	\$ 478,217	\$ 2,180	\$ 312,302	\$ 18,757
Total Liabilities and Fund Balances	\$ 412,057	\$ 479,341	\$ 2,180	\$ 358,816	\$ 18,807

Fire Protection District Fund	Business Improvement Districts Fund	Park Special District Fund	Refuse Disposal Districts Fund	Ambulance Service District Fund	Sidewalk Snow Removal District Fund	Consolidated Sidewalk District Fund	Total Nonmajor Special Revenue Funds
\$ 933,341	\$ 4,008	\$ 5,267	\$ 119,235	\$ 94,911	\$ 58,633	\$ 142,580	\$ 2,596,533
40,169	-	-	-	47	-	465	40,681
-	-	-	-	-	-	-	1,313
7,667	-	-	-	-	-	-	38,997
<u>\$ 981,177</u>	<u>\$ 4,008</u>	<u>\$ 5,267</u>	<u>\$ 119,235</u>	<u>\$ 94,958</u>	<u>\$ 58,633</u>	<u>\$ 143,045</u>	<u>\$ 2,677,524</u>
\$ -	\$ 200	\$ 125	\$ 63,237	\$ -	\$ -	\$ 5,766	\$ 127,456
7,084	-	-	-	-	-	-	17,126
-	-	-	-	-	-	-	1,124
<u>\$ 7,084</u>	<u>\$ 200</u>	<u>\$ 125</u>	<u>\$ 63,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,766</u>	<u>\$ 145,706</u>
\$ 7,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,997
966,426	3,808	5,142	55,998	94,958	58,633	137,279	2,492,821
<u>\$ 974,093</u>	<u>\$ 3,808</u>	<u>\$ 5,142</u>	<u>\$ 55,998</u>	<u>\$ 94,958</u>	<u>\$ 58,633</u>	<u>\$ 137,279</u>	<u>\$ 2,531,818</u>
<u>\$ 981,177</u>	<u>\$ 4,008</u>	<u>\$ 5,267</u>	<u>\$ 119,235</u>	<u>\$ 94,958</u>	<u>\$ 58,633</u>	<u>\$ 143,045</u>	<u>\$ 2,677,524</u>

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

	Public Library Fund	Consolidated Water District Fund	Neighborhood Improvement District Fund	Lighting Districts Fund	Drainage Districts Fund
Revenues:					
Real property and tax items	\$ 1,805,920	\$ -	\$ 13,655	\$ 290,165	\$ 5,070
Departmental income	123,849	-	-	-	-
Use of money and property	3,324	45,179	1	243	11
Sale of property and compensation for loss	1,789	-	-	-	-
Miscellaneous	3,461	-	-	-	-
State and county aid	7,833	-	-	-	-
Federal aid	623	-	-	-	-
Total Revenues	<u>\$ 1,946,799</u>	<u>\$ 45,179</u>	<u>\$ 13,656</u>	<u>\$ 290,408</u>	<u>\$ 5,081</u>
Expenditures:					
Current:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	-	-	1,725	275,637	-
Culture and recreation	1,450,936	-	-	-	-
Home and community services	-	7,925	-	-	8,353
Employee benefits	317,022	-	-	-	-
Debt Service:					
Debt service - principal	100,000	-	11,000	-	-
Debt service - interest and other charges	39,375	-	1,287	-	-
Total Expenditures	<u>\$ 1,907,333</u>	<u>\$ 7,925</u>	<u>\$ 14,012</u>	<u>\$ 275,637</u>	<u>\$ 8,353</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 39,466</u>	<u>\$ 37,254</u>	<u>\$ (356)</u>	<u>\$ 14,771</u>	<u>\$ (3,272)</u>
Other Financing Sources and Uses:					
Operating transfers - in	\$ 13,500	\$ -	\$ 860	\$ -	\$ -
Operating transfers - out	-	-	-	-	-
Total Other Financing Sources and Uses	<u>\$ 13,500</u>	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 52,966	\$ 37,254	\$ 504	\$ 14,771	\$ (3,272)
Fund Balance - Beginning	<u>337,485</u>	<u>440,963</u>	<u>1,676</u>	<u>297,531</u>	<u>22,029</u>
Fund Balance - Ending	<u><u>\$ 390,451</u></u>	<u><u>\$ 478,217</u></u>	<u><u>\$ 2,180</u></u>	<u><u>\$ 312,302</u></u>	<u><u>\$ 18,757</u></u>

Fire Protection District Fund	Business Improvement Districts Fund	Park Special District Fund	Refuse Disposal Districts Fund	Ambulance Service District Fund	Sidewalk Snow Removal District Fund	Consolidated Sidewalk District Fund	Total Nonmajor Special Revenue Funds
\$ 1,002,770	\$ 3,000	\$ 3,045	\$ 800,485	\$ 258,780	\$ 40,830	\$ 163,955	\$ 4,387,675
-	-	-	-	-	-	-	123,849
3,903	2	3	294	81	35	118	53,194
-	-	-	-	2,475	-	465	4,729
-	-	-	-	250	-	-	3,711
15,275	-	-	-	-	-	-	23,108
-	-	-	-	-	-	-	623
<u>\$ 1,021,948</u>	<u>\$ 3,002</u>	<u>\$ 3,048</u>	<u>\$ 800,779</u>	<u>\$ 261,586</u>	<u>\$ 40,865</u>	<u>\$ 164,538</u>	<u>\$ 4,596,889</u>
\$ 762,295	\$ -	\$ -	\$ -	\$ 164,121	\$ -	\$ -	\$ 926,416
-	-	-	-	-	26,845	132,504	436,711
-	-	1,345	-	-	-	-	1,452,281
-	2,480	-	800,038	-	-	-	818,796
69,664	-	-	-	-	-	-	386,686
-	-	-	-	65,000	-	-	176,000
-	-	-	-	2,672	-	-	43,334
<u>\$ 831,959</u>	<u>\$ 2,480</u>	<u>\$ 1,345</u>	<u>\$ 800,038</u>	<u>\$ 231,793</u>	<u>\$ 26,845</u>	<u>\$ 132,504</u>	<u>\$ 4,240,224</u>
\$ 189,989	\$ 522	\$ 1,703	\$ 741	\$ 29,793	\$ 14,020	\$ 32,034	\$ 356,665
\$ -	\$ -	\$ -	\$ -	\$ 2,230	\$ -	\$ -	\$ 16,590
-	-	-	-	(57,650)	-	-	(57,650)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,420)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,060)</u>
\$ 189,989	\$ 522	\$ 1,703	\$ 741	\$ (25,627)	\$ 14,020	\$ 32,034	\$ 315,605
784,104	3,286	3,439	55,257	120,585	44,613	105,245	2,216,213
<u>\$ 974,093</u>	<u>\$ 3,808</u>	<u>\$ 5,142</u>	<u>\$ 55,998</u>	<u>\$ 94,958</u>	<u>\$ 58,633</u>	<u>\$ 137,279</u>	<u>\$ 2,531,818</u>

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

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

To the Honorable Town Council
The Town of Brighton
Monroe County, New York

We have audited the financial statements of the Town of Brighton, Monroe County, New York as of and for the year ended December 31, 2011, and have issued our report thereon dated March 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Town of Brighton, Monroe County, New York is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Brighton, Monroe County, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and corrected misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brighton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Town of Brighton, Monroe County, New York in a separate letter dated March 28, 2012.

This report is intended solely for the information and use of the audit committee, management, and the Town Board and is not intended to be and should not be used by anyone other than these specified parties.

Raymond F. Wager, CPA, P.C.

March 28, 2012