

TOWN OF PLATTSBURGH, NEW YORK

Independent Auditors' Report  
Financial Statements and Required Supplementary Information

December 31, 2010

TOWN OF PLATTSBURGH, NEW YORK

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Required Supplementary Information: Management's Discussion and Analysis (unaudited)	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	Exhibit A 11
Statement of Activities	Exhibit B 12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	Exhibit C 13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	Exhibit D 14
Other Financial Statements:	
Reconciliation of Governmental Funds Balance Sheet to the Statements of Net Assets	Exhibit E 15
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	Exhibit F 16
Statement of Fiduciary Net Assets - Fiduciary Funds	Exhibit G 17
Notes to Financial Statements	18-37
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	38-39
Schedule of Findings and Responses	40-43
Other Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund and Major Special Revenue Fund	Schedule 1 44-45
Schedule of Funding Progress for Post-employment Health Care Benefits	Schedule 2 46
Notes to Other Required Supplementary Information	47-48



## 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, 2010, 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.

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 Plattsburgh, New York as of December 31, 2010, 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 November 15, 2011 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, budgetary comparison information, and post-employment health care benefits on pages 3 through 10 and 45-48 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plattsburgh, New York's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Abbott, Frenyea & Russell*  
*CPA's, P.C.*

November 15, 2011



*Bernard C. Bassett  
Supervisor*

*Martin D. Mannix Jr.  
Deputy Supervisor  
Councilman*

## TOWN OF PLATTSBURGH

151 BANKER ROAD  
PLATTSBURGH, NEW YORK 12901-7307  
(518) 562-6800  
FAX # (518) 563-8136

*Paul D. Lamoy,  
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, 2010. This material is presented here in conjunction with additional information that the Town has furnished in the financial statement that follows this narrative.

#### Financial Highlights

- The assets of the Town of Plattsburgh exceeded its liabilities at the close of the fiscal year 2010 by \$35,273,083; a decrease of \$ 759,716 from the fiscal year 2009
- As of the close of the fiscal year, the Town of Plattsburgh's funds reported a total ending fund balance of \$3,409,992, an increase of \$2,316,390 from the fiscal year 2009. Approximately 91% 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 \$52,846 or 2% of the total general fund expenditures for the fiscal year 2010. This represents a \$1,015,056 decrease from the fiscal year 2009.
- The Town of Plattsburgh's total debt decreased by \$1,084,558 during the current fiscal year. The Town of Plattsburgh maintained its current bond rating.
- Fiscal year 2010 is the initial year that the Town has recognized an unfunded liability for post-employment medical benefits as required by Statement No. 45 of the Governmental Accounting Standards Board, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (GASB45). The Town was required to adopt this standard for the fiscal year 2009 but delayed implementation until fiscal year 2010.

An actuarial study determined that the Town's total actuarial accrued liability at December 31, 2010 at 4.0% discount rate, totaled \$3,802,186. As of December 31, 2010, the Town has recognized a liability for other post-employment liabilities based on the net Annual Required Contribution (ARC) in the amount of \$426,954. The gross ARC amounted to \$496,824 and the Town contributed \$69,888 through benefit payments in 2010.

## 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 37 of this report.

#### GOVERNMENT WIDE FINANCIAL ANALYSIS

##### Town of Plattsburgh Statement of Net Assets

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 7,356,179	\$ 7,996,187
Capital assets, net	\$40,065,004	\$41,049,740
Other Assets	<u>\$ 162,723</u>	<u>\$ 168,352</u>
Total Assets	\$47,583,906	\$49,214,279
Long term liabilities o/s	\$ 7,740,933	\$ 5,641,238
Other Liabilities	<u>\$ 4,569,890</u>	<u>\$ 7,540,242</u>
Total Liabilities	\$ 12,310,823	\$13,181,480
Net Assets		
Investment in capital assets	\$30,038,032	\$29,646,530
Unrestricted	<u>\$ 5,235,051</u>	<u>\$ 6,386,269</u>
TOTAL NET ASSETS (EQUITY)	<u>\$35,273,083</u>	<u>\$36,032,799</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 \$35,273,083 as of December 31, 2010. The Town's net assets decreased by \$759,716 for the fiscal year ended December 31, 2010. However, the largest portion (85%) 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 \$581,261. 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 18% of the total General Fund expenditures.

At December 31, 2010, the governmental funds of the Town of Plattsburgh reported a combined fund balance of \$3,409,992; a 312% increase over 2009. The majority of change in fund balance is due to the conversion of Bond Anticipation Notes to permanent financing with municipal bonds which reflects in revenues for fiscal 2010.

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, 2010 total \$40,065,004 (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>2010</u>	<u>2009</u>
Land	\$ 727,424	\$ 727,424
Construction in Progress	\$ 3,102,818	\$ 3,681,310
Buildings and Infrastructure	\$ 34,986,034	\$ 35,217,449
Furniture and Equipment	<u>\$ 1,248,728</u>	<u>\$ 1,423,557</u>
Total Capital Assets	\$40,065,004	\$ 41,049,740

As of December 31, 2010, the Town had total bonded debt outstanding of \$10,318,655, a decrease in debt when compared to the end of 2009 of \$11,403,213. 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 2010 was \$64,606,648.

	<u>2010</u>	<u>2009</u>
Total Serial Bonds Outstanding	\$ 7,138,655	\$5,448,213
Total BAN Outstanding	<u>\$ 3,180,000</u>	<u>\$5,955,000</u>
Total Debt Outstanding	\$10,318,655	\$11,403,213

Below is a comparative statement of the activities for the Town of Plattsburgh fiscal years 2010 and 2009.

### STATEMENT OF ACTIVITIES

Functions and programs:	<u>2010</u>	<u>2009</u>
Revenues:		
Charges for services	\$ 2,135,036	\$ 2,289,523
Operating grant and contributions	174,807	369,209
Capital grants and contributions	<u>121,809</u>	<u>831,935</u>
	\$ 2,431,652	\$ 3,490,667
Total Expenses	<u>(\$10,426,841)</u>	<u>(\$ 9,697,713)</u>
Total functions and programs	(\$ 7,994,829)	(\$ 6,207,046)
General revenues:		
Real property taxes & related items	\$ 2,945,386	\$ 2,693,057
Non-property tax items	3,269,495	3,278,729
Use of money and property	23,772	30,607
Miscellaneous	606,676	600,146
State Sources	<u>308,876</u>	<u>327,677</u>
Total general revenue	<u>\$ 7,154,205</u>	<u>\$ 6,930,216</u>
Change in net assets	\$ (840,624)	\$ 723,170
Total net assets - beginning of year	\$36,032,799	\$ 35,243,082
Adjustment to nets assets	<u>80,908</u>	<u>66,547</u>
Total net assets - end of year	<u>\$35,273,083</u>	<u>\$36,032,799</u>

## *ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES*

Budget Highlights for the Fiscal Year Ending December 31, 2011:

*Governmental Activities:* Sales tax revenues are expected to remain constant while State Aid is expected to be reduced. Fees in lieu of taxes agreements have been drastically reduced in the General Fund. Property taxes in the special districts are down due to the new pilot agreement with Saranac Power Partners, 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 of years. Highway Fund will continue with 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, 2010

## ASSETS

## Current Assets:

## Cash:

Unrestricted

\$ 5,660,336

## Receivables:

Due from fiduciary fund (note 3)

8,105

State and Federal aid

27,900

Due from other governments

1,193,417

Other

466,421

Total current assets

7,356,179

## Capital assets (note 4):

Land

727,424

Buildings

5,508,906

Equipment and furniture

5,551,711

Infrastructure

61,334,157

Work in progress

3,102,818

76,225,016

Less accumulated depreciation

(36,160,012)

Capital assets, net

40,065,004

## Other Assets:

LDC notes receivable

162,723

Total assets

47,583,906

## LIABILITIES AND NET ASSETS

## Current Liabilities:

Bonds payable-current portion (note 5)

415,114

Bond anticipation notes (note 5)

3,180,000

Accounts payable

600,861

Accrued liabilities

123,854

Deferred revenues

191,317

Retainage payable

58,744

Total current liabilities

4,569,890

## Long-term Liabilities:

Bonds payable-long-term portion (note 5)

6,723,541

Compensated absences (note 5)

590,438

Other post-employment benefits (note 6)

426,954

Total long-term liabilities

7,740,933

Total liabilities

12,310,823

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

## Net Assets:

Investment in capital assets, net of related debt

30,038,032

Unrestricted

5,235,051

Total net assets

\$ 35,273,083

See accompanying notes and independent auditors' report.



Town of Plattsburgh, New York  
Statement of Activities  
Governmental Activities  
For the Year Ended December 31, 2010

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 2,775,011	103,981	158,626	4,201	(2,508,203)
Public safety	120,209	-	-	-	(120,209)
Health	582,986	-	-	-	(582,986)
Transportation	2,207,552	64,046	-	117,608	(2,025,898)
Economic opportunity and development	35,209	-	-	-	(35,209)
Culture and recreation	555,312	7,133	16,181	-	(531,998)
Home and community service	2,182,284	1,959,876	-	-	(222,408)
Employee benefits (note 6)	1,815,251	-	-	-	(1,815,251)
Interest on long-term debt (note 5)	152,667	-	-	-	(152,667)
<b>Total functions and programs</b>	<b>\$ 10,426,481</b>	<b>2,135,036</b>	<b>174,807</b>	<b>121,809</b>	<b>(7,994,829)</b>
<b>GENERAL REVENUES</b>					
Real property taxes and related tax items					2,945,386
Non-property tax items					3,269,495
Use of money and property					23,772
Miscellaneous					606,676
State sources					308,876
<b>Total general revenues</b>					<b>7,154,205</b>
<b>Change in net assets</b>					<b>(840,624)</b>
<b>Total net assets - beginning of year, as restated (note 8)</b>					<b>36,113,707</b>
<b>Total net assets - end of year</b>					<b>\$ 35,273,083</b>

See accompanying notes and independent auditors' report.



Town of Plattsburgh, New York  
Balance Sheet - Governmental Funds  
December 31, 2010

Exhibit C

	General	Special Revenue	Capital Projects	Non-Major Special Revenue	Total Governmental Funds
<b>ASSETS</b>					
Cash:					
Unrestricted	\$ 1,566	3,668,806	1,138,617	851,347	5,660,336
Receivables:					
Due from other funds (note 3)	8,220	88,931	108,327	171,058	376,536
Due from fiduciary fund (note 3)	8,105	-	-	-	8,105
State and Federal aid	27,900	-	-	-	27,900
Due from other governments	897,210	295,657	-	550	1,193,417
LDC loans receivable	-	-	-	162,723	162,723
Other	115,062	351,359	-	-	466,421
Total assets	<u>\$ 1,058,063</u>	<u>4,404,753</u>	<u>1,246,944</u>	<u>1,185,678</u>	<u>7,895,438</u>
<b>LIABILITIES</b>					
Payables:					
Accounts payable	\$ 210,279	327,429	4,420	58,733	600,861
Accrued liabilities	22,838	55,150	-	-	77,988
Bond anticipation notes	-	-	3,180,000	-	3,180,000
Due to other funds (note 3)	217,000	130,605	28,931	-	376,536
Retainage payable	-	5,550	53,194	-	58,744
Deferred revenues	-	-	-	191,317	191,317
Total liabilities	<u>450,117</u>	<u>518,734</u>	<u>3,266,545</u>	<u>250,050</u>	<u>4,485,446</u>
Commitments and contingencies (notes 1, 5, 6, and 7)					
<b>FUND BALANCES</b>					
Reserved:					
Reserved for encumbrances	26,685	273,828	-	-	300,513
Unreserved:					
Designated for subsequent year's expenditures	528,415	583,907	-	14,800	1,127,122
Undesignated	52,846	3,028,284	(2,019,601)	920,828	1,982,357
Total fund balances	<u>607,946</u>	<u>3,886,019</u>	<u>(2,019,601)</u>	<u>935,628</u>	<u>3,409,992</u>
Total liabilities and fund balances	<u>\$ 1,058,063</u>	<u>4,404,753</u>	<u>1,246,944</u>	<u>1,185,678</u>	<u>7,895,438</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, 2010

Exhibit D

	General	Special Revenue	Capital Projects	Non-Major Special Revenue	Total Governmental Funds
<b>REVENUES</b>					
Real property taxes	\$ 103,127	2,573,090	-	269,169	2,945,386
Non-property tax items	1,869,495	1,400,000	-	-	3,269,495
Departmental income	24,996	1,948,532	-	-	1,973,528
Charges for services	6,113	162,759	-	-	168,872
Use of money and property	9,315	9,767	2,761	1,929	23,772
Licenses and permits	56,966	75,832	-	-	132,798
Sale of property and compensation for loss	276,239	173,109	-	-	449,348
Miscellaneous	8,522	22,153	-	-	30,675
State aid	363,943	163,404	-	66,580	593,927
<b>Total revenues</b>	<b>2,718,716</b>	<b>6,528,646</b>	<b>2,761</b>	<b>337,678</b>	<b>9,587,801</b>
<b>EXPENDITURES</b>					
General support	1,370,152	1,201,523	-	325	2,572,000
Public safety	117,311	-	-	-	117,311
Health	2,150	580,836	-	-	582,986
Transportation	88,116	1,217,179	18,991	163,378	1,487,664
Economic opportunity and development	35,209	-	-	-	35,209
Culture and recreation	512,824	-	-	-	512,824
Home and community service	341,418	1,027,592	-	66,580	1,435,590
Employee benefits	606,421	781,876	-	-	1,388,297
Debt service:					
Principal	75,000	780,651	-	-	855,651
Interest	3,076	167,723	-	-	170,799
Capital outlay	21,670	278,739	439,670	-	740,079
<b>Total expenditures</b>	<b>3,173,347</b>	<b>6,036,119</b>	<b>458,661</b>	<b>230,283</b>	<b>9,898,410</b>
Excess (deficiency) of revenues over expenditures	(454,631)	492,527	(455,900)	107,395	(310,609)
<b>OTHER FINANCING SOURCES AND USES</b>					
BAN's redeemed from appropriations	-	-	340,344	-	340,344
Serial bonds issued	-	-	2,205,750	-	2,205,750
<b>Total other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,546,094</b>	<b>-</b>	<b>2,546,094</b>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	(454,631)	492,527	2,090,194	107,395	2,235,485
Fund balances (deficit) - beginning of year, as restated (note 8)	1,062,577	3,393,492	(4,109,795)	828,233	1,174,507
Fund balances (deficit) - end of year	\$ 607,946	3,886,019	(2,019,601)	935,628	3,409,992

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, 2010

Total Fund Balances in the Fund Financial Statements for the Governmental Funds	\$ 3,409,992
Capital assets are included as assets in the government-wide financial statements, net of accumulated depreciation.	40,065,004
Long-term liabilities for bonded debt are included as liabilities in the government-wide financial statements.	(7,138,655)
Current liabilities for interest payable on long-term debt are included in the government-wide financial statements as liabilities.	(45,866)
Long-term liabilities for compensated absences are included in the government-wide financial statements as liabilities.	(590,438)
Long-term liabilities for other post-employment benefits are included in the government-wide financial statements as liabilities.	<u>(426,954)</u>
Total Net Assets – End of Year	\$ <u>35,273,083</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, 2010

Total Net Change in Fund Balances – Governmental Funds	\$ 2,235,485
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.	740,079
Current year debt principal payments reported as expenditures in the governmental fund financial statements are shown as a reduction in debt in the government-wide financial statements.	855,651
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.	18,132
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.	7,894
Other post-employment benefits are expensed on the government-wide financial statements when earned, whereas in the governmental fund financial statements, an expenditure is reported when benefits are paid.	(426,954)
Current year loss on sale of capital assets is reported as a reduction in revenue on the government-wide financial statements and is not recorded on the governmental fund financial statements and the related proceeds are reported as a revenue on the governmental fund financial statements and are not reported on the government-wide financial statements.	(1,944)
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.	(1,722,873)
Bond anticipation notes redeemed from appropriations and proceeds from issuance of serial bonds 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>(2,546,094)</u>
Change in Net Assets of Governmental Activities	\$ <u>(840,624)</u>

See accompanying notes and independent auditors' report.

Town of Plattsburgh, New York  
 Statement of Fiduciary Net Assets - Fiduciary Funds  
 December 31, 2010

	<u>Agency</u>
<b>ASSETS</b>	
Cash	<u>\$ 471,945</u>
Total assets	<u>471,945</u>
<b>LIABILITIES</b>	
Due to governmental funds (note 3)	8,105
Other liabilities	<u>463,840</u>
Total liabilities	<u>471,945</u>
<b>NET ASSETS</b>	
Net assets	<u><u>\$ -</u></u>

See accompanying notes and independent auditors' report.



# TOWN OF PLATTSBURGH, NEW YORK

## Notes to Financial Statements

December 31, 2010

### (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 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 were 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 non-exchange 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.

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.

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.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued:

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 as well as the Town's ambulance districts.

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, 2010, the carrying amount of the Town's demand and savings deposits was \$6,131,281 and the bank balance was \$5,966,079. Of the bank balance, \$999,427 was covered by Federal depository insurance and \$4,966,651 was covered by collateral held by the pledging bank in the Town's name. There were no uninsured deposits.

At December 31, 2010, 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.

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.

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.

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, Continued:

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 2011 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 30<sup>th</sup>, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1<sup>st</sup>. 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 20<sup>th</sup>, 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.
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.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(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:

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.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(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, 2010, arising from these transactions and interfund revenues and expenditures are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 16,325	217,000	-	-
Major Special Revenue	88,931	130,605	1,492,818	1,492,818
Non-Major Special Revenue	171,058	-	-	-
Capital Projects	<u>108,327</u>	<u>28,931</u>	-	-
Total governmental activity	384,641	376,536	1,492,818	1,492,818
Trust and agency	<u>-</u>	<u>8,105</u>	<u>-</u>	<u>-</u>
Total	\$ <u>384,641</u>	<u>384,641</u>	<u>1,492,818</u>	<u>1,492,818</u>

(4) Capital Assets:

A summary of capital asset balances and activity for the year ended December 31, 2010 is as follows:

	<u>Balance Jan. 1, 2010</u>	<u>Adjustments/ Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance Dec. 31, 2010</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 727,424	-	-	727,424
Construction in progress	<u>3,681,310</u>	<u>439,670</u>	<u>(1,018,162)</u>	<u>3,102,818</u>
Total nondepreciable historical cost	<u>4,408,735</u>	<u>439,670</u>	<u>(1,018,162)</u>	<u>3,830,242</u>
Capital assets that are depreciated:				
Buildings, infrastructure & improvements	65,637,252	1,205,811	-	66,843,063
Furniture and equipment	<u>5,894,644</u>	<u>112,759</u>	<u>(455,692)</u>	<u>5,551,711</u>
Total depreciable historical cost	<u>71,531,896</u>	<u>1,318,570</u>	<u>(455,692)</u>	<u>72,394,774</u>

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(4) Capital Assets, Continued:

	<u>Balance Jan. 1, 2010</u>	<u>Adjustments/ Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance Dec. 31, 2010</u>
Less accumulated depreciation:				
Buildings, infrastructure & improvements	30,419,801	1,437,230	-	31,857,031
Furniture and equipment	<u>4,471,089</u>	<u>285,643</u>	<u>(453,751)</u>	<u>4,302,981</u>
Total accumulated depreciation	<u>34,890,890</u>	<u>1,722,873</u>	<u>(453,751)</u>	<u>36,160,012</u>
Net depreciable historical cost	<u>36,641,006</u>	<u>(404,303)</u>	<u>(1,941)</u>	<u>36,234,762</u>
Governmental activities capital assets, net	\$ <u>39,493,491</u>	<u>1,556,249</u>	<u>(1,020,103)</u>	<u>40,065,004</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 216,081
Transportation	720,337
Culture & Recreation	43,425
Home & Community Service	<u>743,030</u>
Total	\$ <u>1,722,873</u>

(5) Indebtedness:

Long-Term Debt:

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

	<u>Balance at Dec.31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2010</u>	<u>Amounts due within one year</u>
Serial bonds	\$ 5,448,213	2,205,750	(515,308)	7,138,655	415,114
Compensated absences	<u>598,332</u>	<u>-</u>	<u>(7,894)</u>	<u>590,438</u>	<u>-</u>
Total	\$ <u>6,046,545</u>	<u>2,205,750</u>	<u>(523,202)</u>	<u>7,729,093</u>	<u>415,114</u>

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

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(5) Indebtedness:

Long-Term Debt, Continued:

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 12/31/10</u>
Champlain Park Water Improvements	3/1981	2/2020	5.000	\$ 80,000
Cadyville WD Construction	10/1986	10/2025	6.000	75,000
Treadwell Mills WD Improvements	9/1988	9/2027	6.375	124,000
Morrisonville WD Storage Tank	2/1992	5/2012	6.800	44,000
Cadyville WD #1 Ext.	2/1992	5/2012	6.800	18,000
Cumberland Corners WD	2/1992	5/2012	6.800	19,000
Champlain Park Water Improvements	2/1992	5/2012	6.800	19,000
Wallace Hill WD #1	1/1997	9/2021	5.400	120,600
Treadwell Mills WD	1/1997	9/2017	5.400	29,700
Route #3 SD	1/1997	9/2017	5.400	65,500
Bluff Point SD	1/1997	9/2017	5.400	47,900
Bluff Point WD	1/1997	9/2017	5.400	48,000
Morrisonville WD #1	1/1997	9/2021	5.400	148,300
Cadyville SD - NYSEFC	11/1998	11/2018	0.000	33,861
Wallace Hill WD #2 Phase II - NYSEFC	7/2001	5/2031	0.000	325,058
Wallace Hill SD #3 - NYSEFC	7/2003	7/2033	0.000	397,200
Cumberland Head WD - NYSEFC	7/2003	7/2022	0.000	3,447,786
Champlain Park Sewer Closure - NYSEFC	10/2010	10/2039	0.286	<u>2,095,750</u>
Total serial bonds				\$ <u>7,138,655</u>

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.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(5) Indebtedness, Continued:

Long-Term Debt, Continued:

Bond Anticipation Notes, Continued:

The following is an analysis of BANs outstanding at December 31, 2010:

<u>Description of Issue</u>	<u>Interest Rate %</u>	<u>Balance at Dec. 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2010</u>
Pleasant Ridge WD/River Crossing	2.31	\$ 950,000	-	(50,000)	900,000
Equipment/Roof/Truck	1.49	155,000	-	(100,000)	55,000
Archie Bordeau WD	2.15	300,000	-	(25,000)	275,000
Cadyville/M'ville WD	1.85	750,000	-	(25,000)	725,000
Morrisonville Chlorination	1.99	300,000	-	(50,000)	250,000
Moffitt Road Water	1.33	2,394,350	-	(1,419,350)	975,000
Champlain Park Sewer	0.00	1,105,650	-	(1,105,650)	-
		<u>\$ 5,955,000</u>	-	<u>(2,775,000)</u>	<u>3,180,000</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, 2010 is as follows:

Interest paid	\$ 170,799
Less interest accrued in the prior year	(63,998)
Plus interest accrued in the current year	<u>45,866</u>
Total expense	\$ <u>152,667</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>
2011	\$ 136,300	3,651,861	3,788,161
2012	83,082	481,919	565,001
2013	75,278	437,725	513,003
2014	70,800	440,631	511,431
2015	66,363	447,238	513,601
2016 - 2020	262,492	2,230,321	2,492,813
2021 - 2025	181,772	1,213,298	1,395,070
2026 - 2030	127,296	556,558	683,854
2031 - 2035	78,977	489,104	568,081
2036 - 2039	<u>23,853</u>	<u>370,000</u>	<u>393,853</u>
	<u>\$ 1,106,213</u>	<u>10,318,655</u>	<u>11,424,868</u>

(6) Retirement Benefits:

The Town of Plattsburgh participates in the New York State and Local Employees' Retirement System (the System). 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 System is 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:

2010	\$	315,388
2009		186,002
2008		220,491

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.

Postemployment Healthcare Plan - The Town implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45) in fiscal year 2010. As allowed by GASB 45, the Town has established the net Other Postemployment Benefits (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

Plan Description - The Town of Plattsburgh administers a single-employer defined benefit healthcare plan. The plan provides lifetime healthcare insurance for eligible retirees through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are negotiated between the Town and the unions representing Town employees and are negotiated each bargaining period.

Funding Policy - The Town pays 50% of the cost of the current active employee rate for health care benefits paid to qualified retirees while the retiree pays the remaining 50%. The Town has chosen to fund the healthcare benefits as costs are incurred. For the current year, the Town contributed \$55,283 toward healthcare benefits.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(6) Retirement Benefits, Continued:

Postemployment Healthcare Plan, Continued:

Annual OPEB Cost and Net OPEB Obligation – The Town’s OPEB expense is calculated based on the annual required contribution of the employer (ARC), an 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 twenty 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:

Annual required contribution	\$ 496,842
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>496,842</u>
Contributions made (expected)	<u>(69,888)</u>
Net OPEB obligation at 12/31/10	<u>\$ 426,954</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of December 31, 2010, is as follows:

Annual OPEB cost	\$ 496,842
Percentage of Annual OPEB cost Contributed (expected)	14.1%
Net OPEB obligation	\$ 426,954

Funded Status and Funding Process – As of December 31, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$3,802,186, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,802,186.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(6) Retirement Benefits, Continued:

Postemployment Healthcare Plan, Continued:

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions include an annual medical/prescription blended trend rate of 8.5% initially and a rate of inflation of 2.9%.

(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 \$11,522. 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.

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, 2010, the Town has not experienced any instances of significant environmental problems.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(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	\$ 36,032,799
Net adjustment to prior year expenditures	501
Net adjustment to prior year revenues	<u>80,407</u>
Net assets, beginning of year, as restated	\$ <u>36,113,707</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	\$ 1,073,742	3,327,972	(4,117,201)	809,089
Net adjustment to prior year expenditures	(9,165)	(16,884)	7,406	19,144
Net adjustment to prior year revenues	<u>(2,000)</u>	<u>82,404</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year, as restated	\$ <u>1,062,577</u>	<u>3,393,492</u>	<u>(4,109,795)</u>	<u>828,233</u>

(9) State of New York Comptroller Examination:

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, other post-employment benefits, potential contingent liabilities and useful lives of long-lived assets.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Financial Statements, Continued

(11) Subsequent Events:

The date to which events occurring after December 31, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 15, 2011, 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, 2010, which collectively comprise the Town of Plattsburgh, New York's basic financial statements and have issued our report thereon dated November 15, 2011. 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 and correct 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 04-02, 04-07, 06-01, 06-02, 09-01, 09-02, 09-03, 09-05, 10-01, 10-02, 10-03 and 10-04 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 04-02, 04-07, 06-01, 06-02, 09-01, 09-02, 09-03, 09-05, 10-01, 10-02, 10-03 and 10-04 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, 10-02 and 10-03.

We noticed certain other matters that we reported to management of the Town of Plattsburgh, New York in a separate letter dated November 15, 2011.

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, Freney & Russell*  
*CPA's, P.C.*

November 15, 2011

# TOWN OF PLATTSBURGH

## Schedule of Findings and Responses

For the Year Ended December 31, 2010

### 04-01: (Item cleared in 2010)

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

*The responses to requests for audit documentation were made in a timely manner for the December 31, 2010 audit.*

### 04-02:

A significant amount of auditing time was spent doing general bookkeeping tasks in order to reconcile accounts and correct errors. There were 54 adjusting journal entries made during the 2010 audit.

*All journal entries will be posted as of December 31, 2011.*

### 04-05: (Item cleared in 2010)

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 one instance in the December 31, 2010 audit, 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 \$20,000 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. Some balances have been outstanding for several years.

*The Budget Officer has been reviewing the interfund accounts and this should be cleared up by December 31, 2011.*

TOWN OF PLATTSBURGH

Schedule of Findings and Responses, Continued

For the Year Ended December 31, 2010

06-02:

Numerous capital projects remain open at Decmeber 31, 2010, 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: (Item cleared in 2010)

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.*

08-02: (Item cleared in 2010)

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:

The Miscellaneous Fund had two budget line items that were over expended due to improper budget monitoring.

*This was in the Water and Sewer Administration fund capital outlay budget. How and why this was overlooked is unknown but will pay more attention throughout the year. The Town's new department head for the Water and Sewer Administration fund will make sure the budget is properly monitored.*

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 was no provision to recover the shortages and the Town was forced to absorb those costs.

*At the end of 2010, the Town discontinued the shared ambulance services with other municipalities. In 2011, the Town has agreements in place with the ambulance service providers to provide services for the Town only.*

## TOWN OF PLATTSBURGH

### Schedule of Findings and Responses, Continued

For the Year Ended December 31, 2010

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. An agreement has been reached with one project participant in regards to their outstanding amount owed to the Town.*

09-04: (Item cleared in 2010)

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. Unfortunately, RCI has not responded to our request.*

10-01:

Fifty-one items valued at \$385,980, including a number of large pieces of equipment and vehicles, were removed from the Town's fixed asset inventory listing because it was determined by management that those items no longer exist.

*The fixed assets inventory has been previously done by a number of departments. As it was handed around, the keeper of the fixed assets did not always receive the necessary information when assets were traded, sold or destroyed. Therefore, there are a number of items that need to be removed as they are no longer in the Town's possession. The items removed in 2010 were verified and signed off by the appropriate department heads. A total audit of all the Town's fixed assets will begin in 2012 to make the inventory reflect what is actually in the Town's possession.*

TOWN OF PLATTSBURGH

Schedule of Findings and Responses, Continued

For the Year Ended December 31, 2010

10-02:

Expenditures for 2008 and 2009 bus mileage were paid in 2010 and charged against the 2010 budget.

*This was an oversight that the school district found during a state audit. The Town also did not realize the expenditure was not paid for those years so no provision was made to encumber funds from the previous year's budget.*

10-03:

A contractual expenditure for attorney fees was posted to an equipment and capital outlay account in order to avoid the process of a budget modification.

*The expenditure, which was charged to the proper fund, did not have a budget line item for contractual expenditures. In the future, the Town will record necessary budget modifications in order to properly classify expenditures.*

10-04:

The Town budgeted a deficit for 2010 in the General Fund with surplus net assets being used to fund the deficit. While this method of budgeting can be used during certain times when there are unusual expenditures, when revenues cannot be made up from other sources and there are sufficient available net assets to fund the deficit, we recommend that the Town not use this budgeting method in excess, since it will reduce the Town's overall surplus and could create a budget shortfall in future periods.

*The Budget Officer and Supervisor will work to develop a budget process that more accurately identifies expenses and anticipated revenue for the coming year. This will be accomplished with a goal to control expenses during the year and build a cash reserve in the General Fund. This process should reduce deficit budgeting while creating a General Fund surplus to meet future unanticipated expenses. Attention will also be given to reduce the amount of sales tax funds that are used to fund the Highway Department.*

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, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual Over (Under)
<b>REVENUES</b>					
<b>Local Sources</b>					
Real property taxes	\$ 65,000	65,000	103,127		38,127
Non-property tax items	1,770,000	1,815,000	1,869,495		54,495
Departmental income	22,400	22,900	24,996		2,096
Charges for services	6,000	6,000	6,113		113
Use of money and property	17,600	17,600	9,315		(8,285)
Licenses and permits	55,150	55,150	56,966		1,816
Sale of property and compensation for loss	275,700	279,200	276,239		(2,961)
Miscellaneous	2,000	2,000	8,522		6,522
<b>Total Local Sources</b>	<b>2,213,850</b>	<b>2,262,850</b>	<b>2,354,773</b>		<b>91,923</b>
State Aid	361,000	396,800	363,943		(32,857)
<b>Total Revenues</b>	<b>2,574,850</b>	<b>2,659,650</b>	<b>2,718,716</b>		<b>59,066</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	-	-	-		-
Appropriated reserves	831,180	837,020	454,631		-
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 3,406,030</b>	<b>3,496,670</b>	<b>3,173,347</b>		<b>59,066</b>
<b>EXPENDITURES</b>					
General support	\$ 1,499,746	1,523,046	1,384,415	-	138,631
Public safety	155,311	132,711	117,311	-	15,400
Health	1,850	2,150	2,150	-	-
Transportation	95,971	97,287	88,116	-	9,171
Economic opportunity and development	36,102	36,102	35,209	-	893
Culture and recreation	543,314	555,364	519,631	4,685	31,048
Home and community service	397,599	418,839	342,018	22,000	54,821
Employee benefits	645,137	650,171	606,421	-	43,750
Debt service:		75,000	75,000		-
Principal	25,000	6,000	3,076	-	2,924
Interest	6,000	-	-	-	-
<b>Total Expenditures</b>	<b>3,406,030</b>	<b>3,496,670</b>	<b>3,173,347</b>	<b>26,685</b>	<b>296,638</b>
<b>OTHER FINANCING USES</b>					
Transfers to other funds	-	-	-	-	-
<b>Total Expenditures and Other Uses</b>	<b>\$ 3,406,030</b>	<b>3,496,670</b>	<b>3,173,347</b>	<b>26,685</b>	<b>296,638</b>
					<b>\$ 355,704</b>

See accompanying notes to required supplementary information 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, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual Over (Under)
<b>REVENUES</b>					
<b>Local Sources</b>					
Real property taxes	\$ 2,592,280	2,592,280	2,573,090		(19,190)
Non-property tax items	1,400,000	1,400,000	1,400,000		-
Departmental income	2,031,250	2,031,250	1,948,532		(82,718)
Charges for services	320,666	320,666	162,759		(157,907)
Use of money and property	11,575	11,575	9,767		(1,808)
Licenses and permits	70,400	70,400	75,832		5,432
Sale of property and compensation for loss	2,000	17,000	173,109		156,109
Miscellaneous	-	-	22,153		22,153
<b>Total Local Sources</b>	<b>6,428,171</b>	<b>6,443,171</b>	<b>6,365,242</b>		<b>(77,929)</b>
State Aid	100,000	100,000	163,404		63,404
<b>Total Revenues</b>	<b>6,528,171</b>	<b>6,543,171</b>	<b>6,528,646</b>		<b>(14,525)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	-	-	-		-
Serial bonds issued	-	-	-		-
Appropriated reserves	287,784	436,104	(492,527)		-
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 6,815,955</b>	<b>6,979,275</b>	<b>6,036,119</b>		<b>(14,525)</b>
<b>EXPENDITURES</b>					
	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances (Over) Under
General support (note 2)	\$ 1,191,648	1,304,288	1,261,527	101,223	(58,462)
Public safety	-	-	-	-	-
Health (note 2)	586,659	586,659	580,836	-	5,823
Transportation	1,677,725	1,678,214	1,435,914	75,000	167,300
Economic opportunity and development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Home and community service	1,627,950	1,563,141	1,027,592	97,605	437,944
Employee benefits	874,820	829,820	781,876	-	47,944
Debt service:					
Principal	640,653	840,653	780,651	-	60,002
Interest	216,500	176,500	167,223	-	8,777
<b>Total Expenditures</b>	<b>6,815,955</b>	<b>6,979,275</b>	<b>6,036,119</b>	<b>273,828</b>	<b>669,328</b>
<b>OTHER FINANCING USES</b>					
Transfers to other funds	-	-	-	-	-
<b>Total Expenditures and Other Uses</b>	<b>\$ 6,815,955</b>	<b>6,979,275</b>	<b>6,036,119</b>	<b>273,828</b>	<b>669,328</b>
					<b>\$ 654,803</b>

See accompanying notes to required supplementary information and independent auditors' report.

Town of Plattsburgh, New York  
 Other Required Supplementary Information  
 Schedule of Funding Progress for Post-employment Health Care Benefits  
 For the Year Ended December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B - A)/C)
12/31/10	0	3,802,186	3,802,186	0%	N/A	N/A

See accompanying notes to required supplementary information and independent auditors' report.



TOWN OF PLATTSBURGH, NEW YORK

Notes to Other Required Supplementary Information

December 31, 2010

(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	\$ 3,200,032	6,309,947
Less encumbrances recorded in budget comparison - Schedule 1	<u>(26,685)</u>	<u>(273,828)</u>
Expenditures per Exhibit D	\$ <u>3,173,347</u>	<u>6,036,119</u>

(2) Excess of Expenditures over Appropriations:

For the year ended December 31, 2010, expenditures in the Miscellaneous Fund, which is reported as a major special revenue fund, exceeded appropriations for general governmental support. Available fund balance and additional current year revenues were sufficient to provide for the excess expenditures.

(3) Post-employment Benefits Other Than Pensions:

The Town administers a single employer defined benefit healthcare plan (the Plan). The Plan provides lifetime healthcare for eligible retirees and their spouses through the Town's health insurance plan which covers both active and retired members.

TOWN OF PLATTSBURGH, NEW YORK

Notes to Other Required Supplementary Information

December 31, 2010

(3) Post-employment Benefits Other Than Pensions, Continued:

The Schedule of Funding Progress presents information which compares the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. The Town currently finances its other post-employment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio of actuarial assets to actuarial accrued liabilities is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which is the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the Plan.