

TOWN OF PLATTSBURGH, NEW YORK

Independent Auditors' Report
Financial Statements

December 31, 2009

TOWN OF PLATTSBURGH, NEW YORK

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INDEPENDENT AUDITORS' REPORT

To the Town Board and Supervisor
Town of Plattsburgh, New York:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Plattsburgh, New York, as of and for the year ended December 31, 2009, which collectively comprise the Town of Plattsburgh's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Plattsburgh's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements referred to above include the account balances of the Special Revenue Fund that are unaudited, as discussed in note 9 to these financial statements. We were unable to audit a significant portion of the Town's Special Revenue Water, Sewer and Miscellaneous Funds due to lack of detail supporting the financial activities.

In our opinion, except for the effects (if any), on the financial statements, of the unaudited account balances described in the preceding paragraph, 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 Plattsburgh, New York as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of the Town of Plattsburgh's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 through 10 and 42 through 44 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.

Management has omitted postemployment benefits other than pensions information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Abbott, Frenya, Russell
& Coffey, P. C.*

December 15, 2010



Bernard C. Bassett
Supervisor

Martin D. Mannix Jr.
Deputy Supervisor
Councilman

TOWN OF PLATTSBURGH

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Councilman

Thomas E Wood Jr
Councilman

Gerard A. Renadette
Councilman

Rickey Collins
Town Clerk

James J. Coffey
Town Attorney

Management's Discussion and Analysis

As management of the Town of Plattsburgh, this narrative is an overview and analysis of the financial activities of the Town of Plattsburgh for the fiscal year ended December 31, 2009. This material is presented here in conjunction with additional information that the Town has furnished in the financial statement that follows this narrative. The Management's Discussion and Analysis will include GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and a comparative analysis of government-wide data. Effective in 2009, the Town was required to report post-employment benefits under GASB 45. The Town is in the process of determining the extent of the long term liabilities which need to be recorded and as of December 31, 2009 they have not be determined. The Town expects to adopt the standard in the coming year.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Plattsburgh exceeded its liabilities at the close of the fiscal year 2009 by \$36,032,799; an increase of \$ 789,717 from the fiscal year of 2008
- As of the close of the fiscal year, the Town of Plattsburgh's funds reported a total ending fund balance of \$1,093,602. Approximately 52% is available for spending at the government's discretion.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$1,067,902 or 36% of the total general fund expenditures for the fiscal year 2009.
- The Town of Plattsburgh's total debt increased by \$1,533,505 during the current fiscal year. The Town of Plattsburgh maintained its current bond rating.

Overview of the Financial Statements

The Town of Plattsburgh's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the Town of Plattsburgh fiscal positions through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of the Town of Plattsburgh.

BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the Government wide Financial Statements. They provide both short and long term information about the Town's financial status. The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. There are three parts to the Fund Financial Statements: 1) the governmental fund statements: 2) the budgetary comparison statements: and 3) the proprietary statement, if applicable.

The next section of the basic financial statements is the notes. The notes to the financial statements help explain some to the data contained in those statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

GOVERNMENT WIDE-FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide a broad overview of the Town of Plattsburgh's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town of Plattsburgh financial status as a whole. The two government-wide statements report the Town of Plattsburgh's net assets and how they have changed from the previous year. Net assets are the difference between the total assets and total liabilities. Measuring net assets is one way to gauge the financial condition of the Town.

The government-wide statements are divided into three categories: 1) governmental activities: 2) business type activities: and 3) component units. The governmental type activities include all of the Town's basic services such as public

safety, highway, parks and recreation, general administration and water and sewer services. Sales taxes, services to other governments, local sources and user charges finance most of these activities.

The government-wide financial statements are on Exhibits A and B of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Town uses fund accounting to ensure and reflect compliance with finance related legal requirements such as *General Statutes* or *Laws*. All funds of the Town can be divided into two categories: government funds or fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual method of accounting that provides a short term spending focus. As a result, the governmental fund financial statements give a detailed short term view that helps determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The Town of Plattsburgh adopts an annual budget for its *General Fund* as required by *General Statutes*. The budget is a legally adopted document that incorporates input from the citizens, the management of the Town and the decisions of the Town Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the *General Fund* demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting in the same format and classifications as the legal budget document.

The statement shows five columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual revenues, charges to appropriations and the ending balances; 4) the encumbered charges; and 5) the difference between the final budget and the actual revenues or charges.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements are found on pages 18 to 36 of this report.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Town of Plattsburgh Statement of Net Assets

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 7,996,187	6,670,932
Capital assets, net	41,049,740	39,493,491
Other Assets	<u>168,352</u>	<u>186,310</u>
Total Assets	\$ 49,214,279	46,350,733
Long term liabilities o/s	5,641,238	6,044,184
Other Liabilities	<u>7,540,242</u>	<u>5,063,467</u>
Total Liabilities	\$ 13,181,480	11,107,561
Net Assets		
Investment in capital assets	\$ 29,646,530	29,614,781
Unrestricted	<u>6,386,269</u>	<u>5,628,301</u>
TOTAL NET ASSETS (EQUITY)	\$ <u>36,032,799</u>	<u>35,243,082</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$36,032,799 as of December 31, 2009. The Town's net assets increased by \$789,717 for the fiscal year ended December 31, 2009. However, the largest portion (82%) of net assets reflects the Town of Plattsburgh's investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Plattsburgh use these capital assets to provide services to citizens; consequently, these

assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Several aspects of the Town of Plattsburgh financial operations that positively influenced the total unrestricted governmental net assets are:

- Sales tax revenues continue to remain steady due to economic growth in the Town.
- Continued low cost of debt due to the Town's good bond rating.
- Review by the Town Board of all expenditures to control unnecessary spending.

Financial Analysis of the Town of Plattsburgh Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds focus is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be useful measure of a government's net resources available for spending at the end of the fiscal year.

The *General Fund* is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved balance of the *General Fund* was \$1,067,902. As a measure of the *General Fund's* liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 36% of the total *General Fund* expenditures.

At December 31, 2009, the governmental funds of the Town of Plattsburgh reported a combined fund balance of \$1,093,602; a 51% decrease over 2008. The majority of change in fund balance is the start of several new Capital Projects that were funded by Bond Anticipation Notes.

General Fund budgetary highlights: During the fiscal year, the Town of Plattsburgh revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts; and 3) increases in appropriations that become necessary to maintain services.

Capital Assets and Debt Administration

The Town of Plattsburgh's investment in capital assets for its governmental activities as of December 31, 2009 total \$41,049,740 (net of accumulated depreciation). These assets include buildings, roads, land, machinery, equipment, park facilities and vehicles. Major transactions during the year included work in progress in closure of the Champlain Park Sewer Plant, improvements in the Water Districts, and continuing road paving projects.

<i>Capital assets net of depreciation:</i>	<u>2009</u>	<u>2008</u>
Land	\$ 727,424	668,723
Construction in Progress	\$ 3,681,310	1,287,461
Buildings and Infrastructure	\$ 35,217,449	36,036,237
Furniture and Equipment	\$ <u>1,423,557</u>	<u>1,501,070</u>
Total Capital Assets	\$ 41,049,740	39,493,491

As of December 31, 2009, the Town had total bonded debt outstanding of \$11,403,213, an increase in debt when compared to the end of 2008 of \$1,533,505. The general statutes limit the amount of general obligation debt that the Town can issue to seven percent of the total assessed value taxable property located within that government's boundaries. The legal debt limit for the Town of Plattsburgh in 2009 was \$60,198,602.

	<u>2009</u>	<u>2008</u>
Total Serial Bonds Outstanding	\$ 5,448,213	5,847,714
Total BAN Outstanding	\$ <u>5,955,000</u>	<u>4,021,994</u>
Total Debt Outstanding	\$ 11,403,213	9,869,708

Below is a comparative statement of the activities for the Town of Plattsburgh fiscal years 2009 and 2008.

STATEMENT OF ACTIVITIES

Functions and programs:	<u>2009</u>	<u>2008</u>
Revenues:		
Charges for services	\$ 2,289,523	2,001,458
Operating grant and contributions	369,209	26,829
Capital grants and contributions	<u>831,935</u>	<u>1,862,212</u>
	\$ 3,490,667	3,890,499
Total Expenses	(9,697,713)	(9,404,632)
Total functions and programs	\$ (6,207,046)	(5,514,133)
General revenues:		
Real property taxes & related items	\$ 2,693,057	2,553,175
Non-property tax items	3,278,729	3,397,850
Use of money and property	30,607	125,206
Miscellaneous	600,146	614,729
State Sources	<u>327,677</u>	<u>408,740</u>
Total general revenues	\$ 6,930,216	7,099,700
Change in net assets	\$ 723,170	1,585,567
Total net assets - beginning of year	\$ 35,243,082	33,622,073
Adjustment to nets assets	66,547	35,442
Total net assets - end of year	\$ <u>36,032,799</u>	<u>35,243,082</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budget Highlights for the Fiscal Year Ending December 31, 2010:

Governmental Activities: Sales tax revenues are expected to remain constant while State Aid is expected to be reduced. Fees in lieu of taxes pilots agreements are being renegotiated and revenues in that area will be drastically reduced in the General Fund and property taxes in the special districts. Saranac Power Partners, which was one of the larger pilot agreements that was renegotiated, also had their assessment reduced. In their new agreement, Saranac Power Partners will make payments to help offset the loss of real property revenues in the special districts for the next couple years. Highway Fund will continue the highway Town wide real property tax. The Town will use this revenue to keep programs currently in place running.

Health Insurance rates, NYS Retirement System employer contributions and the cost of fuel will be the major factors in any increases in the budget.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Town of Plattsburgh's finances for those with an interest in this area. Questions concerning any of the information should be direct to Diane Miller, Principal Account Clerk, 151 Banker Road, Plattsburgh, New York 12901 or call 518-562-6826.

Town of Plattsburgh, New York
Statement of Net Assets
Governmental Activities
December 31, 2009

ASSETS

Current Assets:

Cash:

Unrestricted

\$ 6,113,390

Receivables:

Due from fiduciary fund (note 3)

45,276

State and Federal aid

250,281

Due from other governments

1,215,471

Other

371,769

Total current assets

7,996,187

Capital assets (note 4):

Land

727,424

Buildings

5,508,906

Equipment and furniture

5,894,644

Infrastructure

60,128,346

Work in progress

3,681,310

75,940,630

Less accumulated depreciation

(34,890,890)

Capital assets, net

41,049,740

Other Assets:

LDC notes receivable

168,352

Total assets

49,214,279**LIABILITIES AND NET ASSETS**

Current Liabilities:

Bonds payable-current portion (note 5)

405,307

Bond anticipation notes (note 5)

5,955,000

Accounts payable

901,869

Accrued liabilities

131,334

Retainage payable

146,732

Total current liabilities

7,540,242

Long-term Liabilities:

Bonds payable-long-term portion (note 5)

5,042,906

Compensated absences (note 5)

598,332

Total long-term liabilities

5,641,238

Total liabilities

13,181,480

Commitments and contingencies (notes 1, 5, 6, 7 and 9)

Net Assets:

Investment in capital assets, net of related debt

29,646,530

Unrestricted

6,386,269

Total net assets

\$ 36,032,799

See accompanying notes and independent auditors' report.

Town of Plattsburgh, New York
Statement of Activities
Governmental Activities
For the Year Ended December 31, 2009

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
FUNCTIONS/PROGRAMS					
General support	\$ 2,732,010	147,677	355,050	424,915	(1,804,368)
Public safety	116,377	-	-	-	(116,377)
Health	459,731	-	-	-	(459,731)
Transportation	2,200,858	62,982	-	118,320	(2,019,556)
Economic opportunity and development	33,611	-	-	-	(33,611)
Culture and recreation	518,065	3,890	14,159	-	(500,016)
Home and community service	2,253,855	2,074,974	-	288,700	109,819
Employee benefits	1,223,552	-	-	-	(1,223,552)
Interest on long-term debt (note 5)	159,654	-	-	-	(159,654)
Total functions and programs	<u>\$ 9,697,713</u>	<u>2,289,523</u>	<u>369,209</u>	<u>831,935</u>	<u>(6,207,046)</u>
GENERAL REVENUES					
Real property taxes and related tax items					2,693,057
Non-property tax items					3,278,729
Use of money and property					30,607
Miscellaneous					600,146
State sources					<u>327,677</u>
Total general revenues					<u>6,930,216</u>
Change in net assets					723,170
Total net assets - beginning of year, as restated (note 8)					<u>35,309,629</u>
Total net assets - end of year					<u>\$ 36,032,799</u>

See accompanying notes and independent auditors' report.

Town of Plattsburgh, New York
Balance Sheet - Governmental Funds
December 31, 2009

Exhibit C

	General	Special Revenue	Capital Projects	Non-Major Special Revenue	Total Governmental Funds
ASSETS					
Cash:					
Unrestricted	\$ 41,504	3,136,858	2,275,034	659,994	6,113,390
Receivables:					
Due from other funds (note 3)	16,747	16,884	161,177	14,058	208,866
Due from fiduciary fund (note 3)	45,276	-	-	-	45,276
State and Federal aid	22,260	143,353	-	84,668	250,281
Due from other governments	997,605	217,866	-	-	1,215,471
LDC loans receivable	-	-	-	168,352	168,352
Other	106,174	265,595	-	-	371,769
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 1,229,566</u>	<u>3,780,556</u>	<u>2,436,211</u>	<u>927,072</u>	<u>8,373,405</u>
LIABILITIES					
Payables:					
Accounts payable	\$ 136,584	214,698	451,747	98,840	901,869
Accrued liabilities	19,240	48,096	-	-	67,336
Bond anticipation notes	-	-	5,955,000	-	5,955,000
Due to other funds (note 3)	-	181,357	8,366	19,143	208,866
Due to other governments	-	-	-	-	-
Retainage payable	-	8,433	138,299	-	146,732
Deferred revenues	-	-	-	-	-
Total liabilities	<u>155,824</u>	<u>452,584</u>	<u>6,553,412</u>	<u>117,983</u>	<u>7,279,803</u>
Commitments and contingencies (notes 1, 5, 6, 7 and 9)					
FUND BALANCES					
Reserved:					
Reserved for encumbrances	5,840	148,321	371,959	-	526,120
Unreserved:					
Designated for subsequent year's expenditures	-	194,690	-	-	194,690
Undesignated	1,067,902	2,984,961	(4,489,160)	809,089	372,792
Total fund balances	<u>1,073,742</u>	<u>3,327,972</u>	<u>(4,117,201)</u>	<u>809,089</u>	<u>1,093,602</u>
Total liabilities and fund balances	<u>\$ 1,229,566</u>	<u>3,780,556</u>	<u>2,436,211</u>	<u>927,072</u>	<u>8,373,405</u>

See accompanying notes and independent auditors' report.



Town of Plattsburgh, New York
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2009

Exhibit D

	General	Special Revenue	Capital Projects	Non-Major Special Revenue	Total Governmental Funds
REVENUES					
Real property taxes	\$ 442,189	1,983,088	-	267,780	2,693,057
Non-property tax items	1,653,729	1,625,000	-	-	3,278,729
Departmental income	28,843	2,060,594	-	-	2,089,437
Charges for services	4,464	204,622	-	-	209,086
Use of money and property	13,893	8,860	4,450	3,404	30,607
Licenses and permits	74,361	73,317	-	-	147,678
Sale of property and compensation for loss	291,004	144,810	-	-	435,814
Miscellaneous	16,477	177	-	-	16,654
State aid	343,966	261,673	-	200,567	806,206
Federal aid	-	-	288,700	-	288,700
Total revenues	2,868,926	6,362,141	293,150	471,751	9,995,968
EXPENDITURES					
General support	1,251,112	1,293,772	-	2,030	2,546,914
Public safety	114,055	-	-	-	114,055
Health	2,100	457,631	-	-	459,731
Transportation	85,010	1,194,386	-	184,497	1,463,893
Economic opportunity and development	33,611	-	-	-	33,611
Culture and recreation	469,229	-	-	-	469,229
Home and community service	330,102	970,982	-	200,567	1,501,651
Employee benefits	511,851	711,701	-	-	1,223,552
Debt service:					
Principal	100,000	569,501	50,000	-	719,501
Interest	7,095	153,825	-	-	160,920
Capital outlay	110,234	350,313	2,393,849	-	2,854,396
Total expenditures	3,014,399	5,702,111	2,443,849	387,094	11,547,453
Excess (deficiency) of revenues over expenditures	(145,473)	660,030	(2,150,699)	84,657	(1,551,485)
OTHER FINANCING SOURCES AND USES					
BAN's redeemed from appropriations	-	-	320,000	-	320,000
Operating transfers in	141	-	7,444	-	7,585
Operating transfers out	(5,869)	(1,575)	(141)	-	(7,585)
Total other sources (uses)	(5,728)	(1,575)	327,303	-	320,000
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	(151,201)	658,455	(1,823,396)	84,657	(1,231,485)
Fund balances (deficit) - beginning of year, as restated (note 8)	1,224,943	2,669,517	(2,293,805)	724,432	2,325,087
Fund balances (deficit) - end of year	<u>\$ 1,073,742</u>	<u>3,327,972</u>	<u>(4,117,201)</u>	<u>809,089</u>	<u>1,093,602</u>

See accompanying notes and independent auditors' report.



TOWN OF PLATTSBURGH, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

Total Fund Balances in the Fund Financial Statements for the Governmental Funds	\$ 1,093,602
Capital assets are included as assets in the government-wide financial statements, net of accumulated depreciation.	41,049,740
Long-term liabilities for bonded debt are included as liabilities in the government-wide financial statements.	(5,448,213)
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements as liabilities.	(63,998)
Long-term liabilities for compensated absences are included in the government-wide financial statements as liabilities.	<u>(598,332)</u>
Total Net Assets – End of Year	\$ <u>36,032,799</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH, NEW YORK
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2009

Total Net Change in Fund Balances – Governmental Funds	\$ (1,231,485)
Current year capital outlays are expenditures in the governmental fund financial statements, but they are shown as increases in capital assets in the government- wide financial statements.	2,854,396
Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as a reduction in long-term debt in the government- wide financial statements.	719,501
Interest is accrued on outstanding debt in the government- wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.	1,266
Compensated absences are expensed on the government-wide financial statements when earned, whereas in the governmental fund financial statements, an expenditure is reported when compensated absences time is used.	(2,361)
Current year receipt of donated infrastructure is reported as revenue on the government-wide financial statements and is not recorded on the governmental fund financial statements.	424,915
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net assets.	(1,723,062)
Bond anticipation notes redeemed from appropriations are shown as an other financing source on the governmental fund financial statements and are recorded as a liability on the government-wide financial statements.	<u>(320,000)</u>
Change in Net Assets of Governmental Activities	\$ <u>723,170</u>

See accompanying notes and independent auditors' report.

Town of Plattsburgh, New York
Statement of Fiduciary Net Assets - Fiduciary Funds
December 31, 2009

	<u>Agency</u>
ASSETS	
Cash	\$ 236,899
Total assets	<u>236,899</u>
LIABILITIES	
Due to governmental funds (note 3)	45,276
Other liabilities	<u>191,623</u>
Total liabilities	<u>236,899</u>
NET ASSETS	
Net assets	<u>\$ -</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements

December 31, 2009

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Plattsburgh, New York have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the Town are described below:

Financial Reporting Entity - The Town of Plattsburgh, New York, which was incorporated in 1785, is governed by the town law and other general laws of the State of New York and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the supervisor and four councilmen. The supervisor serves as chief executive officer and the chief fiscal officer of the Town.

The following basic services are provided:

- Highways and streets
- Water and sewage
- Street lighting
- Culture and recreation
- Planning and zoning
- General administrative services

The reporting entity of the Town is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and 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 accompanying financial statements present the activities of the Town and its component unit, the Town of Plattsburgh, LDC, Inc. The Town is not a component unit of another reporting entity. 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.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued:

Local Development Corporation (LDC)

The Town of Plattsburgh LDC, Inc. was incorporated on March 1, 2005 under Section 402 of the Not-for-Profit Corporation Law. The purpose of the Organization is to promote and to provide for additional employment and economic development in the Town. Town elected officials appoint the board of the Organization. A Town of Plattsburgh employee serves as a member of the board and another Town employee serves as CEO. Although legally separate, the Town of Plattsburgh LDC is reported as a part of the Special Revenue Fund of the primary government. Separate financial statements will not be issued.

Basis of Presentation -

1. Government-wide Statements:

The Statement of Net Assets and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. In 2009 the Town received title to infrastructure from Clinton County, New York, Plattsburgh Airbase Redevelopment Corporation, and developers with a total value of \$304,915. The Town also received title to a building and land donated by Plattsburgh Airbase Redevelopment Corporation valued at \$120,000.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued:

1. Government-wide Statements, Continued:

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund: This is the Town's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Highway Special Revenue: This fund is used to account for revenues and expenditures for highway purposes in accordance with Section 141 of the Highway Law.

Water/Sewer Administration Special Revenue Fund: This fund is used to account for revenues and expenditures for the administration of the Town's Water and Sewer Departments.

Sewer Special Revenue: Used to account for taxes or other revenues, which are raised or received to provide sewage disposal services to the Town's residents and businesses.

Water Special Revenue: Used to account for taxes or other revenues, which are raised or received to provide water distribution services to the Town's residents and businesses.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting:

1. Government-wide Financial Statements

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

2. Governmental Fund Financial Statements

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other governmental fund revenues.

The revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are accrued based on anticipated sales tax revenue due to the Town.

In applying the susceptible-to-accrual concept to state and federal aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting, Continued:

2. Governmental Fund Financial Statements, Continued:

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Cash and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand and time deposits and certificates of deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts

At December 31, 2009, the carrying amount of the Town's demand and savings deposits was \$6,227,896 and the bank balance was \$6,789,958. Of the bank balance, \$624,360 was covered by Federal depository insurance and \$6,165,598 was covered by collateral held by the pledging bank in the Town's name. There were no uninsured deposits.

At December 31, 2009, the Town did not hold any time deposits. All monies were deposited in demand and savings accounts.

Cash and cash equivalents include cash on hand, demand deposits and short-term investments. The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

4. Receivables

Receivables are shown gross, with uncollectible amounts written off 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.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting, Continued:

5. Inventories and Prepaid Items

Purchases of inventorial items are recorded as expenditures at the time of purchase and are considered immaterial in amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

6. Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable government or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$250 to \$1,000 (depending on the asset type) and an estimated useful life of two years or more. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Infrastructure	\$ 1,000	SL	25 – 50 Years
Buildings and improvements	1,000	SL	20 – 40 Years
Furniture and equipment	250 – 500	SL	5 – 25 Years

7. Compensated Absences

The Town employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts.

Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting, Continued:

7. Compensated Absences, Continued:

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave calculated using the vesting method is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statement, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred Revenue

Deferred revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise 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 the resources, the liability for deferred revenues is removed and revenues are recognized.

10. Deferred Compensation

Employees of the Town may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting, Continued:

11. Post-Employment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage for retired employees and their dependents. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age and retire under the New York State Employees Retirement System while working for the Town. The cost of providing post-retirement benefits is shared between the Town and the retired employee. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents, as an expenditure in the year paid.

Post-employment benefits recognized by the Town aggregated \$59,742 for 23 retirees for the year ended December 31, 2009.

Governmental Accounting Standards (GASB Statement) No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension, establishes standards for the recognition, measurement, and display of other postemployment benefits such as retiree health insurance expenses and related liabilities and note disclosures. This standard was effective for the Town for the year ended December 31, 2009. The Town is in the process of determining the long-term liabilities which need to be recorded and expects to adopt the standard for its year end December 31, 2010. The impact of delayed adoption of this statement on the long-term liabilities has not been determined.

12. Property Taxes

Property taxes are collected solely through Special Districts (sewer, lighting, water and drainage). The tax rates are determined by dividing each district budgeted amount by its assessment value. Revenues are received from Town residents based on whether a particular service is available in their district. The taxes collected are used strictly to extinguish debt attributable to each district.

Real property taxes are levied annually by the Town no later than January 1. Taxes are collected during the period January 1 to March 31.

Uncollected real property taxes are subsequently enforced by the County in which the Town is located. The County pays an amount representing uncollected real property taxes, transmitted to the County for enforcement, to the Town no later than the following April 1.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting, Continued:

13. Net Assets/Fund Balances:

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Unreserved:

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2010 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

14. Budgetary Procedures and Accounting

1. General Budget Policies – No later than September 30th, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for the general and special revenue funds. After public hearings are conducted to obtain taxpayer comments, but no later than November 20th, the Town Board adopts the Town budget. Any revisions that alter total appropriations of any department or fund must be approved by the Town Board. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects, which remain in effect for the life of the project.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting, Continued:

14. Budgetary Procedures and Accounting, Continued:

2. Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.
3. Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Open encumbrances at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

(2) Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements:

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

1. Total fund balances of governmental funds vs. net assets of governmental activities:

Total fund balances of the Town's governmental funds differs from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

2. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements, Continued:

2. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities, Continued:

a. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

b. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

c. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

(3) Interfund Transactions:

The operations of the Town give rise to certain transactions between funds including expenditures and transfers of resources to provide services. These transactions are recorded as interfund revenues, interfund transfers and expenditures in the respective funds.

Individual fund interfund receivable and payable balances at December 31, 2009, arising from these transactions and interfund revenues and expenditures are as follows:

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(3) Interfund Transactions, Continued:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 62,023	-	141	5,869
Major Special Revenue	16,884	181,357	-	1,575
Non-Major Special Revenue	14,058	19,143	-	-
Capital Projects	<u>161,177</u>	<u>8,366</u>	<u>7,444</u>	<u>141</u>
Total governmental activity	254,142	208,866	7,585	7,585
Trust and agency	<u>-</u>	<u>45,276</u>	<u>-</u>	<u>-</u>
Total	\$ <u>254,142</u>	<u>254,142</u>	<u>7,585</u>	<u>7,585</u>

(4) Capital Assets:

A summary of capital asset balances and activity for the year ended December 31, 2009 is as follows:

	<u>Balance Jan. 1, 2009</u>	<u>Adjustments/ Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance Dec. 31, 2009</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 668,723	58,701	-	727,424
Construction in progress	<u>1,287,461</u>	<u>2,393,849</u>	<u>-</u>	<u>3,681,310</u>
Total nondepreciable historical cost	<u>1,956,184</u>	<u>2,452,550</u>	<u>-</u>	<u>4,408,734</u>
Capital assets that are depreciated:				
Buildings, infrastructure & improvements	65,031,932	605,320	-	65,637,252
Furniture and equipment	<u>5,819,680</u>	<u>221,441</u>	<u>(146,477)</u>	<u>5,894,644</u>
Total depreciable historical cost	<u>70,851,612</u>	<u>826,761</u>	<u>(146,477)</u>	<u>71,531,896</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(4) Capital Assets, Continued:

	Balance Jan. 1, 2009	Adjustments/ <u>Additions</u>	Retirements/ Reclassifications	Balance Dec. 31, 2009
Less accumulated depreciation:				
Buildings, infrastructure & improvements	28,995,695	1,424,106	-	30,419,801
Furniture and equipment	<u>4,318,610</u>	<u>298,956</u>	<u>(146,477)</u>	<u>4,471,089</u>
Total accumulated depreciation	<u>33,314,305</u>	<u>1,723,062</u>	<u>(146,477)</u>	<u>34,890,890</u>
Net depreciable historical cost	<u>37,537,307</u>	<u>(896,301)</u>	<u>-</u>	<u>36,641,006</u>
Governmental activities capital assets, net	\$ <u>39,493,491</u>	<u>1,556,249</u>	<u>-</u>	<u>41,049,740</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 218,301
Transportation	723,729
Culture & Recreation	41,412
Home & Community Service	<u>739,620</u>
Total	\$ <u>1,723,062</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(5) Indebtedness:

Long-Term Debt:

The following is a summary of changes in long-term debt:

	Balance at <u>Dec.31, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>Dec. 31, 2009</u>	Amounts due within <u>one year</u>
Serial bonds	\$ 5,847,716	-	(399,503)	5,448,213	405,307
Compensated absences	<u>595,971</u>	<u>2,361</u>	<u>-</u>	<u>598,332</u>	<u>-</u>
Total	\$ <u>6,443,687</u>	<u>2,361</u>	<u>(399,503)</u>	<u>6,046,545</u>	<u>405,307</u>

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

Bonds are comprised of the following:

Serial Bonds:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate %</u>	<u>Outstanding 12/31/09</u>
Champlain Park Water Improvements	3/1981	2/2020	5.000	\$ 88,000
Cadyville WD Construction	10/1986	10/2025	6.000	80,000
Treadwell Mills WD Improvements	9/1988	9/2027	6.375	131,000
Morrisonville WD Storage Tank	2/1992	5/2012	6.800	64,000
Cadyville WD #1 Ext.	2/1992	5/2012	6.800	27,000
Cumberland Corners WD	2/1992	5/2012	6.800	26,000
Champlain Park Water Improvements	2/1992	5/2012	6.800	28,000
Wallace Hill WD #1	1/1997	9/2021	5.250	132,500
Treadwell Mills WD	1/1997	9/2017	5.250	34,000
Route #3 SD	1/1997	9/2017	5.250	75,000
Bluff Point SD	1/1997	9/2017	5.250	54,800
Bluff Point WD	1/1997	9/2017	5.250	54,900
Morrisonville WD #1	1/1997	9/2021	5.250	163,800
Cadyville SD - NYSEFC	11/1998	11/2018	0.000	38,094
Wallace Hill WD #2 Phase II - NYSEFC	7/2001	5/2031	0.000	340,538
Wallace Hill SD #3 - NYSEFC	7/2003	7/2033	0.000	411,741
Cumberland Head WD - NYSEFC	7/2003	7/2022	0.000	<u>3,698,840</u>
Total serial bonds				\$ <u>5,448,213</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(5) Indebtedness, Continued:

Long-Term Debt, Continued:

Bond Anticipation Notes:

Liabilities for the bond anticipation notes (BANs) are accounted for in the capital projects fund. BANs must be renewed annually. Generally, BANs issued for assessable improvements may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. General capital purpose BANs must be converted to long-term obligations within five years after the original issue date. The following is an analysis of BANs outstanding at December 31, 2009:

<u>Description of Issue</u>	<u>Interest Rate %</u>	<u>Balance at Dec. 31, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2009</u>
Pleasant Ridge WD/River Crossing	1.88	\$ 1,070,000	-	(120,000)	950,000
Equipment/Roof/Truck	1.99	255,000	-	(100,000)	155,000
Archie Bordeaux WD	3.49	350,000	-	(50,000)	300,000
Cadyville/M'ville WD	3.20	750,000	-	-	750,000
Morrisonville Chloronation	2.89	350,000	-	(50,000)	300,000
Moffit Road Water	1.62	1,000,000	1,394,350	-	2,394,350
Champlain Park Sewer	0.00	246,994	858,656	-	1,105,650
		<u>\$ 1,931,000</u>	<u>2,253,006</u>	<u>(320,000)</u>	<u>5,955,000</u>

Debt service expenditures are recorded in the fund that benefited from the capital project financed by the bonds or notes, i.e. the general fund or the appropriate special revenue fund.

Interest expense incurred on serial bonds and bond anticipation notes for the year ended December 31, 2009 is as follows:

Interest paid	\$ 160,920
Less interest accrued in the prior year	(65,264)
Plus interest accrued in the current year	<u>63,998</u>
Total expense	\$ <u>159,654</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(5) Indebtedness, Continued:

Long-Term Debt, Continued:

The following is a summary of maturing debt service requirements for serial bonds and bond anticipation notes:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	\$ 96,729	6,360,307	6,457,036
2011	48,505	416,114	464,619
2012	40,934	421,919	462,853
2013	33,713	377,725	411,438
2014	29,486	378,531	408,017
2015 - 2019	88,340	1,930,523	2,018,863
2020 - 2024	24,768	1,211,004	1,235,772
2025 - 2029	3,360	198,422	201,782
2030 - 2033	-	108,670	108,670
	<u>\$ 365,835</u>	<u>11,403,215</u>	<u>11,769,050</u>

(6) Retirement Benefits:

The Town of Plattsburgh participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits vest after ten years of credited service. 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 (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of the fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(6) Retirement Benefits, Continued:

The Town of Plattsburgh is required to contribute at an actuarial determined rate. The required contributions for the current year and two preceding years were:

2009	\$	186,002
2008		220,491
2007		227,481

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

Deferred Compensation Plan - Employees of the Town of Plattsburgh may elect to participate in the NYS Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

(7) Commitments and Contingencies:

Risk Financing and Related Insurance - The Town of Plattsburgh is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees. These risks are covered by commercial insurance purchased from independent third parties. All claims are routinely turned over to the insurance carriers.

Litigation - The Town has received a few Notices of Claims arising principally in the normal course of operations. These claims are being handled by the Town's attorneys and insurance companies. In the opinion of the attorneys, the outcome of these claims are either indeterminable, or will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The Town also has several open Article 7 proceedings with a potential liability not to exceed approximately \$8,967. The outcome of these proceedings is undeterminable and no provision for loss has been recorded.

Grant Programs - The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representative. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(7) Commitments and Contingencies, Continued:

Environmental Concerns - In the normal course of operations, the Town is engaged in activities (i.e. gasoline storage) that are potentially hazardous to the environment. As of December 31, 2009, the Town has not experienced any instances of significant environmental problems.

(8) Net Assets and Fund Balances:

The following discloses the restatement of net assets as of the beginning of the fiscal year:

Net assets, beginning of the year, as previously stated	\$ 35,243,082
Net adjustment to prior year expenditures	(18,721)
Net adjustment to prior year revenues	<u>85,267</u>
 Net assets, beginning of year, as restated	 \$ <u>35,309,629</u>

The following discloses the restatement of fund balances as of the beginning of the fiscal year:

	<u>General Fund</u>	<u>Major Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Non-Major Special Revenue Funds</u>
Fund balance, beginning of year, as previously stated	\$ 1,211,752	2,637,109	(2,314,755)	724,434
Net adjustment to prior year expenditures	-	(39,671)	20,950	-
Net adjustment to prior year revenues	<u>13,191</u>	<u>72,079</u>	<u>-</u>	<u>(2)</u>
Fund balance, beginning of year, as restated	\$ <u>1,224,943</u>	<u>2,669,517</u>	<u>(2,293,805)</u>	<u>724,432</u>

(9) Unaudited Special Revenue Fund:

We were unable to audit a significant portion of the Town's Special Revenue Water, Sewer and Miscellaneous funds due to the lack of reliable detail supporting its financial activities. This was caused in part by the lack of proper internal controls and management oversight over the Town's utility departments. Approximately 7.9% of Special Revenue fund assets and 32.2% of Special Revenue fund revenues represent the Special Revenue Water, Sewer and Miscellaneous funds respective balances that are unaudited.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(9) Unaudited Special Revenue Fund, (Continued):

In a report dated June 2010 from the State of New York Office of the Comptroller, internal control deficiencies were identified for the period from January 1, 2008 to May 31, 2009 as a result of their examination of billed receivables in the Special Revenue Water, Sewer and Miscellaneous funds. The Town passed a resolution dated September 7, 2010 in response to the Comptroller's Office report to address the control deficiencies raised.

(10) Use of Estimates:

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

(11) Subsequent Events:

The date to which events occurring after December 31, 2009, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 15, 2010, which is the date on which the financial statements were available to be issued. Management feels that no further disclosures to these financial statements are necessary.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Town Board and the Supervisor
Town of Plattsburgh, New York:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Plattsburgh, New York as of and for the year ended December 31, 2009, which collectively comprise the Town of Plattsburgh, New York's basic financial statements and have issued our report thereon dated December 15, 2010, which was qualified for the inability to audit a significant portion of the Town's Special Revenue Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Plattsburgh, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Plattsburgh, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Plattsburgh, New York's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. We consider items 04-01 to 04-07, 06-01, 06-02, 06-06, 08-01, 08-02, and 09-01 to 09-05 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. We consider items 04-01 to 04-07, 06-01, 06-02, 06-06, 08-01, 08-02, and 09-01 to 09-05 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Plattsburgh, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** which are described in the accompanying schedule of findings and responses as items 04-07, 09-01 and 09-02.

We noticed certain other matters that we reported to management of the Town of Plattsburgh, New York in a separate letter dated December 15, 2010.

The Town of Plattsburgh, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town of Plattsburgh, New York's response and, accordingly, we express no opinion on it.

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

*Abbott, Frenyea, Russell
& Coffey, P.C.*

December 15, 2010

TOWN OF PLATTSBURGH

Schedule of Findings and Responses

For the Year Ended December 31, 2009

04-01:

Audit information and documentation was not made available in a timely manner after repeated requests.

The Town's accounting office added an additional staff member in 2008 to help with the workload requirements. While not meeting expectations, the 2009 audit was completed in three months compared to previous audits that were twice that time frame.

04-02:

A significant amount of auditing time was spent doing general bookkeeping services in order to reconcile accounts and correct errors. There were 60 adjusting journal entries made during the 2009 audit.

All journal entries have been posted as of December 31, 2010.

04-05:

General accounting records did not match subsidiary records/billing files for the Water and Sewer Fund.

Beginning in 2010, utility billings and receipts were electronically transferred from the Water and Sewer department billings and from the Tax Receiver's receipts to the general ledger and reconciled on a weekly basis. All departments are currently balancing weekly.

04-07:

In several instances, the Town purchasing policy was not followed in regards to bid requirements.

The Town has several departments purchasing small priced items from the same vendor throughout the fiscal year which has caused aggregate purchases with a single vendor to exceed the \$10,000 per vendor limit for bidding requirements. All departments were notified to review and follow the Town's purchasing policy.

06-01:

Interfund "Due to" and "Due from" amounts are not being repaid/received in a timely manner. Many balances have been outstanding for several years..

The Budget Officer has been reviewing the interfund accounts and this should be cleared up in the near future.

TOWN OF PLATTSBURGH

Schedule of Findings and Responses, Continued

For the Year Ended December 31, 2009

06-02:

Numerous capital projects remain open after completion of the original project purpose.

Administration is currently working with the Water and Sewer departments to consolidate, terminate or reallocate balances remaining from old open capital projects.

06-06:

Utility related charges to other municipalities are not properly monitored. This includes inaccurate billing to other municipalities.

Beginning in 2010, the Water and Sewer department bills all charges to other municipalities through the computer billing system.

08-01: (item cleared in 2009)

Payroll checking account is not being reconciled to the general ledger.

The accounting office is currently researching and should be corrected.

08-02:

BAN register was not kept current with new issue. The same issue was not updated for 2009.

BAN register is now up to date and will be periodically checked.

09-01:

A Miscellaneous Fund budget line item was over expended due to improper recording of grant activity. Revenues were netted with expenditures instead of doing a budget amendment. In addition, expenditures were paid by other funds without recording amounts due to other funds or amounts due from the Miscellaneous Fund.

Adjusting entries and transfers have been done to correct this and procedures for any future grants have been reviewed and will be followed per audit recommendations.

TOWN OF PLATTSBURGH

Schedule of Findings and Responses, Continued

For the Year Ended December 31, 2009

09-02:

The Town continues to not collect as much for ambulance services as it is paying out for other municipalities. In one instance there is no provision to recover the shortages and the Town is forced to absorb those costs. This has caused a budget line item to be over expended on the Miscellaneous Fund.

Ambulance billings for certain local municipalities were processed through the Town in 2009. Collections by the Town for these billings were less than the amount billed. The ambulance billings for 2010 were done separately to each municipality and in 2011 the Town will be operating under negotiated contracts separately from other municipalities.

09-03:

Telecommunication project costs, receivables and amounts due from other funds are not being properly monitored or accounted for.

These projects are now being reviewed by the Town accounting office, the Town attorney and the Town's consultant to resolve all outstanding issues and should be resolved in the near future.

09-04:

The BAN register was not updated with a new issue and the maturity date on another issue was missing.

The missing issue was one associated with EFC funding and has been corrected.

09-05:

The Town's fixed asset accounting software is over depreciating asset costs in the final depreciable year.

The Town is in the process of trying to contact the software company, RCI in Houston Texas, to have this problem corrected.

Town of Plattsburgh, New York
Other Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) And Actual
General Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual Over (Under)
REVENUES					
Local Sources					
Real property taxes	\$ 168,000	118,000	442,189		324,189
Non-property tax items	1,570,000	1,570,000	1,653,729		83,729
Departmental income	22,550	22,550	28,843		6,293
Charges for services	7,500	7,500	4,464		(3,036)
Use of money and property	23,050	23,050	13,893		(9,157)
Licenses and permits	46,400	46,400	74,361		27,961
Sale of property and compensation for loss	250,500	250,500	291,004		40,504
Miscellaneous	4,000	4,000	16,477		12,477
Total Local Sources	2,092,000	2,042,000	2,524,960		482,960
State Aid	432,000	432,000	343,966		(88,034)
Total Revenues	2,524,000	2,474,000	2,868,926		394,926
OTHER FINANCING SOURCES					
Transfers from other funds	-	-	141		141
Appropriated reserves	765,912	945,460	157,041		-
Total Revenues and Other Financing Sources	\$ 3,289,912	3,419,460	3,026,108		395,067
				Year-end	Final Budget Variance With Budgetary Actual And Encumbrances (Over) Under
	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	
EXPENDITURES					
General support	\$ 1,379,355	1,412,594	1,298,175	-	114,419
Public safety	162,925	149,035	114,055	-	34,980
Health	2,350	2,350	2,100	-	250
Transportation	98,447	88,447	85,010	-	3,437
Economic opportunity and development	35,086	35,086	33,611	-	1,475
Culture and recreation	559,447	557,556	504,520	600	52,436
Home and community service	400,310	444,980	357,982	5,240	81,758
Employee benefits	604,992	616,412	511,851	-	104,561
Debt service:					-
Principal	35,000	100,000	100,000	-	-
Interest	12,000	7,100	7,095	-	5
Total Expenditures	3,289,912	3,413,560	3,014,399	5,840	393,321
OTHER FINANCING USES					
Transfers to other funds	-	5,900	5,869		31
Total Expenditures and Other Uses	\$ 3,289,912	3,419,460	3,020,268	5,840	393,352

See accompanying notes and independent auditors' report.

Town of Plattsburgh, New York
Other Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) And Actual
Major Special Revenue Funds
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual Over (Under)
REVENUES					
Local Sources					
Real property taxes	\$ 2,006,352	2,006,352	1,983,088		(23,264)
Non-property tax items	1,625,000	1,625,000	1,625,000		-
Departmental income	1,905,407	1,905,407	2,060,594		155,187
Charges for services	213,800	213,800	204,622		(9,178)
Use of money and property	25,525	25,525	8,860		(16,665)
Licenses and permits	65,000	65,000	73,317		8,317
Sale of property and compensation for loss	94,036	134,036	144,810		10,774
Miscellaneous	1,000	1,000	177		(823)
Total Local Sources	5,936,120	5,976,120	6,100,468		124,348
State Aid	96,000	96,000	261,673		165,673
Total Revenues	6,032,120	6,072,120	6,362,141		290,021
OTHER FINANCING SOURCES					
Transfers from other funds	196,137	196,137			(196,137)
Appropriated reserves	244,866	431,980	(658,455)		-
Total Revenues and Other Financing Sources	\$ 6,473,123	6,700,237	5,703,686		93,884
EXPENDITURES					
	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances (Over) Under
General support (note 2)	\$ 1,252,931	1,297,176	1,350,090	52,640	(105,554)
Public safety	-	-	-	-	-
Health (note 2)	438,677	438,677	457,631	-	(18,954)
Transportation	1,641,025	1,647,600	1,488,381	489	158,730
Economic opportunity and development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Home and community service	1,541,373	1,667,667	970,982	95,192	601,493
Employee benefits	847,542	847,542	711,701	-	135,841
Debt service:					
Principal	525,075	580,075	569,501	-	10,574
Interest	226,500	221,500	153,825	-	67,675
Total Expenditures	6,473,123	6,700,237	5,702,111	148,321	849,805
OTHER FINANCING USES					
Transfers to other funds	1,575	1,575	1,575		-
Total Expenditures and Other Uses	\$ 6,474,698	6,701,812	5,703,686	148,321	849,805

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Other Required Supplementary Information

December 31, 2009

(1) Budgetary Information:

For purposes of comparing current period amounts expended and encumbered with current period budgeted amounts, encumbrances are included with expenditures on Schedule 1 – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Fund Types.

A reconciliation of expenditures for the general fund and major special revenue funds on Schedule 1 – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Fund Types to revenues and expenditures for the respective funds on Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds follows:

<u>Expenditures</u>	<u>General Fund</u>	<u>Major Special Revenue Fund</u>
Expenditures included in budget comparison - Schedule 1	\$ 3,020,239	5,850,432
Less encumbrances recorded in budget comparison - Schedule 1	<u>(5,840)</u>	<u>(148,321)</u>
Expenditures per Exhibit D	\$ <u>3,014,399</u>	<u>5,702,111</u>

(2) Excess of Expenditures over Appropriations:

For the year ended December 31, 2009, expenditures in the Miscellaneous Fund, which is reported as a major special revenue fund, exceeded appropriations for general support and health. Available fund balance and additional current year revenues were sufficient to provide for the excess expenditures.