

VILLAGE OF DANSVILLE, NEW YORK

**Financial Statements - Statutory Basis
as of May 31, 2011
Together with
Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

VILLAGE OF DANSVILLE, NEW YORK

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INDEPENDENT AUDITORS' REPORT

February 27, 2012

To the Village Board of the
Village of Dansville:

We have audited the accompanying balance sheet - all fund types and account groups - statutory basis of the Village of Dansville, New York, as of May 31, 2011, and the statements of revenues, expenditures, and changes in fund balance - all governmental and fiduciary fund types - statutory basis, and revenues, expenditures and changes in fund balance - budget and actual - general, water and sewer funds - statutory basis and for the year then ended. These financial statements are the responsibility of the Village of Dansville, New York's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Because of the inadequacy of accounting records for the years prior to May 31, 2010, we were unable to form an opinion regarding the non-current governmental assets Account Group recorded in the accompanying balance sheet at May 31, 2011 (stated at \$10,569,006).

This was our first audit of the Village's financial statements and, as instructed, the scope of our engagement did not include an audit of the financial statements of the preceding year sufficient to enable us to express, and we do not express, an opinion on the consistency of application of accounting principles with the preceding year.

As more fully described in Note A to the financial statements, the Village prepared its financial statements using statutory accounting practices prescribed by the New York State Office of the State Comptroller for reporting to that office, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

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INDEPENDENT AUDITORS' REPORT (Continued)

In our opinion, the governmental fund type, fiduciary fund type, and non-current governmental assets and liabilities account groups present fairly, in all material respects, the financial position of the Village of Dansville as of May 31, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Water Fund, and Sewer Fund thereof for the year then ended in conformity with the basis of accounting described in Note A.

This report is intended solely for the information and use of the Mayor, members of the Board, management, the New York State Office of the Comptroller and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

VILLAGE OF DANSVILLE, NEW YORK

**BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS
MAY 31, 2011**

	Governmental Funds					Fiduciary Fund Types		Total	Account Groups	
	Special Revenue Funds					Private Purpose Trust Fund	Agency Fund		Non-current Governmental Assets	Non-current Governmental Liabilities
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Capital Projects Fund					
ASSETS										
Cash and cash equivalents	\$ 223,641	\$ 190	\$ 24,295	\$ 50,004	\$ 4,067	\$ 235	\$ 2,333	\$ 304,765	\$ -	\$ -
Accounts receivable	-	-	250,925	203,081	234	-	-	454,240	-	-
Due from other funds	637,242	-	366,968	70,056	24,907	-	-	1,099,173	-	-
Amounts to be provided for retirement of long-term debt	-	-	-	-	-	-	-	-	-	5,496,000
Fixed Assets	-	-	-	-	-	-	-	-	10,569,006	-
Total assets	\$ 860,883	\$ 190	\$ 642,188	\$ 323,141	\$ 29,208	\$ 235	\$ 2,333	\$ 1,858,178	\$ 10,569,006	\$ 5,496,000
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts payable	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ 2,333	\$ 2,374	\$ -	\$ -
Accrued wages	23,924	-	5,746	3,092	-	-	-	32,762	-	-
Bond anticipation notes payable	-	-	-	-	1,199,391	-	-	1,199,391	-	-
Due to other funds	162,236	209	274,970	257,567	404,191	-	-	1,099,173	-	-
Bonds payable	-	-	-	-	-	-	-	-	-	5,496,000
Deferred revenues	500	-	-	-	-	-	-	500	-	-
Investment in general fixed assets	-	-	-	-	-	-	-	-	10,569,006	-
Total liabilities	186,660	209	280,716	260,700	1,603,582	-	2,333	2,334,200	10,569,006	5,496,000
FUND BALANCES:										
Unreserved - unappropriated	674,223	(19)	361,472	62,441	(1,574,374)	235	-	(476,022)	-	-
Total fund balances	674,223	(19)	361,472	62,441	(1,574,374)	235	-	(476,022)	-	-
Total liabilities and fund balances	\$ 860,883	\$ 190	\$ 642,188	\$ 323,141	\$ 29,208	\$ 235	\$ 2,333	\$ 1,858,178	\$ 10,569,006	\$ 5,496,000

The accompanying notes are an integral part of these statements.

VILLAGE OF DANSVILLE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES - STATUTORY BASIS FOR THE YEAR ENDED MAY 31, 2011

	Governmental Fund Types						Fiduciary Fund Type
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Capital Projects Fund	Total	Private-Purpose Trust
REVENUES:							
Real property taxes and tax items	\$ 1,980,391	\$ -	\$ -	\$ -	\$ -	\$ 1,980,391	\$ -
Nonproperty tax items	162,644	-	-	-	-	162,644	-
Departmental income	16,069	-	905,149	714,174	-	1,635,392	-
Intergovernmental charges	96,471	-	-	-	-	96,471	-
Use of money and property	1,074	-	182	217	648	2,121	-
Licenses and permits	1,105	-	308	-	-	1,413	-
Fines and forfeitures	47,254	-	-	-	-	47,254	-
Sale of property and compensation for loss	29,805	-	1,928	-	-	31,733	-
Miscellaneous	126,110	-	351	55,416	-	181,877	-
State aid	105,949	5,480	-	-	-	111,429	-
Federal aid	-	-	-	-	339,231	339,231	-
Total revenues	<u>2,566,872</u>	<u>5,480</u>	<u>907,918</u>	<u>769,807</u>	<u>339,879</u>	<u>4,589,956</u>	<u>-</u>
EXPENDITURES:							
General governmental support	436,490	-	45,930	7,433	-	489,853	-
Public safety	578,766	-	-	-	-	578,766	-
Public health	39,833	-	-	-	-	39,833	-
Transportation	578,531	-	-	-	-	578,531	-
Culture and recreation	34,287	-	-	-	-	34,287	-
Home and community services	23,094	14,009	353,689	499,854	-	890,646	-
Employee benefits	418,815	-	115,979	40,388	-	575,182	-
CAPITAL EXPENDITURES:							
General governmental support	1,749	-	-	-	-	1,749	-
Public safety	10,640	-	-	-	-	10,640	-
Public health	567	-	-	-	280,436	281,003	-
Transportation	48,640	-	-	-	-	48,640	-
Home and community services	-	-	8,266	-	263,018	271,284	-
DEBT SERVICE:							
Principal	201,824	-	391,748	108,750	-	702,322	-
Interest	40,000	-	173,840	18,170	-	232,010	-
Total expenditures	<u>2,413,236</u>	<u>14,009</u>	<u>1,089,452</u>	<u>674,595</u>	<u>543,454</u>	<u>4,734,746</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>153,636</u>	<u>(8,529)</u>	<u>(181,534)</u>	<u>95,212</u>	<u>(203,575)</u>	<u>(144,790)</u>	<u>-</u>
OTHER FINANCING SOURCES:							
Bond anticipation note redeemed from appropriations	-	-	-	-	290,322	290,322	-
Total other financing sources	-	-	-	-	290,322	290,322	-
CHANGE IN FUND BALANCE	153,636	(8,529)	(181,534)	95,212	86,747	145,532	-
FUND BALANCE - beginning of year	<u>520,587</u>	<u>8,510</u>	<u>543,006</u>	<u>(32,771)</u>	<u>(1,661,121)</u>	<u>(621,789)</u>	<u>235</u>
FUND BALANCE - end of year	<u>\$ 674,223</u>	<u>\$ (19)</u>	<u>\$ 361,472</u>	<u>\$ 62,441</u>	<u>\$ (1,574,374)</u>	<u>\$ (476,257)</u>	<u>\$ 235</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF DANSVILLE, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - STATUTORY BASIS
FOR THE YEAR ENDED MAY 31, 2011

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:				
Real property taxes and tax items	\$ 1,978,380	\$ 1,978,380	\$ 1,980,391	\$ 2,011
Nonproperty tax items	150,000	150,000	162,644	12,644
Departmental income	18,000	18,000	16,069	(1,931)
Intergovernmental charges	96,024	96,024	96,471	447
Miscellaneous	27,693	27,693	126,110	98,417
Use of money and property	3,000	3,000	1,074	(1,926)
Licenses and permits	1,100	1,100	1,105	5
Fines and forfeitures	44,607	44,607	47,254	2,647
Sale of property and compensation for loss	8,500	8,500	29,805	21,305
State aid	<u>147,801</u>	<u>147,801</u>	<u>105,949</u>	<u>(41,852)</u>
Total revenue	<u>2,475,105</u>	<u>2,475,105</u>	<u>2,566,872</u>	<u>91,767</u>
EXPENDITURES:				
General governmental support	400,783	400,783	438,239	(37,456)
Public safety	660,978	660,978	589,406	71,572
Public Health	42,579	42,579	40,400	2,179
Transportation	617,710	617,710	627,171	(9,461)
Culture and recreation	54,455	54,455	34,287	20,168
Home and community services	31,800	31,800	23,094	8,706
Employee benefits	389,339	389,339	418,815	(29,476)
Debt service - principal	228,676	228,676	201,824	26,852
Debt service - interest	<u>48,785</u>	<u>48,785</u>	<u>40,000</u>	<u>8,785</u>
Total expenditures	<u>2,475,105</u>	<u>2,475,105</u>	<u>2,413,236</u>	<u>61,869</u>
NET CHANGE IN FUND BALANCES	-	-	153,636	153,636
FUND BALANCE - beginning of year	<u>520,587</u>	<u>520,587</u>	<u>520,587</u>	-
FUND BALANCE - end of year	<u>\$ 520,587</u>	<u>\$ 520,587</u>	<u>\$ 674,223</u>	<u>\$ 153,636</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF DANSVILLE, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
WATER FUND - STATUTORY BASIS
FOR THE YEAR ENDED MAY 31, 2011**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:				
Use of money and property	\$ 2,500	\$ 2,500	\$ 182	\$ (2,318)
Departmental income	1,085,275	1,085,275	905,149	(180,126)
Licenses and permits	500	500	308	(192)
Sale of property and compensation for loss	500	500	1,928	1,428
Miscellaneous local sources	<u>500</u>	<u>500</u>	<u>351</u>	<u>(149)</u>
Total revenue	<u>1,089,275</u>	<u>1,089,275</u>	<u>907,918</u>	<u>(181,357)</u>
EXPENDITURES:				
General governmental support	44,139	44,139	45,930	(1,791)
Home and community services	377,340	377,340	361,955	15,385
Employee Benefits	103,524	103,524	115,979	(12,455)
Debt service - principal	394,748	394,748	391,748	3,000
Debt service - interest	<u>169,524</u>	<u>169,524</u>	<u>173,840</u>	<u>(4,316)</u>
Total expenditures	<u>1,089,275</u>	<u>1,089,275</u>	<u>1,089,452</u>	<u>(177)</u>
NET CHANGE IN FUND BALANCES	-	-	(181,534)	(181,534)
FUND BALANCE - beginning of year	<u>543,006</u>	<u>543,006</u>	<u>543,006</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 543,006</u>	<u>\$ 543,006</u>	<u>\$ 361,472</u>	<u>\$ (181,534)</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF DANSVILLE, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SEWER FUND - STATUTORY BASIS
FOR THE YEAR ENDED MAY 31, 2011**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE:				
Departmental income	\$ 602,254	\$ 602,254	\$ 714,174	\$ 111,920
Use of money and property	500	500	217	(283)
Sale of property and compensation for loss	100	100	-	(100)
Miscellaneous local sources	<u>1,000</u>	<u>1,000</u>	<u>55,416</u>	<u>54,416</u>
Total revenue	<u>603,854</u>	<u>603,854</u>	<u>769,807</u>	<u>165,953</u>
EXPENDITURES:				
General governmental support	-	15,093	7,433	7,660
Home and community services	422,237	407,144	499,854	(92,710)
Employee Benefits	38,025	38,025	40,388	(2,363)
Debt service - principal	124,706	124,706	108,750	15,956
Debt service - interest	<u>18,886</u>	<u>18,886</u>	<u>18,170</u>	<u>716</u>
Total expenditures	<u>603,854</u>	<u>603,854</u>	<u>674,595</u>	<u>(70,741)</u>
NET CHANGE IN FUND BALANCES	-	-	95,212	95,212
FUND BALANCE - beginning of year	<u>(32,771)</u>	<u>(32,771)</u>	<u>(32,771)</u>	-
FUND BALANCE - end of year	<u>\$ (32,771)</u>	<u>\$ (32,771)</u>	<u>\$ 62,441</u>	<u>\$ 95,212</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF DANSVILLE, NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The Village of Dansville, New York (the Village), incorporated in 1845, is governed by Village Law, other general laws of the State of New York, and various local laws and ordinances. The Village is a municipal corporation governed by the Board of Trustees and served by the Mayor.

The Village provides the following basic services: public safety, public health, highway maintenance, recreational programs, water, and sewer services.

A. Financial Reporting Entity

The Village of Dansville, New York (Village) has elected to prepare its financial statements on the statutory basis required by the New York State Office of the State Comptroller for annual reports to that office. This statutory basis is an other comprehensive basis which varies from accounting principles generally accepted in the United States of America (GAAP) primarily in accounting for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The statutory basis under the New York State Office of the Comptroller, uses the modified accrual basis of accounting for governmental funds and fiduciary funds; accrual basis accounting is used for the account groups. This basis differs from GAAP primarily in that no government wide financial statements are prepared, nor is a Management's Discussion and Analysis prepared.

B. Basic Financial Statements

The Village's basic financial statements include only fund financial statements, which report all of the Village's funds. The financial transactions of the Village are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Village records its transactions in the funds described below:

- **Governmental Funds**

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following are the Village's Governmental Funds:

General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.

Capital Projects Fund - Accounts for financial resources for the acquisition, construction, or renovation of major capital facilities, or equipment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

- **Governmental Funds (Continued)**

Water Fund - This fund was established by law to account for revenues derived from charges for water usage and benefited assessments. The application of these revenues is used toward related operating expenses and debt retirement.

Sewer Fund - This fund was established by law to account for revenues derived from charges for sewer usage and benefited assessments. The application of these revenues is used toward related operating expenses and debt retirement.

- **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity. Fiduciary activities are those in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements because their resources do not belong to the Village and are not available to be used.

Agency Fund - This fund accounts for those funds held in trust for subsequent distribution, transmittal or release to other governments, persons, or funds.

Private Purpose Trust Funds - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- **Account Groups**

General Fixed Assets Account Group - used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes.

General Long-term Debt Group - used to account for all long-term debt such as serial bonds, capital notes, and statutory bonds not accounted for in any other fund. General long-term liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

The governmental fund financial statements are presented using 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 (within 60 days after year-end for the Village). Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting/Measurement Focus (Continued)

Expenditures are recorded when incurred except that the cost of capital assets is recognized when the related liability is incurred. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

D. Property Taxes

Real property taxes are levied annually by June 1st by the Village Board. Taxes are collected during the period from June 1 – September 30th at the Village and from October 1st through November 30th at the County offices. The tax collector for the Village keeps a separate account for the receipt of all tax money. From this, payments are made to the General Fund during the collection period. The Village receives its tax warrant and relevy amounts in full along with uncollected real property taxes subsequently enforced by Livingston County.

E. Cash and Cash Equivalents

The Village's cash and cash equivalents consist of cash on hand, time and demand deposits.

The Village's investment policies are governed by State statutes. Village monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, repurchase agreements, and obligations of New York State or its localities.

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, or obligations of federal agencies, the principal and interest of which is guaranteed by the United States or obligations of New York State local governments.

F. Accounts Receivable

Accounts receivable represents unpaid charges of the Water and Sewer Fund at year-end. The Village establishes an allowance for doubtful accounts based on a review of outstanding amounts and the past history of collections. The Village has determined that no allowance was necessary at year-end.

G. Interfund Receivables and Payables

During the course of operations, the Village processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the schedule of non-current governmental assets.

Accounting principles under the statutory basis require that all purchased fixed assets be valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Fixed assets are not depreciated nor has interest on construction in progress been capitalized.

I. Compensated Absences

Village employees are granted vacation leave and earn compensatory time in varying amounts in accordance with various negotiated contracts. In the event of retirement, an employee is entitled to payment for accumulated compensatory time. The expenditures for these fringe benefits are recorded in the governmental funds at the time benefits are paid.

J. Deferred Revenue

Deferred revenue arises when the Village receives resources before it has a legal claim to them. In subsequent periods, when both recognition criteria are met or when the Village has legal claim to the resources, the deferred revenue is recognized as revenue.

K. Postemployment Benefits

The Village provides certain health care benefits for retired employees based on various collective bargaining agreements. The Village administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB).

L. Equity Classifications

Governmental Fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Currently, all of the Village's fund balance is unreserved and undesignated.

M. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the Village's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary policies

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States. On or before March 1 of each year, all departments of the Village submit requests for appropriations to the Village Clerk and the Board of Trustees, so that a budget may be prepared. Public hearings are conducted to obtain taxpayer comments prior to the budget being approved by the Board of Trustees by April 15. The Board of Trustees adopts a final budget no later than May 1. All modifications of the budget must be approved by the governing Board. However, the Clerk/Treasurer is authorized to transfer certain budgeted amounts within departments.

Fund Balance Deficits

The deficit of the Capital Fund was approximately \$1,574,000 at May 31, 2011. This deficit results from the issuance of several BANs that have not yet been converted to permanent financing. It is expected that the deficit will decrease to zero when the Village converts the BANs into bonds. The deficit in the Special Grant fund is a matter of timing and will be adjusted in 2012.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Village's cash and cash equivalents consist of cash on hand, time and demand deposits. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include 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. The Village has no specific policies other than the guidance in New York State General Municipal Law.

Primary Government, Including Fiduciary Funds

Total deposits of cash and cash equivalents and investments are as follows for the year ended May 31, 2011:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 59,489	\$ 101,114
Time deposits	<u>245,276</u>	<u>244,968</u>
Total cash and investments	<u>\$ 304,765</u>	<u>\$ 346,082</u>
Insured cash - FDIC		\$ 304,457
Uninsured - collateralized with securities held by pledging financial institution		<u>447,857</u>
Total insured and collateralized cash and cash equivalents		<u>\$ 752,314</u>

4. FIXED ASSET ACCOUNT GROUP

A summary of changes in the fixed asset account group for the year ended May 31, 2011 is as follows:

	Balance at 5/31/10	Transfers	Additions	Deletions	Balance at 5/31/11
Land	\$ 405,346	\$ -	\$ -	\$ -	\$ 405,346
Buildings	4,289,056	-	-	-	4,289,056
Equipment	<u>5,261,288</u>	<u>-</u>	<u>613,316</u>	<u>-</u>	<u>5,874,604</u>
Total capital assets	<u>\$ 9,955,690</u>	<u>\$ -</u>	<u>\$ 613,316</u>	<u>\$ -</u>	<u>\$ 10,569,006</u>

5. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (collectively, the Systems).

These are cost-sharing multiple-employer defined benefit 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 financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village is required to contribute at an actuarially determined rate. The required contributions for the current and two preceding years were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2011	\$ 109,407	\$ 75,765
2010	\$ 35,095	\$ 27,127
2009	\$ 67,294	\$ 73,216

5. PENSION PLAN (Continued)

Funding Policy (Continued)

The Village's contributions made to the Systems were equal to 100% of the contributions required for each year.

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2011 would be based on the pension value as of March 31, 2010).
- Allows one-time financing of State fiscal year 2004-2005 pension cost by permitting local governments to bond, over five years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period. (Superseded by Chapter 260 of the Laws of 2004).

On July 30, 2004, Chapter 260 of the Laws of 2004 of the State of New York was enacted and allows local employers to bond or amortize a portion of their retirement bill for up to ten years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2006-07, the amount in excess of 10.5% of employees' covered pensionable salaries.

6. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Village provides certain health care benefits for retired employees. The Village administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). There were approximately 50 active employees and 4 retired employees covered under the Retirement Plan at May 31, 2011.

The contribution requirements of Retirement Plan members and the Village are established pursuant to applicable collective bargaining and employment agreements. The required rates of the employer and the members may vary depending on the applicable agreement. The Retirement Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

6. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funding Policy

The obligations of the plan members and employer are established by action of the Village pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes 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 Village. For the year ended May 31, 2011, the Village contributed \$9,183 to the Plan. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$13,625 for the year ended May 31, 2011.

7. SHORT-TERM DEBT

The Village has issued short-term debt such as bond anticipation notes (BANs) and revenue anticipation notes (RANs) to finance short-term projects. A summary of the Village's short-term debt activity is as follows for the year ended May 31, 2011:

<u>Description</u>	<u>Outstanding 5/31/10</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Outstanding 5/31/11</u>
Bond anticipation notes	<u>\$1,219,277</u>	<u>\$1,199,391</u>	<u>\$ (1,219,277)</u>	<u>\$ 1,199,391</u>
Revenue anticipation notes	<u>\$ 370,000</u>	<u>\$ -</u>	<u>\$ (370,000)</u>	<u>\$ -</u>

Of the total BAN repayments, the amount redeemed from appropriation for 2011 totaled \$290,322. The total new BANs entered into during 2011 was \$280,436. Interest on short-term obligations totaled \$41,920 in 2011.

<u>Description</u>	<u>Original Date Issued</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Outstanding 5/31/11</u>
Street paving,	7/24/03	2.85%	7/15/11	\$ 90,000
John Deere loader	10/19/06	1.66%	10/19/11	18,857
Plant renovation	11/23/98	1.67%	11/11/11	126,735
Sewer plant repair	3/17/10	1.67%	3/17/11	68,000
Sewer plant study	3/18/10	1.67%	3/18/11	63,600
Wastewater plant	2/6/04	2.58%	2/2/12	27,000
Street paving	6/13/07	1.65%	6/10/11	61,600
Street paving	12/29/09	2.58%	12/28/11	76,000
Pros fire truck	11/26/06	1.67%	11/11/11	87,270
Pros fire truck	5/9/07	2.50%	5/9/12	102,940
WWTP heating	10/19/06	1.66%	10/16/11	156,000
Plant renovation	7/18/00	2.85%	7/18/11	25,000
Water	2/14/08	2.65%	2/14/12	15,953
Ambulance	12/8/10	1.79%	12/9/11	<u>280,436</u>
				<u>\$ 1,199,391</u>

The BANs have interest rates ranging from 1.66%-2.85% with maturity dates ranging from 3/2011 to 5/2012. The RANs had an interest rate of 2.99% with a maturity date of 7/2010.

8. LONG-TERM DEBT FUND GROUP

The following is a summary of changes in the long-term debt fund group for the year ended May 31, 2011:

<u>Description</u>	<u>Outstanding 5/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding 5/31/11</u>
Serial bonds	<u>\$5,908,000</u>	<u>\$ -</u>	<u>\$ (412,000)</u>	<u>\$5,496,000</u>

For the year ended May 31, 2011, the Village recognized interest expense of \$190,090 on long-term debt in the Governmental Funds.

The following is a statement of serial bonds with corresponding maturity schedules.

<u>Bonds Payable</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>5/31/11 Balance</u>	<u>Amount Due Within One Year</u>
Filtration Plant	9/1999	9/2032	4.50%	\$ 272,000	\$ 8,000
Filtration Plant	7/2000	1/2021	2.60%	3,370,000	310,000
Water Mains	3/2001	3/2013	4.85%	1,309,000	38,000
Water Mains	3/2001	3/2013	4.85%	40,000	20,000
Intake Project	3/2001	11/2020	3.23%	155,000	15,000
Fire Truck	1/2001	7/2020	4.75%	<u>350,000</u>	<u>35,000</u>
Total				<u>\$5,496,000</u>	<u>\$ 426,000</u>

The following is a schedule of the future minimum payments under the Village's bond agreements as of May 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 426,000	\$ 194,351	\$ 620,351
2013	437,000	184,979	621,979
2014	423,000	174,384	597,384
2015	431,000	162,826	593,826
2016	439,000	149,910	588,910
2017 – 2021	2,308,000	572,376	2,880,376
2022 – 2026	366,000	190,805	556,805
2027 – 2031	453,000	99,006	552,006
2032 – 2037	<u>213,000</u>	<u>8,438</u>	<u>221,438</u>
	<u>\$ 5,496,000</u>	<u>\$ 1,737,075</u>	<u>\$ 7,233,075</u>

9. INTERFUND ACTIVITIES

Interfund receivables and payables between governmental activities are eliminated on the statement of net assets. The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Interfund receivables and payables at May 31, 2011 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 637,242	\$ 162,236
Special grant	-	209
Water	366,968	274,970
Sewer	70,056	257,567
Capital	<u>24,907</u>	<u>404,191</u>
Total	<u>\$ 1,099,173</u>	<u>\$ 1,099,173</u>

10. RISK MANAGEMENT

Liability

The Village assumes the liability for some risk including, but not limited to, general and personal injury liability. The Village's risk relating to general liability is limited to \$1,000,000 per incident and \$3,000,000 in the aggregate.

Workers' Compensation

The Village, along with 17 towns and 8 other villages have joined together to self-insure for workers' compensation coverage which is maintained and administered by the County. Each participant pays annual premiums as determined by the County each year. No liabilities for workers' compensation claims are recorded at May 31, 2011.

11. COMMITMENTS AND CONTINGENCIES

Judgments and Claims

The Village and/or its agencies are named in several lawsuits, some of which are for substantial amounts. These claims are either adequately covered by insurance or, in the opinion of Village officials, will not result in material judgments against the Village or will not be pursued and; therefore, are not expected to have a material effect on the basic financial statements.

Collective Bargaining Agreements

Certain of the Village's employees are covered by various collective bargaining agreements. One of the contracts will be expiring at the end of the May 31, 2012 fiscal year, and at the time of issuance of these financial statements, no new agreement had been negotiated. The other collective bargaining agreement expires in May 31, 2014.

Lease Agreements

The Village leases office space from the Town of North Dansville under an operating lease agreement requiring an annual payment of \$24,000, which was in effect through June 11, 2003. The Village has not obtained a revised or amended agreement since that time, but has increased the annual payment to \$35,000.

11. COMMITMENTS AND CONTINGENCIES (Continued)

Fire Protection

The Village is required to provide fire protection services to its residents. The Village has entered into a contract with the Fire Department of the Village of Dansville (the Fire Department) to provide these services using the equipment and facilities owned by the Village, under the terms of an annual contract concurrent with the Village's fiscal year. For the year ended May 31, 2011, the Village paid \$26,000 for these services. For the year ended May 31, 2012, the Village has agreed to pay \$26,000.

EMS Services

The Village is required to provide first responder (EMS) services to its residents. The Village has entered into a contract with the Dansville Ambulance Company, Inc. (DAC) to provide these services using certain equipment owned by the Village, under the terms of a contract ending October 5, 2013. For the year ended May 31, 2011, the Village paid \$26,000 for these services. Under the terms of the agreement, the Village and DAC split the billing revenue evenly. The Village is responsible for providing, insuring, repairing, and replacing the ambulances required for DAC to provide services to the Village.

Purchase Commitment

On November 24, 2010, the Village entered into a purchase commitment in the amount of \$1,250,000 for 10.30 acres of land in the Village of Dansville which was to be acquired in connection with the development of a new wastewater treatment plant. The closing was anticipated to occur prior to May 31, 2011. Subsequent to year-end, this purchase had not been consummated, and the Village was in negotiations with the seller to alter the contents of the purchase offer. At the time of issuance of these financial statements, no closing had taken place, nor had a new agreement signed.

Public Safety Services

The Village has agreements with the neighboring Towns of Groveland, Dansville, North Dansville, Ossian, Sparta and West Sparta to provide Fire and Ambulance (EMS) services to its residents. The revenue received in 2011 was approximately \$100,000. The amount anticipated for 2012 will be consistent with 2011.

12. SUBSEQUENT EVENT

On February 15, 2011, the Village approved a resolution to issue one BAN with an interest rate of 1.95%. The Village issued this BAN for \$850,000 on November 23, 2011 to cover engineering fees related to the new wastewater treatment plant.