

TOWN OF NEW HARTFORD

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
December 31, 2009

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

**TOWN OF NEW HARTFORD, NEW YORK
TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORTS	
Independent Auditor’s Report	1-2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards	3-4
Schedule of Findings and Recommendations	5-7
MANAGEMENT’S DISCUSSION AND ANALYSIS	8-17
BASIC FINANCIAL STATEMENTS	
Town-Wide Financial Statements	
• Statement of Net Assets	18
• Statement of Activities	19
Fund Financial Statements	
• Balance Sheet – Governmental Funds	20
• Reconciliation of Total Governmental Fund Equity to Net Assets of Governmental Activities	21
• Statement of Revenues, Expenditures, and Changes in Fund Equity – All Governmental Funds	22
• Reconciliation of the Statement of Revenues and Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	23
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Assets	24
Notes to Basic Financial Statements	25-40
SUPPLEMENTARY INFORMATION	
Schedules of Funding Progress of Other Postemployment Benefits	41
Schedules of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual –	
General Whole Town	42
General Part Town	43
Highway Part Town	44
Fire	45
Sewer	46
Non-Major Governmental Funds General	47
Combining Balance Sheet	48
Combining Statement of Revenues, Expenditures, and Changes in Fund Equity	49

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Board of Education
Town of New Hartford

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

Except as discussed in the following paragraph, 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 opinions.

Our audit did not include the substantiation of fixed assets. At the time of our audit, the Town did not have a complete fixed asset detail record. Accordingly, we were unable to audit the fixed assets.

The financial statements do not include financial data for the Town of New Hartford's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for those component unit to be reported with the financial data of the Town of New Hartford's primary government, unless the Town of New Hartford also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town of New Hartford has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been presented as \$3,092,479, \$35,436, \$3,057,043, \$679,145, and \$765,197, respectively.

In our opinion, because of the omission of the discretely presented component unit as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of Town of New Hartford, as of December 31, 2009, or the changes in financial position thereof for the year then ended.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to substantiate the fixed assets, 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 New Hartford, as of December 31, 2009, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 11, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Generally accounting principles generally accepted in the United States of America require that such as management's discussion and analysis on Pages 8 through 17 and budgetary comparison information and supplementary information on Pages 42 through 47 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 evidence sufficient 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 Town of New Hartford's basic primary government financial statements. The combining and individual nonmajor fund financial statements on Pages 48 through 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.

D'Arcangelo & Co., LLP

July 11, 2011

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

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

Town Board
Town of New Hartford

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of New Hartford as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 11, 2011. Our report was qualified because we were unable to substantiate fixed assets. Except as previously noted, 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 New Hartford'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 New Hartford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of New Hartford's internal control over financial reporting.

Our consideration of the 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 recommendations, 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 recommendations as items 09-A and 09-B to be material weaknesses.

A significant deficiency is a deficiency, or a 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 recommendations as items 09-C and 09-G to be significant deficiencies.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Town Board, management, the New York State Comptroller's Office, and Federal and other awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

D'Arcangelo & Co., LLP

July 11, 2011

Rome, New York

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2009

Findings - Financial Statements Audit

09-A. General Accounting

During the current year, we encountered accounting issues that led to the delay of the annual financial statements. The issues were mainly the result of the Town not fully accounting for liabilities and receivables in accordance with the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available, and expenditures are recognized as they are incurred and currently payable. These issues resulted in several prior period adjustments as noted in section 10 of the notes to the financial statements.

We also noted other issues were due to situations that were not fully communicated to the Accounting Department. For example, we noted some capital projects expenditures that were split between the capital project and the respective fund. While the Board approved the expenditure, there was no communication with regard to the funding of the project.

We recommend that the Town develop a closing procedure that encompasses the use of the modified accrual basis of accounting. The closing procedure should also include a process in which the various department heads provide information to ensure all accruals are complete. This is a process that would normally be coordinated by a comptroller.

For the long-term good and future success of the Town, we recommend that the Comptroller and the accounts payable positions be filled with experienced and qualified individuals.

09-B. Fixed Assets

At the present time, a complete fixed asset inventory is not maintained by the Town. Our audit report has been qualified because we were unable to audit fixed assets. We recommend that Town maintain detailed fixed asset records and reconcile these records to the general ledger on a timely basis to ensure accurate accounting for assets. Specifically, fixed asset records should include the following data:

- Description of the asset
- Cost, voucher number, and vendor name
- Date placed in service
- Estimated useful life
- Depreciation method (for both accounting and tax purposes)
- Depreciation expense and accumulated depreciation for the year
- Date asset retired and selling price if applicable

Complete information such as the above on all fixed assets would provide excellent control for the safeguarding of these assets.

09-C. Journal Entry Authorization and Support

During the audit, it was noted that most journal entries were not authorized and some did not have supporting documentation.

We recommend that management categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring journal entries is established at the beginning of the year. Nonrecurring journal entries would require individual authorization by management. Journal entries should always be supported by appropriate documentation where possible. Good documentation serves as an accounting record and facilitates future follow-up as well as additional insight for other users.

(Continued)

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2009

(Continued)

09-D. Segregation of Duties

During our audit, we noted that the controls were limited due to the lack of adequate staffing. The same person is responsible for the following duties:

- Bank reconciliations
- Deposits
- Bank Transfers
- Posing to general ledgers on computer system and manual subsidiary records
- Access and control over the Supervisor's signature stamp used for signing checks

While these duties are generally incompatible, they can be mitigated by strong management oversight. This oversight would include duties such as the following:

- Review of unopened bank statements
- Review of bank reconciliations
- Review of final abstracts with check issued and Board approved abstract
- Monitoring of the general ledgers for all accounts
- Monitoring of budget status reports

The Supervisor's Office has initiated procedures to help mitigate the lack of segregation of duties in 2011 by segregating the cash receipt and bank transfer functions.

09-E. Computer Controls

Through a review of the current policies, policies and controls in place over the computerized accounting system should be improved as follows:

- Currently, there are no formal procedures for adding, deleting or changing employees' rights in the System. These changes should be formally documented.
- There is no master payroll change report being generated or reviewed. This report would allow for a review of any changes made to payroll including new hires, removal of employees from the payroll module or changes in pay.
- There is no master vendor change report being generated or reviewed. This report would allow for a review of any unauthorized changes to existing vendors or the creation of fictitious vendors.

09-F. Controls Over Cash Receipts

During our audit, we noted the following in regards to cash receipts:

- The Business Office is not formally documenting the receipt books being used by the other departments. The Business Office should be formally documenting the receipt books given to other departments. As departments are collecting cash, a receipt should be issued, copies of all receipts and supporting documentation should be given to the Business Office who can then monitor the cash collections more efficiently. A separate log of all receipts submitted should be prepared to ensure all receipts are being submitted to the Business Office.

(Continued)

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2009

(Continued)

- When the cash is submitted to the Business Office, it was noted that not all departments are attaching receipts for the collections.
- The departments are not consistently issuing receipts for all funds received.

Stronger controls need to be implemented over the cash collections and the cash receipts cycle.

09-G. Town Code

Investment Policy

The current investment policy has not been updated since 1993. Since that time banks and insurance coverage by FDIC have been changed.

Procurement Policy

Changes were also made to General Municipal Law for procurement since 2009, but we noted the Town's purchasing policy has not been updated since 2006. The following were changes made during the year:

- The threshold for purchasing contracts subject to competitive bidding is now \$20,000. Previously, this amount was \$10,000.
- In addition, Chapter 56 also sets forth in the law specific wording regarding aggregate purchases and the prohibition of artificially dividing purchases for the purpose of satisfying threshold amounts. It also includes provisions associated with receiving bids in electronic format.
- Chapter 494 of the Laws of 2009 also amended section 103 of NYS General Municipal Law. All contracts for public works involving an expenditure of more than \$35,000 are subject to competitive bidding. This amount was \$20,000 previously.
- Chapter 402 of the Laws of 2007, effective January 1, 2009, are required under Section 104 of the NYS General Municipal Law, local government procurement policies are required to identify the officials responsible for purchasing.

**TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

The Town of New Hartford's discussion and analysis of financial performance provides an overall review of the Town's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Since this is the first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior-year assets, liabilities, and changes in net assets. This should be read in conjunction with the financial statements, which immediately follow this section.

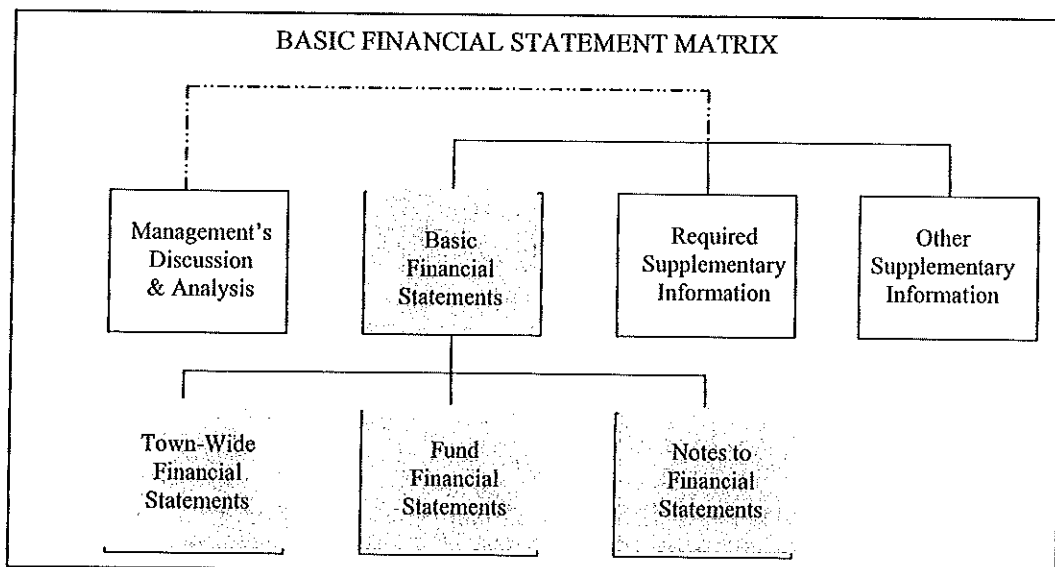
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2009, are as follows:

- The Town's total net assets, as reflected in the Town-wide financial statements, decreased by \$2,225,801.
- The Town's expenses for the year, as reflected in the Town-wide financial statements, totaled \$14,527,268. This amount was directly offset by the following revenue sources: \$934,164 charges for services; \$230,575 operating grants and contribution; \$25,418 capital grants and contributions. General revenues of \$11,111,310 amount to 90% of total revenues. These revenues covered the balance of program expenses leaving a deficit of \$2,225,801.
- The General Whole Town Fund's total fund balance, as reflected in the fund financial statements on pages 20 and 22, decreased by \$1,056,927, with prior period adjustments and equity transfer to establish the Police Fund, to a deficit of \$10,921. This was due to an excess of expenditures over revenues based on the modified accrual basis of accounting. The deficit was planned through the 2009 approved budget which appropriated a \$1,170,444 of the fund balance in the fund.
- The Highway Part Town Fund's total fund balance, as reflected in the fund financial statements on pages 20 and 22, decreased by \$164,061, with prior period adjustments, to \$89,953. Although the fund had a surplus of \$222,764, the surplus was offset by reductions due to prior period adjustments aggregating to \$386,825.
- The Town issued \$4,734,000 in serial bonds for the various capital projects mainly for storm water improvements, road construction, and equipment purchases.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of Town-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009

A. Town-wide Financial Statements

The Town-wide financial statements are organized to provide an understanding of the fiscal performance of the Town as a whole in a manner similar to a private sector business. There are two Town-wide financial statements - the Statement of Net Assets and the Statement of Activities. These statements provide both an aggregate and long-term view of the Town's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Assets

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net assets during the fiscal year. All changes in net assets are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Town are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Town-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Town's operations and the services it provides.

Because the focus of governmental funds is narrower than that of Town-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Town-wide financial statements. By doing so, you may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains seven individual governmental funds, General, Highway, Sewer, Police, Fire Protection, Mitigation and Capital funds, each of which is considered to be a major fund and is presented separately in the fund financial statements.

**TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in its capacity as agent or trustee. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The fiduciary activities have been excluded from the Town's Town-wide financial statements because the Town can not use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A. Net Assets

The Town's total net assets decreased \$2,225,801 between fiscal year 2009 and 2008. A summary of the Town's Statement of Net Assets for December 31, 2009 and 2008, is as follows:

	<u>2009</u>	<u>Restated 2008</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 6,191,910	\$ 9,233,619	\$ (3,041,709)	(32.9%)
Capital Assets, (Net of Accumulated Depreciation)	<u>14,498,119</u>	<u>13,074,818</u>	<u>1,423,301</u>	10.9%
Total Assets	<u>\$ 20,690,029</u>	<u>\$ 22,308,437</u>	<u>\$ (1,618,408)</u>	(7.3%)
Non-Current Liabilities	\$ 13,749,769	\$ 12,635,155	\$ 1,114,614	8.8%
Other Liabilities	<u>1,022,685</u>	<u>1,529,906</u>	<u>(507,221)</u>	(33.2%)
Total Liabilities	<u>\$ 14,772,454</u>	<u>\$ 14,165,061</u>	<u>\$ 607,393</u>	4.3%
Net Assets				
Invested in Capital Assets (Net of Related Debt)	\$ 3,760,733	\$ 2,978,564	\$ 782,169	26.3%
Restricted	2,506,841	3,307,075	(800,234)	(24.2%)
Unrestricted	<u>(349,999)</u>	<u>1,857,737</u>	<u>(2,207,736)</u>	(118.8%)
Total Net Assets	<u>\$ 5,917,575</u>	<u>\$ 8,143,376</u>	<u>\$ (2,225,801)</u>	(27.3%)

Capital assets increased by \$1,423,301, as compared to the prior year. This increase is primarily due to capital outlays of \$2,009,340 exceeding the depreciation expense of \$987,585.

Non-current liabilities increased by \$1,114,614 as compared to the prior year. This increase is the result of the accrual of the liability of other postemployment benefits.

The net assets invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support Town operations.

The unrestricted net assets at December 31, 2009, is (\$349,999), which represents the amount by which the Town's liabilities, excluding debt related to capital construction, exceeded the Town's assets other than capital assets.

TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009

B. Changes in Net Assets

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. Nonproperty tax items primarily consist of New York State Sales tax and franchise tax.

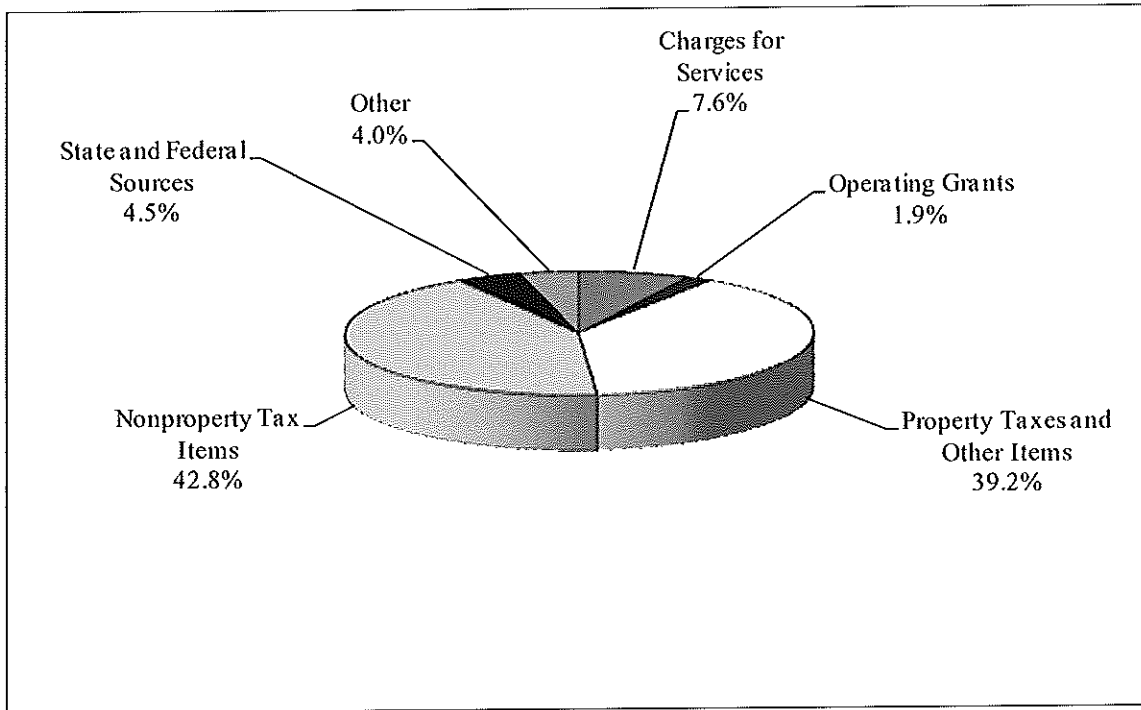
A summary of this statement for the years ended December 31, 2009 and 2008, is as follows.

Revenues	2009	Restated 2008	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 934,164	\$ 1,589,113	\$ (654,949)	(41.2%)
Operating Grants	230,575	38,940	191,635	492.1%
Capital Grants	25,418	265,626	(240,208)	(90.4%)
General Revenues				
Property Taxes and Other Items	4,817,514	4,487,050	330,464	7.4%
Nonproperty Tax Items	5,252,067	5,225,707	26,360	0.5%
State and Federal Sources	547,507	766,613	(219,106)	(28.6%)
Other	494,222	83,881	410,341	489.2%
Total Revenues	<u>12,301,467</u>	<u>12,456,930</u>	<u>(155,463)</u>	<u>(1.2%)</u>
Expenses				
General Government Support	2,126,394	2,159,331	(32,937)	(1.5%)
Public Safety	5,310,776	5,128,841	181,935	3.5%
Public Health	84,634	128,049	(43,415)	(33.9%)
Transportation	3,453,378	3,884,421	(431,043)	(11.1%)
Social Services	142,670	140,710	1,960	1.4%
Home and Community Services	1,330,602	952,126	378,476	39.8%
Culture and Recreation	1,802,376	1,615,466	186,910	11.6%
Interest on Debt	276,438	175,715	100,723	57.3%
Total Expenses	<u>14,527,268</u>	<u>14,184,659</u>	<u>342,609</u>	<u>2.4%</u>
Total Change in Net Assets	<u>\$ (2,225,801)</u>	<u>\$ (1,727,729)</u>	<u>\$ 498,072</u>	

**TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

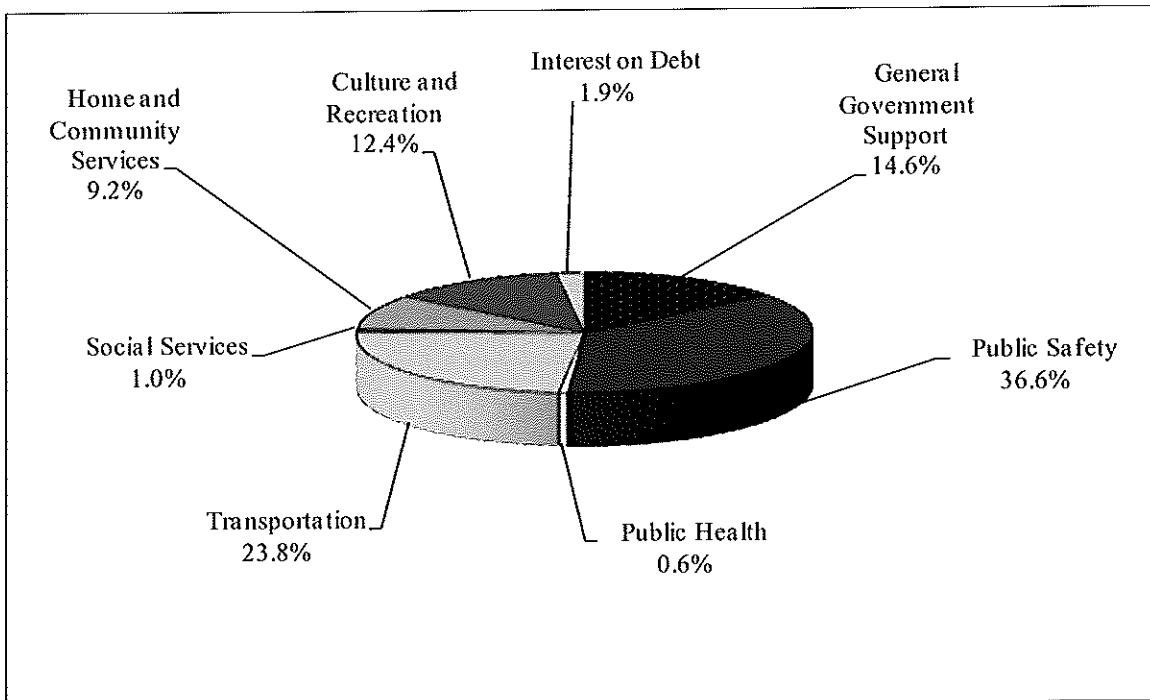
A graphic display of the distribution of revenues is as follows:

For the Year Ended December 31, 2009



A graphic display of the distribution of expenses is as follows:

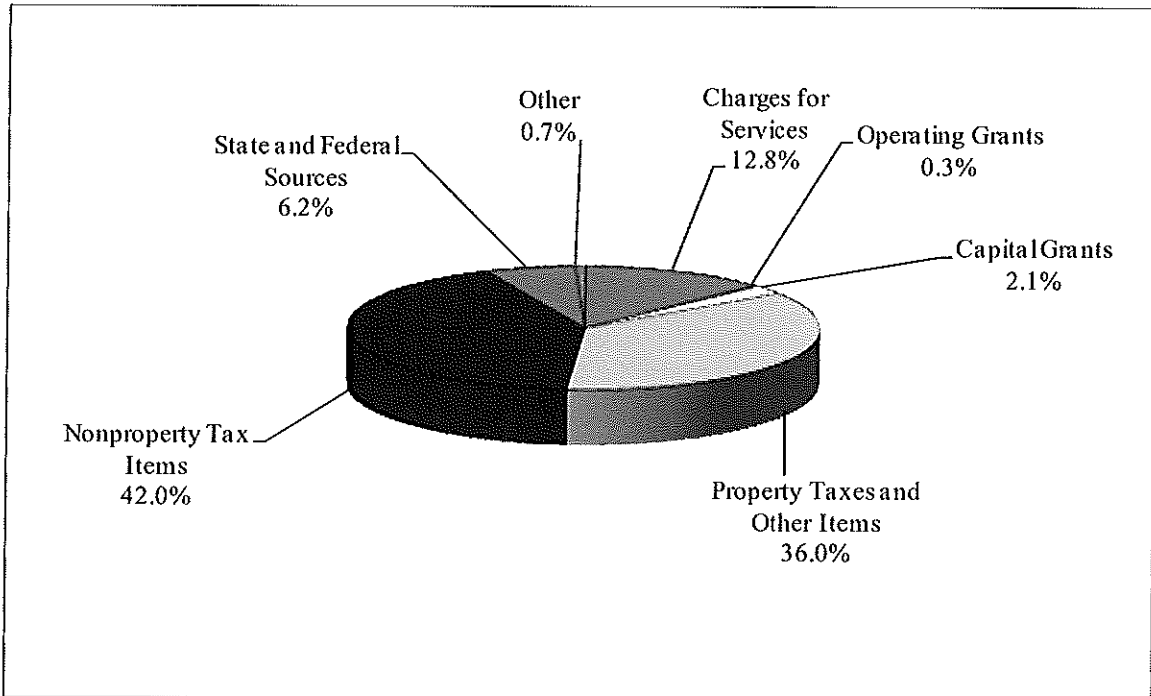
For the Year Ended December 31, 2009



**TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

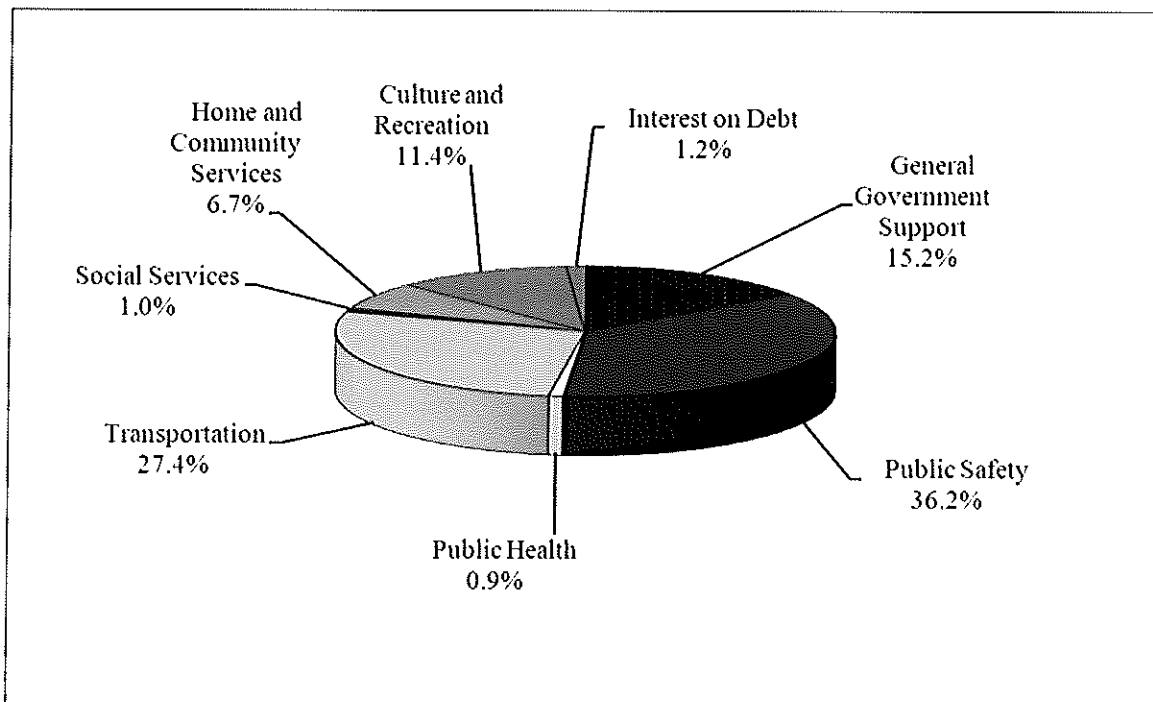
A graphic display of the distribution of revenues is as follows:

For the Year Ended December 31, 2008



A graphic display of the distribution of expenses is as follows:

For the Year Ended December 31, 2008



TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009

4. FINANCIAL ANALYSIS OF THE TOWN'S FUND BALANCES

At December 31, 2009, the Town's governmental funds reported a combined fund balance of \$5,327,419, which is a decrease of \$2,081,501 from the prior year. This decrease is due to an excess of expenditures over revenues for the year. A summary of the change in fund balance by fund is as follows:

	2009	Restated 2008	Increase (Decrease)
General Whole Town			
Unreserved - Designated for Subsequent Year's Expenditures	\$	\$ 1,170,444	\$ (1,170,444)
Unreserved - Undesignated (Deficit)	(10,921)	90,350	(101,271)
	<u>(10,921)</u>	<u>1,260,794</u>	<u>(1,271,715)</u>
General Part Town			
Unreserved - Designated for Subsequent Year's Expenditures	90,000	156,618	(66,618)
Unreserved - Undesignated	239,878	496,204	(256,326)
	<u>329,878</u>	<u>652,822</u>	<u>(322,944)</u>
Police			
Unreserved - Undesignated (Deficit)	(591,662)	(609,620)	17,958
	<u>(591,662)</u>	<u>(609,620)</u>	<u>17,958</u>
Highway Part Town			
Reserve for Encumbrances	329,735		
Unreserved - Designated for Subsequent Year's Expenditures		280,364	(280,364)
Unreserved - Undesignated (Deficit)	(239,782)	(413,175)	173,393
	<u>89,953</u>	<u>(132,811)</u>	<u>222,764</u>
Fire			
Unreserved - Undesignated (Deficit)	(44,053)	(60,025)	15,972
	<u>(44,053)</u>	<u>(60,025)</u>	<u>15,972</u>
Sewer			
Reserve for Encumbrances	94,164		94,164
Unreserved - Designated for Subsequent Year's Expenditures	315,103		315,103
Unreserved - Undesignated	1,226,036	1,518,696	(292,660)
	<u>1,635,303</u>	<u>1,518,696</u>	<u>116,607</u>
Mitigation			
Reserve for Mitigation Capital Improvements	2,506,841	2,719,782	(212,941)
	<u>2,506,841</u>	<u>2,719,782</u>	<u>(212,941)</u>
Capital			
Unreserved - Undesignated	1,268,953	1,961,774	(692,821)
	<u>1,268,953</u>	<u>1,961,774</u>	<u>(692,821)</u>
Non-Major			
Unreserved - Designated for Subsequent Year's Expenditures	11,700		11,700
Unreserved - Undesignated	131,427	97,508	33,919
	<u>143,127</u>	<u>97,508</u>	<u>45,619</u>
Total Fund Balance	<u>\$ 5,327,419</u>	<u>\$ 7,408,920</u>	<u>\$ (2,081,501)</u>

TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009

Combined decreases of \$2,081,501 to the fund balances during the year ended December 31, 2009, is mainly the result of utilizing budgeted appropriations and expenditure in the mitigation and capital funds.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2009 Budget

The Town's adopted budget's for the year ended December 31, 2009, for the following funds was \$14,961,773. This is an increase of \$1,140,188 over the prior year's adopted budgets. The 2009 General Fund budget was \$6,036,437, which was \$384,338 higher than the 2008 budget.

	<u>General Whole Town</u>	<u>General Part Town</u>	<u>Police</u>	<u>Highway Part Town</u>	<u>Fire</u>	<u>Sewer</u>
Change from Adopted Budget to Revised Budget						
Adopted Budget	\$ 6,271,320	\$ 550,119	\$ 2,745,909	\$ 3,310,825	\$ 1,152,437	\$ 678,409
Add: Prior Year's Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Original Budget	<u>6,271,320</u>	<u>550,119</u>	<u>2,745,909</u>	<u>3,310,825</u>	<u>1,152,437</u>	<u>678,409</u>
Less: Budget Reductions	(234,883)			(477)		
Add: Transfer to Highway Part Town		197,618				
Fire District #5 - Equipment					39,999	
Sewer Equipment						187,489
Other						<u>63,008</u>
	<u>(234,883)</u>	<u>197,618</u>		<u>(477)</u>	<u>39,999</u>	<u>250,497</u>
Final Budget	<u>\$ 6,036,437</u>	<u>\$ 747,737</u>	<u>\$ 2,745,909</u>	<u>\$ 3,310,348</u>	<u>\$ 1,192,436</u>	<u>\$ 928,906</u>

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$423,270 in property taxes and \$943,407 in nonproperty taxes that include sales and franchise taxes.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At December 31, 2009, the Town had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended December 31, 2009. A summary of the Town's capital assets, net of depreciation at December 31, 2009 and 2008, is as follows:

	<u>2009</u>	<u>Restated 2008</u>	<u>Increase/ (Decrease)</u>
Land	\$ 401,546	\$ 401,546	\$
Construction in Progress	3,022,926	1,477,076	1,545,850
Buildings	1,177,985	1,281,987	(104,002)
Infrastructure	7,917,991	8,245,201	(327,210)
Equipment	<u>1,977,671</u>	<u>2,070,554</u>	<u>(92,883)</u>
Capital Assets, Net	<u>\$ 14,498,119</u>	<u>\$ 13,476,364</u>	<u>\$ 1,021,755</u>

**TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

B. Debt Administration

At December 31, 2009, the Town had total bonds payable of \$10,737,386. A summary of the outstanding debt at December 31, 2009 and 2008, is as follows:

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>		<u>Increase (Decrease)</u>
				<u>2009</u>	<u>2008</u>	
General Fund – Whole Town						
1995	Aug-1995	Feb-2015	5-5.75	\$ 306,000	\$ 358,100	\$ (52,100)
1999	Aug-1999	Feb-2014	5-5.25	202,000	244,000	(42,000)
2002	Feb-2002	Mar-2022	3.9-4.75	910,000	985,000	(75,000)
2009	Mar-2009	Mar-2032	3.50-5.00	2,060,000		2,060,000
2009	Mar-2009	Mar-2032	3.50-5.00	<u>2,300,000</u>		<u>2,300,000</u>
				<u>5,778,000</u>	<u>1,587,100</u>	<u>4,190,900</u>
Police Fund						
2009	Mar-2009	Mar-2032	3.50-5.00	<u>59,000</u>	<u>196,000</u>	<u>(137,000)</u>
Highway Fund – Whole Town						
1999	Aug-1999	Feb-2014	5-5.25	148,000	196,000	(48,000)
2002	Feb-2011	Mar-2022	3.9-4.75	487,000	555,000	(68,000)
2009	Mar-2009	Mar-2032	3.50-5.00	<u>315,000</u>		<u>315,000</u>
				<u>950,000</u>	<u>751,000</u>	<u>199,000</u>
Water Fund						
1995	Aug-1995	Feb-2015	5-5.75	54,000	61,900	(7,900)
2006	NYSEFC Jul-2006	Jun-2036	0.00	<u>3,793,386</u>	<u>3,901,000</u>	<u>(107,614)</u>
				<u>3,847,386</u>	<u>3,962,900</u>	<u>(115,514)</u>
Sewer Fund						
2002	Feb-2002	Mar-2022	3.9-4.75	<u>103,000</u>	<u>110,000</u>	<u>(7,000)</u>
Total Serial Bonds Payable				<u>10,737,386</u>	<u>6,607,000</u>	<u>4,130,386</u>
Bond Anticipation Notes Refinanced in 2009					<u>4,076,800</u>	<u>(4,076,800)</u>
Total Long Term Debt				<u>\$ 10,737,386</u>	<u>\$ 10,683,800</u>	<u>\$ 53,586</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The continued growth in commercial development within the Town is one factor in keeping the tax-rate low. The budget as passed for the year 2011 showed a reduction in overall taxes by 8%. The reduction in the overall budget appropriations firmly planted the tax decrease. During the year 2010 and for the 2011 year, over \$1,000,000 in expenditures was slashed from the Town's budget. These reductions were part of a reorganization within the Town government and are permanent in nature, not one-time reductions. The opportunity for ongoing tax savings is very real and will be part of the basic financial strategy for this Township. We do not view growth as an enemy of sound fiscal management. On the contrary the continued growth along with the reductions in appropriations will proceed to keep the tax-rate low.

The audit of the Town's financial statements for 2009 and 2010 were extensive and provide an opportunity as an economic factor. The audit produced evidence of the commencement of sound fiscal progress upon which to build our future economic development and financial wellbeing. This audit was performed so as to cover a two-year period and was more extensive and far more reaching than most. The results indicate sound footings on which to build. One major economic factor, which was brought into focus during the audit, was the establishment of the Police Fund Balance. Although a deficit exists within this fund, the extent of the deficit was far less than anticipated and well within a manageable range. Certainly, the favorable economic result of this will be evident in future budgets as smaller amounts need to be replenished.

**TOWN OF NEW HARTFORD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

The current financial policies and strategies of the Town of New Hartford will lead it back to the sound fiscal foundation it once enjoyed. The corner has been turned in 2010 and we will forge ahead with commitment and determination to regain what was once part of this Town's history. A strong financial position will be established and new policies and procedures will be implemented to set the stage for continued prosperity.

8. CONTACTING THE TOWN

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the:

Town Supervisor
Town of New Hartford
48 Genesee Street
New Hartford, NY 13413

TOWN OF NEW HARTFORD, NEW YORK
STATEMENT OF NET ASSETS
December 31, 2009

Assets	
Cash and Cash Equivalents	\$ 4,595,179
Accounts Receivable (Net of Allowance)	96,020
Due From	
Other Governments	1,400,661
Fiduciary Fund	1,859
Inventory	9,325
Prepaid Expenditures	88,866
Capital Assets (Net of Accumulated Depreciation)	<u>14,498,119</u>
Total Assets	<u>\$ 20,690,029</u>
Liabilities	
Accounts Payable	\$ 293,174
Accrued Liabilities	177,224
Accrued Interest	158,194
Due To Employee Retirement System	345,932
Overpayments and Collections in Advance	40,561
Deferred Revenue	7,600
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	873,536
Due in More Than One Year	
Bonds Payable	9,863,850
Compensated Absences Payable	1,320,790
OPEB	<u>1,691,593</u>
Total Liabilities	<u>14,772,454</u>
Net Assets	
Investment in Capital Assets (Net of Related Debt)	3,760,733
Restricted	
Reserve for Mitigation Capital Improvements	2,506,841
Unrestricted	<u>(349,999)</u>
Total Net Assets	<u>5,917,575</u>
Total Liabilities and Net Assets	<u>\$ 20,690,029</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

TOWN OF NEW HARTFORD, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government Support	\$ 2,126,394	\$ 144,182	\$	\$	\$ (1,982,212)
Public Safety	5,310,776	361,946	98,998		(4,849,832)
Public Health	84,634				(84,634)
Transportation	3,453,378	170,538	124,952	6,377	(3,151,511)
Social Services	142,670				(122,308)
Home and Community Services	1,330,602	20,362	6,625	19,041	(1,067,800)
Culture and Recreation	1,802,376	237,136			(1,802,376)
Debt Service - Interest	276,438				(276,438)
Total Governmental Activities	<u>\$ 14,527,268</u>	<u>\$ 934,164</u>	<u>\$ 230,575</u>	<u>\$ 25,418</u>	<u>(13,337,111)</u>

General Revenues

Real Property Taxes	4,753,904
Other Real Property Taxes Items	63,610
Nonproperty Tax Items	5,252,067
General State Aid	547,507
Use of Money and Property	60,118
Gain on Disposition of Property	79,833
Licenses	102,268
Miscellaneous	252,003
Total General Revenues	<u>11,111,310</u>
Change in Net Assets	(2,225,801)
Net Assets, Beginning of Year	7,597,376
Prior Period Adjustment	546,000
Net Assets, End of Year	<u>\$ 5,917,575</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

TOWN OF NEW HARTFORD, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2009

	Governmental										Total Governmental Funds
	General Whole Town	General Part Town	Police	Highway Part Town	Fire	Sewer	Mitigation	Capital	Non-major Governmental		
Assets											
Current Assets											
Unrestricted Cash	\$ 74,040	\$ 20,689	\$	\$ (22,488)	\$	\$ 224,196	\$ 2,614,905	\$ 1,664,316	\$ 19,521	\$	\$ 1,980,274
Restricted Cash	51,351	14,563	7,880	22,226							2,614,905
Accounts Receivable	1,584,114	427,366		559,987		1,595,000	8,606	171,870	179,372	9,850	96,020
Due from Other Governments	498,663	178,151	35,374	678,623							4,526,315
Inventory	9,325										1,400,661
Prepaid Expenditures	67,930		15,105	5,133		698					9,325
Total Current Assets	<u>\$ 2,285,423</u>	<u>\$ 640,769</u>	<u>\$ 58,359</u>	<u>\$ 1,243,481</u>	<u>\$</u>	<u>\$ 1,819,894</u>	<u>\$ 2,623,511</u>	<u>\$ 1,836,186</u>	<u>\$ 208,743</u>	<u>\$</u>	<u>\$ 10,716,366</u>
Liabilities and Fund Equity											
Current Liabilities											
Accounts Payable	\$ 37,322	\$ 428	\$ 8,490	\$ 51,003	\$	\$ 122,561	\$	\$ 64,712	\$ 8,658	\$	\$ 293,174
Accrued Liabilities	56,573	8,802	51,766	54,254		5,829					177,224
Due to Other Funds	2,064,643	288,115	421,144	979,951	44,053	50,401	116,670	502,521	56,958		4,524,456
Due to Employees' Retirement System	89,645	13,546	168,621	68,320		5,800					345,932
Overpayments and Collections in Advance	40,561										40,561
Deferred Revenues	7,600										7,600
Total Current Liabilities	<u>2,296,344</u>	<u>310,891</u>	<u>650,021</u>	<u>1,153,228</u>	<u>44,053</u>	<u>184,591</u>	<u>116,670</u>	<u>567,233</u>	<u>65,616</u>	<u>\$</u>	<u>5,388,947</u>
Fund Equity (Deficit)											
Fund Balance - Reserved											
Reserve for Encumbrances											
Reserve for Mitigation Capital Improvements				329,735		94,164					
Fund Balance - Unreserved		90,000									
Designated for Subsequent Year's Expenditures	(10,921)	239,878	(591,662)	(239,782)	(44,053)	315,103		1,268,953	11,700		416,803
Undesignated (Deficit)	(10,921)	329,878	(591,662)	89,953	(44,053)	1,226,036		1,268,953	131,427		1,979,876
Total Fund Equity (Deficit)	<u>(10,921)</u>	<u>329,878</u>	<u>(591,662)</u>	<u>89,953</u>	<u>(44,053)</u>	<u>1,635,303</u>	<u>2,506,841</u>	<u>1,268,953</u>	<u>143,127</u>	<u>\$</u>	<u>5,327,419</u>
Total Liabilities and Fund Equity	<u>\$ 2,285,423</u>	<u>\$ 640,769</u>	<u>\$ 58,359</u>	<u>\$ 1,243,481</u>	<u>\$</u>	<u>\$ 1,819,894</u>	<u>\$ 2,623,511</u>	<u>\$ 1,836,186</u>	<u>\$ 208,743</u>	<u>\$</u>	<u>\$ 10,716,366</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

TOWN OF NEW HARTFORD, NEW YORK
RECONCILIATION OF TOTAL GOVERNMENTAL FUND EQUITY TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
 December 31, 2009

Governmental Fund Equity			\$ 5,327,419
Amounts reported for governmental activities in the statement of net assets are different due to the following:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
	Original Cost of Capital Assets	26,953,299	
	Accumulated Depreciation	<u>(12,455,180)</u>	14,498,119
Accrued Interest			(158,194)
Long-term liabilities, OPEB Liability and Compensated Absences, are not due and payable in the current-period and therefore are not reported in the funds			
	Bonds Payable	(10,737,386)	
	Compensated Absences Payable	(1,320,790)	
	OPEB	<u>(1,691,593)</u>	<u>(13,749,769)</u>
Net Assets of Governmental Activities			<u>\$ 5,917,575</u>

TOWN OF NEW HARTFORD, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	Governmental										Total Governmental Funds
	General Whole Town	General Part Town	Police	Highway Part Town	Fire	Sewer	Mitigation	Capital	Non-major Governmental		
Revenues	\$ 193,360	\$ 175,151	\$ 2,514,640	\$ 2,811,810	\$ 1,146,160	\$ 661,271	\$	\$	\$ 238,473	\$ 4,753,904	
Real Property Taxes	63,610		193,360	2,811,810					9,850	63,610	
Other Real Property Tax Items	2,061,896	155,491	79,432	160,441		9,166				5,252,067	
Nonproperty Tax Items	319,417	12,005		619	220	1,639		31,624	477	563,506	
Departmental Income	32,977	225								205,423	
Intergovernmental Charges	2,348	72,510								60,117	
Use of Money and Property	14,274									86,784	
Licenses and Permits	175,730									175,730	
Fines and Forfeitures	26,259		17,324	36,250						79,833	
Sale of Property and Compensation for Loss	179,608		57,027	14,601			5,757			256,993	
Miscellaneous	582,351		89,820	124,952						803,500	
State Aid	3,651,830	415,382	2,951,603	3,148,673	1,146,380	672,076	28,722	31,624	255,177	12,301,467	
Total Revenues											
Expenditures											
General Government Support	1,591,406	11,730			1,170,407			893,566		2,496,702	
Public Safety	603,635		2,058,420							3,832,462	
Public Health		54,840								54,840	
Transportation	120,927			2,275,041					90,740	2,486,708	
Social Services	142,670									142,670	
Home and Community Services	55,617	318,106				503,038		654,062	19	1,530,842	
Culture and Recreation	1,311,747							4,553		1,316,300	
Employee Benefits	835,987	107,910	921,209	608,141		63,786				2,537,033	
Debt Service - Principal	239,100	16,000		282,800		7,000				660,414	
Debt Service - Interest	113,818	1,124		37,356		4,702			115,514	160,285	
Total Expenditures	5,014,207	509,710	2,979,629	3,203,338	1,170,407	578,526		1,552,181	209,558	15,218,256	
Excess (Deficit) Revenues Over Expenditures	(1,363,077)	(94,328)	(28,026)	(54,665)	(24,027)	93,550	28,722	(1,520,557)	45,619	(2,916,789)	
Other Financing Sources											
Interfund Transfers From	96,673		45,984	277,429	39,999	23,057		33,928		517,070	
Interfund Transfers To	(5,311)	(228,616)						(41,480)		(517,070)	
Proceeds of Long-Term Debt								900,000		900,000	
Total Other Financing Sources	91,362	(228,616)	45,984	277,429	39,999	23,057		892,448		900,000	
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	(1,271,715)	(322,944)	17,958	222,764	15,972	116,607	(212,941)	(628,109)	45,619	(2,016,789)	
Fund Equity, Beginning of Year	1,046,006	672,007		254,014	(60,025)	1,530,804	2,719,782	1,961,774	98,881	8,223,243	
Prior Period Adjustment	(167,848)	(19,185)	(226,984)	(386,825)		(12,108)		(64,712)	(1,373)	(879,035)	
Equity Transfer - Police Fund	382,636		(382,636)								
Fund Equity (Deficit), Beginning of Year (Restated)	1,260,794	652,822	(609,620)	(132,811)	(60,025)	1,518,696	2,719,782	1,897,062	97,508	7,344,208	
Fund Equity (Deficit), End of Year	(10,921)	329,878	(591,662)	89,953	(44,053)	1,635,303	2,506,841	1,268,953	143,127	5,327,419	

The Accompanying Notes are an Integral Part of These Financial Statements.

TOWN OF NEW HARTFORD, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

Net Changes in Fund Balance - Total Governmental Funds \$ (2,016,789)

Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital Outlays	2,009,340	
Depreciation	<u>(987,585)</u>	1,021,755

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds of Long Term Debt	(900,000)	
Principal Payments on Long Term Debt	<u>660,414</u>	(239,586)

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

OPEB Liability	(851,821)	
Accrued Interest	(116,153)	
Compensated Absences	<u>(23,207)</u>	<u>(991,181)</u>

Change in Net Assets Governmental Activities \$ (2,225,801)

TOWN OF NEW HARTFORD, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2009

Assets	<u>Agency</u>
Unrestricted Cash	\$ 312,352
Due From Other Funds	369
Due From Other Governments	387
Other Assets	<u>454</u>
 Total Assets	 <u>\$ 313,562</u>
 Liabilities and Net Assets	
Agency Liabilities	\$ 16,135
Due To Other Funds	2,228
Tax Certiori Liability	165,000
Retainers Payable	<u>130,199</u>
 Total Liabilities and Net Assets	 <u>\$ 313,562</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared primarily from accounts maintained by the Town.

GASB is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies, established in U.S. GAAP and used by the Town, are discussed below.

Background

The Town of New Hartford, New York (the Town), is governed by the general laws of the State of New York, and various local laws and ordinances. The Town Board is the legislative body responsible for the overall operation of the Town. The Supervisor serves as the Chief Executive Officer and as Chief Fiscal Officer of the Town.

The Town provides the following basic services: public safety (police and fire), highways and streets, water and sewer, library, and various recreational and community services.

Financial Reporting Entity

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

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no other organizations have been included or excluded from the reporting entity except as follows:

(a) Included in the Reporting Entity

The New Hartford Public Library was established in 1977 by the Town and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Town of New Hartford appoints all trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the Town of New Hartford. The library is a component unit of the primary government. The financial statements can be obtained by writing to the New Hartford Public Library at 2 Library Lane, New Hartford, New York 13413.

Financial information for the Library has not been reported in the Town's financial statements. Accordingly, these financial statements present the activities of the primary government only and are not a complete presentation in accordance with generally accepted accounting principles.

Financial Statements - Government-Wide

The Town's financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Public safety, maintenance of roads, public works, social services, recreation and culture, water, sewer, and general administrative services are classified as governmental activities.

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

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All direct expenses incurred are charged to the corresponding function. Capital asset additions that cannot be identified to a specific function are allocated based on total expenses by program.

Employee benefits are reported as a separate function on the fund financial statements. These costs have been allocated for the government-wide financial statements based on the respective payroll for each function.

The net costs (by function or business-type activity) are normally covered by general revenues (property, non-property, or sales taxes, intergovernmental revenues, interest income, etc.).

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

Basic Financial Statements - Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Town reports the following major governmental funds:

(a) Major Funds:

The emphasis in the fund financial statements is on the major governmental fund categories. Non-major funds are summarized into a single column. The non-major funds consist of Highway Part Town, Water, and Lighting Districts

General Funds – Whole and Part Town - the principal operating fund and includes all operations not required to be recorded in other funds.

Highway Part Town Fund - to account for the repairs and maintenance of Town roads in accordance with New York State laws.

Special Revenue Funds – Police, Fire, and Sewer - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for those specified purposes. Real property taxes are raised for police services from the whole town excluding the Village of New York Mills. Real property taxes are also raised solely to pay the debt services for the water and sewer lines and fire protection provided by a separate entity. The Town does not have its own treatment facilities for water and sewer.

Mitigation Fund - used to account for financial resources from fees from various developers received in order to mitigate the cumulative effect of the respective development projects on the community.

Capital Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

(b) Fiduciary Fund Types – Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support Town programs.

The Town's fiduciary funds are presented in the agency trust fund in the financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, deferred compensation participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Nonexchange transactions are transactions in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Nonexchange revenues are generally reported as nonoperating revenues. 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.

Modified Accrual Basis - All Governmental Funds Financial Statements are reported for using the current financial resources measurement focus and the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town has defined the period of availability to be 90 days.

Material revenues that are accrued include real property taxes, Federal and State aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursements.
- b. Principal on indebtedness is not recognized as an expenditure until due.
- c. Capital Fund Expenditures are recorded when paid.

2. DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Town-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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

Total Fund Balances of Governmental Funds Compared To 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 Sheet.

Statement of Revenues, Expenditures, and Changes In Fund Balance Compared To Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The amounts shown below represent:

(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.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

(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.

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function on the Statement of Activities.

Budgets and Budgetary Accounting

(a) Budget Basis of Accounting

The budget is adopted annually on a basis consistent with U.S. GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

(b) Budget Policies

- Budgets are adopted annually on a basis consistent with U.S. generally accepted accounting principles.
- No later than October 5, the Town Supervisor submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of legislative resolution no later than Thursday after election date. Certified copies are filed no later than November 20 with the tax roll coordinator (Oneida County) for the purpose of preparing the tax levy.
- The Town Supervisor is authorized to transfer certain budgeted amounts within departments and/or individual funds.

Legally Adopted Budgets

All of the Funds, except capital, have legally adopted budgets. The Funds' budgets are adopted on a departmental and object level of expenditure basis in which expenditures may not legally exceed appropriations on a departmental and object of expenditure level.

Individual governmental fund comparisons of budget and actual data at the legal level of control established by the adopted budget (i.e., minimally at the department and object level) are not presented in this report for those funds with annual adopted budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

3. ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

4. Budget Limitations and Supplemental Appropriations

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

	<u>General Whole Town</u>	<u>General Part Town</u>	<u>Police</u>	<u>Highway Part Town</u>	<u>Fire</u>	<u>Sewer</u>
Change from Adopted Budget to Revised Budget						
Adopted Budget	\$ 6,271,320	\$ 550,119	\$ 2,745,909	\$ 3,310,825	\$ 1,152,437	\$ 678,409
Add: Prior Year's Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Original Budget	<u>6,271,320</u>	<u>550,119</u>	<u>2,745,909</u>	<u>3,310,825</u>	<u>1,152,437</u>	<u>678,409</u>
Less: Budget Reductions	(234,883)			(477)		
Add: Transfer to Highway Part Town		197,618				
Fire District #5 - Equipment					39,999	
Sewer Equipment						187,489
Other						<u>63,008</u>
	<u>(234,883)</u>	<u>197,618</u>	<u>0</u>	<u>(477)</u>	<u>39,999</u>	<u>250,497</u>
Final Budget	<u>\$ 6,036,437</u>	<u>\$ 747,737</u>	<u>\$ 2,745,909</u>	<u>\$ 3,310,348</u>	<u>\$ 1,192,436</u>	<u>\$ 928,906</u>

Estimates

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

Property Taxes

Taxes are collected by the receiver of taxes during the period January 1 to February 28 without penalty. Taxes are due by January 31. If received during February, there is a 1% penalty. If payment is received in March, there is a 1.5% penalty. After May 31, the unpaid amount is turned over to Oneida County. The County is responsible for collecting all taxes after April 1. The County pays the Town for the delinquent taxes and assumes enforcement responsibility for all taxes levied in the Town.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Capital Assets/Property, Plant, and Equipment

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure assets are capitalized on a prospective basis. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	40 Years
Machinery and Equipment	3-15 Years
Infrastructure	40 Years

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimate portion that is expected to be uncollectible. Estimated unbilled revenues are estimated at the end of each fiscal year for the Sewer and Electric Funds. Sewer fund receivables are fully guaranteed by the General Fund of the Town. Therefore, no allowance for doubtful accounts has been established for these funds.

Deferred Revenue

Deferred revenues are reported 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 legal claim to them, as when grant monies are received prior to the incidence 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 recorded.

Insurance

The Town insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or availability has been incurred and the amount of loss can be reasonably estimated.

Retirement Plan

The Town provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State Employees' Retirement System and the New York State Police and Fire Retirement System. These Systems are cost-sharing, multiple-employer, public employee retirement systems. The Systems offer 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.

In addition to providing pension benefits, the Town provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if Town employees are eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the Town and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charged the appropriate benefiting fund and reduced its related cost as reimbursement. All other interfund transactions are treated as transfers.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Fund Equity – Reserves and Designations

Reservations of fund balances are created to either satisfy legal restrictions or to plan for future expenditures. A designation of unreserved fund balances in governmental funds indicates the use of these resources in the subsequent year's budget. The following is a description of the reserves utilized by the Town:

(a) Reserve for Mitigation Capital Improvements

The Town has reserved part of the fund equity of the Capital Projects Fund. These funds being held are from the collection of mitigation fees. The funds can only be spent on specific public improvements. The majority of the current active agreements stipulate that the funds are required to be used by 2013, with \$896,909 required to be used by the December 31, 2010.

Inventories

Year-end supplies of office supplies that are on hand are shown as an asset of the Town.

Inventories of materials and supplies are recorded at cost on a first-in, first-out basis or market value, whichever is lower. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Compensated Absences

Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limits.

Cash and Cash Equivalents

State statutes require that collateral be pledged at 100 percent of all deposits not covered by Federal Deposit Insurance Corporation insurance for demand deposits, time deposits, repurchase agreements, and certificates of deposit. Obligations of the United States Treasury and its agencies as well as obligations of New York State and its municipalities and school districts may be pledged. Investments are carried at market value.

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Town's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Short-Term Debt

The Town may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

6. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Assets

(a) Custodial Credit Risk

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

As of December 31, 2009, \$106,285 of the Town's bank balances of \$5,814,435 were exposed to custodial credit risk because they were uninsured by FDIC and uncollateralized.

(b) Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2009, was as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 401,546	\$	\$	\$ 401,546
Construction in Progress	<u> </u>	1,477,076	1,545,850	3,022,926
Total	<u>401,546</u>	<u>1,477,076</u>	<u>1,545,850</u>	<u>3,424,472</u>
Capital Assets Being Depreciated				
Buildings	4,160,082			4,160,082
Infrastructure	13,088,387			13,088,387
Equipment	<u>5,816,868</u>		463,490	<u>6,280,358</u>
Total	<u>23,065,337</u>		<u>463,490</u>	<u>23,528,827</u>
Accumulated Depreciation				
Buildings	2,878,095		104,002	2,982,097
Infrastructure	4,843,186		327,210	5,170,396
Equipment	<u>3,746,314</u>		<u>556,373</u>	<u>4,302,687</u>
Total	<u>11,467,595</u>		<u>987,585</u>	<u>12,455,180</u>
Net Capital Assets Being Depreciated	<u>11,597,742</u>		<u>(524,095)</u>	<u>11,073,647</u>
Net Capital Assets	<u>\$ 11,999,288</u>	<u>\$ 1,477,076</u>	<u>\$ 1,021,755</u>	<u>\$ 14,498,119</u>

Depreciation expense was charged to the functions/programs as follows:

Governmental Activities	
General Government Support	\$ 98,758
Public Safety	148,138
Transportation	325,903
Home and Community Services	316,027
Culture and Recreation	<u>98,759</u>
Total Depreciation Expense	<u>\$ 987,585</u>

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Liabilities

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

Long-term liability balances and activity are as follows:

Description	Outstanding Beginning Balance	Refinanced	Issued	Paid	Outstanding Ending Balance	Due Within One Year
Governmental Activities						
Serial Bonds Payable	\$ 6,421,000	\$ 4,734,000	\$	\$ (417,614)	\$ 10,737,386	\$ 873,536
Bond Anticipation Notes - Long Term	4,076,800	(4,734,000)	900,000	(242,800)		
OPEB Liability	839,772		1,122,970	(271,149)	1,691,593	
Compensated Absences(i)	<u>1,297,583</u>		<u>23,207</u>		<u>1,320,790</u>	
Total Governmental	<u>\$ 12,635,155</u>	<u>\$</u>	<u>\$ 2,046,177</u>	<u>\$ (931,563)</u>	<u>\$ 13,749,769</u>	<u>\$ 873,536</u>

(i) Compensated Absences – Changes are shown net since it would be impractical to determine gross additions and deletions.

Future principal and interest payments due on serial bonds debt is as follows:

	Fiscal Year Ended			
	December 31,	Principal	Interest	Total
2010	\$	733,536	\$ 363,477	\$ 1,097,013
2011		861,458	245,575	1,107,033
2012		833,379	216,913	1,050,292
2013		635,301	191,963	827,264
2014		607,223	170,813	778,036
2015-2019		2,509,938	605,956	3,115,894
2020-2024		2,007,980	251,431	2,259,411
2025-2029		1,086,017	100,406	1,186,423
2030-2034		984,058	16,875	1,000,933
2035-2037		<u>478,496</u>		<u>478,496</u>
Total	<u>\$</u>	<u>10,737,386</u>	<u>\$ 2,163,409</u>	<u>\$ 12,900,795</u>

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Details relating to general obligation (serial) bonds of the School District outstanding at December 31, 2009, are summarized as follows:

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund – Whole Town				
1995	Aug-1995	Feb-2015	5-5.75	\$ 306,000
1999	Aug-1999	Feb-2014	5-5.25	202,000
2002	Feb-2002	Mar-2022	3.9-4.75	910,000
2009	Mar-2009	Mar-2032	3.50-5.00	2,060,000
2009	Mar-2009	Mar-2032	3.50-5.00	<u>2,300,000</u>
				<u>5,778,000</u>
Police Fund				
2009	Mar-2009	Mar-2032	3.50-5.00	<u>59,000</u>
Highway Fund – Whole Town				
1999	Aug-1999	Feb-2014	5-5.25	148,000
2002	Feb-2011	Mar-2022	3.9-4.75	487,000
2009	Mar-2009	Mar-2032	3.50-5.00	<u>315,000</u>
				<u>950,000</u>
Water Fund				
1995	Aug-1995	Feb-2015	5-5.75	54,000
2006 NYSEFC	Jul-2006	Jun-2036	0.00	<u>3,793,386</u>
				<u>3,847,386</u>
Sewer Fund				
2002	Feb-2002	Mar-2022	3.9-4.75	<u>103,000</u>
				<u>\$ 10,737,386</u>

Total interest for the year was as follows:

Interest Paid	\$ 160,285
Less: Interest Accrued in the Prior Year	(42,041)
Plus: Interest Accrued in the Current Year	<u>158,194</u>
Total Interest Expense on Long-Term Debt	<u>\$ 276,438</u>

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the Town. The Town may issue indebtedness to the extent that the aggregate outstanding debt issued, which are subject to such limit, does not exceed 7% of the average full valuation of taxable real estate within such Town. At December 31, 2009, the total outstanding indebtedness of the Town aggregated \$10,737,386. This amount was subject to the constitutional debt limit and represented approximately 11.17% of its statutory debt limit.

Pension Plans

a) Plan Description

The Town of New Hartford participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employee's Group Life Insurance Plan (Systems). These are cost-sharing, multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute 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 Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes general purpose financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

b) Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The New York State Pension System has a fiscal year end of March 31.

The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The contribution for the March 31, 2010 billings was made in January 2010. The Town accrues 75% of this billing at December 31, 2009.

The required contributions for the current year and two preceding years were:

	For the Years Ended March 31,		
	2010	2009	2008
<u>ERS</u>			
Average Contribution Rate	7.0%	8.1%	8.9%
Average Contributions	\$ 236,416	\$ 246,669	\$ 271,031
<u>PFRS</u>			
Average Contribution Rate	13.8%	14.5%	14.3%
Average Contributions	\$ 224,828	\$ 242,083	\$ 238,744

Other Postemployment Benefits (OPEB)

(a) Plan Description

The School District administers the Medical Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements. Generally, employees may retire with benefits when they reach the minimum age of 55 and have 20 years of service with the District.

The Plan does not issue a stand along publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

(b) Funding Policy

The obligations of the Plan members, employers, and other entities are established by action of the Town pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. For the year ended December 31, 2009, the Town's contributions to the Plan ranged from 85% to 100% of the required annual premiums. The retirees currently contribute enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the Town.

Effective January 1, 2008, the Town's other postemployment benefit (OPEB) cost for all employee health insurance benefits is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 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 over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation.

(c) Annual OPEB Cost

	<u>Total</u>
Normal Cost	\$ 467,298
Amortization of UAL	669,625
Interest	<u>33,591</u>
ARC	1,170,514
Adjustment to ARC	<u>(47,544)</u>
OPEB Expense	<u>\$ 1,122,970</u>

(d) Reconciliation of Net OPEB Obligation

	<u>Total</u>
Net OPEB Obligation at the Beginning of the Year	\$ 839,771
Annual Required Contribution	1,122,970
Net OPEB Contributions Made During the Fiscal Year	<u>(271,149)</u>
Net OPEB Obligation at the End of the Year	<u>\$ 1,691,592</u>
Percentage of Expense Contributed	24%

(e) Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Net OPEB Expense</u>	<u>OPEB Expense Contributed</u>	<u>% of Expense Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$ 1,069,504	\$ 229,732	21.5%	\$ 839,771
December 31, 2009	\$ 1,122,970	\$ 271,149	24.1%	\$ 1,691,592

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

(f) Funding Status

	Total
Actuarial Accrued Liability	\$ 11,372,715
Actuarial Value of Assets	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 11,372,715
Funded Ratio	0%
Annual Covered Payroll	\$ 5,145,396
UAAL as a Percentage of Covered Payroll	221%

(g) Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. For this reason, the results in this report should be viewed as estimates. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future.

The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial measurement date was dated July 1, 2008.

(h) Health Care Trend Factors

Medical care costs are assumed to increase in accordance with the following schedule:

Year	Trend
2010	10.5%
2011	10.0%
2012	9.5%
2013	9.0%
2014 and Later	8.5% to 5.0%

(i) Additional Information

Actuarial Valuation Date	January 1, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Period	Single Amortization Period
Amortization Period Remaining (Years)	29
Funding Interest Rate	4%
Fiscal year that the Rate Reaches the Ultimate Trend Rate	2015

**TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009**

Interfund receivables and Payables

Interfund receivables and payables at December 31, 2009, were as follows:

<u>Fund Type</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Whole Town	\$ 1,584,114	\$ 2,064,643	\$ 96,673	\$ 5,311
General Part Town	427,366	288,115		228,616
Police		421,144	45,984	
Highway Part Town	559,987	979,951	277,429	
Fire		44,053	39,999	
Sewer	1,595,000	50,401	23,057	
Mitigation	8,606	116,670		241,663
Capital	171,870	502,521	33,928	41,480
Non-Major	179,372	56,958		
Fiduciary Funds	369	2,228		
Total	<u>\$ 4,526,684</u>	<u>\$ 4,526,684</u>	<u>\$ 517,070</u>	<u>\$ 517,070</u>

7. COMMITMENTS AND CONTINGENCIES

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

8. CONTINGENT LIABILITIES

Judgments and Claims

The Town is a defendant in various lawsuits. In the opinion of the Town's management, after considering all relevant facts and the opinion of outside counsel in certain instances, such litigation will not in the aggregate have a materially adverse effect on the financial position of the Town.

*New York State Department of Environmental Conservation
(NYSDEC) Consent Order*

The Town is one of eight municipalities that participate in the Oneida County Sewer District. The consent order directs the District to mitigate the future effects of the sewer overflows along the Sauquoit Creek Basin. The total project is estimated to cost \$79.2 million. The initial phase of the project is expected to cost approximately \$25 million. In 2010, all participating municipalities began paying a surcharge of \$1.05 per 1000 gallons of water used. In 2010, the Town of New Hartford's total surcharge paid to the District was \$459,227. This amount will be paid annually until the project complete and any borrowings are paid in full.

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Union Agreements

The Town has the following union agreements in place with the related expiration dates:

Police	New Hartford Police Benevolent Association	Expired December 31, 2008
Highway	Teamsters Local No. 182	December 31, 2010
Parks	Teamsters Local No. 182	December 31, 2010

9. DEFICIT FUND BALANCES

General Whole Town

The deficit in the General Whole Town Fund at December 31, 2009 of \$10,921 was due to general operations. The deficit is expected to be eliminated in 2010 through expenditure reductions and an increase to the property tax levy.

Police

The deficit in the General Whole Town Fund at December 31, 2009 of \$591,662 was due to prior years' operating deficits. The deficit is expected to be eliminated in future years through expenditure reductions and an increase to the property tax levy.

Fire

The deficit in the General Whole Town Fund at December 31, 2009 of \$44,053 was due to prior years' operating deficits. The deficit is expected to be eliminated in future years through expenditure reductions and an increase to the property tax levy.

10. PRIOR PERIOD ADJUSTMENTS

General Whole Town and Police

In prior years, the General Whole Town and the Police Funds were erroneously combined. The Police Fund deficit before other prior period adjustments described below was \$382,636. This amount was transferred to the new Police Fund.

Employee Retirement Accrual

The NYS Employees' Retirement System has a year end and billing year ending on March 31. The Town pays its required contribution in January before the billing period ending March 31. According to generally accepted accounting principles, the cost should be expensed as incurred. Consequently, the following prior period adjustment was made to record the adjustment to reduce fund equity because of the liability at December 31, 2008:

General Whole Town	\$ 82,889
General Part Town	12,317
Police	181,562
Highway Part Town	70,901
Sewer	<u>7,271</u>
Total	<u>\$ 354,940</u>

Payroll Accrual

The Town had a payroll accrual at December 31, 2008, that was not recognized. Consequently, the following prior period adjustment was made to record the adjustment to reduce fund equity because of the liability at December 31, 2008:

General Whole Town	\$ 47,361
General Part Town	6,868
Police	45,422
Highway Part Town	50,298
Sewer	4,837
Non Major	<u>1,373</u>
Total	<u>\$ 156,159</u>

TOWN OF NEW HARTFORD, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

Grant Receivables

The Town had recognized receivables in error at December 31, 2008, that were not properly applied for. The grants related to projects at Woods Highway, Sessions Road, Elm Street, and Tilden Avenue. Consequently, the following prior period adjustment was made to record the adjustment to reduce fund equity because of the liability at December 31, 2008:

General Whole Town	\$ 37,598
Highway Part Town	<u>265,626</u>
Total	<u>\$ 303,224</u>

Grant Receivables

The Town recorded a prior period adjustment in the Capital Fund to reduce fund balance by \$64,712. This amount represents an accounts payable for engineering services incurred in 2008.

Government-Wide

The Town posted prior period adjustments to the government-wide financial statements as follows:

Employee Retirement Accrual (See Above)	\$ (354,940)
Payroll Accrual (See Above)	(156,159)
Grant Receivables (See Above)	(303,224)
To recognize Construction In Progress	1,477,076
To adjust serial bonds to actual	(10,000)
To record capital fund accounts payable	(64,712)
To record accrued interest on Bonds	<u>(42,041)</u>
Total	<u>\$ 546,000</u>

11. NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 51, Accounting and Financial Reporting For Intangible Assets

GASB 51 provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, and water rights. GASB 51 provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

The requirements of GASB 51 are effective for financial statements for periods beginning after June 15, 2009, and for the most part require retroactive application.

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULES OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT BENEFITS
For the Year Ended December 31, 2009

Fiscal Year Ending	Actuarial Value of Assets	Actuarial		Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
		Accrued Liability-Projected Unit Credit					
	(a)	(b)		(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
December 30, 2008	\$	\$	10,724,156	\$ 10,724,156	0%	\$ 5,315,686	202%
December 31, 2009	\$	\$	11,372,715	\$ 11,372,715	0%	\$ 5,145,396	221%

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - GENERAL WHOLE TOWN FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
Revenues				
Real Property Taxes	\$ 193,360	\$ 193,360	\$ 193,360	\$
Other Real Property Tax Items	56,000	56,000	63,610	7,610
Nonproperty Tax Items	2,680,829	2,537,129	2,061,896	(475,233)
Departmental Income	353,708	353,708	319,417	(34,291)
Intergovernmental Charges			32,977	32,977
Use of Money and Property	25,400	25,400	2,348	(23,052)
Licenses and Permits	13,540	13,540	14,274	734
Fines and Forfeitures	170,000	170,000	175,730	5,730
Sale of Property and Compensation for Loss	17,500	17,500	26,259	8,759
Miscellaneous	157,380	168,945	179,608	10,663
State Aid	<u>1,391,703</u>	<u>1,391,703</u>	<u>582,351</u>	<u>(809,352)</u>
Total Revenues	<u>5,059,420</u>	<u>4,927,285</u>	<u>3,651,830</u>	<u>(1,275,455)</u>
Expenditures				
General Government Support	1,919,518	1,687,844	1,591,406	96,438
Public Safety	610,012	654,316	603,635	50,681
Transportation	134,603	128,423	120,927	7,496
Social Services	165,682	145,902	142,670	3,232
Home and Community Services	62,000	42,000	55,617	(13,617)
Culture and Recreation	2,028,635	1,982,645	1,311,747	670,898
Employee Benefits	920,732	1,021,168	835,987	185,181
Debt Service - Principal	239,100	239,100	239,100	
Debt Service - Interest	<u>191,038</u>	<u>129,728</u>	<u>113,818</u>	<u>15,910</u>
Total Expenditures	<u>6,271,320</u>	<u>6,031,126</u>	<u>5,014,907</u>	<u>1,016,219</u>
(Deficit) Revenues Over Expenditures	<u>(1,211,900)</u>	<u>(1,103,841)</u>	<u>(1,363,077)</u>	<u>(259,236)</u>
Other Financing Sources (Uses)				
Interfund Transfers From	41,456	109,381	96,673	(12,708)
Interfund Transfers To		(5,311)	(5,311)	
Appropriated Fund Balance	<u>1,170,444</u>	<u>999,771</u>		<u>(999,771)</u>
Total Other Financing Sources (Uses)	<u>1,211,900</u>	<u>1,103,841</u>	<u>91,362</u>	<u>(1,012,479)</u>
(Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (1,271,715)</u>	<u>\$ (1,271,715)</u>

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - GENERAL PART TOWN FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
Revenues				
Nonproperty Tax Items	\$ 175,151	\$ 167,651	\$ 175,151	\$ 7,500
Departmental Income	107,200	107,200	155,491	48,291
Intergovernmental Charges			12,005	12,005
Use of Money and Property			226	226
Licenses and Permits	<u>111,150</u>	<u>111,150</u>	<u>72,510</u>	<u>(38,640)</u>
Total Revenues	<u>393,501</u>	<u>386,001</u>	<u>415,383</u>	<u>29,382</u>
Expenditures				
General Government Support	7,454	12,554	11,730	824
Public Health	55,326	54,886	54,840	46
Home and Community Services	360,869	325,209	318,106	7,103
Employee Benefits	108,902	108,902	107,910	992
Debt Service - Principal	16,000	16,000	16,000	
Debt Service - Interest	<u>1,568</u>	<u>1,568</u>	<u>1,124</u>	<u>444</u>
Total Expenditures	<u>550,119</u>	<u>519,119</u>	<u>509,710</u>	<u>9,409</u>
(Deficit) Revenues Over Expenditures	<u>(156,618)</u>	<u>(133,118)</u>	<u>(94,327)</u>	<u>38,791</u>
Other Financing Sources (Uses)				
Interfund Transfers To		(228,618)	(228,617)	1
Appropriated Fund Balance	<u>156,618</u>	<u>361,736</u>		<u>(361,736)</u>
Total Other Financing Sources (Uses)	<u>156,618</u>	<u>133,118</u>	<u>(228,617)</u>	<u>(361,735)</u>
(Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (322,944)</u>	<u>\$ (322,944)</u>

TOWN OF NEW HARTFORD, NEW YORK
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -
 BUDGET AND ACTUAL - GENERAL POLICE FUND
 For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
Revenues				
Real Property Taxes	\$ 2,514,640	\$ 2,514,640	\$ 2,514,640	\$
Nonproperty Tax Items	193,360	193,360	193,360	
Departmental Income	37,909	37,909	79,432	41,523
Sale of Property and Compensation for Loss			17,324	17,324
Miscellaneous			57,027	57,027
State Aid			89,820	89,820
Total Revenues	<u>2,745,909</u>	<u>2,745,909</u>	<u>2,951,603</u>	<u>205,694</u>
Expenditures				
Public Safety	1,979,707	1,979,707	2,058,420	(78,713)
Employee Benefits	<u>766,202</u>	<u>766,202</u>	<u>921,209</u>	<u>(155,007)</u>
Total Expenditures	<u>2,745,909</u>	<u>2,745,909</u>	<u>2,979,629</u>	<u>(233,720)</u>
Excess Revenues Over Expenditures			<u>(28,026)</u>	<u>(28,026)</u>
Other Financing Sources				
Interfund Transfers From			45,984	45,984
Total Other Financing Sources			<u>45,984</u>	<u>45,984</u>
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 17,958</u>	<u>\$ 17,958</u>

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - HIGHWAY PART TOWN FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
Revenues				
Nonproperty Tax Items	\$ 2,701,810	\$ 2,649,810	\$ 2,811,810	\$ 162,000
Intergovernmental Charges	185,141	185,141	160,441	(24,700)
Use of Money and Property	5,000	5,000	619	(4,381)
Sale of Property and Compensation for Loss	13,600	13,600	36,250	22,650
Miscellaneous	50	50	14,601	14,551
State Aid	<u>124,860</u>	<u>124,860</u>	<u>124,952</u>	<u>92</u>
Total Revenues	<u>3,030,461</u>	<u>2,978,461</u>	<u>3,148,673</u>	<u>170,212</u>
Expenditures				
General Government Support	25,000			
Transportation	2,421,267	2,363,270	2,275,041	88,229
Employee Benefits	565,608	624,128	608,141	15,987
Debt Service - Principal	258,800	282,800	282,800	
Debt Service - Interest	<u>40,150</u>	<u>40,150</u>	<u>37,356</u>	<u>2,794</u>
Total Expenditures	<u>3,310,825</u>	<u>3,310,348</u>	<u>3,203,338</u>	<u>107,010</u>
(Deficit) Revenues Over Expenditures	<u>(280,364)</u>	<u>(331,887)</u>	<u>(54,665)</u>	<u>277,222</u>
Other Financing Sources				
Interfund Transfers From		277,426	277,429	3
Appropriated Fund Balance	<u>280,364</u>	<u>54,461</u>		<u>(54,461)</u>
Total Other Financing Sources	<u>280,364</u>	<u>331,887</u>	<u>277,429</u>	<u>(54,458)</u>
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 222,764</u>	<u>\$ 222,764</u>

TOWN OF NEW HARTFORD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - FIRE FUND
For the Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
Revenues				
Real Property Taxes	\$ 1,146,160	\$ 1,146,160	\$ 1,146,160	\$
Use of Money and Property	<u>1,475</u>	<u>1,475</u>	<u>220</u>	<u>(1,255)</u>
Total Revenues	<u>1,147,635</u>	<u>1,147,635</u>	<u>1,146,380</u>	<u>(1,255)</u>
Expenditures				
Public Safety	<u>1,152,437</u>	<u>1,192,436</u>	<u>1,170,407</u>	<u>22,029</u>
Total Expenditures	<u>1,152,437</u>	<u>1,192,436</u>	<u>1,170,407</u>	<u>22,029</u>
(Deficit) Revenues Over Expenditures	<u>(4,802)</u>	<u>(44,801)</u>	<u>(24,027)</u>	<u>20,774</u>
Other Financing Sources				
Interfund Transfers From		39,999	39,999	
Appropriated Fund Balance	<u>4,802</u>	<u>4,802</u>		<u>(4,802)</u>
Total Other Financing Sources	<u>4,802</u>	<u>44,801</u>	<u>39,999</u>	<u>(4,802)</u>
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 15,972</u>	<u>\$ 15,972</u>

TOWN OF NEW HARTFORD, NEW YORK
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -
 BUDGET AND ACTUAL - SEWER FUND
 For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
Revenues				
Real Property Taxes	\$ 661,271	\$ 661,271	\$ 661,271	\$
Departmental Income	4,722	4,722	9,166	4,444
Use of Money and Property	12,416	12,416	1,639	(10,777)
Total Revenues	<u>678,409</u>	<u>678,409</u>	<u>672,076</u>	<u>(6,333)</u>
Expenditures				
Home and Community Services	616,145	849,439	503,038	346,401
Employee Benefits	50,562	67,765	63,786	3,979
Debt Service - Principal	7,000	7,000	7,000	
Debt Service - Interest	4,702	4,702	4,702	
Total Expenditures	<u>678,409</u>	<u>928,906</u>	<u>578,526</u>	<u>350,380</u>
Excess (Deficit) Revenues Over Expenditures		<u>(250,497)</u>	<u>93,550</u>	<u>344,047</u>
Other Financing Sources				
Interfund Transfers From		23,057	23,057	
Appropriated Fund Balance		227,440		(227,440)
Total Other Financing Sources		<u>250,497</u>	<u>23,057</u>	<u>(227,440)</u>
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 116,607</u>	<u>\$ 116,607</u>

TOWN OF NEW HARTFORD, NEW YORK
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009

	Highway Part Town	Water	Lighting Districts	Total Nonmajor Governmental Funds
Assets				
Current Assets				
Unrestricted Cash	\$ 3,766	\$ 4,821	\$ 10,934	\$ 19,521
Due from Other Funds	108,547	70,000	825	179,372
Due from Other Governments	9,850			9,850
Total Current Assets	<u>\$ 122,163</u>	<u>\$ 74,821</u>	<u>\$ 11,759</u>	<u>\$ 208,743</u>
Liabilities and Fund Equity				
Current Liabilities				
Accounts Payable	\$	\$	\$ 8,658	\$ 8,658
Due to Other Funds		56,958		56,958
Total Current Liabilities		<u>56,958</u>	<u>8,658</u>	<u>65,616</u>
Fund Equity				
Fund Balance - Unreserved				
Designated for Subsequent Year's Expenditures	9,995		1,705	11,700
Undesignated	112,168	17,863	1,396	131,427
Total Fund Equity	<u>122,163</u>	<u>17,863</u>	<u>3,101</u>	<u>143,127</u>
Total Liabilities and Fund Equity	<u>\$ 122,163</u>	<u>\$ 74,821</u>	<u>\$ 11,759</u>	<u>\$ 208,743</u>

TOWN OF NEW HARTFORD, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	Highway Part Town	Water	Lighting Districts	Total Nonmajor Governmental Funds
Revenues				
Real Property Taxes	\$	\$ 150,356	\$ 88,117	\$ 238,473
Nonproperty Tax Items	9,850			9,850
Use of Money and Property	6	254	217	477
State Aid	6,377			6,377
Total Revenues	<u>16,233</u>	<u>150,610</u>	<u>88,334</u>	<u>255,177</u>
Expenditures				
Transportation	307		90,433	90,740
Home and Community Services		19		19
Debt Service - Principal		115,514		115,514
Debt Service - Interest		3,285		3,285
Total Expenditures	<u>307</u>	<u>118,818</u>	<u>90,433</u>	<u>209,558</u>
Excess Revenues Over Expenditures	<u>15,926</u>	<u>31,792</u>	<u>(2,099)</u>	<u>45,619</u>
Fund Equity (Deficit), Beginning of Year	107,610	(13,929)	5,200	97,508
Prior Period Adjustment	(1,373)			
Fund Equity (Deficit), Beginning of Year (Restated)	<u>106,237</u>	<u>(13,929)</u>	<u>5,200</u>	<u>97,508</u>
Fund Equity (Deficit), End of Year	<u>\$ 122,163</u>	<u>\$ 17,863</u>	<u>\$ 3,101</u>	<u>\$ 143,127</u>