

TOWN OF BRIGHTON

Monroe County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2013

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Certified Public Accountants

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brighton, Monroe County, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brighton, Monroe County, New York, as of December 31, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–12 and 55–56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Raymond F. Wager, CPA, PC

April 2, 2014

Management's Discussion and Analysis

Town of Brighton, Monroe County, New York

December 31, 2013

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, 2013. 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 2013, 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 Position includes Assets and Liabilities of the Town as a whole, with the difference between Assets and Liabilities reported as the Total Net Position. 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 Position is 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, 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 Funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Town's General Fund, Highway Fund, and one Capital Project (Roof Replacement at Town Hall), 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 Position and in the Statement of Changes in Fiduciary Net Position 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, 2013 Net Assets changed as noted below, with the total \$66,341,721 representing a 5.74% decrease in Net Assets.

<u>Assets:</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 14,543,942	\$ 15,361,583
Capital Assets	<u>63,047,946</u>	<u>67,120,180</u>
Total Assets	<u>\$ 77,591,888</u>	<u>\$ 82,481,763</u>
<u>Liabilities:</u>		
Current Liabilities	\$ 2,070,209	\$ 2,233,823
Noncurrent Liabilities	<u>9,179,958</u>	<u>9,674,339</u>
Total Liabilities	<u>\$ 11,250,167</u>	<u>\$ 11,908,162</u>
<u>Net Position:</u>		
Invested in Capital Assets, net of Related Debt	\$ 57,531,439	\$ 61,794,053
<u>Restricted For:</u>		
Capital Reserves	1,659,298	1,613,588
Other Purposes	4,681,442	4,703,549
Unrestricted	<u>2,469,542</u>	<u>2,462,411</u>
Total Net Position	<u>\$ 66,341,721</u>	<u>\$ 70,573,601</u>

The overall net decrease of \$4,231,880 in net position is made up of several components, both favorable and unfavorable. The most significant factor relating to the overall decrease in net position was the decrease of capital assets of \$4,072,234 resulting from net depreciation expense of \$6,506,012 and additions of assets (net of deletions) of \$2,433,778 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. Other long-term obligations for compensated absences and OPEB (Other Post-Employment Benefits) reduced net position further by a combined \$67,586. Long-term debt redeemed resulted in an increase in net position of \$561,967.

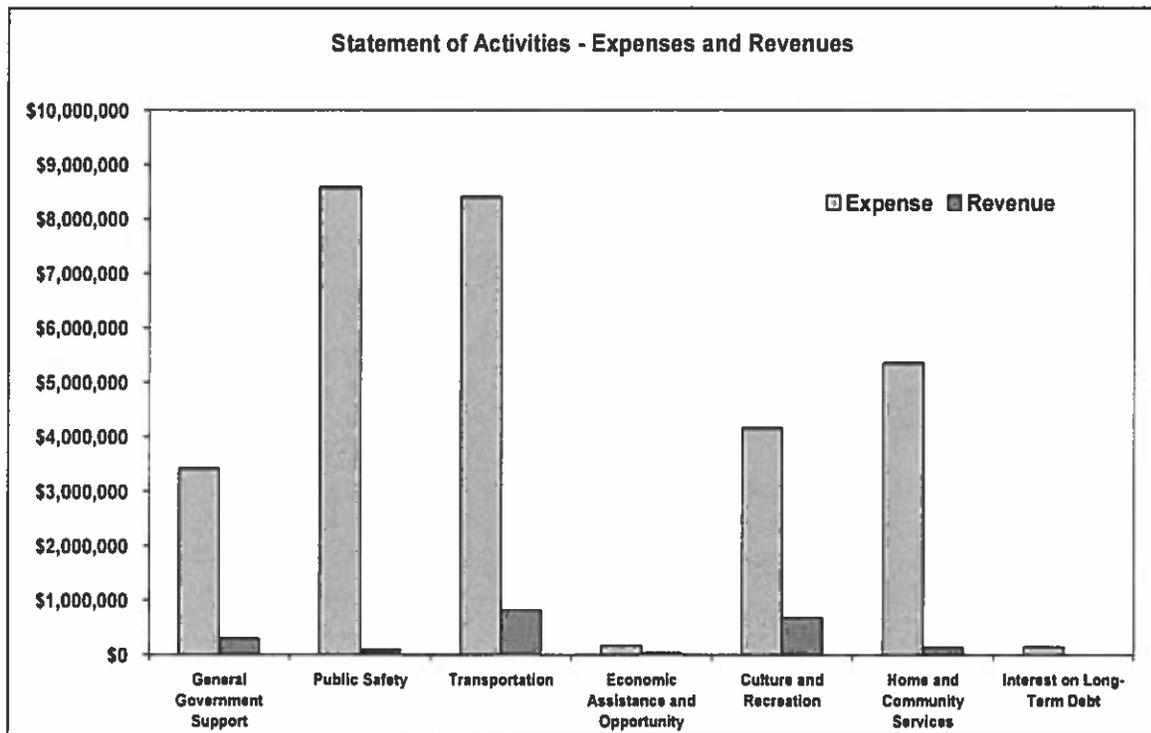
In the Statement of Net Position, Total Assets are reported to be \$77,591,888, with \$63,047,946 (or 81.26%) representing Capital Assets, net of accumulated depreciation. Another \$14,543,942 (or 18.74%) of Total Assets is held in liquid cash and cash equivalents. Total Liabilities are reported at \$11,250,167, of which \$3,256,270 (or 28.94%) is classified as current liabilities (primarily Accounts Payable and Accrued Wages and Benefits, and a BAN), and \$7,993,897 (or 71.06%) being non-current liabilities due in more than one year. Non-current liabilities are composed of \$4,247,573 (53.13%) in outstanding long-term debt, \$449,730 (5.63%) in compensated absences, and \$3,296,594 (41.24%) in OPEB liabilities. Total Net Position is reported to be \$66,341,721 with \$57,531,439 (or 86.72%) relating to investment in Capital Assets net of outstanding debt and accumulated depreciation; \$6,340,740 (or 9.56%) restricted for capital reserves, debt service obligations, and other purpose operations; and leaving \$2,469,542 (or 3.72%) in unrestricted balances.

Total Assets of \$77,591,888 reflect a net decrease of \$4,889,875 with a decrease in Current Assets (primarily composed of Cash and Cash Equivalents) of \$817,641 and \$4,072,234 in reductions of Capital Assets, Net of Depreciation. The net value of Work in Progress increased by \$41,877, the net value of Infrastructure decreased by \$3,475,245 (principally relating to annual depreciation expenses in excess of infrastructure additions), the net value of Buildings and Improvements decreased by \$632,695 (primarily due to depreciation) and the net value of equipment decreased by \$6,171.

Total Liabilities of \$11,250,167 reflect an overall decrease of \$657,995, with a decrease of \$163,614 in current liabilities and a decrease of \$494,381 in non-current liabilities.

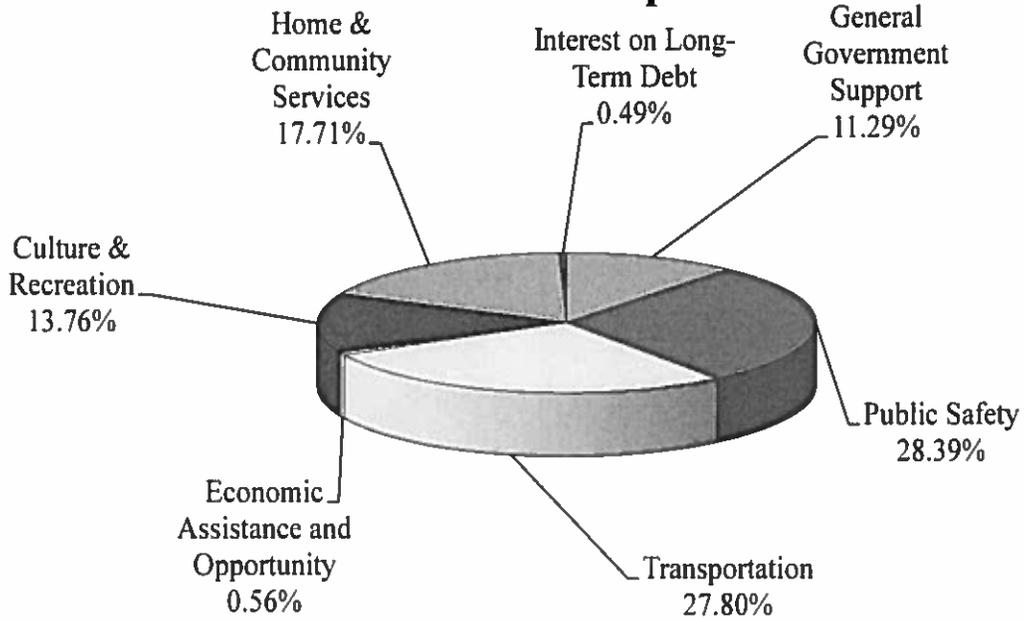
Total Net Position of \$66,341,721 reflects a reduction of \$4,231,880. This reduction is primarily due to the investment in Capital Assets, net of related debt, which decreased by \$4,262,614 as depreciation expenses exceeded capital additions.

In the Statement of Activities, expenses incurred by type of governmental activity total \$30,226,635 (presented in the first column), with program revenues by type attributable to a particular activity totaling \$2,088,822 (being presented in the next three columns to the right of expenses). The \$28,137,813 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 \$23,905,933 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 \$4,231,880 negative Change in Net Assets.

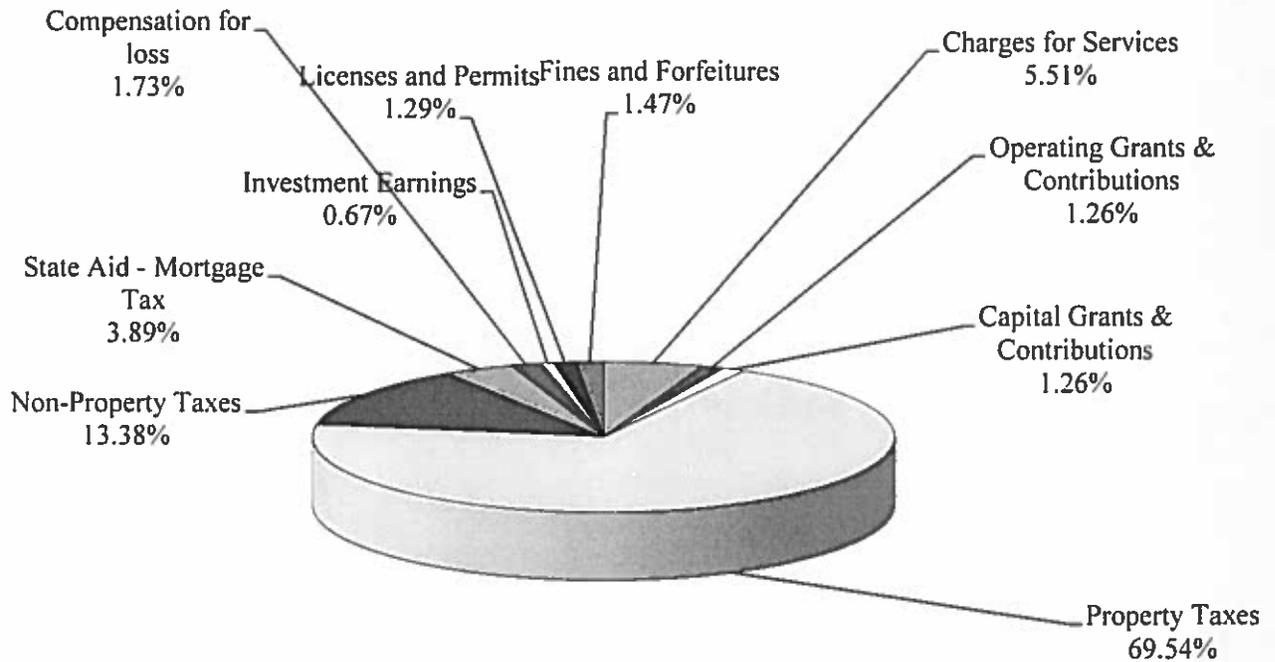


The Bar Graph presented above shows the relative relationship between Program Expenses of \$30,226,635 and Program Revenues of \$2,888,822. The \$28,137,813 balance in the net cost of operations is funded by General Revenues of \$23,905,933 (\$18,076,244 or 75.61% of all General Revenues being generated through the levy of property taxes) and \$4,231,880 in utilized Net Assets.

Statement of Activities - Expenses



Statement of Activities - Revenues



The Program Expenses Pie Chart presented above shows the relative commitment of resources for 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, 2013, the Town’s Governmental Funds reported combined ending fund balances of \$12,525,768, a decrease of \$666,235 or 3.67% decrease from 2012 fund balances of \$13,192,003. While this was a result of favorable and non-favorable operational variances across all funds, it was primarily due to capital projects awaiting long-term financing.

The fund balance, per new GASB Statement 54 reporting beginning in fiscal year 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 \$650,369. Restricted fund balance, such as reserves and amounts restricted by law or grantors for a specific purpose, total \$6,593,905. Assigned fund balance, amounts intended to be used for a specific purpose such as encumbrances and appropriated fund balance, total \$2,899,713. Unassigned fund balance, available for Town use, total \$2,381,781.

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, 2013 and 2012.

<u>Expenditures:</u>	<u>2013</u>	<u>2012</u>	<u>Variance</u>
General Governmental Support	\$ 2,685,876	\$ 3,029,921	\$ (344,045)
Public Safety	6,174,105	6,126,764	47,341
Transportation	5,157,991	4,551,401	606,590
Economic Assistance/Opportunity	132,260	141,281	(9,021)
Culture and Recreation	2,903,457	3,527,186	(623,729)
Home and Community Services	3,382,027	3,268,762	113,265
Employee Benefits	5,917,966	5,362,810	555,156
Debt Service - Principal	669,127	572,368	96,759
Debt Service - Interest	160,827	169,548	(8,721)
Total	\$ 27,183,636	\$ 26,750,041	\$ 433,595

As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, recast in the chart above, the Town expended \$27,183,636 for current year operations. By comparison, this was (on a net basis) \$433,595 more than the \$26,750,041 expended in 2012.

Areas of major variances in expenditures include General Government Support which was down \$344,045 mainly due to a capital project for the Town Hall roof replacement that had expenditures of \$411,062 in 2012; Transportation expenses were up \$606,590 due to the purchase of a heavy-duty dump truck for \$203,00, additional restoration on Corwin Road Bridge of \$272,205, and the start of the Monroe Avenue GIGP project with \$65,689 in 2013 expenditure; Culture and Recreation expenses were down \$623,729 due to the purchase of park land in 2012 for \$680,216; and Employee Benefits were up \$555,156 mainly due to mandated NYS Retirement System employer contributions increasing \$321,305 and medical premiums increasing \$189,927.

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, 2013 and 2012.

<u>Revenues:</u>	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Real Property and Tax Items	\$ 18,076,244	\$ 18,126,574	\$ (50,330)
Non-Property Taxes	3,477,735	3,317,074	160,661
Departmental Income	836,784	882,313	(45,529)
Intergovernmental Charges	546,210	554,379	(8,169)
Use of Money and Property	173,699	187,236	(13,537)
Licenses and Permits	334,333	328,430	5,903
Fines and Forfeitures	383,636	271,509	112,127
Sale of Property and Compensation for Loss	448,478	296,115	152,363
Miscellaneous	112,667	404,251	(291,584)
Interfund Revenues	425,486	400,330	25,156
State and County Aid	1,521,306	1,486,440	34,866
Federal Aid	73,663	189,204	(115,541)
Total	\$ 26,410,241	\$ 26,443,855	\$ (33,614)

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 \$26,410,241 in revenues to support current year operations. By comparison, on a net basis this was a decrease of \$33,614 from the \$26,443,855 recorded in 2012.

Areas of major variances in revenues include Non-Property Taxes up \$160,661 due to an increase in sales tax revenue of \$166,474 (or 5.90%) from 2012; Fines and Forfeitures increased \$112,127 largely due to an increase in forfeitures of \$97,891; Sale of Property increased \$152,363 mostly due to increased revenues in the amount of \$131,773 from the sale sewer equipment; and Miscellaneous revenues were down \$291,584 because 2012 \$303,339 trust fund deposits were transferred for a park land purchase that was classified as miscellaneous revenue.

General Fund. The General Fund, a major fund, is the primary operating fund of the Town including operations of the Police, Recreation, Parks 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 \$32,269 excess of revenues over expenditures however, when netted against transfers in for debt and a closed capital project and transfers out for capital projects, the result was a \$4,344 negative net change in fund balance. The present \$3,470,716 in unassigned fund balance represents 23.36% of the \$14,859,367 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 \$4,134 deficit, however when adding in a transfer from a closed capital project, the result was a net positive change in fund balance of \$46,850. The present \$1,100,827 of assigned fund balance for highway operations represents 22.13% of the \$4,975,275 in total fund expenditures and operating transfers out recorded in the fiscal year.

Roof Capital Projects. The capital projects that was initiated in 2012 for the replacement of the roof on Town Hall and the Public Safety Wing was deemed to be major funds in 2013 due to outstanding liabilities relating to notes issued in the amount of \$376,740. As a result of \$41,860 in BANs redeemed for the project and expenditures of \$3,504, this project generated a positive change in fund balance of \$38,356.

“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, Consolidated (Sanitary) Sewer District, 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 reduction of \$747,097 in net changes in fund balances.

As shown on the Balance Sheet for all Governmental Funds, the reconciliation of Total Fund Balances of \$12,525,768 to Net Position of Governmental Activities of \$66,341,721 includes \$63,047,946 in net Capital Assets used in governmental activities as an addition to Fund Balances and subtractions to fund balance include \$4,759,040 in obligations on outstanding bonds, OPEB liability of \$3,296,594, accrued interest totaling \$52,035, and Compensated Absences earned and due to Town employees totaling \$1,124,324.

General Fund Budgetary Highlights

The Town’s General Fund Budget for revenue and operating transfers increased by \$118,856 over the course of the year, to a total amended budget of \$14,353,531. Actual revenues and operating transfers-in favorably increased the amended budget estimates by \$577,492. Major favorable variances included: Sales tax distribution exceeded the budget estimate by \$53,799, Mortgage Tax revenues exceeded the budget estimate by \$268,953, Building and Occupancy permits exceeded budget estimate by \$74,000, and forfeited property accounted for \$142,911.

The Town’s General Fund appropriation budget increased by \$396,112 over the course of the year to a total of \$15,901,665 in amended appropriations. In all categories, actual expenditures were less than amended budget estimates (again favorable) by a total of \$831,163. Major favorable budget variances included: General Government Support of \$118,878 less than budget, Public Safety of \$90,236 less than budget, Home and Community Services of \$194,651 less than budget, Cultural and Recreation \$94,682 less than budgeted, and Employee Benefits of \$309,088 less than budget.

Highway Fund Budgetary Highlights

The Town’s amended Highway Fund revenue budget totaled \$5,144,152. Actual revenues were less than the amended budget estimates by \$173,011. Major variances included \$109,214 for interfund revenues, of which \$100,000 was projected for the GIGP project on Monroe Avenue that is planned for in-house labor but did not commence in 2013.

The Town’s amended Highway Fund appropriation budget totaled \$5,436,969. There was a total favorable variance in Highway Fund expenditures of \$487,992 including \$140,354 for equipment, \$128,023 for supplies, and \$168,328 for employee benefits. The net favorable variance of revenues over expenditures in the Highway Fund was \$314,981.

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 \$63,047,946, 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 \$41,877. Buildings and Improvements values of \$4,758,440 are reflective of \$635,535 in depreciation expenses. Machinery and Equipment values of \$2,958,698 reflect \$872,495 in additions and \$541,940 in disposals (through sale or other disposal), and \$634,451 in net depreciation expense. Infrastructure is valued at \$46,897,036. This includes \$2,542,692 in new and improved infrastructure, \$484,186 in deletions, and net depreciation expenses in 2012 of \$6,017,937. 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, bonds, and Federal and State Aid.

	<u>2013</u>	<u>2012</u>
Land	\$ 7,926,434	\$ 7,926,434
Work in Progress	507,338	465,461
Buildings and Land Improvements	4,758,440	5,391,135
Machinery and Equipment	2,958,698	2,964,869
Infrastructure	46,897,036	50,372,281
Total	<u>\$ 63,047,946</u>	<u>\$ 67,120,180</u>

Debt Administration. At year-end 2013 the Town had \$4,759,040 in Bonds outstanding. Of this amount \$511,467 will be redeemed in the ensuing year's budget, leaving \$4,247,573 to be redeemed in future years. The Town maintains a conservative debt borrowing policy and has a rating of AA-2 from Moody's Investors Service.

At year end 2013 the Town also had \$1,124,324 in accumulated Compensated Absences due its employees, a net increase of \$26,665 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 2013 an additional year of OPEB liability was recorded. The sixth year of the Town of Brighton's OPEB liability was recorded bringing the total liability to \$3,296,594.

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. While the first quarter of 2014 has been a harsher than usual winter requiring additional resources for snow removal, the strong fund balance in the highway fund will help to mitigate these additional expenditures.

Like all municipalities in New York State, the Town continues with the on-going challenge of funding the costs for employee benefits. Employer contributions to the New York State Local Employees and Police and Fire Retirement Systems has risen by double digit increases for several years, although they declined 1.78% to 4.39% for 2014, depending on tier and system. The Town negotiated new health insurance plans that began in 2011 for active and under age 65 retired employees, but the three-year contract which provided controlled rate increases expired at the end of 2013 and the Town experienced a rate increase of 30% in 2014 for these plans. The Town continues to work on providing quality, affordable health care plans for its employees and retirees.

By taking a hard look at expenditures and revenues and aggressively seeking grant opportunities, the Town Board has passed budgets that continue to stay under the New York State law-imposed property tax levy cap that went into effect for the 2012 budget year. However, with an already lean budget, ever rising costs of providing services without a corresponding increase in revenues, and a historically flat tax base, future budgets will continue to be a challenge.

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 Position

December 31, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,799,429
Accounts receivable, net	1,091,783
State and federal aid receivable	2,361
Prepaid items	650,369
Capital assets:	
Land and work in progress	8,433,772
Other capital assets, net of depreciation	54,614,174
TOTAL ASSETS	\$ 77,591,888
LIABILITIES	
Accounts payable and other current liabilities	\$ 941,798
Accrued liabilities	308,000
Bond anticipation notes payable	784,000
Unearned revenue	36,411
Noncurrent liabilities:	
Due in one year	1,186,061
Due in more than one year	7,993,897
TOTAL LIABILITIES	\$ 11,250,167
NET POSITION	
Net investment in capital assets	\$ 57,531,439
Restricted for:	
Capital reserves	1,659,298
Restricted other purposes	4,681,442
Unrestricted	2,469,542
TOTAL NET POSITION	\$ 66,341,721

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, 2013

Functions/Programs	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in
					Net Position
					Primary
					Governmental
					Activities
Primary Government:					
Governmental Activities:					
General government support	\$ 3,413,697	\$ 61,936	\$ 235,873	\$ -	\$ (3,115,888)
Public safety	8,581,277	46,111	54,180	-	(8,480,986)
Transportation	8,402,241	543,857	-	279,114	(7,579,270)
Economic assistance and development	169,533	43,872	-	-	(125,661)
Culture and recreation	4,158,829	597,887	38,626	49,500	(3,472,816)
Home and community services	5,352,439	137,866	-	-	(5,214,573)
Interest on long-term debt	148,619	-	-	-	(148,619)
Total Governmental Activities	\$ 30,226,635	\$ 1,431,529	\$ 328,679	\$ 328,614	\$ (28,137,813)
Total Primary Government	\$ 30,226,635	\$ 1,431,529	\$ 328,679	\$ 328,614	\$ (28,137,813)
General Revenues:					
Taxes:					
Property taxes					\$ 18,076,244
Non-property taxes					3,477,735
Mortgage tax					1,011,808
Compensation for loss					448,478
Investment earnings					173,699
Licenses and permits					334,333
Fines and forfeitures					383,636
Total General Revenues					\$ 23,905,933
Change in Net Position					\$ (4,231,880)
Net Position - Beginning					70,573,601
Net Position - Ending					\$ 66,341,721

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, 2013

	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Roof Project	Highway Fund		
Assets					
Cash and cash equivalents	\$ 7,034,400	\$ 1,593	\$ 1,631,395	\$ 4,132,041	\$ 12,799,429
Receivables, net	164,471	-	14,479	101,328	280,278
Due from other funds	-	-	27,553	-	27,553
Due from other governments, net	798,260	-	-	13,245	811,505
State and federal aid receivable	-	-	-	2,361	2,361
Prepaid items	494,108	-	77,958	78,303	650,369
Total Assets	\$ 8,491,239	\$ 1,593	\$ 1,751,385	\$ 4,327,278	\$ 14,571,495
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and other current liabilities	\$ 338,261	\$ -	\$ 251,316	\$ 327,540	\$ 917,117
Accrued liabilities	158,032	-	70,524	27,409	255,965
Notes payable - bond anticipation notes	-	376,740	-	407,260	784,000
Due to other funds	18,709	-	-	8,844	27,553
Due to other governments	12,993	-	-	-	12,993
Overpayments and collections in advance	11,688	-	-	-	11,688
Unearned revenue	32,870	-	3,541	-	36,411
Total Liabilities	\$ 572,553	\$ 376,740	\$ 325,381	\$ 771,053	\$ 2,045,727
Fund Balances:					
Nonspendable	\$ 494,108	\$ -	\$ 77,958	\$ 78,303	\$ 650,369
Restricted	2,181,711	-	247,219	4,164,975	6,593,905
Assigned	1,772,151	-	1,100,827	26,735	2,899,713
Unassigned	3,470,716	(375,147)	-	(713,788)	2,381,781
Total Fund Balances	\$ 7,918,686	\$ (375,147)	\$ 1,426,004	\$ 3,556,225	\$ 12,525,768
Total Liabilities and Fund Balances	\$ 8,491,239	\$ 1,593	\$ 1,751,385	\$ 4,327,278	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	63,047,946
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(52,035)
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	(4,759,040)
OPEB Liability	(3,296,594)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position.	(1,124,324)
Net Position of Governmental Activities	\$ 66,341,721

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

	<u>Major</u>			<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Roof</u> <u>Project</u>	<u>Highway</u> <u>Fund</u>		
Revenues:					
Real property and tax items	\$ 8,253,783	\$ -	\$ 3,863,300	\$ 5,959,161	\$ 18,076,244
Non-property taxes	3,477,735	-	-	-	3,477,735
Departmental income	631,137	-	3,261	202,386	836,784
Intergovernmental charges	40,636	-	494,689	10,885	546,210
Use of money and property	108,894	-	5,620	59,185	173,699
Licenses and permits	315,146	-	19,187	-	334,333
Fines and forfeitures	383,636	-	-	-	383,636
Sale of property and compensation for loss	77,867	-	195,617	174,994	448,478
Miscellaneous	38,381	-	8,143	66,143	112,667
Interfund revenues	242,073	-	167,516	15,897	425,486
State and county aid	1,279,256	-	213,808	28,242	1,521,306
Federal aid	43,092	-	-	30,571	73,663
Total Revenues	\$ 14,891,636	\$ -	\$ 4,971,141	\$ 6,547,464	\$ 26,410,241
Expenditures:					
Current:					
General government support	\$ 2,535,338	\$ 3,504	\$ -	\$ 147,034	\$ 2,685,876
Public safety	4,968,467	-	-	1,205,638	6,174,105
Transportation	367,368	-	3,779,311	1,011,312	5,157,991
Economic assistance and development	132,260	-	-	-	132,260
Culture and recreation	1,266,121	-	-	1,637,336	2,903,457
Home and community services	1,092,262	-	-	2,289,765	3,382,027
Employee benefits	4,014,302	-	1,165,212	738,452	5,917,966
Debt Service:					
Debt service - principal	350,645	-	29,430	289,052	669,127
Debt service - interest and other charges	132,604	-	1,322	26,901	160,827
Total Expenditures	\$ 14,859,367	\$ 3,504	\$ 4,975,275	\$ 7,345,490	\$ 27,183,636
Excess (deficiency) of revenue over expenditures	\$ 32,269	\$ (3,504)	\$ (4,134)	\$ (798,026)	\$ (773,395)
Other Financing Sources and Uses:					
Transfers - in	\$ 39,387	\$ -	\$ 50,984	\$ 196,896	\$ 287,267
Transfers - out	(76,000)	-	-	(211,267)	(287,267)
Bond anticipation notes	-	41,860	-	65,300	107,160
Total Other Financing Sources and Uses	\$ (36,613)	\$ 41,860	\$ 50,984	\$ 50,929	\$ 107,160
Net change in fund balances	\$ (4,344)	\$ 38,356	\$ 46,850	\$ (747,097)	\$ (666,235)
Fund Balance - Beginning	7,923,030	(413,503)	1,379,154	4,303,322	13,192,003
Fund Balance - Ending	\$ 7,918,686	\$ (375,147)	\$ 1,426,004	\$ 3,556,225	\$ 12,525,768

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (666,235)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 1,011,536	
Addition of assets	2,448,368	
Depreciation	(7,287,923)	
Gain/(Loss) on sale of assets	<u>(244,215)</u>	(4,072,234)

Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. The following details these items as they effect the governmental activities:

Debt repayment	\$ 669,127	
Proceeds from BAN	<u>(107,160)</u>	561,967

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. (40,921)

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. (26,665)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 12,208

Change in Net Position of Governmental Activities \$ (4,231,880)

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

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2013

	<u>Expendable Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 162,219	\$ 433,675
Service award program assets	-	939,338
Accounts receivable	-	29,998
Investments	<u>609,205</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 771,424</u>	<u>\$ 1,403,011</u>
LIABILITIES		
Accounts payable	\$ -	\$ 15,866
Accrued liabilities	-	55,247
Service awards	-	939,338
Other liabilities	<u>-</u>	<u>392,560</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 1,403,011</u>
NET POSITION		
Other expendable trusts	<u>\$ 771,424</u>	
TOTAL NET POSITION	<u>\$ 771,424</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 Position

Fiduciary Funds

December 31, 2013

	<u>Expendable Trust</u>
ADDITIONS	
Contributions	\$ 245,119
Investment earnings	<u>146</u>
TOTAL ADDITIONS	<u>\$ 245,265</u>
DEDUCTIONS	
Culture and recreation expense	<u>\$ 102,417</u>
TOTAL DEDUCTIONS	<u>\$ 102,417</u>
Change in net position	\$ 142,848
NET POSITION - BEGINNING	<u>628,576</u>
NET POSITION - ENDING	<u><u>\$ 771,424</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, 2013

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.

(I.) (Continued)

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.

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.

(I.) (Continued)

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

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

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 position 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.

Capital Roof Project - used to account for financial resources to be used for the roof capital project.

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.

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.

Other Capital Projects - 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.

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

Public Library Fund	Consolidated Water District Fund
Neighborhood Improvement District Fund	Park Land Deposits Fund
Lighting Districts Fund	Consolidated Sewer Fund
Drainage Districts Fund	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

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.

(I.) (Continued)

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 Position 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 position (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 position.

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.

2. Basis of Accounting

In the government-wide Statement of Net Position 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.

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.

(I.) (Continued)

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

Investments are stated at cost, which approximates market value.

2. **Receivables**

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

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

3. **Inventory**

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

4. **Prepaid Items**

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

5. **Capital Assets**

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 Position. 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	5-10 Years
Roads, Sidewalks, Curbing, Light Systems, Gutters	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. Unearned Revenue

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

7. Accrued Liabilities and Long-Term Obligations

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

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

(I.) (Continued)

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.

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. **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.

3. **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.

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.

3 **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.

(I.) (Continued)

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 position and displayed in three components:

1. **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** - consists of net position 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 position** - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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.

(I.) (Continued)

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

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.

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.

(I.) (Continued)

c. **Interfund reimbursements** – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds

d. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. **Government-Wide Financial Statements**

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

a. **Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental funds.

b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

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.

H. **Recently Issued Accounting Pronouncements**

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

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

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

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

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

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

II. Reclassification:

The Park Land Deposits Fund is reported as a governmental fund in the Basic Financial Statements for the year ended December 31, 2013 rather than within the Fiduciary Funds as reported in the Basic Financial Statements for the year ended December 31, 2012. Accordingly, certain amounts have been reclassified to conform to the current year presentation.

III. 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 December 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.

(III.) (Continued)

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.

C. Deficit Fund Balance – Capital Projects Fund

Some of the capital projects had deficit fund balances totaling \$1,088,935 at December 31, 2013, which is the result of the Town not obtaining permanent financing for the projects before year end. The Town issued BAN's and borrowed funds from other funds in order to facilitate the cash flow for these purchases, and the permanent financing will occur at a later date. This results in the creation of a fund deficit which will remain until permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations) is obtained.

IV. 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		6,453,324
Collateralized within Trust department or agent		<u>5,482,138</u>
Total	\$	<u>11,935,462</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 \$6,778,592 within the governmental funds and \$162,219 in the expendable trust fund.

(IV.) (Continued)

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	\$ 3,602
JP Morgan Chase Checking Account	69,085
Morgan Stanley Trust Account	62,438
AM&M Financial Services	538,162
Dina Ascher Zwick Endowment Fund	8,605
Total	<u>\$ 681,892</u>

C. Receivables

Receivables at December 31, 2013 consisted of the following, which are stated at net realizable value. Town management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Amount</u>
Sales Tax	\$ 769,180
PILOTS/Mitigation	154,898
Property Cleanup	50,865
Brush Waste	36,914
Stop - DWI Fines	19,852
Court Fines and Fees	19,751
Other	42,684
Total	<u>\$ 1,094,144</u>

D. Interfund Receivables, Payables, Revenues and Expenditures

Interfund receivables, payables, revenues and expenditures at December 31, 2013 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	\$ -	\$ 18,709	\$ 39,387	\$ 76,000
Highway	27,553	-	50,984	-
Capital Fund	-	-	122,990	123,579
Debt Service Fund	-	-	47,618	40,698
Non major Special Revenue Funds	-	8,844	26,288	46,990
Total	<u>\$ 27,553</u>	<u>\$ 27,553</u>	<u>\$ 287,267</u>	<u>\$ 287,267</u>

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

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

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

(IV.) (Continued)

E. Changes In Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>01/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>
<u>Capital assets not being Depreciated:</u>				
Land	\$ 7,926,434	\$ -	\$ -	\$ 7,926,434
Work in progress	465,461	41,877	-	507,338
<i>Total capital assets not being depreciated</i>	<u>\$ 8,391,895</u>	<u>\$ 41,877</u>	<u>\$ -</u>	<u>\$ 8,433,772</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 18,489,474	\$ 2,840	\$ -	\$ 18,492,314
Machinery and equipment	10,341,983	872,495	(541,940)	10,672,538
Infrastructure	180,737,096	2,542,692	(484,186)	182,795,602
<i>Total other capital assets at historical cost</i>	<u>\$ 209,568,553</u>	<u>\$ 3,418,027</u>	<u>\$ (1,026,126)</u>	<u>\$ 211,960,454</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 13,098,339	\$ 635,535	\$ -	\$ 13,733,874
Machinery and equipment	7,377,114	634,451	(297,725)	7,713,840
Infrastructure	130,364,815	6,017,937	(484,186)	135,898,566
<i>Total accumulated depreciation</i>	<u>\$ 150,840,268</u>	<u>\$ 7,287,923</u>	<u>\$ (781,911)</u>	<u>\$ 157,346,280</u>
<i>Other capital assets, net</i>	<u>\$ 58,728,285</u>	<u>\$ (3,869,896)</u>	<u>\$ (244,215)</u>	<u>\$ 54,614,174</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 67,120,180</u>	<u>\$ (3,828,019)</u>	<u>\$ (244,215)</u>	<u>\$ 63,047,946</u>

Depreciation expense for the year totaled \$7,287,923 and was charged to the following functions:

General Government	\$ 54,005
Public Safety	233,266
Transportation	4,875,755
Culture & Recreation	505,358
Home & Community Services	1,619,539
Total	<u>\$ 7,287,923</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.

(IV.) (Continued)

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, 2013 is as follows:

Interest expense reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	6,477
Prior year accrued interest		(598)
Current year accrued interest		<u>1,328</u>
Interest expense - Statement of Activities	\$	<u>7,207</u>

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

	<u>Balance</u> <u>01/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2013</u>
BANS	<u>\$ 983,300</u>	<u>\$ 784,000</u>	<u>\$ 983,300</u>	<u>\$ 784,000</u>

G. **Long-Term Debt**

At December 31, 2013 the total outstanding obligations of the Town aggregated \$9,179,958 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.

2. **Interest Reconciliation**

A summary of the long-term interest expense as of December 31, 2013 is as follows:

Interest expense reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	154,350
Prior year accrued interest		(63,645)
Current year accrued interest		<u>50,707</u>
Interest expense - Statement of Activities	\$	<u>141,412</u>

(IV.) (Continued)

3. Other Long-Term Obligations

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

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

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

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2013:

	Balance 01/01/13	Additions	Deletions	Balance 12/31/13	Classified As	
					Current	Non-Current
Serial Bonds	\$ 5,321,007	\$ -	\$ 561,967	\$ 4,759,040	\$ 511,467	\$ 4,247,573
Other Long-Term Obligations						
Compensated Absences	1,097,659	26,665	-	1,124,324	674,594	449,730
OPEB Liability	3,255,673	40,921	-	3,296,594	-	3,296,594
Total Long-Term Obligations	\$ 9,674,339	\$ 67,586	\$ 561,967	\$ 9,179,958	\$ 1,186,061	\$ 7,993,897

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

(IV.) (Continued)

5. Debt Maturity Schedule

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Amount Outstanding 12/31/13</u>	<u>Maturity</u>
<u>Sewer District Fund Serial Bonds -</u>					
Elmwood Avenue Relief Sewer	1997	\$ 680,000	5.007%	\$ 105,000	2016
Brighton-Henrietta Town Line Road Sewer	1999	\$ 318,562	5.077%	110,000	2019
Western Dr. Area Sewer	2005	\$ 236,800	0%	154,040	2025
Enviornmental Facilites Corporation	2010	\$ 730,000	0.286%-4.245%	585,000	2029
<u>General Public Improvements -</u>					
Refunded Bond (\$1,858,000)	2011	\$ 635,000	2%-2.250%	510,000	2018
Fuel Depot/Parkland	2007	\$ 4,438,450	3.8%-3.875%	3,145,000	2023
Consolidated Public Improvement Bond	2012	\$ 204,750	1.375%	150,000	2016
Total Serial Bonds				\$ 4,759,040	

Of the total outstanding indebtedness, \$369,040 was issued for water and sewer purposes exempt from the constitutional debt limit.

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

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>
2014	\$ 511,467	\$ 155,717
2015	526,715	139,805
2016	536,964	126,331
2017	462,213	105,792
2018	472,463	90,572
2019-23	1,986,052	236,901
2024-28	223,166	32,464
2029	40,000	1,698
Total	\$ 4,759,040	\$ 889,280

In prior years, the Town defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. \$500,000 of bonds outstanding are considered defeased.

(IV.) (Continued)

H. **Fund Balances/Net Position**

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. There was a contribution of \$24,977. The Town credited the reserve \$44 in interest earnings. The balance in this reserve at December 31, 2013 is \$117,897.

Assessment - to finance the update and assessment on all real property situated in the Town. There was a contribution of \$20,000. The Town credited \$28 in interest earnings to the reserve during the year. The balance in this reserve at December 31, 2013 is \$81,410.

Streetscape - to finance streetscape improvements as determined by the Town. The Town credited \$50 in interest earnings. The balance in this reserve at December 31, 2013 is \$109,812.

Town Sidewalk - to finance the cost of construction of new Town wide sidewalks as proposed for construction by the Town. The Town credited \$90 in interest earnings. The balance in this reserve at December 31, 2013 is \$199,529.

(IV.) (Continued)

Parks - to finance the purchase and development of open space for park purposes. The Town credited \$249 in interest earnings. The balance in this reserve at December 31, 2013 is \$551,701.

b. **Consolidated Sewer Fund**

Sewer Equipment - to finance future planned replacement of high cost sewer equipment items. The Town credited the reserve for \$99 in interest earnings. The balance in this reserve at December 31, 2013 is \$217,671.

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 \$61 in interest earnings, and the balance in this reserve at December 31, 2013 is \$134,059.

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 credited the reserve for \$111 in interest earnings. The balance of the reserve at December 31, 2013 is \$247,219.

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, 2013 is \$243,056 and \$30,280 has been appropriated for the ensuing year's budget.

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 \$54 earnings and contributed \$3,477 during the year. This reserve fund is recorded in the Library Fund and the balance is \$122,743 at December 31, 2013.

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 \$64 in interest during the year. The balance at December 31, 2013 is \$143,169.

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 \$278 in interest, and appropriated \$112,525 during the year. The balance at December 31, 2013 is \$504,163.

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 \$25,460 from the reserve, received \$142,894 in seized property revenues, and credited \$96 in interest earnings. The balance of this reserve at December 31, 2013 is \$290,398.

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 credited the reserve \$104 in interest earnings, and appropriated \$58,000 during the year. The balance in this reserve at December 31, 2013 is \$183,632.

(IV.) (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	Consolidated Water District Fund
Neighborhood Improvement District Fund	Park Land Deposits Fund
Lighting Districts Fund	Consolidated Sewer Fund
Drainage Districts Fund	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

c. Assigned

The Town has the following assigned funds:

General Fund –	1. Appropriated for Taxes
	2. Encumbrances
Highway Fund -	1. Year End Equity
	2. Appropriated for Taxes
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 \$18,868 are considered significant and are summarized below:

- Public safety at \$22,395, transportation at \$26,806, and home and community services at \$66,853.

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:

(IV.) (Continued)

FUND BALANCE:	General Fund	Highway Fund	Capital Projects	Debt Service Fund	Special Revenue Funds	Total
<u>Nonspendable -</u>						
Prepaid items	\$ 494,108	\$ 77,958	\$ -	\$ -	\$ 78,303	\$ 650,369
<u>Restricted -</u>						
Capital Reserves -						
Quality of life	\$ 117,897	\$ -	\$ -	\$ -	\$ -	\$ 117,897
Assessment	81,410	-	-	-	-	81,410
Streetscape	109,812	-	-	-	-	109,812
Town sidewalk	199,529	-	-	-	-	199,529
Parks	551,701	-	-	-	-	551,701
Sewer equipment	-	-	-	-	217,671	217,671
Consolidated water district	-	-	-	-	134,059	134,059
Highway equipment	-	247,219	-	-	-	247,219
Reserve for debt	-	-	-	273,336	-	273,336
General reserve	-	-	-	-	122,743	122,743
Insurance reserve	143,169	-	-	-	-	143,169
Workers' compensation reserve	504,163	-	-	-	-	504,163
Reserve for forfeiture of the proceeds of crime	290,398	-	-	-	-	290,398
Repair reserve	183,632	-	-	-	-	183,632
Capital improvements	-	-	331,468	-	-	331,468
Special Districts -						
Public library	-	-	-	-	241,952	241,952
Consolidated water	-	-	-	-	432,637	432,637
Neighborhood improvement	-	-	-	-	4,478	4,478
Park land deposits	-	-	-	-	228,458	228,458
Lighting	-	-	-	-	300,142	300,142
Consolidated sewer	-	-	-	-	555,097	555,097
Drainage	-	-	-	-	16,123	16,123
Fire protection	-	-	-	-	908,183	908,183
Business improvement	-	-	-	-	4,187	4,187
Refuse disposal	-	-	-	-	56,702	56,702
Ambulance service	-	-	-	-	99,039	99,039
Park special	-	-	-	-	7,605	7,605
Sidewalk snow removal	-	-	-	-	91,201	91,201
Consolidated sidewalk	-	-	-	-	139,894	139,894
Total Restricted	\$ 2,181,711	\$ 247,219	\$ 331,468	\$ 273,336	\$ 3,560,171	\$ 6,593,905
<u>Assigned -</u>						
Appropriated for taxes	\$ 1,125,000	\$ 125,000	\$ -	\$ -	\$ -	\$ 1,250,000
Retirement benefits	512,016	-	-	-	-	512,016
General government support	3,114	-	26,735	-	-	29,849
Public safety	22,395	-	-	-	-	22,395
Transportation	26,806	975,827	-	-	-	1,002,633
Culture and recreation	15,967	-	-	-	-	15,967
Home and community service	66,853	-	-	-	-	66,853
Total Assigned	\$ 1,772,151	\$ 1,100,827	\$ 26,735	\$ -	\$ -	\$ 2,899,713
<u>Unassigned</u>	<u>\$ 3,470,716</u>	<u>\$ -</u>	<u>\$ (1,088,935)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,381,781</u>
TOTAL FUND BALANCE	\$ 7,918,686	\$ 1,426,004	\$ (730,732)	\$ 273,336	\$ 3,638,474	\$ 12,525,768

(IV.) (Continued)

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

	<u>Total</u>
Lighting	\$ 57,020
Consolidated Sewer	175,000
Drainage	3,110
Refuse	13,120
Ambulance Service	20,340
Business Improvement	1,000
Fire Protection	200,000
Park Special	295
Neighborhood Improvement	2,100
Sidewalk Snow Removal	24,545
Consolidated Sidewalk	30,000
Total Special District	526,530
Appropriated for Taxes	\$ 526,530

2. Net Position – Capital Reserves

Represents those amounts which have been restricted for capital reserves.

	<u>Total</u>
<u>General Fund -</u>	
Quality of life	\$ 117,897
Assessment	81,410
Streetscape	109,812
Town sidewalk	199,529
Parks	551,701
<u>Consolidated Sewer Fund -</u>	
Sewer equipment	217,671
<u>Water Fund -</u>	
Consolidated water district	134,059
<u>Highway Fund -</u>	
Highway equipment	247,219
Total Net Position - Capital	1,659,298
Reserves	\$ 1,659,298

(IV.) (Continued)

3. Net Position - Restricted for Other Purposes

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

	<u>Total</u>
Reserve for debt	\$ 273,336
General reserve	122,743
Insurance reserve	143,169
Workers' compensation	504,163
Forfeiture of the proceeds of crime	290,398
Repair reserve	183,632
Public library	286,764
Consolidated water	432,637
Neighborhood improvement	4,478
Park land deposits	228,458
Lighting	300,142
Consolidated sewer	579,328
Drainage	16,123
Fire protection	917,443
Business improvement	4,187
Refuse disposal	56,702
Ambulance service	99,039
Park special	7,605
Sidewalk snow removal	91,201
Consolidated sidewalk	139,894
Total Net Position - Restricted for Other Purposes	<u>\$ 4,681,442</u>

V. 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 Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. 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>
2013	\$ 1,305,705	\$ 1,034,199
2012	\$ 1,108,814	\$ 913,270
2011	\$ 927,571	\$ 724,306

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, 2013, 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.

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 as of December 31, 2013. 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.

(V.) (Continued)

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, 2014.

4. **Program Financial Condition**

Assets and Liabilities

Actuarial Present Value of Benefits		\$ 853,421
<u>Less: Assets Available for Benefits</u>		
Cash and Short-Term Investments	\$ 940,740	
Accrued Interest/Benefit Payable	<u>(1,402)</u>	
Total Net Position Available for Benefits		939,338
Total Unfunded (Overfunded) Benefits		<u><u>\$ (85,917)</u></u>

Receipts and Disbursements

Plan Net Position, Beginning of Year		\$ 923,221
Changes During the Year:		
Investment Income Earned	\$ 14,986	
Changes in Fair Market Value of Investments	52,299	
Plan Benefit Withdrawals	(46,416)	
Administrative and Other Fees/Charges	<u>(4,752)</u>	
Total Changes During the Year		16,117
Plan Net Position, End of Year		<u><u>\$ 939,338</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.

Valuation date:	1/1/2014
Plan year:	2013
Assumed investment rate of return:	6%
Pre-Entitlement age mortality table:	None assumed
Post-Entitlement age mortality table:	1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007
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

(V.) (Continued)

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, 2013 is \$512,016.

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	\$ 837,523
Interest on net OPEB obligation	144,664
Adjustment to annual required contribution	<u>(133,032)</u>
Annual OPEB cost (expense)	\$ 849,155
Contributions made	<u>808,234</u>
Increase in net OPEB obligation	\$ 40,921
Net OPEB obligation - beginning of year	<u>3,255,673</u>
Net OPEB obligation - end of year	<u><u>\$ 3,296,594</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 1,883,307	24.1%	\$ 1,430,141
12/31/2009	\$ 1,883,307	24.1%	\$ 2,860,282
12/31/2010	\$ 766,422	76.9%	\$ 3,037,517
12/31/2011	\$ 756,073	76.6%	\$ 3,214,752
12/31/2012	\$ 849,155	95.2%	\$ 3,255,673
12/31/2013	\$ 849,155	95.2%	\$ 3,296,594

(V.) (Continued)

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$15,341,715, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$15,341,715. The covered payroll (annual payroll of active employees covered by the plan) was \$11,401,985, and the ratio of the UAAL to the covered payroll was 134.55%.

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, 2013, 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 5.7% for 2013 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.

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.

(V.) (Continued)

The Town's schedule of funding progress for 2013 is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
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%
1/1/2012	\$ -	\$ 15,341,715	0.00%	\$ 15,341,715	\$ 11,472,671	133.72%
1/1/2013	\$ -	\$ 15,341,715	0.00%	\$ 15,341,715	\$ 11,401,985	134.55%

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, 2013 and 2012 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 \$143,169 at December 31, 2013.

(V.) (Continued)

3. Workers' Compensation

The Town currently purchase workers' compensation insurance from a third party. The Town also entered into a separate agreement with Perma to administer the claims which had occurred prior to January 1, 2010. The following represents the estimated liabilities for those claims incurred prior to January 1, 2010. The changes in claims liabilities for 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Beginning liabilities	\$ 66,529	\$ 116,790
Incurred claims	112,525	-
Claims payments	(52,267)	(50,261)
Ending liabilities	<u>\$ 126,787</u>	<u>\$ 66,529</u>

No claims were settled during 2013 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 \$504,163. In the Town's judgment, the Town believes the reserve fund is adequate.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Contribution Revenue	\$ 112,525	\$ -	\$ 5,000	\$ 54,434	\$ 70,843	\$ 273,121	\$ 21,564	\$ 149,994	\$ 78,986	\$ 127,983
Actual Claims Expense	\$ 52,267	\$ 50,261	\$ 58,965	\$ 52,928	\$ 61,784	\$ 71,257	\$ 44,322	\$ 123,483	\$ 78,986	\$ 127,983

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.

(V.) (Continued)

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

	<u>2013</u>	<u>2012</u>
Beginning liabilities	\$ 5,358	\$ 3
Incurred claims	130,550	133,195
Claims payments	(126,944)	(127,840)
Ending liabilities	\$ 8,964	\$ 5,358

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Contribution Revenue	\$ 130,550	\$ 133,195	\$ 139,504	\$ 132,305	\$ 118,111	\$ 122,876	\$ 135,212	\$ 127,337	\$ 114,373	\$ 115,102
Actual Claims Expense	\$ 126,944	\$ 127,840	\$ 139,535	\$ 135,760	\$ 127,535	\$ 126,416	\$ 124,750	\$ 131,992	\$ 102,739	\$ 116,091

C. Commitments and Contingencies

1. Litigation

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.

2. Grants

The Town participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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, 2013 totaled \$142,358 which is reported in the General Fund and Water Special Revenue Fund.

Required Supplemental Information
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, 2013

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 8,247,070	\$ 8,247,070	\$ 8,253,783	\$ -	\$ 6,713
Non-property taxes	3,439,710	3,439,710	3,477,735	-	38,025
Departmental income	651,225	654,825	631,137	-	(23,688)
Intergovernmental charges	48,050	48,050	40,636	-	(7,414)
Use of money and property	121,535	121,535	108,894	-	(12,641)
Licenses and permits	194,135	230,135	315,146	-	85,011
Fines and forfeitures	241,000	241,000	383,636	-	142,636
Sale of property and compensation for loss	40,000	44,991	77,867	-	32,876
Miscellaneous	9,585	11,585	38,381	-	26,796
Interfund revenues	260,190	260,190	242,073	-	(18,117)
State and county aid	959,765	1,022,665	1,279,256	-	256,591
Federal aid	8,000	8,000	43,092	-	35,092
Total Revenues	\$ 14,220,265	\$ 14,329,756	\$ 14,891,636	\$ -	\$ 561,880
Expenditures:					
Current:					
General government support	\$ 2,606,137	\$ 2,657,330	\$ 2,535,338	\$ 3,114	\$ 118,878
Public safety	5,036,760	5,081,098	4,968,467	22,395	90,236
Transportation	402,010	410,385	367,368	26,806	16,211
Economic assistance and development	147,245	138,811	132,260	-	6,551
Culture and recreation	1,396,545	1,376,770	1,266,121	15,967	94,682
Home and community services	1,217,886	1,353,766	1,092,262	66,853	194,651
Employee benefits	4,214,680	4,323,390	4,014,302	-	309,088
Debt Service:					
Debt service - principal	350,350	351,090	350,645	-	445
Debt service - interest and other charges	133,940	133,025	132,604	-	421
Total Expenditures	\$ 15,505,553	\$ 15,825,665	\$ 14,859,367	\$ 135,135	\$ 831,163
Excess (deficiency) of revenue over expenditures	\$ (1,285,288)	\$ (1,495,909)	\$ 32,269	\$ (135,135)	\$ 1,393,043
Other Financing Sources and Uses:					
Transfers - in	\$ 14,410	\$ 23,775	\$ 39,387	\$ -	\$ 15,612
Transfers - out	-	(76,000)	(76,000)	-	-
Total Other Financing Sources and Uses	\$ 14,410	\$ (52,225)	\$ (36,613)	\$ -	\$ 15,612
Net change in fund balances	\$ (1,270,878)	\$ (1,548,134)	\$ (4,344)	\$ (135,135)	\$ 1,408,655
Fund Balance - Beginning	7,923,030	7,923,030	7,923,030	-	-
Fund Balance - Ending	\$ 6,652,152	\$ 6,374,896	\$ 7,918,686	\$ (135,135)	\$ 1,408,655

(See Independent Auditors' Report)

Required Supplemental Information
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, 2013

	HIGHWAY FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 3,863,300	\$ 3,863,300	\$ 3,863,300	\$ -	\$ -
Departmental income	5,200	5,200	3,261	-	(1,939)
Intergovernmental charges	532,785	532,785	494,689	-	(38,096)
Use of money and property	8,000	8,000	5,620	-	(2,380)
Licenses and permits	14,120	14,120	19,187	-	5,067
Sale of property and compensation for loss	188,365	188,365	195,617	-	7,252
Miscellaneous	-	41,700	8,143	-	(33,557)
Interfund revenues	276,730	276,730	167,516	-	(109,214)
State and county aid	160,250	213,952	213,808	-	(144)
Total Revenues	\$ 5,048,750	\$ 5,144,152	\$ 4,971,141	\$ -	\$ (173,011)
Expenditures:					
Current:					
Transportation	\$ 3,980,358	\$ 4,072,349	\$ 3,779,311	\$ 24,686	\$ 268,352
Employee benefits	1,333,540	1,333,540	1,165,212	-	168,328
Debt Service:					
Debt service - principal	29,430	29,430	29,430	-	-
Debt service - interest and other charges	1,650	1,650	1,322	-	328
Total Expenditures	\$ 5,344,978	\$ 5,436,969	\$ 4,975,275	\$ 24,686	\$ 437,008
Excess (deficiency) of revenue over expenditures	\$ (296,228)	\$ (292,817)	\$ (4,134)	\$ (24,686)	\$ 263,997
Other Financing Sources and Uses:					
Transfers - in	\$ -	\$ -	\$ 50,984	\$ -	\$ 50,984
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 50,984	\$ -	\$ 50,984
Net change in fund balances	\$ (296,228)	\$ (292,817)	\$ 46,850	\$ (24,686)	\$ 314,981
Fund Balance - Beginning	1,379,154	1,379,154	1,379,154	-	-
Fund Balance - Ending	\$ 1,082,926	\$ 1,086,337	\$ 1,426,004	\$ (24,686)	\$ 314,981

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

	<u>Other Capital Projects</u>	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 98,726	\$ 273,336	\$ 3,759,979	\$ 4,132,041
Receivables, net	-	-	101,328	101,328
Due from other governments, net	12,305	-	940	13,245
State and federal aid receivable	2,361	-	-	2,361
Prepaid items	-	-	78,303	78,303
Total Assets	<u>\$ 113,392</u>	<u>\$ 273,336</u>	<u>\$ 3,940,550</u>	<u>\$ 4,327,278</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and other				
current liabilities	\$ 61,717	\$ -	\$ 265,823	\$ 327,540
Accrued liabilities	-	-	27,409	27,409
Notes payable - bond anticipation notes	407,260	-	-	407,260
Due to other funds	-	-	8,844	8,844
Total Liabilities	<u>\$ 468,977</u>	<u>\$ -</u>	<u>\$ 302,076</u>	<u>\$ 771,053</u>
Fund Balances:				
Nonspendable	\$ -	\$ -	\$ 78,303	\$ 78,303
Restricted	331,468	273,336	3,560,171	4,164,975
Assigned	26,735	-	-	26,735
Unassigned	(713,788)	-	-	(713,788)
Total Fund Balances	<u>\$ (355,585)</u>	<u>\$ 273,336</u>	<u>\$ 3,638,474</u>	<u>\$ 3,556,225</u>
Total Liabilities and Fund Balances	<u>\$ 113,392</u>	<u>\$ 273,336</u>	<u>\$ 3,940,550</u>	<u>\$ 4,327,278</u>

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, 2013

	Other Capital Projects	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:				
Real property and tax items	\$ -	\$ -	\$ 5,959,161	\$ 5,959,161
Departmental income	-	-	202,386	202,386
Intergovernmental charges	10,885	-	-	10,885
Use of money and property	245	1,451	57,489	59,185
Sale of property and compensation for loss	-	-	174,994	174,994
Miscellaneous	355	-	65,788	66,143
Interfund revenues	-	-	15,897	15,897
State and county aid	580	-	27,662	28,242
Federal aid	30,009	-	562	30,571
Total Revenues	\$ 42,074	\$ 1,451	\$ 6,503,939	\$ 6,547,464
Expenditures:				
Current:				
General government support	\$ 147,034	\$ -	\$ -	\$ 147,034
Public safety	91,990	-	1,113,648	1,205,638
Transportation	525,282	-	486,030	1,011,312
Culture and recreation	120,147	-	1,517,189	1,637,336
Home and community services	-	-	2,289,765	2,289,765
Employee benefits	-	-	738,452	738,452
Debt Service:				
Debt service - principal	-	-	289,052	289,052
Debt service - interest and other charges	-	-	26,901	26,901
Total Expenditures	\$ 884,453	\$ -	\$ 6,461,037	\$ 7,345,490
Excess (deficiency) of revenue over expenditures	\$ (842,379)	\$ 1,451	\$ 42,902	\$ (798,026)
Other Financing Sources and Uses:				
Transfers - in	\$ 122,990	\$ 47,618	\$ 26,288	\$ 196,896
Transfers - out	(123,579)	(40,698)	(46,990)	(211,267)
Bond anticipation notes	65,300	-	-	65,300
Total Other Financing Sources and Uses	\$ 64,711	\$ 6,920	\$ (20,702)	\$ 50,929
Net change in fund balances	\$ (777,668)	\$ 8,371	\$ 22,200	\$ (747,097)
Fund Balance - Beginning	422,083	264,965	3,616,274	4,303,322
Fund Balance - Ending	\$ (355,585)	\$ 273,336	\$ 3,638,474	\$ 3,556,225

TOWN OF BRIGHTON, MONROE COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2013

	Public Library Fund	Consolidated Water District Fund	Neighborhood Improvement District Fund	Park Land Deposits Fund	Lighting Districts Fund	Consolidated Sewer Fund
Assets						
Cash and cash equivalents	\$ 450,487	\$ 566,938	\$ 4,478	\$ 228,458	\$ 346,481	\$ 838,115
Receivables, net	-	-	-	-	-	-
Due from other governments, net	-	-	-	-	-	940
Prepaid items	44,812	-	-	-	-	24,231
Total Assets	\$ 495,299	\$ 566,938	\$ 4,478	\$ 228,458	\$ 346,481	\$ 863,286
Liabilities and Fund Balance						
Liabilities:						
Accounts payable and other						
current liabilities	\$ 72,349	\$ 242	\$ -	\$ -	\$ 46,339	\$ 44,730
Accrued liabilities	13,443	-	-	-	-	13,966
Due to other funds	-	-	-	-	-	7,591
Total Liabilities	\$ 85,792	\$ 242	\$ -	\$ -	\$ 46,339	\$ 66,287
Fund Balances:						
Nonspendable	\$ 44,812	\$ -	\$ -	\$ -	\$ -	\$ 24,231
Restricted	364,695	566,696	4,478	228,458	300,142	772,768
Total Fund Balances	\$ 409,507	\$ 566,696	\$ 4,478	\$ 228,458	\$ 300,142	\$ 796,999
Total Liabilities and Fund Balances	\$ 495,299	\$ 566,938	\$ 4,478	\$ 228,458	\$ 346,481	\$ 863,286

Drainage Districts Fund	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
\$ 16,123	\$ 826,864	\$ 4,187	\$ 7,605	\$ 124,386	\$ 98,956	\$ 91,201	\$ 155,700	\$ 3,759,979
-	101,245	-	-	-	83	-	-	101,328
-	-	-	-	-	-	-	-	940
-	9,260	-	-	-	-	-	-	78,303
<u>\$ 16,123</u>	<u>\$ 937,369</u>	<u>\$ 4,187</u>	<u>\$ 7,605</u>	<u>\$ 124,386</u>	<u>\$ 99,039</u>	<u>\$ 91,201</u>	<u>\$ 155,700</u>	<u>\$ 3,940,550</u>
\$ -	\$ 18,673	\$ -	\$ -	\$ 67,684	\$ -	\$ -	\$ 15,806	\$ 265,823
-	-	-	-	-	-	-	-	27,409
-	1,253	-	-	-	-	-	-	8,844
<u>\$ -</u>	<u>\$ 19,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,806</u>	<u>\$ 302,076</u>
\$ -	\$ 9,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,303
16,123	908,183	4,187	7,605	56,702	99,039	91,201	139,894	3,560,171
<u>\$ 16,123</u>	<u>\$ 917,443</u>	<u>\$ 4,187</u>	<u>\$ 7,605</u>	<u>\$ 56,702</u>	<u>\$ 99,039</u>	<u>\$ 91,201</u>	<u>\$ 139,894</u>	<u>\$ 3,638,474</u>
<u>\$ 16,123</u>	<u>\$ 937,369</u>	<u>\$ 4,187</u>	<u>\$ 7,605</u>	<u>\$ 124,386</u>	<u>\$ 99,039</u>	<u>\$ 91,201</u>	<u>\$ 155,700</u>	<u>\$ 3,940,550</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, 2013

	<u>Public Library Fund</u>	<u>Consolidated Water District Fund</u>	<u>Neighborhood Improvement District Fund</u>	<u>Park Land Deposits Fund</u>	<u>Lighting Districts Fund</u>	<u>Consolidated Sewer Fund</u>
Revenues:						
Real property and tax items	\$ 1,885,895	\$ -	\$ 12,620	\$ -	\$ 242,519	\$ 1,632,720
Departmental income	124,908	-	-	39,500	-	37,978
Use of money and property	1,974	49,977	2	384	204	2,407
Sale of property and compensation for loss	1,567	-	6,885	-	-	166,542
Miscellaneous	15,410	-	-	-	40,563	9,103
Interfund revenues	-	-	-	-	-	15,897
State and county aid	9,519	-	-	-	-	-
Federal aid	562	-	-	-	-	-
Total Revenues	<u>\$ 2,039,835</u>	<u>\$ 49,977</u>	<u>\$ 19,507</u>	<u>\$ 39,884</u>	<u>\$ 283,286</u>	<u>\$ 1,864,647</u>
Expenditures:						
Current:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	-	-	7,815	-	289,361	-
Culture and recreation	1,515,039	-	-	-	-	-
Home and community services	-	5,152	-	-	-	1,427,971
Employee benefits	403,215	-	-	-	-	287,534
Debt Service:						
Debt service - principal	121,625	-	11,000	-	-	98,427
Debt service - interest and other charges	12,345	-	429	-	-	12,658
Total Expenditures	<u>\$ 2,052,224</u>	<u>\$ 5,152</u>	<u>\$ 19,244</u>	<u>\$ -</u>	<u>\$ 289,361</u>	<u>\$ 1,826,590</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (12,389)</u>	<u>\$ 44,825</u>	<u>\$ 263</u>	<u>\$ 39,884</u>	<u>\$ (6,075)</u>	<u>\$ 38,057</u>
Other Financing Sources and Uses:						
Transfers - in	\$ 15,920	\$ -	\$ 890	\$ -	\$ -	\$ 5,095
Transfers - out	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>\$ 15,920</u>	<u>\$ -</u>	<u>\$ 890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,095</u>
Net change in fund balances	\$ 3,531	\$ 44,825	\$ 1,153	\$ 39,884	\$ (6,075)	\$ 43,152
Fund Balance - Beginning	405,976	521,871	3,325	188,574	306,217	753,847
Fund Balance - Ending	<u>\$ 409,507</u>	<u>\$ 566,696</u>	<u>\$ 4,478</u>	<u>\$ 228,458</u>	<u>\$ 300,142</u>	<u>\$ 796,999</u>

Drainage Districts Fund	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
\$ 13,270	\$ 798,146	\$ 2,880	\$ 2,600	\$ 848,550	\$ 328,581	\$ 42,275	\$ 149,105	\$ 5,959,161
-	-	-	-	-	-	-	-	202,386
12	2,082	3	4	205	76	50	109	57,489
-	-	-	-	-	-	-	-	174,994
-	-	-	-	-	250	-	462	65,788
-	-	-	-	-	-	-	-	15,897
-	18,143	-	-	-	-	-	-	27,662
-	-	-	-	-	-	-	-	562
<u>\$ 13,282</u>	<u>\$ 818,371</u>	<u>\$ 2,883</u>	<u>\$ 2,604</u>	<u>\$ 848,755</u>	<u>\$ 328,907</u>	<u>\$ 42,325</u>	<u>\$ 149,676</u>	<u>\$ 6,503,939</u>
\$ -	\$ 856,007	\$ -	\$ -	\$ -	\$ 257,641	\$ -	\$ -	\$ 1,113,648
-	-	-	-	-	-	35,405	153,449	486,030
-	-	-	2,150	-	-	-	-	1,517,189
15,834	-	2,838	-	837,970	-	-	-	2,289,765
-	47,703	-	-	-	-	-	-	738,452
-	-	-	-	-	58,000	-	-	289,052
-	-	-	-	-	1,469	-	-	26,901
<u>\$ 15,834</u>	<u>\$ 903,710</u>	<u>\$ 2,838</u>	<u>\$ 2,150</u>	<u>\$ 837,970</u>	<u>\$ 317,110</u>	<u>\$ 35,405</u>	<u>\$ 153,449</u>	<u>\$ 6,461,037</u>
\$ (2,552)	\$ (85,339)	\$ 45	\$ 454	\$ 10,785	\$ 11,797	\$ 6,920	\$ (3,773)	\$ 42,902
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,383	\$ -	\$ -	\$ 26,288
-	-	-	-	-	(46,990)	-	-	(46,990)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,607)	\$ -	\$ -	\$ (20,702)
\$ (2,552)	\$ (85,339)	\$ 45	\$ 454	\$ 10,785	\$ (30,810)	\$ 6,920	\$ (3,773)	\$ 22,200
18,675	1,002,782	4,142	7,151	45,917	129,849	84,281	143,667	3,616,274
<u>\$ 16,123</u>	<u>\$ 917,443</u>	<u>\$ 4,187</u>	<u>\$ 7,605</u>	<u>\$ 56,702</u>	<u>\$ 99,039</u>	<u>\$ 91,201</u>	<u>\$ 139,894</u>	<u>\$ 3,638,474</u>