



TOWN OF NEW HARTFORD

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
December 31, 2010

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

**TOWN OF NEW HARTFORD, NEW YORK  
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## 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, 2010, which collectively comprise the basic financial statements of the Town of New Hartford's primary government as listed in the table of contents. These financial statements are the responsibility of the 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 to approximated the December 31, 2010 amounts as \$3,092,479, \$35,436, \$3,057,043, \$679,145, and \$765,197, respectively. At the date of this report, the current year amounts were not available.

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 the Town of New Hartford, as of December 31, 2010, 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, 2010, 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 10 through 19 and budgetary comparison information and supplementary information on Pages 42 through 50 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 the Town of New Hartford's basic primary government financial statements. The combining and individual nonmajor fund financial statements on Pages 49 and 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

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**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, 2010, 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.

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

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 QUESTIONED COSTS**  
**For the Year Ended December 31, 2010**

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**Findings - Financial Statements Audit**

**10-A. Staffing of the Accounting Department**

During the current year, we encountered accounting issues that led to the delay of the annual financial statements. The majority of these issues stemmed from an understaffed accounting department. In addition, the under staffing was exasperated by the retirement of the former Bookkeeper and the vacant Comptroller's position.

The Comptroller position is a key position that was vacated. Since that time, the Town has experienced many problems in the accounting and finance area. The vacancy left by the Comptroller requires that other employees in the accounting department perform the Comptroller's duties while still completing their own work. The complexities of Town's accounting processes have also increased over the years and timely, accurate financial information is of the utmost importance. Along with this extra workload, the employees are under additional stress because they are performing duties that they never have before and in many complex areas. After an extended period of working under these conditions, the likelihood for errors increases and the likelihood that employees will begin to leave also increases. While this type of staffing may be satisfactory for a short time, it does not allow for improvement and development to take place within the accounting area, because only current demands can be handled.

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 QUESTIONED COSTS**  
**For the Year Ended December 31, 2010**

(Continued)

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**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 QUESTIONED COSTS**  
**For the Year Ended December 31, 2010**

(Continued)

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- 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 RESPONSE TO FINDINGS IN 2010 AUDIT**  
**For the Year Ended December 31, 2010**

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We offer the following responses to the findings outlined in the 2010 financial audit. The responses are numbered in correspondence to the numbering in the report.

**10-A. Staffing of Accounting Department**

The Supervisor's Office is aware of the staffing needs and requirements within the Finance Department. Currently, the Town is reviewing applicants to fill the accounts payable clerk position. This position was funded in the 2011 budget and it is anticipated that it will be filled by year-end.

The position of comptroller is considered to be essential to the long-term financial well-being and stability of the Town. Although this position has been vacated for several years, it is the intention of the new administration to re-establish this office. Currently, the newly-elected Town Supervisor is acting in this capacity to fill the void. The Supervisor was at one-time the Town Comptroller and thus, has the experience and knowledge to perform this function over the short-term.

**09-B. Fixed Assets**

The administration is cognizant of the need to complete the fixed asset inventory. This project was initiated several years ago but was never completed, in part, due to the staffing requirements outlined above. The restarting of this project will begin upon the reorganization of the Finance Office.

**09-C. Journal Entry Authorization and Support**

This weakness was recognized by the current administration and subsequent to the audit date new procedures have been implemented to require Supervisory review of all journal entries. The new procedures also call for a different format to report the entries, which will provide easier tracking and required substantiation for any entry proposed.

**09-D. Segregation of Duties**

In an organization with limited personnel in the Finance Office, the ability to segregate duties is extremely difficult. However, subsequent to the audit date, new procedures have been established to adequately segregate the responsibilities and duties of those maintaining cash reporting within the Town. In order to accomplish this, personnel from the Supervisor's Office were utilized to separate functions previously performed by one person. Although further reorganization is needed, and will be implemented in this area, the currently established procedures will fulfill the segregation requirements of these positions.

**09-E. Computer Controls**

The lack of controls concerning computer access and duties was identified even prior to the 2010 audit. At present, the requirements of an adequate system are being drafted as part of the Town's overall updating of its computer, data and telecommunications program. It is anticipated that this will be completed by year-end 2011.

(Continued)

**TOWN OF NEW HARTFORD, NEW YORK**  
**MANAGEMENT'S RESPONSE TO FINDINGS IN 2010 AUDIT**  
**For the Year Ended December 31, 2010**

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(Continued)

**09-F. Controls Over Cash Receipts**

As noted above, the finance department and functions of the finance department have been revamped beginning early in 2011. The new procedures, which have been implemented in connection with this reorganization, will provide greater control of the issuance of cash receipts and their documentation. Receipts are now given out for all monies received in the finance office and further actions are being done to ensure that all monies received by the departments are properly documented. These policies deal mostly with small dollar receipts accepted by the departments, as the large receipts currently are documented since they are paid by check and usually directly to finance office.

**09-G. Town Code**

The Town acknowledges the importance of these findings and will begin to update the investment and procurement policies. It is expected that these revisions will be incorporated into the Town Code by December 31, 2011.

**TOWN OF NEW HARTFORD, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010**

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, 2010. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. 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.

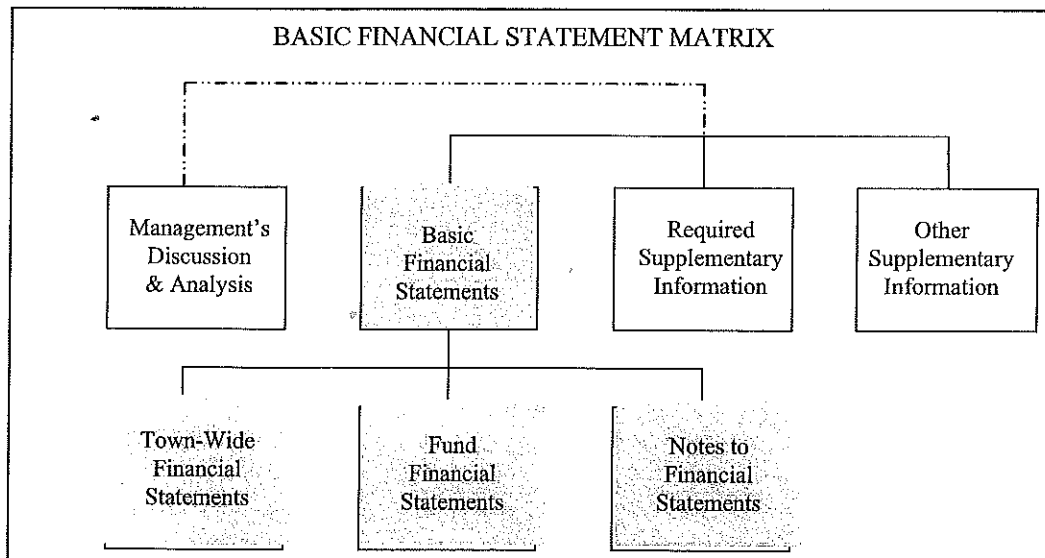
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2010 are as follows:

- The Town's total net assets, as reflected in the Town-wide financial statements, decreased by \$1,066,356. This decrease was mainly the result of the recognition of an additional year of Other Post-Employment Benefits for \$853,161 and the utilization of Mitigation Fees for \$763,809.
- The Town's expenses for the year, as reflected in the Town-wide financial statements, totaled \$14,620,481. This amount was directly offset by the following revenue sources: \$1,015,767 charges for services and \$239,499 operating grants. General revenues of \$12,298,856 amount to 91% of total revenues. These revenues covered the balance of program expenses leaving a deficit of \$1,066,356.
- The General Whole Town Fund's total fund balance, as reflected in the fund financial statements on pages 22 and 24, increased by \$276,973, to a balance of \$266,052. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.
- The Highway Part Town Fund's total fund balance, as reflected in the fund financial statements on pages 22 and 24, increased by \$246,063, to \$336,020.
- The Town is one of eight municipalities that participate in the Oneida County Sewer District. The New York State Department of Environmental Conservation 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 users began paying a surcharge of \$1.05 per 1000 gallons of water used except those in the Town of New Hartford. In 2010, the Town of New Hartford's total surcharge was paid from the Sewer's fund balance to the District in the amount of \$459,227. In the subsequent years, this amount will be paid annually by a direct charge by the District to the users until the project complete and any borrowings are paid in full.

**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, 2010**

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**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.

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.

**TOWN OF NEW HARTFORD, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010**

**3. FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

**A. Net Assets**

The Town's total net assets decreased \$1,066,356 between fiscal year 2010 and 2009. A summary of the Town's Statement of Net Assets for December 31, 2010 and 2009, is as follows:

	2010	2009	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 5,980,884	\$ 6,191,910	\$ (211,026)	(3.4%)
Capital Assets, (Net of Accumulated Depreciation)	<u>14,165,398</u>	<u>14,498,119</u>	<u>(332,721)</u>	(2.3%)
Total Assets	<u>\$ 20,146,282</u>	<u>\$ 20,692,038</u>	<u>\$ (543,747)</u>	(2.6%)
Non-Current Liabilities	\$ 13,582,941	\$ 13,749,769	\$ (166,828)	(1.2%)
Other Liabilities	<u>1,712,124</u>	<u>1,014,538</u>	<u>697,586</u>	68.8%
Total Liabilities	<u>\$ 15,295,065</u>	<u>\$ 14,764,307</u>	<u>\$ 530,758</u>	3.6%
<b>Net Assets</b>				
Invested in Capital Assets (Net of Related Debt)	\$ 4,161,548	\$ 3,760,733	\$ 400,815	10.7%
Restricted	1,753,137	2,506,841	(753,704)	(30.1%)
Unrestricted	<u>(1,063,468)</u>	<u>(349,999)</u>	<u>(713,469)</u>	(203.8%)
Total Net Assets	<u>\$ 4,851,217</u>	<u>\$ 5,917,575</u>	<u>\$ (1,066,358)</u>	(18.0%)

Capital assets decreased by \$332,721, as compared to the prior year. This decrease is primarily due to depreciation expense of \$1,101,629 exceeding the capital outlay expense of \$768,908.

Non-current liabilities decreased by \$166,828 as compared to the prior year. This decrease is the result of the decreases in long term debt and compensated absences accrued liability exceeding the net increase of the OPEB liability of \$853,161.

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 deficit at December 31, 2010, is \$1,063,465, 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, 2010**

**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.

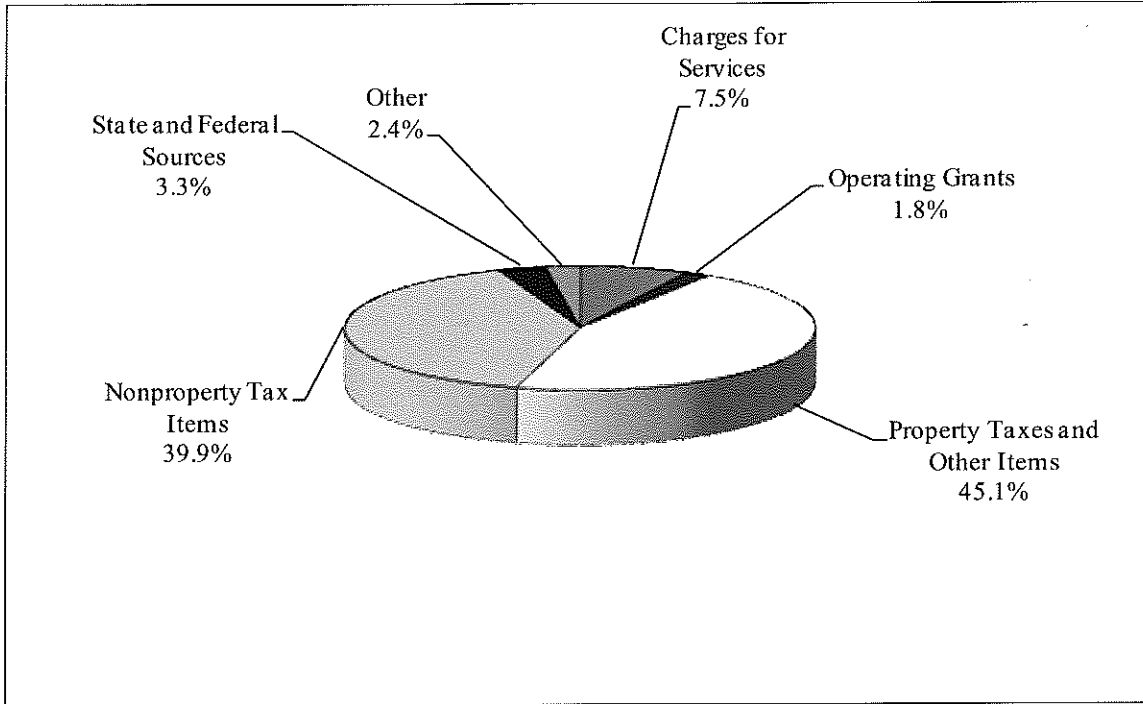
A summary of this statement for the years ended December 31, 2010 and 2009, is as follows.

<b>Revenues</b>	<b>2010</b>	<b>2009</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
<b>Program Revenues</b>				
Charges for Services	\$ 1,015,767	\$ 934,164	\$ 81,603	8.7%
Operating Grants	239,499	230,575	8,924	3.9%
Capital Grants		25,418	(25,418)	(100.0%)
<b>General Revenues</b>				
Property Taxes and Other Items	6,113,766	4,817,514	1,296,252	26.9%
Nonproperty Tax Items	5,410,711	5,252,067	158,644	3.0%
State and Federal Sources	450,687	547,507	(96,820)	(17.7%)
Other	<u>323,692</u>	<u>494,222</u>	<u>(170,530)</u>	<u>(34.5%)</u>
<b>Total Revenues</b>	<u>13,554,122</u>	<u>12,301,467</u>	<u>1,252,655</u>	<u>10.2%</u>
<b>Expenses</b>				
General Government Support	2,137,283	2,126,394	10,889	0.5%
Public Safety	4,987,998	5,310,776	(322,778)	(6.1%)
Public Health	80,623	84,634	(4,011)	(4.7%)
Transportation	3,382,567	3,453,378	(70,811)	(2.1%)
Social Services	107,106	142,670	(35,564)	(24.9%)
Home and Community Services	2,049,378	1,330,602	718,776	54.0%
Culture and Recreation	1,581,471	1,802,376	(220,905)	(12.3%)
Debt Service - Interest	<u>294,055</u>	<u>276,438</u>	<u>17,617</u>	<u>6.4%</u>
<b>Total Expenses</b>	<u>14,620,481</u>	<u>14,527,268</u>	<u>93,213</u>	<u>0.6%</u>
<b>Total Change in Net Assets</b>	<u>\$ (1,066,359)</u>	<u>\$ (2,225,801)</u>	<u>\$ 1,159,442</u>	

**TOWN OF NEW HARTFORD, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010**

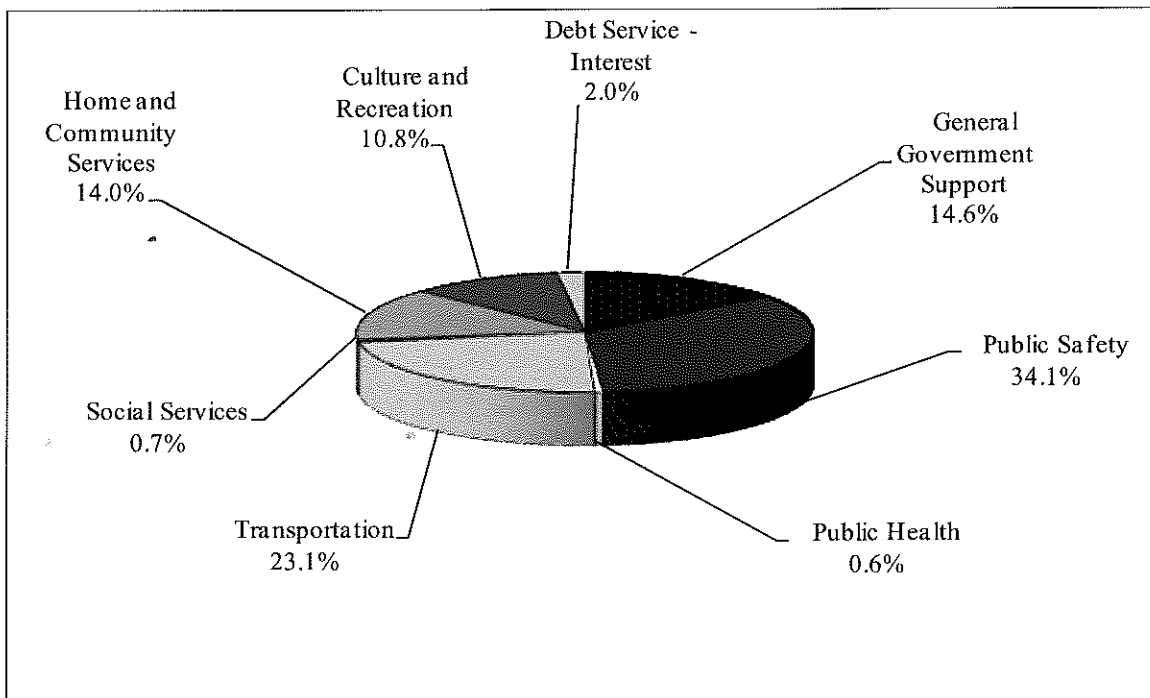
A graphic display of the distribution of revenues is as follows:

**For the Year Ended December 31, 2010**



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

**For the Year Ended December 31, 2010**

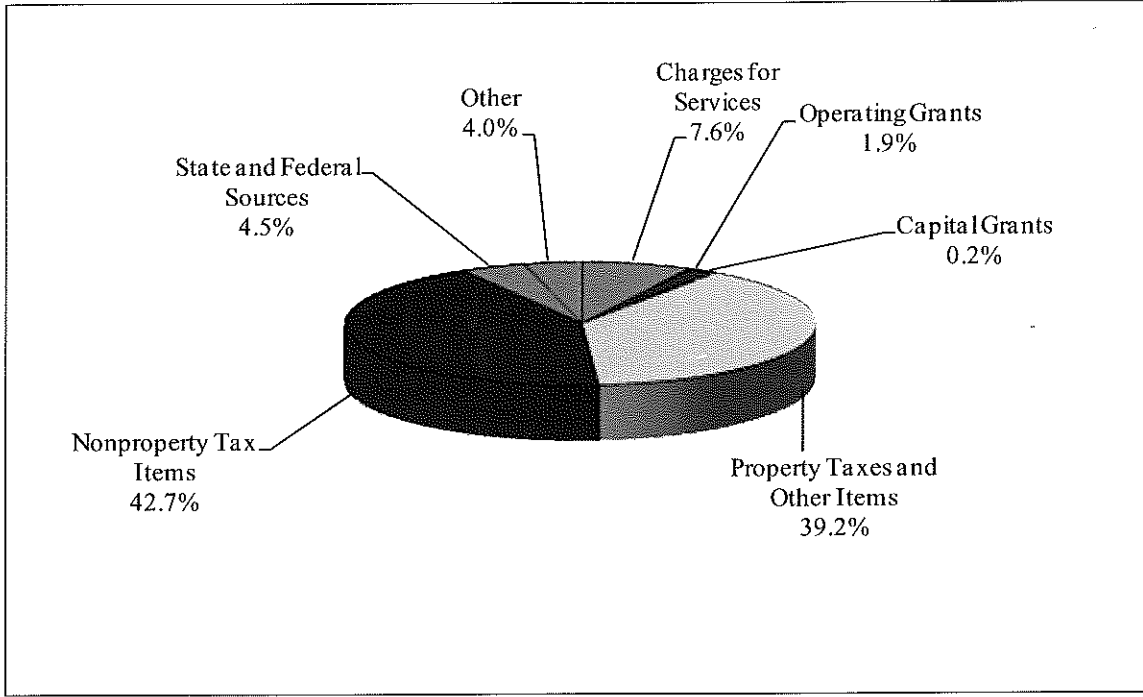


**TOWN OF NEW HARTFORD, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010**

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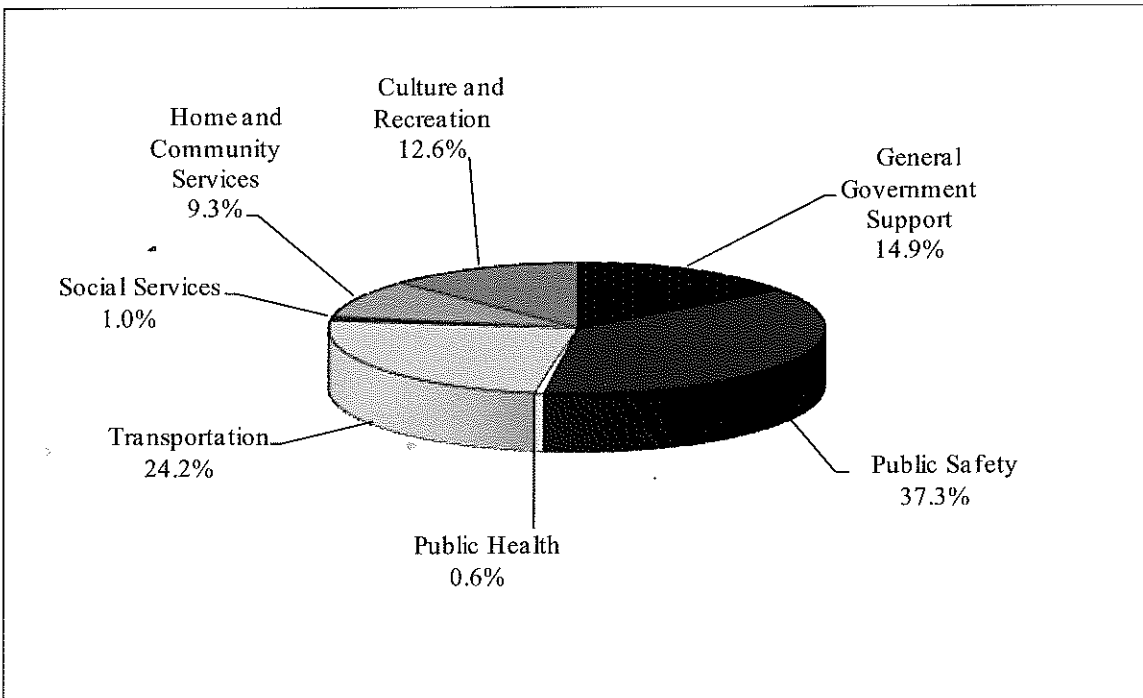
A graphic display of the distribution of revenues is as follows:

**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, 2010**

**4. FINANCIAL ANALYSIS OF THE TOWN'S FUND BALANCES**

At December 31, 2010, the Town's governmental funds reported a combined fund balance of \$4,357,182, which is a decrease of \$970,236 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:

	2010	2009	Increase (Decrease)
<b>General Whole Town</b>			
Unreserved - Designated for Subsequent Year's Expenditures	\$	\$	\$
Unreserved - Undesignated (Deficit)	<u>266,052</u>	<u>(10,921)</u>	<u>276,973</u>
	<u>266,052</u>	<u>(10,921)</u>	<u>276,973</u>
<b>General Part Town</b>			
Unreserved - Designated for Subsequent Year's Expenditures	90,000	- 90,000	
Unreserved - Undesignated	<u>216,367</u>	<u>239,878</u>	<u>(23,511)</u>
	<u>306,367</u>	<u>329,878</u>	<u>(23,511)</u>
<b>Police</b>			
Unreserved - Undesignated (Deficit)	<u>(589,018)</u>	<u>(591,662)</u>	<u>2,644</u>
	<u>(589,018)</u>	<u>(591,662)</u>	<u>2,644</u>
<b>Highway Part Town</b>			
Reserve for Encumbrances		329,735	(329,735)
Unreserved - Undesignated (Deficit)	<u>336,020</u>	<u>(239,782)</u>	<u>575,802</u>
	<u>336,020</u>	<u>89,953</u>	<u>246,067</u>
<b>Fire</b>			
Unreserved - Undesignated (Deficit)	<u>(27,210)</u>	<u>(44,053)</u>	<u>16,843</u>
	<u>(27,210)</u>	<u>(44,053)</u>	<u>16,843</u>
<b>Sewer</b>			
Reserve for Encumbrances		94,164	(94,164)
Unreserved - Designated for Subsequent Year's Expenditures	315,103	315,103	
Unreserved - Undesignated	<u>1,317,628</u>	<u>1,226,036</u>	<u>91,592</u>
	<u>1,632,731</u>	<u>1,635,303</u>	<u>(2,572)</u>
<b>Mitigation</b>			
Reserve for Mitigation Capital Improvements	<u>1,753,137</u>	<u>2,506,841</u>	<u>(753,704)</u>
	<u>1,753,137</u>	<u>2,506,841</u>	<u>(753,704)</u>
<b>Capital</b>			
Unreserved - Undesignated	<u>506,704</u>	<u>1,268,953</u>	<u>(762,249)</u>
	<u>506,704</u>	<u>1,268,953</u>	<u>(762,249)</u>
<b>Non-Major</b>			
Unreserved - Designated for Subsequent Year's Expenditures	11,700	11,700	
Unreserved - Undesignated	<u>160,699</u>	<u>131,427</u>	<u>29,272</u>
	<u>172,399</u>	<u>143,127</u>	<u>29,272</u>
<b>Total Fund Balance</b>	<u>\$ 4,357,182</u>	<u>\$ 5,327,419</u>	<u>\$ (970,237)</u>

**TOWN OF NEW HARTFORD, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2010**

Combined decreases of \$970,236 to the fund balances during the year ended December 31, 2010, is mainly the result of utilizing budgeted appropriations and expenditure in the mitigation and capital funds.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2010 Budget**

The Town's adopted budget's for the year ended December 31, 2010, for the following funds was \$14,776,403. This is a decrease of \$185,370 over the prior year's adopted budgets. The 2010 General Fund budget was \$6,013,437 which was \$23,083 lower than the 2009 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>
<b>Change from Adopted Budget to Revised Budget</b>						
Adopted Budget	\$ 6,003,354	\$ 504,871	\$ 2,874,130	\$ 3,330,115	\$ 1,196,294	\$ 723,180
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>6,003,354</u>	<u>504,871</u>	<u>2,874,130</u>	<u>3,330,115</u>	<u>1,196,294</u>	<u>723,180</u>
Less: Budget Reductions	(17,080)					
Add: Transfer from Capital Debt	88,088					
Sewer Offset Flow Credits						200,000
Other		44,044	68,938	104,582		
	<u>71,008</u>	<u>44,044</u>	<u>68,938</u>	<u>104,582</u>		<u>200,000</u>
Final Budget	<u>\$ 6,074,362</u>	<u>\$ 548,915</u>	<u>\$ 2,943,068</u>	<u>\$ 3,434,697</u>	<u>\$ 1,196,294</u>	<u>\$ 923,180</u>

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$5,832,293 in property taxes and \$5,410,711 in nonproperty taxes that include sales and franchise taxes.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

At December 31, 2010, 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, 2010. A summary of the Town's capital assets, net of depreciation at December 31, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>	<u>Increase/ (Decrease)</u>
Land	\$ 401,546	\$ 401,546	\$
Construction in Progress	3,578,377	3,022,926	555,451
Buildings	1,073,983	1,177,985	(104,002)
Infrastructure	7,590,781	7,917,991	(327,210)
Equipment	<u>1,520,711</u>	<u>1,977,671</u>	<u>(456,960)</u>
Capital Assets, Net	<u>\$ 14,165,398</u>	<u>\$ 14,498,119</u>	<u>\$ (332,721)</u>

**TOWN OF NEW HARTFORD, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2010**

**B. Debt Administration**

At December 31, 2010, the Town had total bonds payable of \$10,003,850. A summary of the outstanding debt at December 31, 2010 and 2009, is as follows:

Description	Date of Original Issue	Date of Final Maturity	Interest Rate (%)	Outstanding Amount		Increase (Decrease)
				2010	2009	
<b>General Fund – Whole Town</b>						
1995	Aug-1995	Feb-2015	5-5.75	\$ 255,000	\$ 306,000	\$ (51,000)
1999	Aug-1999	Feb-2014	5-5.25	159,000	202,000	(43,000)
2002	Feb-2002	Mar-2022	3.9-4.75	835,000	910,000	(75,000)
2009	Mar-2009	Mar-2032	3.50-5.00	1,937,000	2,060,000	(123,000)
2009	Mar-2009	Mar-2032	3.50-5.00	<u>2,225,000</u>	<u>2,300,000</u>	<u>(75,000)</u>
				<u>5,411,000</u>	<u>5,778,000</u>	<u>(367,000)</u>
<b>Police Fund</b>						
2009	Mar-2009	Mar-2032	3.50-5.00	<u>42,000</u>	<u>59,000</u>	<u>(17,000)</u>
<b>Highway Fund – Whole Town</b>						
1999	Aug-1999	Feb-2014	5-5.25	91,000	148,000	(57,000)
2002	Feb-2011	Mar-2022	3.9-4.75	419,000	487,000	(68,000)
2009	Mar-2009	Mar-2032	3.50-5.00	<u>216,000</u>	<u>315,000</u>	<u>(99,000)</u>
				<u>726,000</u>	<u>950,000</u>	<u>(224,000)</u>
<b>Water Fund</b>						
1995	Aug-1995	Feb-2015	5-5.75	45,000	54,000	(9,000)
2006	NYSEFC Jul-2006	Jun-2036	0.00	<u>3,683,850</u>	<u>3,793,386</u>	<u>(109,536)</u>
				<u>3,728,850</u>	<u>3,847,386</u>	<u>(118,536)</u>
<b>Sewer Fund</b>						
2002	Feb-2002	Mar-2022	3.9-4.75	<u>96,000</u>	<u>103,000</u>	<u>(7,000)</u>
<b>Total Serial Bons Payable</b>				<u>10,003,850</u>	<u>10,737,386</u>	<u>(733,536)</u>
<b>Total Long Term Debt</b>				<u>\$ 10,003,850</u>	<u>\$ 10,737,386</u>	<u>\$ (733,536)</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Although the economy, on a national scale, remains stagnant, the Town of New Hartford continues to experience growth with new developments and new jobs. The completion of the infrastructure within the New Hartford Business Park has already spurred interest from other businesses looking to locate within the park or within its close proximity. It is estimated that already for 2011 an additional \$3 - \$5 million in assessed valuation will be created within the Town directly due to the Business Park's continued expansion. As the New Hartford Business Park grows, and with the new transportation access now beginning, the viability of this project becomes much more alluring to other companies and developers. Over the next two to three years, it is anticipated that this area of the Town located adjacent to the Business Park, will add millions of dollars more to the tax base and with it bring new jobs and new residents to the Town.

**TOWN OF NEW HARTFORD, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010**

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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.

Sales tax, which constitutes a large share of the Town's revenues, has been more realistically budgeted in the 2011 budget year. In the past, over-budgeting of sales tax revenues created deficits when these funds were not realized. The more conservative amounts used for 2011 have produced a pleasant surprise as the figures for the first two quarters have shown an increase and look to come in better than anticipated. Thus, this situation is helping to eliminate the deficit in the Police Fund and to increase the balances in the other funds. The Town's growth directly contributes to the rise in sales tax revenues and therefore produces a twofold effect on the Town's finances. Proceeding into the future with accurate and sound budgets, which have more than a reasonable expectation of meeting its goals, will lead to a sound financial base and financial stability.

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, 2010

<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,939,557
Accounts Receivable, Net of Allowance	382,565
Due From	
Other Governments	1,552,986
Inventory	6,550
Prepaid Expenditures	99,226
Capital Assets (Net of Accumulated Depreciation)	<u>14,165,398</u>
<b>Total Assets</b>	<b><u>\$ 20,146,282</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 973,476
Accrued Liabilities	165,003
Accrued Interest	88,422
Due To Employee Retirement System	460,334
Due To Fiduciary Fund	3,153
Overpayments and Collections in Advance	15,386
Deferred Revenue	6,350
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	861,458
Due in More Than One Year	
Bonds Payable	9,142,392
Compensated Abs Payable	1,034,337
OPEB	<u>2,544,754</u>
<b>Total Liabilities</b>	<b><u>15,295,065</u></b>
<b>Net Assets</b>	
Investment in Capital Assets (Net of Related Debt)	4,161,548
Restricted	
Reserve for Mitigation Capital Improvements	1,753,137
Unrestricted	<u>(1,063,468)</u>
<b>Total Net Assets</b>	<b><u>4,851,217</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 20,146,282</u></b>

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, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General Government Support	\$ 2,137,283	\$ 185,845	\$	\$ (1,951,438)
Public Safety	4,987,998	334,155	113,424	(4,540,419)
Public Health	80,623	900		(79,723)
Transportation	3,382,567	195,347	126,075	(3,061,145)
Social Services	107,106			(89,702)
Home and Community Services	2,049,378	17,404		(1,767,262)
Culture and Recreation	1,581,471	282,116		(1,581,471)
Debt Service - Interest	294,055			(294,055)
<b>Total Governmental Activities</b>	<u>\$ 14,620,481</u>	<u>\$ 1,015,767</u>	<u>\$ 239,499</u>	<u>(13,365,215)</u>

**General Revenues**

Real Property Taxes	5,832,293
Other Real Property Taxes Items	281,473
Nonproperty Tax Items	5,410,711
General State Aid	450,687
Use of Money and Property	57,316
Gain on Disposition of Property	45,589
Licences	90,559
Miscellaneous	130,228
<b>Total General Revenues</b>	<u>12,298,856</u>
Change in Net Assets	(1,066,359)
Net Assets, Beginning of Year	<u>5,917,576</u>
Net Assets, End of Year	<u>\$ 4,851,217</u>

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

**TOWN OF NEW HARTFORD, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

December 31, 2010

	Governmental										Total Governmental Funds
	General Whole Town	General Part Town	Police	Highway Part Town	Fire	Sewer	Mitigation	Capital	Non-major Governmental		
<b>Assets</b>											
<b>Current Assets</b>											
Unrestricted Cash	\$ 306,322	\$ 108,592	\$ 31,184	\$ 444,548	\$	\$ 36,606	\$ 2,200,425	\$ 781,151	\$ 30,725	\$ 1,739,128	
Restricted Cash	4									2,200,429	
Accounts Receivable	345,449	17,373	125	19,618						382,565	
Due from Other Funds	1,516,451	418,272	30	409,096	40,000	1,930,357	128,607	1,161,092	174,392	5,778,297	
Due from Other Governments	323,259		74,040	1,155,687						1,552,986	
Inventory	6,550									6,550	
Prepaid Expenditures	72,370		20,964	5,738		154				99,226	
<b>Total Current Assets</b>	<u>\$ 2,570,405</u>	<u>\$ 544,237</u>	<u>\$ 126,343</u>	<u>\$ 2,034,687</u>	<u>\$ 40,000</u>	<u>\$ 1,967,117</u>	<u>\$ 2,329,032</u>	<u>\$ 1,942,243</u>	<u>\$ 205,117</u>	<u>\$ 11,759,181</u>	
<b>Liabilities and Fund Equity</b>											
<b>Current Liabilities</b>											
Accounts Payable	\$ 175,126	\$ 8,137	\$ 48,011	\$ 472,353	\$	\$ 201,301	\$	\$ 68,348	\$ 200	\$ 973,476	
Accrued Liabilities	40,282	5,949	69,611	44,304		4,857				165,003	
Due to Other Funds	1,906,104	198,292	446,028	1,069,592	67,210	118,620	575,895	1,367,191	32,518	5,781,450	
Due to Employees' Retirement System	161,105	25,492	151,711	112,418		9,608				460,334	
Overpayments and Collections in Advance	15,386									15,386	
Deferred Revenues	6,350									6,350	
<b>Total Current Liabilities</b>	<u>2,304,353</u>	<u>237,870</u>	<u>715,361</u>	<u>1,698,667</u>	<u>67,210</u>	<u>334,386</u>	<u>575,895</u>	<u>1,435,539</u>	<u>32,718</u>	<u>7,401,999</u>	
<b>Fund Equity (Deficit)</b>											
Fund Balance - Reserved										1,753,137	
Reserve for Mitigation Capital Improvements										7,879	
Fund Balance - Unreserved	266,052	306,367	(589,018)	336,020	(27,210)	1,632,731		506,704	164,520	2,596,166	
Designated for Subsequent Year's Expenditures	266,052	306,367	(589,018)	336,020	(27,210)	1,632,731		506,704	172,399	4,357,182	
Undesignated (Deficit)											
<b>Total Fund Equity (Deficit)</b>	<u>2,570,405</u>	<u>544,237</u>	<u>126,343</u>	<u>2,034,687</u>	<u>40,000</u>	<u>1,967,117</u>	<u>2,329,032</u>	<u>1,942,243</u>	<u>205,117</u>	<u>11,759,181</u>	
<b>Total Liabilities and Fund Equity</b>											

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, 2010**

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<b>Governmental Fund Equity</b>		<b>\$ 4,357,182</b>
<p>Amounts reported for governmental activities in the statement of net assets are different due to the following:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
	Original Cost of Capital Assets	27,722,207
	Accumulated Depreciation	<u>(13,556,809)</u> 14,165,398
Accrued Interest		(88,422)
<p>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</p>		
	Bonds Payable	(10,003,850)
	Compensated Absences Payable	(1,034,337)
	OPEB	<u>(2,544,754)</u> (13,582,941)
<b>Net Assets of Governmental Activities</b>		<b><u>\$ 4,851,217</u></b>

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

**TOWN OF NEW HARTFORD, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2010**

	Governmental										Total Governmental Funds	
	General Whole Town	General Part Town	Police	Highway Part Town	Fire	Sewer	Mitigation	Capital	Non-major Governmental			
<b>Revenues</b>												
Real Property Taxes	\$ 1,391,631	\$	\$ 2,602,161	\$	\$ 1,196,895	\$ 403,025	\$	\$	\$ 238,581	\$	\$ 5,832,293	
Other Real Property Tax Items	281,473										281,473	
Nonproperty Tax Items	2,114,390	235,716	30,000	3,030,605							5,410,711	
Departmental Income	358,929	155,437	41,036			4,198					559,600	
Intergovernmental Charges	8,703	8,269		188,972							205,944	
Use of Money and Property	12,343	263	2,111	532	413	26,807	10,108	4,224	515		57,316	
Licenses and Permits	13,075	76,560									89,635	
Fines and Forfeitures	178,242										178,242	
Sale of Property and Compensation for Loss	6,453		18,783	20,353							45,589	
Miscellaneous	46,800		144,227	9,332				2,774			203,133	
State Aid	458,959		105,152	126,075							690,186	
<b>Total Revenues</b>	<b>4,870,998</b>	<b>476,245</b>	<b>2,943,470</b>	<b>3,375,869</b>	<b>1,197,308</b>	<b>434,030</b>	<b>10,108</b>	<b>6,998</b>	<b>239,096</b>		<b>13,554,122</b>	
<b>Expenditures</b>												
General Government Support	1,352,672	7,911			1,180,465			318,604			1,679,187	
Public Safety	432,061		1,971,415								3,583,941	
Public Health											52,213	
Transportation	122,167			2,261,480				51,146	88,447		2,523,240	
Social Services	107,106										107,106	
Home and Community Services	22,849	275,251				1,007,338		185,701	20		1,491,159	
Culture and Recreation	1,170,717							10,695			1,181,412	
Employee Benefits	908,213	144,579	969,411	709,466		77,069					2,808,738	
Debt Service - Principal	367,000	17,000		224,000		7,000					733,536	
Debt Service - Interest	314,340	2,800		39,442		4,422				118,536	363,828	
<b>Total Expenditures</b>	<b>4,797,125</b>	<b>499,754</b>	<b>2,940,826</b>	<b>3,234,388</b>	<b>1,180,465</b>	<b>1,095,829</b>		<b>566,146</b>	<b>209,827</b>	<b>2,824</b>	<b>14,574,360</b>	
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>73,873</b>	<b>(23,509)</b>	<b>2,644</b>	<b>141,481</b>	<b>16,843</b>	<b>(661,799)</b>	<b>10,108</b>	<b>(559,148)</b>	<b>29,269</b>		<b>(970,238)</b>	
<b>Other Financing Sources</b>												
Interfund Transfers From	203,100			104,582		659,227					966,909	
Interfund Transfers To								(203,100)			(966,909)	
<b>Total Other Financing Sources</b>	<b>203,100</b>			<b>104,582</b>		<b>659,227</b>		<b>(203,100)</b>				
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources</b>	<b>276,973</b>	<b>(23,509)</b>	<b>2,644</b>	<b>246,063</b>	<b>16,843</b>	<b>(2,572)</b>	<b>(753,701)</b>	<b>(762,248)</b>	<b>29,269</b>		<b>(970,238)</b>	
<b>Fund Equity, Beginning of Year</b>	<b>(10,921)</b>	<b>329,876</b>	<b>(591,662)</b>	<b>89,957</b>	<b>(44,053)</b>	<b>1,635,303</b>	<b>2,506,838</b>	<b>1,268,952</b>	<b>143,130</b>		<b>5,327,420</b>	
<b>Fund Equity (Deficit), End of Year</b>	<b>\$ 266,052</b>	<b>\$ 306,367</b>	<b>\$ (589,018)</b>	<b>\$ 336,020</b>	<b>\$ (27,210)</b>	<b>\$ 1,632,731</b>	<b>\$ 1,753,137</b>	<b>\$ 506,704</b>	<b>\$ 172,399</b>		<b>\$ 4,357,182</b>	

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, 2010**

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**Net Changes in Fund Balance - Total Governmental Funds** \$ (970,238)

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 depreciation exceeds capital outlays in the period.

	Capital Outlays	768,908	
	Depreciation	<u>(1,101,629)</u>	(332,721)

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.

	Principal Payments on Long Term Debt		733,536
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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	(853,161)	
	Accrued Interest	69,772	
	Compensated Absences	<u>286,453</u>	<u>(496,936)</u>

**Change in Net Assets Governmental Activities** **\$ (1,066,359)**

**TOWN OF NEW HARTFORD, NEW YORK**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**December 31, 2010**

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<b>Assets</b>	<u>Agency</u>
Unrestricted Cash	\$ 348,203
Due From Other Funds	3,153
Due From Other Governments	387
Other Assets	<u>1,016</u>
 Total Assets	 <u>\$ 352,759</u>
 <b>Liabilities and Net Assets</b>	
Agency Liabilities	\$ 10,810
Tax Certiori Liability	220,000
Retainers Payable	<u>121,949</u>
 Total Liabilities	 <u>\$ 352,759</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, 2010**

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**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, 2010**

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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, 2010**

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***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, 2010**

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**(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, 2010**

**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>
<b>Change from Adopted Budget to Revised Budget</b>						
Adopted Budget	\$ 6,003,354	\$ 504,871	\$ 2,874,130	\$ 3,330,115	\$ 1,196,294	\$ 723,180
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>6,003,354</u>	<u>504,871</u>	<u>2,874,130</u>	<u>3,330,115</u>	<u>1,196,294</u>	<u>723,180</u>
Less: Budget Reductions	(17,080)					
Add: Transfer from Capital Debt	88,088					
Sewer Offset Flow Credits						200,000
Other		44,044	68,938	104,582		
	<u>71,008</u>	<u>44,044</u>	<u>68,938</u>	<u>104,582</u>		<u>200,000</u>
Final Budget	<u>\$ 6,074,362</u>	<u>\$ 548,915</u>	<u>\$ 2,943,068</u>	<u>\$ 3,434,697</u>	<u>\$ 1,196,294</u>	<u>\$ 923,180</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, 2010**

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***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, 2010**

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***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 current active agreements stipulate that the funds are required to be used by 2013.

***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, 2010**

**5. 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, 2010, \$347,794 of the Town's bank balances of \$4,318,309 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, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 401,546	\$	\$	\$ 401,546
Construction in Progress	<u>3,022,926</u>	<u>555,451</u>	<u></u>	<u>3,578,377</u>
Total	<u>3,424,472</u>	<u>555,451</u>	<u></u>	<u>3,979,923</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	4,160,082			4,160,082
Infrastructure	13,088,387			13,088,387
Equipment	<u>6,280,358</u>	<u>213,457</u>	<u>249,818</u>	<u>6,243,997</u>
Total	<u>23,528,827</u>	<u>213,457</u>	<u>249,818</u>	<u>23,492,466</u>
<b>Accumulated Depreciation</b>				
Buildings	2,982,097	104,002		3,086,099
Infrastructure	5,170,396	327,210		5,497,606
Equipment	<u>4,302,687</u>	<u>670,417</u>	<u>249,818</u>	<u>4,723,286</u>
Total	<u>12,455,180</u>	<u>1,101,629</u>	<u>249,818</u>	<u>13,306,991</u>
<b>Net Capital Assets Being Depreciated</b>	<u>11,073,647</u>	<u>(888,172)</u>	<u></u>	<u>10,185,475</u>
<b>Net Capital Assets</b>	<u>\$ 14,498,119</u>	<u>\$ (332,721)</u>	<u>\$</u>	<u>\$ 14,165,398</u>

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

<b>Governmental Activities</b>	
General Government Support	\$ 176,867
Public Safety	377,493
Transportation	265,770
Home and Community Services	157,062
Culture and Recreation	<u>124,437</u>
Total Depreciation Expense	<u>\$ 1,101,629</u>

**TOWN OF NEW HARTFORD, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

**Liabilities**

The Town 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 Town-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	Issued	Paid	Outstanding Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Serial Bonds Payable	\$ 10,737,386		\$ (733,536)	\$ 10,003,850	\$ 861,458
Bond Anticipation Notes - Long Term					
OPEB Liability	1,691,593	1,177,623	(324,462)	2,544,754	
Compensated Absences(1)	<u>1,320,790</u>		<u>(286,453)</u>	<u>1,034,337</u>	
Total Governmental	<u>\$ 13,749,769</u>	<u>\$ 1,177,623</u>	<u>\$ (1,344,451)</u>	<u>\$ 13,582,941</u>	<u>\$ 861,458</u>

(1)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
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	564,144	151,325	715,469
2016-2020	2,429,547	531,650	2,961,197
2021-2025	1,737,587	201,413	1,939,000
2026-2030	1,095,625	82,781	1,178,406
2031-2035	918,667	7,500	926,167
2036-2037	<u>320,919</u>		<u>320,919</u>
Total	<u>\$ 10,003,850</u>	<u>\$ 1,799,933</u>	<u>\$ 11,803,783</u>

**TOWN OF NEW HARTFORD, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

Details relating to general obligation (serial) bonds of the Town outstanding at December 31, 2010, 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	\$ 255,000
1999	Aug-1999	Feb-2014	5-5.25	159,000
2002	Feb-2002	Mar-2022	3.9-4.75	835,000
2009	Mar-2009	Mar-2032	3.50-5.00	1,937,000
2009	Mar-2009	Mar-2032	3.50-5.00	<u>2,225,000</u>
				<u>5,411,000</u>
Police Fund				
2009	Mar-2009	Mar-2032	3.50-5.00	<u>42,000</u>
Highway Fund – Whole Town				
1999	Aug-1999	Feb-2014	5-5.25	91,000
2002	Feb-2011	Mar-2022	3.9-4.75	419,000
2009	Mar-2009	Mar-2032	3.50-5.00	<u>216,000</u>
				<u>726,000</u>
Water Fund				
1995	Aug-1995	Feb-2015	5-5.75	45,000
2006	NYSEFC Jul-2006	Jun-2036	0.00	<u>3,683,850</u>
				<u>3,728,850</u>
Sewer Fund				
2002	Feb-2002	Mar-2022	3.9-4.75	<u>96,000</u>
				<u>Total</u> <u>\$ 10,003,850</u>

Total interest for the year was as follows:

Interest Paid	\$ 363,828
Less: Interest Accrued in the Prior Year	(158,194)
Plus: Interest Accrued in the Current Year	<u>88,422</u>
Total Interest Expense on Long-Term Debt	<u>\$ 294,056</u>

**TOWN OF NEW HARTFORD, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

**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, 2010, the total outstanding indebtedness of the Town aggregated \$10,003,850. This amount was subject to the constitutional debt limit and represented approximately 9.8% 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, 2011 billings was made in January 2011. The Town accrued 75% of this billing at December 31, 2010.

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

	For the Years Ended March 31,		
	2011	2010	2009
<b>ERS</b>			
Average Contribution Rate	10.9%	7.0%	8.1%
Average Contributions	\$ 411,496	\$ 236,416	\$ 246,669
<b>PFRS</b>			
Average Contribution Rate	16.7%	13.8%	14.5%
Average Contributions	\$ 202,281	\$ 224,828	\$ 242,083

**Other Postemployment Benefits (OPEB)**

**(a) Plan Description**

The Town 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 Town 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, 2010**

**(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, 2010, 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 Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation.

**(c) Annual OPEB Cost**

	Total
Normal Cost	\$ 485,990
Amortization of UAL	721,582
Interest	67,664
ARC	1,275,236
Adjustment to ARC	(97,613)
OPEB Expense	\$ 1,177,623

**(d) Reconciliation of Net OPEB Obligation**

	Total
Net OPEB Obligation at the Beginning of the Year	\$ 1,691,593
Annual Required Contribution	1,177,623
Net OPEB Contributions Made During the Fiscal Year	(324,462)
Net OPEB Obligation at the End of the Year	\$ 2,544,754
Percentage of Expense Contributed	28%

**(e) Trend Information**

	Annual			
Fiscal Year Ending	Net OPEB Expense	OPEB Expense Contributed	% of Expense Contributed	Net OPEB Obligation
December 31, 2008	\$ 1,069,504	\$ 229,732	21.5%	\$ 839,771
December 31, 2009	\$ 1,122,970	\$ 271,149	24.1%	\$ 1,691,593
December 31, 2010	\$ 1,177,623	\$ 324,462	24.1%	\$ 2,544,754

**TOWN OF NEW HARTFORD, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**(f) Funding Status**

	Total
Actuarial Accrued Liability	\$ 12,023,773
Actuarial Value of Assets	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 12,023,773
Funded Ratio	0%
Annual Covered Payroll	\$ 5,110,876
UAAL as a Percentage of Covered Payroll	235%

**(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
2011	10.0%
2012	9.5%
2013	9.0%
2014	8.5%
2015 and Later	8.0% 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)	28
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, 2010**

***Interfund receivables and Payables***

Interfund receivables and payables at December 31, 2010, were as follows:

Fund Type	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General Whole Town	\$ 1,516,451	\$ 1,906,104	\$ 203,100	\$
General Part Town	418,272	198,292		
Police	43,284	489,282		
Highway Part Town	409,096	1,069,592	104,582	
Fire	40,000	67,210		
Sewer	1,930,357	118,620	659,227	
Mitigation	128,607	575,895		763,809
Capital	1,161,092	1,367,191		203,100
Non-Major	174,392	32,518		
Fiduciary Funds	3,153			
<b>Total</b>	<b>\$ 5,824,704</b>	<b>\$ 5,824,704</b>	<b>\$ 966,909</b>	<b>\$ 966,909</b>

**6. 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.

**7. 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 from the Sewer's fund balance to the District in the amount of \$459,227. In the subsequent years, this amount will be paid annually by a direct charge by the District to the users 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, 2010**

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*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

**8. DEFICIT FUND BALANCES**

*Police*

The deficit in the Police Fund at December 31, 2010 of \$589,018 was due to previous 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 Fire Fund at December 31, 2010 of \$27,210 was due to previous years' operating deficits. The deficit is expected to be eliminated in future years through expenditure reductions and an increase to the property tax levy.

**9. NEW ACCOUNTING PRONOUNCEMENTS**

*GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*

GASB 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. GASB 54 establishes a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used. Specifically, GASB 54 distinguishes fund balance between amounts that are considered nonspendable and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Under GASB 54, fund balance amounts will be reported in the following classifications:

Restricted - amounts constrained by external parties, constitutional provision, or enabling legislation;

Committed - amounts constrained by a government using its highest level of decision-making authority;

Assigned - amounts a government intends to use for a particular purpose; and

Unassigned - amounts that are not constrained at all will be reported in the general fund.

GASB 54 is effective for financial statements for the fiscal year ended December 31, 2011.

**TOWN OF NEW HARTFORD, NEW YORK**  
**SCHEDULES OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT BENEFITS**  
**For the Year Ended December 31, 2010**

Fiscal Year Ending	Actuarial Value of Assets	Actuarial		Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
		Liability-Projected Unit Credit	Accrued				
	(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%	
December 31, 2010	\$	\$ 12,023,773	\$ 12,023,773	0%	\$ 5,110,876	235%	

**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, 2010**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Real Property Taxes	\$ 1,391,631	\$ 1,391,631	\$ 1,391,631	\$
Other Real Property Tax Items	150,000	150,000	281,473	131,473
Nonproperty Tax Items	2,072,074	2,072,074	2,114,390	42,316
Departmental Income	313,473	313,473	358,929	45,456
Intergovernmental Charges			8,703	8,703
Use of Money and Property	3,900	3,900	12,343	8,443
Licenses and Permits	12,130	12,130	13,075	945
Fines and Forfeitures	170,000	170,000	178,242	8,242
Sale of Property and Compensation for Loss			6,453	6,453
Miscellaneous	259,407	259,407	46,800	(212,607)
State Aid	<u>1,454,503</u>	<u>1,454,503</u>	<u>458,959</u>	<u>(995,544)</u>
Total Revenues	<u>5,827,118</u>	<u>5,827,118</u>	<u>4,870,998</u>	<u>(956,120)</u>
<b>Expenditures</b>				
General Government Support	2,290,062	2,361,070	1,352,672	1,008,398
Public Safety	586,783	586,783	432,061	154,722
Transportation	130,233	130,233	122,167	8,066
Social Services	140,599	140,599	107,106	33,493
Home and Community Services	25,000	25,000	22,849	2,151
Culture and Recreation	1,206,947	1,206,947	1,170,717	36,230
Employee Benefits	942,390	942,390	908,213	34,177
Debt Service - Principal	367,000	367,000	367,000	
Debt Service - Interest	<u>314,340</u>	<u>314,340</u>	<u>314,340</u>	
Total Expenditures	<u>6,003,354</u>	<u>6,074,362</u>	<u>4,797,125</u>	<u>1,277,237</u>
Excess Revenues Over Expenditures	<u>(176,236)</u>	<u>(247,244)</u>	<u>73,873</u>	<u>321,117</u>
<b>Other Financing Sources</b>				
Interfund Transfers From	<u>176,236</u>	<u>247,244</u>	<u>203,100</u>	<u>(44,144)</u>
Total Other Financing Sources	<u>176,236</u>	<u>247,244</u>	<u>203,100</u>	<u>(44,144)</u>
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 276,973</u>	<u>\$ 276,973</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, 2010**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Nonproperty Tax Items	\$ 192,321	\$ 192,321	\$ 235,716	\$ 43,395
Departmental Income	113,950	157,994	155,437	(2,557)
Intergovernmental Charges			8,269	8,269
Use of Money and Property	200	200	263	63
Licenses and Permits	<u>75,400</u>	<u>75,400</u>	<u>76,560</u>	<u>1,160</u>
Total Revenues	<u>381,871</u>	<u>425,915</u>	<u>476,245</u>	<u>50,330</u>
<b>Expenditures</b>				
General Government Support	7,670	7,670	7,911	(241)
Public Health	54,440	54,440	52,213	2,227
Home and Community Services	304,506	348,550	275,251	73,299
Employee Benefits	118,455	118,455	144,579	(26,124)
Debt Service - Principal	17,000	17,000	17,000	
Debt Service - Interest	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	
Total Expenditures	<u>504,871</u>	<u>548,915</u>	<u>499,754</u>	<u>49,161</u>
(Deficit) Revenues Over Expenditures	<u>(123,000)</u>	<u>(123,000)</u>	<u>(23,509)</u>	<u>99,491</u>
<b>Other Financing Sources</b>				
Interfund Transfers To	33,000	33,000		(33,000)
Appropriated Fund Balance	<u>90,000</u>	<u>90,000</u>		<u>(90,000)</u>
Total Other Financing Sources	<u>123,000</u>	<u>123,000</u>		<u>(123,000)</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ (23,509)</u>	<u>\$ (23,509)</u>

TOWN OF NEW HARTFORD, NEW YORK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -  
 BUDGET AND ACTUAL - GENERAL PART TOWN POLICE FUND  
 For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Real Property Taxes	\$ 2,602,161	\$ 2,602,161	\$ 2,602,161	\$
Nonproperty Tax Items		30,000	30,000	
Departmental Income	128,089	167,027	41,036	(125,991)
Use of Money and Property			2,111	2,111
Sale of Property and Compensation for Loss	17,500	17,500	18,783	1,283
Miscellaneous	75,240	75,240	144,227	68,987
State Aid	51,140	51,140	105,152	54,012
Total Revenues	<u>2,874,130</u>	<u>2,943,068</u>	<u>2,943,470</u>	<u>402</u>
<b>Expenditures</b>				
Public Safety	1,876,430	1,958,368	1,971,415	(13,047)
Employee Benefits	997,700	984,700	969,411	15,289
Total Expenditures	<u>2,874,130</u>	<u>2,943,068</u>	<u>2,940,826</u>	<u>2,242</u>
Excess Revenues Over Expenditures			2,644	2,644
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 2,644</u>	<u>\$ 2,644</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, 2010**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Nonproperty Tax Items	\$ 3,030,605	\$ 3,030,605	\$ 3,030,605	\$
Intergovernmental Charges	140,750	140,750	188,972	48,222
Use of Money and Property	900	900	532	(368)
Sale of Property and Compensation for Loss	16,000	16,000	20,353	4,353
Miscellaneous	17,000	17,000	9,332	(7,668)
State Aid	<u>124,860</u>	<u>124,860</u>	<u>126,075</u>	<u>1,215</u>
Total Revenues	<u>3,330,115</u>	<u>3,330,115</u>	<u>3,375,869</u>	<u>45,754</u>
<b>Expenditures</b>				
General Government Support				
Transportation	2,389,135	2,490,817	2,261,480	229,337
Employee Benefits	677,538	680,438	709,466	(29,028)
Debt Service - Principal	224,000	224,000	224,000	
Debt Service - Interest	<u>39,442</u>	<u>39,442</u>	<u>39,442</u>	
Total Expenditures	<u>3,330,115</u>	<u>3,434,697</u>	<u>3,234,388</u>	<u>200,309</u>
Excess (Deficit) Revenues Over Expenditures		<u>(104,582)</u>	<u>141,481</u>	<u>246,063</u>
<b>Other Financing Sources</b>				
Interfund Transfers From		<u>104,582</u>	<u>104,582</u>	
Total Other Financing Sources		<u>104,582</u>	<u>104,582</u>	
Excess Revenues Over Expenditures and Other Financing Sources	<u>\$</u>	<u>\$</u>	<u>\$ 246,063</u>	<u>\$ 246,063</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, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Real Property Taxes	\$ 1,196,895	\$ 1,196,895	\$ 1,196,895	\$
Use of Money and Property	<u>225</u>	<u>225</u>	<u>413</u>	<u>188</u>
Total Revenues	<u>1,197,120</u>	<u>1,197,120</u>	<u>1,197,308</u>	<u>188</u>
<b>Expenditures</b>				
Public Safety	<u>1,196,294</u>	<u>1,196,294</u>	<u>1,180,465</u>	<u>15,829</u>
Total Expenditures	<u>1,196,294</u>	<u>1,196,294</u>	<u>1,180,465</u>	<u>15,829</u>
Excess Revenues Over Expenditures	<u>826</u>	<u>826</u>	<u>16,843</u>	<u>16,017</u>
<b>Other Financing Sources (Uses)</b>				
Appropriated Fund Balance	<u>(826)</u>	<u>(826)</u>	<u></u>	<u>826</u>
Total Other Financing Sources (Uses)	<u>(826)</u>	<u>(826)</u>	<u></u>	<u>826</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 16,843</u>	<u>\$ 16,843</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, 2010**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Real Property Taxes	\$ 403,025	\$ 403,025	\$ 403,025	\$
Departmental Income	3,052	3,052	4,198	1,146
Use of Money and Property	2,000	2,000	26,807	24,807
<b>Total Revenues</b>	<u>408,077</u>	<u>408,077</u>	<u>434,030</u>	<u>25,953</u>
<b>Expenditures</b>				
Home and Community Services	640,438	840,438	1,007,338	(166,900)
Employee Benefits	71,320	71,320	77,069	(5,749)
Debt Service - Principal	7,000	7,000	7,000	
Debt Service - Interest	4,422	4,422	4,422	
<b>Total Expenditures</b>	<u>723,180</u>	<u>923,180</u>	<u>1,095,829</u>	<u>(172,649)</u>
<b>(Deficit) Revenues Over Expenditures</b>	<u>(315,103)</u>	<u>(515,103)</u>	<u>(661,799)</u>	<u>(146,696)</u>
<b>Other Financing Sources</b>				
Interfund Transfers From			659,227	659,227
Appropriated Fund Balance	315,103	515,103		(515,103)
<b>Total Other Financing Sources</b>	<u>315,103</u>	<u>515,103</u>	<u>659,227</u>	<u>144,124</u>
<b>(Deficit) Revenues Over Expenditures and Other Financing Sources</b>	<u>\$</u>	<u>\$</u>	<u>\$ (2,572)</u>	<u>\$ (2,572)</u>

TOWN OF NEW HARTFORD, NEW YORK  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010

	Highway Part Town	Water	Lighting Districts	Total Nonmajor Governmental Funds
<b>Assets</b>				
<b>Current Assets</b>				
Unrestricted Cash	\$ 2,783	\$ 20,087	\$ 7,855	\$ 30,725
Due from Other Funds	<u>119,515</u>	<u>54,870</u>	<u>7</u>	<u>174,392</u>
<b>Total Current Assets</b>	<u>\$ 122,298</u>	<u>\$ 74,957</u>	<u>\$ 7,862</u>	<u>\$ 205,117</u>
<b>Liabilities and Fund Equity</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 200	\$	\$	\$ 200
Due to Other Funds	<u>200</u>	<u>32,437</u>	<u>81</u>	<u>32,518</u>
<b>Total Current Liabilities</b>	<u>200</u>	<u>32,437</u>	<u>81</u>	<u>32,718</u>
<b>Fund Equity</b>				
Fund Balance - Unreserved				
Designated for Subsequent Year's Expenditures				11,700
Undesignated	<u>122,098</u>	<u>42,520</u>	<u>7,781</u>	<u>160,699</u>
<b>Total Fund Equity</b>	<u>122,098</u>	<u>42,520</u>	<u>7,781</u>	<u>172,399</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 122,298</u>	<u>\$ 74,957</u>	<u>\$ 7,862</u>	<u>\$ 205,117</u>

**TOWN OF NEW HARTFORD, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2010**

	Highway Part Town	Water	Lighting Districts	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Real Property Taxes	\$	\$ 145,804	\$ 92,777	\$ 238,581
Use of Money and Property	<u>134</u>	<u>232</u>	<u>149</u>	<u>515</u>
Total Revenues	<u>134</u>	<u>146,036</u>	<u>92,926</u>	<u>239,096</u>
<b>Expenditures</b>				
Transportation	200		88,247	88,447
Home and Community Services		20		20
Debt Service - Principal		118,536		118,536
Debt Service - Interest		<u>2,824</u>		<u>2,824</u>
Total Expenditures	<u>200</u>	<u>121,380</u>	<u>88,247</u>	<u>209,827</u>
Excess (Uses) Revenues Over Expenditures	<u>(66)</u>	<u>24,656</u>	<u>4,679</u>	<u>29,269</u>
Fund Equity (Deficit), Beginning of Year	<u>122,164</u>	<u>17,864</u>	<u>3,102</u>	<u>143,130</u>
Fund Equity (Deficit), End of Year	<u>\$ 122,098</u>	<u>\$ 42,520</u>	<u>\$ 7,781</u>	<u>\$ 172,399</u>