

**TOWN OF CLARENCE, NEW YORK**  
**SINGLE AUDIT**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORTS**  
**YEAR ENDED DECEMBER 31, 2010**



**TOWN OF CLARENCE, NEW YORK**

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**TOWN OF CLARENCE, NEW YORK**

**BASIC FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2010**



**TOWN OF CLARENCE, NEW YORK**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Town Board  
Town of Clarence  
Clarence, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Clarence, New York as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Clarence, New York's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Clarence, New York, as of December 31, 2010, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2011, on our consideration of the Town of Clarence, New York'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 3 through 14 and 60 through 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Clarence, New York's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

March 25, 2011



## TOWN OF CLARENCE, NEW YORK

### Management's Discussion and Analysis December 31, 2010

This section of the Town of Clarence's (Town's) annual financial report presents a discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2010. Please read it in conjunction with the Town's basic financial statements following this section.

#### FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded liabilities at the close of the 2010 fiscal year by \$97,079,441 (net assets). Of this amount, \$8,469,194 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$1,334,571 is restricted for specific purpose (restricted net assets), and \$87,275,676 is invested in capital assets, net of related debt.
- The government's total net assets increased by \$860,362.
- As of December 31, 2010, the Town's governmental funds reported combined fund balances of \$5,205,832, a decrease of \$1,849,437 in comparison with the prior year. Approximately 73.79% of the combined fund balances, \$3,841,544 is available to meet the Town's current and future needs (unreserved fund balance).
- At the end of the fiscal year, unreserved fund balance for the general fund was 3,607,379 or 89.24% of total general fund balance. The amount of \$1,211,300 is designated for subsequent year's expenditures within the 2011 fiscal year budget.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts - *Management's Discussion and Analysis* (this section), and the *Basic Financial Statements*.

##### Basic Financial Statements

*Governmental-Wide Financial Statements* are two statements designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

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

## TOWN OF CLARENCE, NEW YORK

### Management's Discussion and Analysis December 31, 2010

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., unallocated taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The Town does not have any functions that are intended to recover all or, in part, a portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, interest and fiscal charges and depreciation.

**The government-wide financial statements can be found on pages 15-17 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate finance related legal compliance. All funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as, balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **TOWN OF CLARENCE, NEW YORK**

### **Management's Discussion and Analysis December 31, 2010**

The Town maintains three individual governmental fund types. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Projects Fund and the Special Revenue Funds. Data for the other governmental funds are presented elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**The basic governmental fund financial statements can be found on pages 18-25 of this report.**

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town has one fiduciary fund, the Agency Fund, which is used to account for funds held by the Town as agent for employees' withholdings, monies due to other governments, and other miscellaneous items.

**The basic fiduciary fund financial statement can be found on page 26 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**The Notes can be found on pages 27-59 of this report.**

#### **GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$97,079,441 at the close of the most recent fiscal year.

**TOWN OF CLARENCE, NEW YORK**

**Management's Discussion and Analysis  
December 31, 2010**

**Summary of Town of Clarence's Net Assets**

	<b>Governmental Activities <u>December 31, 2010</u></b>	<b>Governmental Activities <u>December 31, 2009</u></b>
Current and other assets	\$ 14,285,630	\$ 13,759,852
Capital assets	<u>104,546,976</u>	<u>102,259,373</u>
Total assets	<u>118,832,606</u>	<u>116,019,225</u>
Long-term liabilities	19,596,490	18,073,655
Other liabilities	<u>2,156,675</u>	<u>1,726,491</u>
Total liabilities	<u>21,753,165</u>	<u>19,800,146</u>
<b>Net Assets:</b>		
Investment in capital assets, net of related debt	87,275,676	85,851,073
Restricted	1,334,571	1,304,258
Unrestricted	<u>8,469,194</u>	<u>9,063,748</u>
<b>Total net assets</b>	<b><u>\$ 97,079,441</u></b>	<b><u>\$ 96,219,079</u></b>

The largest portion of the Town's net assets of \$87,275,676 (89.9%) reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# TOWN OF CLARENCE, NEW YORK

## Management's Discussion and Analysis December 31, 2010

Another portion of the Town's net assets of \$1,334,571 (1.4%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the Town's net assets (8.7%) represents unrestricted net assets of \$8,469,194, which may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all of its net asset categories.

**Governmental activities.** Governmental activities increased the Town's net assets by \$860,362.

The following table indicates the changes in net assets for governmental activities:

### Summary of Town of Clarence's Changes in Net Assets

	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 1,289,921	\$ 1,038,518
Operating Grants and Contributions	390,750	204,132
Capital Grant and Contributions	862,263	-
<b>General Revenues:</b>		
Property Taxes	10,231,256	9,860,126
Sales Tax	4,513,398	4,573,734
Franchise Tax	254,064	241,266
Real Property Tax Items	164,595	166,373
Use of Money and Property	83,528	74,058
Sale of Property and Compensation for Loss	39,220	95,725
Miscellaneous	137,032	60,669
Interfund Revenues	159,066	101,368
State and Federal Aid	1,013,679	1,847,205
Total Revenues	<u>\$ 19,138,772</u>	<u>\$ 18,263,174</u>

**TOWN OF CLARENCE, NEW YORK**

**Management's Discussion and Analysis  
December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>Expenses:</b>		
General Government Support	\$ 2,121,547	\$ 1,487,036
Public Safety	3,563,189	2,684,147
Transportation	5,946,400	3,742,365
Economic Assistance and Opportunity	10,440	14,466
Culture and Recreation	4,873,976	2,486,146
Home and Community Service	1,273,936	3,846,258
Unallocated Interest and Fiscal charges	488,922	504,289
Total Expenses	<u>18,278,410</u>	<u>14,764,707</u>
Changes in Net Assets	860,362	3,498,467
Net Assets - Beginning	<u>96,219,079</u>	<u>92,720,612</u>
<b>Net Assets - Ending</b>	<b><u>\$ 97,079,441</u></b>	<b><u>\$ 96,219,079</u></b>

**Business-type activities.** The Town does not have any business type activities.

## TOWN OF CLARENCE, NEW YORK

### Management's Discussion and Analysis December 31, 2010

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

**Governmental Funds.** The general governmental functions are contained in the General, Special Revenue and Capital Projects Funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2010, the Town's governmental funds reported combined fund balances of \$5,205,832, a decrease of \$1,849,437 in comparison with the prior year. Approximately 73.8% of the combined fund balances, \$3,841,544, constitutes *unreserved fund balance*, which is available to meet the Town's current and future operational and capital needs. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has already been committed: (1) \$732,067 reserved for Park Land; (2) \$451,054 reserved for debt; (3) \$29,717 reserved for encumbrances; and (4) \$151,450 reserved for prepaid expenditures.

The general fund is the chief operating fund of the Town. At December 31, 2010, unreserved fund balance of the general fund was \$3,607,379, while total fund balance reached \$4,042,267. As a measure of general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 36.4% of total fund expenditures, while total fund balance also represents 40.8% of that same amount.

Revenues for governmental functions totaled \$19,167,857 in fiscal year ended December 31, 2010, which represents an increase of 4.9% from the fiscal year ended December 31, 2009.

**TOWN OF CLARENCE, NEW YORK**

**Management's Discussion and Analysis  
December 31, 2010**

The following table presents the amount of revenues from various sources, as well as, increases or decreases from the prior year:

**Revenues Classified by Source**  
**Governmental Funds**

	<b>December 31, 2010 Amount</b>	<b>Percent of Total</b>	<b>December 31, 2009 Amount</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent of Increase (Decrease)</b>
<b>Revenues:</b>					
Real property taxes and tax items	\$ 10,395,851	54.24%	\$ 10,026,499	\$ 369,352	3.68%
Non-property tax items	4,767,462	24.87%	4,815,000	(47,538)	-0.99%
Departmental income	160,234	0.84%	134,347	25,887	19.27%
Intergovernmental charges	309,933	1.62%	295,174	14,759	5.00%
Use of money and property	83,528	0.44%	74,058	9,470	12.79%
Licenses and permits	427,440	2.23%	226,061	201,379	89.08%
Fines and forfeitures	392,315	2.05%	382,936	9,379	2.45%
Sale of property and comensation for loss	39,220	0.20%	95,725	(56,505)	-59.03%
Miscellaneous	137,031	0.71%	60,669	76,362	125.87%
Interfund revenues	159,066	0.83%	101,368	57,698	56.92%
State and federal aid	<u>2,295,777</u>	<u>11.98%</u>	<u>2,060,734</u>	<u>235,043</u>	11.41%
<b>Total Revenues</b>	<b><u>\$ 19,167,857</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 18,272,571</u></b>	<b><u>\$ 895,286</u></b>	

The following provides an explanation of revenues by source that changed significantly over the prior year:

- Real Property Taxes and Tax Items - The \$369,352 increase was primarily due to increases in real property taxes.
- Licenses and Permits - The \$201,379 increase was primarily due to the receipt of public improvement permits which were closed during 2010.
- State and Federal Aid - The \$235,043 increase was primarily due to the EPA Construction of Sewer District #9 grant.

**TOWN OF CLARENCE, NEW YORK**

**Management's Discussion and Analysis  
December 31, 2010**

The following table presents expenditures, by function, compared to prior year amounts:

<b><u>Expenditures by Function</u></b>					
<b><u>Governmental Funds</u></b>					
	<b>December 31,</b>		<b>December 31,</b>	<b>Amount of</b>	<b>Percent of</b>
	<b>2010</b>	<b>Percent of</b>	<b>2009</b>	<b>Increase</b>	<b>Increase</b>
	<b>Amount</b>	<b>Total</b>	<b>Amount</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
<b>Expenditures:</b>					
General governmental support	\$ 2,582,169	12.24%	\$ 2,483,145	\$ 99,024	3.99%
Public safety	3,215,210	15.24%	3,183,519	31,691	1.00%
Transportation	3,731,427	17.69%	3,859,272	(127,845)	-3.31%
Economic assistance and opportunity	10,440	0.05%	14,466	(4,026)	-27.83%
Culture and recreation	3,875,458	18.37%	3,630,725	244,733	6.74%
Home and community services	3,059,864	14.50%	1,430,117	1,629,747	113.96%
Employee benefits	2,733,523	12.96%	2,475,897	257,626	10.41%
Debt services	1,888,203	8.95%	1,851,998	36,205	1.95%
<b>Total Expenditures</b>	<b><u>\$ 21,096,294</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 18,929,139</u></b>	<b><u>\$ 2,167,155</u></b>	

The following provides an explanation of the expenditures by function that changed significantly over the prior year:

- Culture and Recreation - The \$244,733 increase was primarily due to land acquisition purchases made during the year.
- Home and Community Services - The \$1,629,747 increase was primarily due to the construction of the Sewer District # 9 project.
- Employee Benefits - The \$257,626 increase was primarily due to an increase in expenditures for retirement and health insurance.

**TOWN OF CLARENCE, NEW YORK**

**Management's Discussion and Analysis  
December 31, 2010**

The current year excess of revenues over expenditures is presented below:

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**

	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Fund Balance at December 31, 2008	\$ 3,803,040	\$ 3,759,932	\$ 105,922	\$ 7,668,894
Revenues	10,167,793	8,299,713	638,114	19,105,620
Expenditures	<u>(9,604,121)</u>	<u>(8,383,335)</u>	<u>(1,774,732)</u>	<u>(19,762,188)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>563,672</u>	<u>(83,622)</u>	<u>(1,136,618)</u>	<u>(656,568)</u>
Other Financial Sources, Net	<u>(650,000)</u>	<u>675,000</u>	<u>17,943</u>	<u>42,943</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	<u>(86,328)</u>	<u>591,378</u>	<u>(1,118,675)</u>	<u>(613,625)</u>
Fund Balance at December 31, 2009	3,716,712	4,351,310	(1,012,753)	7,055,269
Revenues	10,214,870	7,815,520	1,137,467	19,167,857
Expenditures	<u>(9,459,169)</u>	<u>(8,118,957)</u>	<u>(3,518,168)</u>	<u>(21,096,294)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>755,701</u>	<u>(303,437)</u>	<u>(2,380,701)</u>	<u>(1,928,437)</u>
Other Financial Sources, Net	<u>(430,146)</u>	<u>502,000</u>	<u>7,146</u>	<u>79,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	<u>325,555</u>	<u>198,563</u>	<u>(2,373,555)</u>	<u>(1,849,437)</u>
<b>Fund Balance at December 31, 2010</b>	<b><u>\$ 4,042,267</u></b>	<b><u>\$ 4,549,873</u></b>	<b><u>\$ (3,386,308)</u></b>	<b><u>\$ 5,205,832</u></b>

**TOWN OF CLARENCE, NEW YORK**

**Management's Discussion and Analysis  
December 31, 2010**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were transfers between the total original budget and the final amended budget, but the deficiency of revenues and other sources over expenditures and other uses did not change.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of December 31, 2010, amounted to \$104,546,976 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, and equipment.

All depreciable capital assets were depreciated under the straight-line method using half-year convention.

Current assets net of depreciation are presented below:

**Summary of Town of Clarence's Capital Assets  
(Net of Depreciation)**

Land	\$ 11,945,352
Infrastructure	78,631,590
Buildings and Improvements	10,028,284
Machinery and Equipment	2,301,286
Construction in Progress	1,640,464
<b>Total</b>	<b><u><u>\$ 104,546,976</u></u></b>

## **TOWN OF CLARENCE, NEW YORK**

### **Management's Discussion and Analysis December 31, 2010**

#### **Long-term Debt**

At December 31, 2010, the Town had total long-term debt outstanding of \$12,111,490 as compared to \$12,761,655 in the prior year. The amount is comprised of serial bonds and compensated absences. During the year retirement of debt amounted to \$1,315,000. New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the Town is \$177,479,646, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found on pages 50-53 of the Notes to the Financial Statements.

#### **Request for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Supervisor's Office, One Town Place, Clarence, New York 14031.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF CLARENCE, NEW YORK**

**GOVERNMENT-WIDE FUNDS**

**Statement of Net Assets**

**December 31, 2010**

<b><u>ASSETS</u></b>	<b><u>Governmental Activities</u></b>
Cash	\$ 11,279,565
Receivables (Net of Allowances for Estimated Uncollectables)	76,325
Prepaid Expenses	151,450
Due from State and Federal Governments	907,630
Due from Other Governments	1,870,660
<b>Capital Assets:</b>	
Land	11,945,352
Construction in Progress	1,640,464
Other Capital Assets, Net of Depreciation	<u>90,961,160</u>
 <b>Total Assets</b>	 <b><u>\$ 118,832,606</u></b>

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF CLARENCE, NEW YORK**

**GOVERNMENT - WIDE FUNDS**

**Statement of Net Assets  
December 31, 2010**

<b><u>LIABILITIES AND NET ASSETS</u></b>	<b><u>Governmental Activities</u></b>
<b>Liabilities:</b>	
Accounts Payable	\$ 699,694
Accrued Liabilities	303,243
Due to Other Governments	509,341
Deferred Revenues	16,899
Accrued Post-employment Benefit Obligation	627,498
<b>Long-term Liabilities:</b>	
Due within One Year	8,685,000
Due in more than One Year	<u>10,911,490</u>
Total Liabilities	<u>21,753,165</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	87,275,676
<b>Restricted for:</b>	
Debt Service	451,054
Park Land	732,067
Prepaid Expenses	151,450
Unrestricted	<u>8,469,194</u>
Total Net Assets	<u>97,079,441</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 118,832,606</u></b>

The accompanying notes are an integral part of the basic financial statements.

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TOWN OF CLARENCE, NEW YORK

GOVERNMENT-WIDE FUNDS

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		Capital Grants and Contributions
<b>Functions/Programs:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 2,121,547	\$ 264,829	\$ -	\$ -	\$ (1,856,718)
Public Safety	3,563,189	575,097	-	-	(2,988,092)
Transportation	5,946,400	309,933	137,562	-	(5,498,905)
Economic Assistance and Opportunity	10,440	-	-	-	(10,440)
Culture and Recreation	4,873,976	91,410	31,771	-	(4,750,795)
Home and Community Services	1,273,936	48,652	221,417	862,263	(141,604)
Unallocated Interest and Fiscal Charges	488,922	-	-	-	(488,922)
Total Governmental Activities	<u>\$ 18,278,410</u>	<u>\$ 1,289,921</u>	<u>\$ 390,750</u>	<u>\$ 862,263</u>	<u>(15,735,476)</u>
<b>General Revenues:</b>					
Property Taxes					10,231,256
Sales Tax					4,513,398
Franchise Tax					254,064
Real Property Tax Items					164,595
Use of Money and Property					83,528
Sale of Property and Compensation for Loss					39,220
Miscellaneous					137,032
Interfund Revenues					159,066
State Aid					1,013,679
Total General Revenues					<u>16,595,838</u>
Change in Net Assets					860,362
Total Net Assets at Beginning of Year					<u>96,219,079</u>
<b>Total Net Assets at End of Year</b>					<u><b>\$ 97,079,441</b></u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF CLARENCE, NEW YORK**

**GOVERNMENTAL FUNDS**

**Balance Sheet  
December 31, 2010**

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash	\$ 2,652,209	\$ 5,180,026	\$ 3,447,330	\$ 11,279,565
Accounts Receivable	56,750	19,575	-	76,325
Due From State and Federal Governments	45,367	-	862,263	907,630
Due From Other Governments	1,587,847	40,894	-	1,628,741
Prepaid Expenditures	<u>88,786</u>	<u>62,664</u>	<u>-</u>	<u>151,450</u>
<b>Total Assets</b>	<b><u>\$ 4,430,959</u></b>	<b><u>\$ 5,303,159</u></b>	<b><u>\$ 4,309,593</u></b>	<b><u>\$ 14,043,711</u></b>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF CLARENCE, NEW YORK**

**GOVERNMENTAL FUNDS**

**Balance Sheet  
December 31, 2010**

	Governmental Fund Types			Total Governmental Funds
	General Fund	Special Revenue Funds	Capital Projects Fund	
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 285,804	\$ 202,989	\$ 210,901	\$ 699,694
Accrued Liabilities	85,989	40,956	-	126,945
Due to Other Governments	-	509,341	-	509,341
Bond Anticipation Notes Payable	-	-	7,485,000	7,485,000
Deferred Revenues	16,899	-	-	16,899
Total Liabilities	388,692	753,286	7,695,901	8,837,879
<b>Fund Equity:</b>				
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Reserve for Encumbrances	22,917	6,800	-	29,717
Reserve for Park Land	-	732,067	-	732,067
Reserve for Debt	323,185	127,869	-	451,054
Reserve for Prepaid Expenditures	88,786	62,664	-	151,450
<b>Unreserved:</b>				
Designated for Subsequent Years' Expenditures	1,211,300	843,800	-	2,055,100
Undesignated	2,396,079	2,776,673	(3,386,308)	1,786,444
Total Fund Equity (Deficit)	4,042,267	4,549,873	(3,386,308)	5,205,832
<b>Total Liabilities and Fund Equity</b>	<b>\$ 4,430,959</b>	<b>\$ 5,303,159</b>	<b>\$ 4,309,593</b>	<b>\$ 14,043,711</b>

The accompanying notes are an integral part of the basic financial statements.

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**TOWN OF CLARENCE, NEW YORK**

**Reconciliation of Statement of Net Assets  
To Government Fund Balances**

**December 31, 2010**

**Governmental  
Activities**

Total Governmental Fund Balances

\$ 5,205,832

**Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:**

Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported in the funds.

104,546,976

Long-term accruals that are not financial  
resources and therefore are not  
reported in the funds.

65,621

Accrued post-employment benefit obligation

(627,498)

Long-term liabilities, including bonds payable,  
are not due and payable in the current period  
and therefore are not reported in the funds.

(12,111,490)

**Net Assets of Governmental Activities**

**\$ 97,079,441**

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF CLARENCE, NEW YORK**

**GOVERNMENTAL FUNDS**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2010**

	Governmental Fund Types			Total Governmental Funds
	General Fund	Special Revenue Funds	Capital Projects Fund	
<b>Revenues:</b>				
Real Property Taxes	\$ 3,161,788	\$ 7,069,468	\$ -	\$ 10,231,256
Real Property Tax Items	130,449	34,146	-	164,595
Non-property Tax Items	4,767,462	-	-	4,767,462
Departmental Income	109,115	51,119	-	160,234
Intergovernmental Charges	-	309,933	-	309,933
Use of Money and Property	43,573	39,955	-	83,528
Licenses and Permits	418,440	9,000	-	427,440
Fines and Forfeitures	392,315	-	-	392,315
Sale of Property and Compensation for Loss	35,510	3,710	-	39,220
Miscellaneous	81,683	1,561	53,787	137,031
Interfund Revenues	-	159,066	-	159,066
State Aid	1,074,535	137,562	221,417	1,433,514
Federal Aid	-	-	862,263	862,263
Total Revenues	10,214,870	7,815,520	1,137,467	19,167,857

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF CLARENCE, NEW YORK**

**GOVERNMENTAL FUNDS**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2010**

	<u>Governmental Fund Types</u>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	
<b>Expenditures:</b>				
<b>Current:</b>				
General Government Support	\$ 2,220,498	\$ 1,108	\$ 360,563	\$ 2,582,169
Public Safety	701,676	2,513,534	-	3,215,210
Transportation	675,414	2,640,291	415,722	3,731,427
Economic Opportunity and Development	10,440	-	-	10,440
Culture and Recreation	2,520,172	15,698	1,339,588	3,875,458
Home and Community Services	252,832	1,404,737	1,402,295	3,059,864
Employee Benefits	1,770,092	963,431	-	2,733,523
<b>Debt Service:</b>				
Principal	924,150	464,850	-	1,389,000
Interest	383,895	115,308	-	499,203
Total Expenditures	<u>9,459,169</u>	<u>8,118,957</u>	<u>3,518,168</u>	<u>21,096,294</u>
Excess (Deficiency) of Revenues over Expenditures	<u>755,701</u>	<u>(303,437)</u>	<u>(2,380,701)</u>	<u>(1,928,437)</u>
<b>Other Sources and (Uses):</b>				
Bond Anticipation Notes Redeemed From Appropriations	-	-	79,000	79,000
Operating Transfers In	19,854	502,000	-	521,854
Operating Transfers Out	<u>(450,000)</u>	<u>-</u>	<u>(71,854)</u>	<u>(521,854)</u>
Total Other Sources and (Uses)	<u>(430,146)</u>	<u>502,000</u>	<u>7,146</u>	<u>79,000</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	325,555	198,563	(2,373,555)	(1,849,437)
Fund Balances (Deficit) at January 1, 2010	<u>3,716,712</u>	<u>4,351,310</u>	<u>(1,012,753)</u>	<u>7,055,269</u>
<b>Fund Balances (Deficit) at December 31, 2010</b>	<b><u>\$ 4,042,267</u></b>	<b><u>\$ 4,549,873</u></b>	<b><u>\$ (3,386,308)</u></b>	<b><u>\$ 5,205,832</u></b>

**The accompanying notes are an integral part of the basic financial statements.**

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**TOWN OF CLARENCE, NEW YORK**

**Reconciliation of the Statement of Revenues, Expenditures , and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2010**

	<u><b>Governmental Activities</b></u>
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>	
Net change in fund balances total governmental funds	\$ (1,849,437)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense This is the amount by which capital outlays exceeded depreciation in the current period.	2,287,604
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	(29,085)
Certain expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.	10,281
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect in the treatment of long-term debt. Neither transactions has an effect on net assets.	650,165
Accrued post-employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post-employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post-employment benefit liability adjustment exceeds the contribution.	<u>(209,166)</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><b>\$ 860,362</b></u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF CLARENCE, NEW YORK**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Non-GAAP Budgetary Basis)**

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

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>						
Real Property Taxes	\$ 3,156,470	\$ 3,161,788	\$ 5,318	\$ 7,071,132	\$ 7,069,468	\$ (1,664)
Real Property Tax Items	134,075	130,449	(3,626)	23,581	34,146	10,565
Non-property Tax Items	4,750,000	4,767,462	17,462	-	-	-
Departmental Income	74,650	109,115	34,465	48,100	51,119	3,019
Intergovernmental Charges	-	-	-	302,373	309,933	7,560
Use of Money and Property	23,500	43,573	20,073	63,170	39,955	(23,215)
Licenses and Permits	213,100	418,440	205,340	10,100	9,000	(1,100)
Fines and Forfeitures	331,500	392,315	60,815	-	-	-
Sale of Property and Compensation for Loss	20,000	35,510	15,510	-	3,710	3,710
Miscellaneous	37,800	81,683	43,883	42,500	1,561	(40,939)
Interfund Revenues	-	-	-	-	159,066	159,066
State Aid	1,095,425	1,074,535	(20,890)	136,607	137,562	955
Total Revenues	<u>9,836,520</u>	<u>10,214,870</u>	<u>378,350</u>	<u>7,697,563</u>	<u>7,815,520</u>	<u>117,957</u>

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF CLARENCE, NEW YORK**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
(Non-GAAP Budgetary Basis)**

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

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government Support	\$ 2,733,667	\$ 2,235,270	\$ 498,397	\$ 1,108	\$ 1,108	\$ -
Public Safety	741,601	696,156	45,445	2,630,462	2,513,534	116,928
Transportation	728,996	675,414	53,582	2,978,263	2,647,091	331,172
Economic Opportunity and Development	12,500	10,440	2,060	-	-	-
Culture and Recreation	2,795,434	2,520,172	275,262	34,000	15,698	18,302
Home and Community Services	304,669	254,657	50,012	1,366,683	1,404,737	(38,054)
Employee Benefits	2,028,224	1,770,092	258,132	1,082,605	963,431	119,174
<b>Debt Service:</b>						
Principal	915,150	924,150	(9,000)	464,850	464,850	-
Interest	383,895	383,895	-	115,560	115,308	252
Total Expenditures	<u>10,644,136</u>	<u>9,470,246</u>	<u>1,173,890</u>	<u>8,673,531</u>	<u>8,125,757</u>	<u>547,774</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(807,616)</u>	<u>744,624</u>	<u>1,552,240</u>	<u>(975,968)</u>	<u>(310,237)</u>	<u>665,731</u>
<b>Other Sources and (Uses):</b>						
Operating Transfers In	57,616	19,854	(37,762)	450,000	502,000	52,000
Operating Transfers Out	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources	<u>(392,384)</u>	<u>(430,146)</u>	<u>(37,762)</u>	<u>450,000</u>	<u>502,000</u>	<u>52,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>(1,200,000)</u>	<u>314,478</u>	<u>1,514,478</u>	<u>(525,968)</u>	<u>191,763</u>	<u>717,731</u>
Fund Balances at January 1, 2010	<u>3,704,872</u>	<u>3,704,872</u>	<u>-</u>	<u>4,351,310</u>	<u>4,351,310</u>	<u>-</u>
<b>Fund Balances at December 31, 2010</b>	<u><b>\$ 2,504,872</b></u>	<u><b>\$ 4,019,350</b></u>	<u><b>\$ 1,514,478</b></u>	<u><b>\$ 3,825,342</b></u>	<u><b>\$ 4,543,073</b></u>	<u><b>\$ 717,731</b></u>

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF CLARENCE, NEW YORK**

**FIDUCIARY FUNDS**

**Statement of Fiduciary Net Assets  
December 31, 2010**

	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 112,491
Service Award Program Assets	<u>2,165,632</u>
<b>Total Assets</b>	<b><u>\$ 2,278,123</u></b>
<b>Liabilities and Net Assets:</b>	
<b>Liabilities:</b>	
Service Award Program	\$ 2,165,632
Accrued Liabilities	10,689
Bid Deposits	67,344
Other Agency Liabilities	<u>34,458</u>
<b>Net Assets:</b>	
Net Assets	<u>-</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,278,123</u></b>

The accompanying notes are an integral part of the basic financial statements.

# TOWN OF CLARENCE, NEW YORK

## Notes to the Financial Statements December 31, 2010

### **Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Town of Clarence, New York (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant of the Town's accounting policies are described below.

***Financial Reporting Entity*** - The Town of Clarence, which was established in 1808, is located within the County of Erie, New York. The Town is governed by Town law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations and the Supervisor serves as chief fiscal officer.

The following basic services are provided: fire protection through contracts with local volunteer companies, highway, drainage, recreation, sewer service, street lighting, and general administration.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk
Councilmen (4)	Superintendent of Highways
Town Justices (2)	

***Component Units*** - The Financial Statement reporting entity includes the Town of Clarence (the primary government) and its significant component units. A component unit is either a legally separate organization for which the elected officials of a primary government are financially accountable, or another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

***Financial Reporting Entity (Cont.)*** - All governmental activities and functions performed for the Town of Clarence are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

Considered for inclusion in the reporting entity are the following organizations:

***Town of Clarence Industrial Development Agency*** - The appointment of the Governing Board and the scope of public service are not considered an adequate demonstration of oversight and control. The Town has no responsibility for the budget, debt, financing deficits or fiscal management of the Town of Clarence Industrial Development Agency. Additionally, the Town does not influence the operation of the Industrial Development Agency in any respect.

***Clarence Senior Citizens, Inc.*** - The appointment of the Advisory Board and the scope of public service are not considered an adequate demonstration of oversight and control. The Town has no responsibility for the budget, debt, financing or fiscal management of the Clarence Senior Citizen, Inc. Additionally, the Town does not influence the Clarence Senior Citizen, Inc. in any respect.

***Government-wide and Fund Financial Statements*** - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of Interfund activity has been removed from these statements. Government activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

***Fund Accounting*** - The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. Certain funds of the Town are utilized to account for resources derived from, and/or expenditures applicable to an area less than the entire Town. The following fund types and account groups are used:

#### ***Fund Categories***

***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 upon determination of financial position and changes in financial position. The following are the Town's governmental fund types:

***General Fund*** - the principal operating fund and includes all operations not required to be recorded in other funds

***Special Revenue Funds*** - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

***Highway Fund*** - used to record all revenues and expenditures related to road maintenance and construction.

***Park Land Fund*** - This fund is used to account for resources that have been restricted for the acquisition of parklands and open spaces.

***Special District Fund*** - This fund records all financial activity of special districts within the Town. A special district represents a limited geographic area within a Town in New York State. It is a separate accounting entity created by statute for specific services such as lighting, water, fire protection, sewer, drainage, wastewater, aquatic growth and central alarm.

# TOWN OF CLARENCE, NEW YORK

## Notes to the Financial Statements December 31, 2010

### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

**Capital Projects Fund** - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Fiduciary Funds** - used to account for assets held by the local government in a trustee or custodial capacity:

**Agency Fund** - used to account for assets held by the Town in a trustee capacity or as an agent for individuals, other governments or other funds. This includes Agency Funds. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

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.

**Accrual Basis** - Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 1 - Summary of Significant Accounting Policies (Cont.)**

*Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)*

**Modified Accrual Basis** - All governmental funds are accounted for 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 for the current period. Material revenues that are accrued include real property taxes, state and federal 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 incurred except that:

- a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of the purchase.
- b) Principal and interest on long-term debt is not recognized as an expenditure until due.
- c) Compensated absences, such as vacation and sick leave that vest or accumulate, are charged as an expenditure when paid.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 1 - Summary of Significant Accounting Policies (Cont.)**

*Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)*

The Town reports the following major governmental funds:

*General Fund* - The principal operating fund that includes all operations not required to be recorded in other funds.

*Special Revenue Funds* - Used to account for federal and state operating grants earmarked for specific programs, so the grantor accounting and reporting requirements can be satisfied, all revenues and expenditures related to road maintenance and construction, resources that have been restricted for the acquisition of parklands and open spaces and for specific services such as lighting, water, fire protection, sewer, drainage, wastewater, aquatic growth and central alarm.

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

Additionally, the Town reports the following fiduciary fund type that is used to account for assets held by the Town in a custodial capacity:

*Agency Fund* - Used to account for money and property received and held in the capacity of custodian or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. Agency Funds, such as payroll withholdings, are reported as liabilities.

Government-wide financial statements apply all applicable Governmental Accounting Standards Board (“GASB”) pronouncements, as well as, the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (“FASB”), Accounting Principles Board (“APB”) Opinions, and Accounting Research Bulletins (“ARBs”) of the Committee on Accounting Procedure.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

##### *Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)*

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions; and (3) capital grants and contributions. General revenues are those that cannot be associated directly with program activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed.

**Property Taxes** - The Erie County Legislature prepares the levy in late December of each year and jointly bills the Town levy with New York State and Erie County real property taxes. On January 1 of each year, property taxes become a lien on the property. Tax payments are due January 1 to February 15th without penalty; February 16 to 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 15 a 6% penalty; April 16 to 30 a 7.5% penalty; and 1% added each month thereafter.

Taxes for County purposes are levied together with taxes for Town and special district purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bill. The County assumes enforcement responsibility for all taxes levied in the Town. The tax roll is returned to the Erie County Commissioner of Finance after June 1 at which time all unpaid taxes and penalties are payable to that office. Any such taxes remaining unpaid at year-end are re-levied as county taxes in the subsequent year. The County enforces all liens.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 1 - Summary of Significant Accounting Policies (Cont.)**

***Budgetary Data***

***Budget Policies*** - The budget policies are as follows:

No later than September 30 the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except the Capital Projects Fund.

- a) After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.
- b) All modifications of the budget must be approved by the Town Board.
- c) Budgetary controls are established for the Capital Projects Fund through Town Board resolutions authorizing individual projects, which remain in effect for the life of the projects.

***Encumbrances*** - 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.

***Budget Basis of Accounting*** - Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 1 - Summary of Significant Accounting Policies (Cont.)**

*Capital Assets* - Capital assets (which include property, plant, equipment, and infrastructure assets (e.g., streets) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost equal to or greater than \$15,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projected constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	25-70 Years
Infrastructure	50-75 Years
Machinery and Equipment	5-10 Years

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period in the government-wide statements. Amortization is reflected in income for the period in the government-wide statements. Amortization of capital leases is computed using the straight-line method over the lease term or the estimated useful lives of the assets, whichever is shorter. Maintenance and repairs are charged to expenses, as incurred; significant renewals and betterments are capitalized.

*Insurance* - The Town purchases insurance covering liability for most risks including, but not limited to, general liability, vehicle liability, workers' compensation and excess liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred, the amount of loss can be reasonably estimated and the estimated amount of loss exceeds insurance coverage.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

**Federal Grants** - Federal grants in the Capital Projects Fund are recorded as grants receivable and deferred revenue when the entitlement period occurs. Revenues are recognized as the Town incurs expenditures and meets the performance requirements of the grants.

**Compensated Absences** - Most Town employees are granted vacation, 13 sick days and 4 personal days cumulative up to 200, and earn compensatory absences in varying amounts. Vacations, between 1 and 6 weeks annually, depending on years of service, and compensatory absences must be used by the end of the fiscal year in which they are earned. Employees may accumulate sick leave, but they are not entitled to receive payment for unused sick leave in the event of termination or upon retirement.

Compensated absences for governmental fund type employees are reported as a fund liability and expenditure in the government-wide financial statements.

The compensated absences liability for the Town at December 31, 2010 totaled \$2,325,190 and is reported in the government-wide financial statements.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

**Pensions** - Nearly all Town employees are members of the New York State Employees' Retirement System. The Town is invoiced annually by the systems for its share of the cost.

**Post Employment Benefits** - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Town provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the Town under this program.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

***Restrictions, Reserves and Designations*** - The government-wide fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

***Invested in Capital Assets, Net of Related Debt*** - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

***Restricted Net Assets*** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Assets*** - This category represents net assets of the Town not restricted for any project or other purpose.

In fund financial statements, reserves represent that portion of fund balance that has been legally segregated for a specific use or is not appropriate for expenditure by the Town at December 31, 2010, and include:

***Reserved for Encumbrances*** - representing commitments related to unperformed (executory) contracts for goods and/or services.

***Reserved for Debt Service*** - representing resources that have been restricted for principal payments that will be made in future periods.

***Reserved for Park Land*** - representing resources that have been restricted for the use of recreational improvements.

***Reserved for Prepaid Expenditures*** – representing goods or services paid for during the current fiscal year, but the expenditures are associated with the next fiscal year.

In fund financial statements, designations are not legally required segregations, but are segregated for a specific purpose by the Town. Designations at December 31, 2010 is as follows:

***Designated for Subsequent Years' Expenditures*** - representing available fund balances being appropriated to meet future years' expenditure requirements.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 1 - Summary of Significant Accounting Policies (Cont.)**

***Total Columns on the Governmental Funds*** - Total columns on the Governmental Funds are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

***Capitalized Interest*** - The Town generally capitalizes interest during construction as part of the cost of constructing capital projects when material.

***Comparative Data*** - Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

***Use of Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 2 - Reporting on Budgetary Basis**

The Town reports its budgetary status with the actual data including encumbrances as charges against budget appropriations. Following is a reconciliation of fund balances computed on a GAAP basis operating and budgetary basis:

	<b><u>General Fund</u></b>	<b><u>Special Revenue Funds</u></b>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - GAAP Basis	\$ 325,555	\$ 198,563
Add: Outstanding Encumbrances at Beginning of Year	11,840	-
Less: Outstanding Encumbrances at End of Year	<u>(22,917)</u>	<u>(6,800)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis</b>	<b><u>\$ 314,478</u></b>	<b><u>\$ 191,763</u></b>

Budgetary control of the General Fund is minimally exercised at the department and account level. There were no excesses of expenditures/expenses over appropriations at the established control level.

**Note 3 - Deficit Fund Balances**

Certain capital projects have a deficit fund balance at December 31, 2010. The deficit fund balance in most of those projects has resulted from project expenditures being temporarily financed by bond anticipation notes. The Capital Projects Fund does not recognize the issuance of bond anticipation notes as revenue. Upon conversion of the presently outstanding bond anticipation notes into general obligation bonds and the corresponding recognition of revenue, the deficit fund balances that exist in certain projects will be eliminated.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 4 - Cash**

The Town investment policies are governed by state statutes. In addition, the Town also has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

The detail of cash at December 31, 2010 is as follows:

Petty Cash	\$ 475
Cash in Banks	<u>11,391,581</u>
<b>Total</b>	<b><u>\$ 11,392,056</u></b>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 4 - Cash (Conc.)**

*Deposits* - The carrying amount for deposits at December 31, 2010 is \$11,392,056. Related bank balance amounts classified by credit risk category are as follows:

	<b>Bank Balance</b>
Insured (FDIC)	\$ 934,083
<b>Uninsured:</b>	
Collateral held by pledging financial institution's agent in the Town's Name	10,537,118
<b>Total</b>	<b>\$ 11,471,201</b>

**Note 5 - Due from Other Governments and State and Federal Receivable**

Major other government revenues accrued by the Town at December 31, 2010 include the following:

<b>General Fund:</b>	
Town of Newstead - CEO Services	\$ 3,624
Erie County - Sales Tax Distribution	1,584,023
Erie County - 2009 Election	200
State of New York - Planning Department Education Grant	4,000
State of New York - Court Aid	16,299
State of New York - Youth Bureau	25,068
Total General Fund	1,633,214
<b>Sewer Districts:</b>	
Erie County Sewer District No. 5 - Prior Year Overcharges	40,894
<b>Capital Projects:</b>	
Federal Aid - EPA Grant	862,263
<b>Total</b>	<b>\$ 2,536,371</b>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 6 - Capital Assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

<u>Type</u>	<u>Balance at January 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2010</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 10,657,217	\$ 1,288,135	\$ -	\$ 11,945,352
Construction in Progress	<u>1,204,458</u>	<u>2,889,595</u>	<u>2,453,589</u>	<u>1,640,464</u>
<b>Total Capital Assets Not Being Depreciated</b>	<b><u>11,861,675</u></b>	<b><u>4,177,730</u></b>	<b><u>2,453,589</u></b>	<b><u>13,585,816</u></b>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	117,052,757	1,849,535	-	118,902,292
Buildings and Improvements	12,331,851	381,897	-	12,713,748
Machinery and Equipment	<u>5,818,202</u>	<u>602,775</u>	<u>294,730</u>	<u>6,126,247</u>
Total Capital Assets Being Depreciated	<u>135,202,810</u>	<u>2,834,207</u>	<u>294,730</u>	<u>137,742,287</u>
<b>Less: Accumulated Depreciation for:</b>				
Infrastructure	38,679,839	1,590,863	-	40,270,702
Buildings and Improvements	2,463,853	221,611	-	2,685,464
Machinery and Equipment	<u>3,661,421</u>	<u>458,270</u>	<u>294,730</u>	<u>3,824,961</u>
Total Accumulated Depreciation	<u>44,805,113</u>	<u>2,270,744</u>	<u>294,730</u>	<u>46,781,127</u>
<b>Total Assets Being Depreciated, Net</b>	<b><u>\$ 90,397,697</u></b>	<b><u>\$ 563,463</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 90,961,160</u></b>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 7 - Pension Plans**

**Plan Description** - The Town participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' 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 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.

**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. Effective October 1, 2000, the 3% contribution is waived for employees who have achieved ten years of service credit. 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 Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<b>ERS</b>
2010	\$ 605,800
2009	409,803
2008	412,977

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

Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Town has prepaid this pension liability.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 8 - Fiduciary Fund – Defined Benefit Volunteer Firefighter Service Award Program**

The Town of Clarence is a sponsor for Length of Service Awards Programs (LOSAPs) covering the following four fire companies that serve the Town of Clarence:

1. Clarence Center Fire Protection District
2. East Amherst Fire Department
3. Harris Hill Volunteer Fire Company, Inc.
4. Swormsville Fire Company, Inc.

The aggregate information presented below is for the plan year ended between February 28, 2010 and March 31, 2010; which represents the most recent plan year for which actuarial report information is available.

***Length of Service Awards Program – LOSAP*** - The Town sponsored these defined benefit LOSAPs for the active volunteer firefighters. Three (3) programs took effect on March 1, 1992 and one took effect April 1, 1992. The programs were established pursuant to Article 11-A of the General Municipal Law. The programs provide municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the programs.

#### ***Program Description:***

***Participation, Vesting and Service Credit – All Plans*** - Active volunteer firefighters who have reached the age of 18 and who have completed one (1) year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age. For three (3) programs the entitlement age is 62 and for one (1) program the entitlement age is 55. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in accordance with the Sponsor's determination of active status. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of firefighting service rendered prior to the establishment of the program.

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements

December 31, 2010

#### **Note 8 - Fiduciary Fund – Defined Benefit Volunteer Firefighter Service Award Program (Cont.)**

##### ***Program Description (Cont.)***

**Benefits** - A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to twenty dollars (\$20) multiplied by the years of service completed before the effective date of the plan (not to exceed 5 years of past service); plus Twenty dollars (\$20) multiplied by years of service completed after the effective date of the plan; not to exceed thirty (30) years of service. Total years cannot exceed 30 years. The maximum monthly benefit that can be earned is \$600. Benefits are not payable until age 62 (or for one program, age 55). Death benefits differ by plan and are equal to the greater of between \$10,000 and \$25,000 or the present value of accrued benefits. The programs provide life insurance (which also differs by plan provider) coverage through age range of 62 to 65. An insured participant shall be carried under the plan as inactive for between one and two years during which the life insurance will be continued.

**Fiduciary Investment and Control** - Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The Town of Clarence is the Sponsor and Administrator of the plans. The Town has retained VFIS to assist in the administration of the program. The designated program administrator's functions include administration of the plan, updating census from information furnished by sponsor, coordinating the actuarial services, adopting needed updates and plan modifications, preparing reports and invoices to sponsor for normal cost and amortization of past service costs, administration of benefits to eligible participants and furnishing complete accounting to sponsor as well as handling all required filing for the plan. Disbursements of program assets for the payment of benefits or administrative expenses must be approved in advance by the Town of Clarence Town Board.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are held in compliance with GML Article 11-A-217 (j).

Authority to invest program assets is vested in the Hartford Life Insurance Company. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "Prudent Person" rule.

The Sponsor is required to retain an actuary to determine the amount of the Sponsor's contributions to the plan. The actuary retained by the Sponsor for this purpose is Gail E. Johnson, JF Actuarial Services. Portions of the following information are derived from reports prepared by the actuary dated August 2010 and covering plan years ranging from February 28, 2010 to March 31, 2010 for the four plans.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 8 - Fiduciary Fund – Defined Benefit Volunteer Firefighter Service Award Program (Cont.)**

***Fiduciary Investment and Control (Cont.)***

***Program Financial Condition*** - The financial condition statement below contains aggregate data for the four plans sponsored by the Town as of the most recent (latest available) plan year, which is early 2010 for the four plans.

**Assets & Liabilities**

Actuarial Present Value of Benefits			\$ 5,605,248
Less: Assets Available for Benefits	<b>% of Total</b>	<b>\$ Amount</b>	
	<u>100%</u>	\$ 2,078,049	
Insurance contracts		<u>                    -</u>	
Total Net Assets Available for Benefits			<u>\$ 2,078,049</u>
Total Unfunded Benefits/Normal and Prior Service			* <u>3,527,199</u>

\*Unfunded liability for prior service costs are included in Actuarial Present Value of Benefits and not segregated by the Actuary. This amount does not include any liability for Clarence Fire District #1 or Rapids Volunteer Fire Company, Inc. which are not members of this program.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 8 - Fiduciary Fund – Defined Benefit Volunteer Firefighter Service Award Program (Cont.)**

***Fiduciary Investment and Control (Cont.)***

***Prior Service Costs*** – Prior service costs included in Actuarial Present Value of Benefits are being amortized over twenty (20) years at a discount rate of 5.5%. the amortization is included in the plan contributions.

**Receipts and Disbursements**

<b>Net Assets (All 4 Plans) Beginning of Year (Early 2008)</b>	<b>\$ <u>1,740,719</u></b>
Changes during the year:	
Plan Contributions	436,185
Investment Income Earned	94,372
Cash Value Increase in Life Policies	29,948
Life Premiums	(44,512)
Administrative Charges	(6,844)
Deferred/Immediate Annuities and Unamortized Payments	<u>(171,819)</u>
<b>Net Assets (All 4 Plans) End of Year (Early 2010)</b>	<b>\$ <u>2,078,049</u></b>

**Contributions**

Amount of sponsor's contribution recommended by actuary (all 4 plans)	\$ 441,072
Amount of sponsor's actual contribution (all 4 plans)	\$ 436,185

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 8 - Fiduciary Fund – Defined Benefit Volunteer Firefighter Service Award Program (Conc.)**

***Fiduciary Investment and Control (Conc.)***

**Administration Fees**

Aggregate Fees Paid to Designated Administrator: \$ 6,844

**Funding Methodology and Actuarial Assumptions**

**Normal Costs**

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Entry Age Normal Method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of

Assumed rate of return on investment	5.25 - 6.25%
Mortality Tables used for:	
Withdrawal	None
Disability	None
Retirement	Pre-Retirement Mortality Tables - G71 MO/U8400
Death (Actives)	Pre-Retirement Mortality Tables - G71 MO/U8400
Death (Inactives)	Pre-Retirement Mortality Tables - G71 MO/U8400
Other	N/A

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 9 - Short-term Debt**

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made on an annual basis.

The following is the Town's outstanding bond anticipation note at December 31, 2010:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>December 31, 2010</u>	<u>2011 Budget Appropriations</u>
<b>Capital Project Fund:</b>					
<b>General Fund:</b>					
Land Acquisition - 2008	07/29/10	07/28/11	1.50%	\$ 299,000	\$ 9,943
Excavator for Compost Site	07/29/10	07/28/11	1.50%	37,000	17,057
Land Acquisition - 2010	07/29/10	07/28/11	1.50%	2,556,000	-
Parks Equipment	07/29/10	07/28/11	1.50%	102,000	-
Sprinkler System for Clubhouse	07/29/10	07/28/11	1.50%	225,000	-
Sprinkler System for Museum	07/29/10	07/28/11	1.50%	32,000	-
Porch for Museum	07/29/10	07/28/11	1.50%	65,000	-
Telephone System Town Buildings	07/29/10	07/28/11	1.50%	85,000	-
Waterlines at Memorial Park	07/29/10	07/28/11	1.50%	60,000	-
Solar Panels Town Hall	07/29/10	07/28/11	1.50%	43,000	-
Miles Road Bridge	07/29/10	07/28/11	1.50%	800,000	-
New Roof at Highway Office	07/29/10	07/28/11	1.50%	32,000	-
Land Acquisition	07/29/10	07/28/11	1.50%	241,000	-
Town Hall Restrooms	07/29/10	07/28/11	1.50%	35,000	-
Town Hall Auditorium	07/29/10	07/28/11	1.50%	85,000	-
				<u>\$ 4,697,000</u>	<u>\$ 27,000</u>
Total General Fund				<u>\$ 4,697,000</u>	<u>\$ 27,000</u>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 9 - Short-term Debt (Conc.)**

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Anticipated to be Redeemed 2011 Budget Appropriations</u>
<b>Capital Projects Fund:</b>					
<b>Highway Fund:</b>					
Highway Equipment	7/29/2010	7/28/2011	1.50%	\$ 1,240,000	\$ -
<b>Sewer District:</b>					
District No. 9 Construction	7/29/2010	7/28/2011	1.50%	<u>1,548,000</u>	<u>52,000</u>
<b>Total</b>				<b><u>\$ 7,485,000</u></b>	<b><u>\$ 79,000</u></b>

**Note 10 - Long-term Debt**

**Constitutional Debt Limit** - At December 31, 2010, the total outstanding indebtedness of the Town aggregated \$17,271,300. Of this amount, \$13,804,550 is subject to the constitutional debt limit and represents approximately 7.22% of its debt limit.

**Serial Bonds** - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This 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 are full faith and credit debt of the local government. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 10 - Long-term Debt (Cont.)**

*Serial Bond Transactions* - The following is a summary of general obligation bond transactions of the Town for the year ended December 31, 2010:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance January 1, 2010</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance December 31, 2010</u>
<b>General Fund:</b>							
9030 Sheridan Land Purchase	1998	2013	4.1076%	\$ 78,400	\$ -	\$ 18,500	\$ 59,900
Acquisitions of Land and Reconstruction of Buildings	1998	2013	4.1076%	163,250	-	38,450	124,800
Town Engineering Building	1998	2013	4.1076%	89,750	-	21,150	68,600
Highway Equipment Storage Building	1998	2013	4.1076%	111,000	-	26,150	84,850
Wading Pool	2003	2018	3.60%	115,600	-	15,300	100,300
Reconstruction - Town Hall	2003	2018	3.60%	601,400	-	64,600	536,800
Recreation Improvements	2003	2018	3.60%	450,600	-	42,500	408,100
Library Building and Grinder	2003	2018	3.60%	2,239,400	-	220,500	2,018,900
Various Purpose - Culture & Recreation	2005	2025	3.50%	2,110,000	-	215,000	1,895,000
General Obligation Series Bonds	2007	2027	4.125%	<u>2,840,000</u>	<u>-</u>	<u>240,000</u>	<u>2,600,000</u>
 Total General Fund				<u>8,799,400</u>	<u>-</u>	<u>902,150</u>	<u>7,897,250</u>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 10 - Long Term Debt (Cont.)**

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Balance January 1, 2010</b>	<b>Issued</b>	<b>Payments</b>	<b>Balance December 31, 2010</b>
<b>Highway Fund:</b>							
Highway Equipment	2003	2018	3.60%	\$ 743,000	\$ -	\$ 82,100	\$ 660,900
Highway Equipment	2005	2012	3.50%	345,000	-	110,000	235,000
Highway Equipment	2007	2027	4.125%	<u>520,000</u>	<u>-</u>	<u>35,000</u>	<u>485,000</u>
Total Highway Fund				<u>1,608,000</u>	<u>-</u>	<u>227,100</u>	<u>1,380,900</u>
<b>Sewer Districts:</b>							
Sewer Districts No. 2	1987	2010	6.875%	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total Sewer Districts				<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
<b>Consolidated Water Districts:</b>							
Water Improvements	1978	2017	5.00%	80,000	-	10,000	70,000
Water Improvements	1985	2020	5.00%	101,300	-	10,000	91,300
Water Improvements	1998	2014	4.1076%	401,400	-	97,500	303,900
Water Improvements	1998	2013	4.1076%	<u>56,200</u>	<u>-</u>	<u>13,250</u>	<u>42,950</u>
Total Consolidated Water Districts				<u>638,900</u>	<u>-</u>	<u>130,750</u>	<u>508,150</u>
				<b><u>\$ 11,096,300</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,310,000</u></b>	<b><u>\$ 9,786,300</u></b>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 10 - Long-term Debt (Conc.)**

*Long-term Debt Maturity Schedule* - The following schedule sets forth the remaining annual maturities and interest payments on serial bonds at December 31, 2010:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,200,000	\$ 383,686	\$ 1,583,686
2012	1,245,000	337,748	1,582,748
2013	1,105,000	290,093	1,395,093
2014	905,000	246,839	1,151,839
2015	930,000	212,105	1,142,105
2016-2020	3,016,300	580,323	3,596,623
2021-2025	1,115,000	195,325	1,310,325
2026-2027	270,000	17,213	287,213
	<u><b>\$ 9,786,300</b></u>	<u><b>\$ 2,263,332</b></u>	<u><b>\$ 12,049,632</b></u>

**Note 11 - Interfund Transactions**

Individual fund operating transfers for the year ended December 31, 2010 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Fund Types:</b>		
General Fund	\$ 19,854	\$ 450,000
<b>Special Revenue Funds:</b>		
Highway Fund	450,000	-
Sewer	52,000	-
Total Special Revenue Funds	<u>502,000</u>	<u>-</u>
Capital Projects	<u>-</u>	<u>71,854</u>
<b>Total</b>	<u><b>\$ 521,854</b></u>	<u><b>\$ 521,854</b></u>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 12 - Fund Balance Designations**

*Designations* - Designations are not legally required segregations but are segregated for a specific purpose by the Town at December 31, 2010.

Designated for subsequent years' expenditures represents available fund balances that have been appropriated as a financing source for fiscal year ended December 31, 2011 expenditures and consist of the following:

	<u>Amount</u>
<b>Government Types:</b>	
General Fund	\$ <u>1,211,300</u>
<b>Special Revenue Funds:</b>	
Highway Fund	750,000
Central Alarm	2,000
Aquatic Growth Control District	900
Townwide Drainage District	10,000
Lighting District No. 1	500
Lighting District No. 2	400
Sewer District No. 2	35,000
Sewer District No. 6	12,000
Sewer District No. 7	4,000
Sewer District No. 9	10,000
Consolidated Water District	<u>19,000</u>
Total Special Revenue Funds	<u>843,800</u>
<b>Total</b>	<b>\$ <u>2,055,100</u></b>

## TOWN OF CLARENCE, NEW YORK

### Notes to the Financial Statements December 31, 2010

#### **Note 13 - Contingencies**

The Town receives financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the Town expects such amounts to be immaterial to the Town's financial statements.

#### **Note 14 - Other Postemployment Benefits/implementation of GASB Statement 45**

*Town* - In addition to providing pension benefits, the Town also provides health care benefits for retired employees, their dependents and certain survivors. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. Prior to 2008, the Town recognized the cost of providing postretirement health insurance benefits by expensing those costs when paid.

During 2008, the Town implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, prospectively. This statement establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosure.

*Plan Description* - The Town administers its Retiree Medical Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for the continuation of medical benefits to certain qualifying retirees of the Town, and their spouses and can be amended by action of the Town. The Plan does not carry issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 14 - Other Postemployment Benefits/implementation of GASB Statement 45, (Cont.)**

**Funding Policy** - The obligations of the Plan members, employers and other entities are established by employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement covering the retiree, the retiree's hiring date and number of years of service to the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. For 2010, the Town contributed approximately \$102,753 for current premiums. The costs of administering this plan are paid by the Town.

**Funded Status and Funding Progress** - The schedule of funding progress presents multi year (when available) trend information that is useful in determining whether the actuary's value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of March 1, 2008 the latest valuation date.

**Actuarial Accrued Liability (AAL)**

Actuarial accrued liability	\$ 3,962,331
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>3,962,331</u>
Funded ratio	<u>0%</u>
Annual covered payroll	<u>4,637,207</u>
Ratio of unfunded actuarial accrued liability to covered payroll	<u>85.45%</u>
2008 normal cost	<u>130,711</u>

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 14 - Other Postemployment Benefits/implementation of GASB Statement 45, (Cont.)**

*Funded Status and Funding Progress, (cont.)* - The following table summarizes the amortization calculation of the UAAL as of the latest valuation date:

UAAL	\$ 3,962,311
Amortization period (years)	30
Amortization discount rate	1.94175%
Present value factor	23.0153
2008 UAAL amortization amount	181,208

*Annual OPEB Cost and Net OPEB Obligation* - The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfounded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for 2010:

Normal cost	\$ 130,711
Amortization of UAAL	181,208
Interest	
ARC	311,919
Interest on OPEB obligation	-
Adjustment to ARC	-
	-
OPEB expense	\$ 311,919

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 14 - Other Postemployment Benefits/implementation of GASB Statement 45, (Cont.)**

*Funded Status and Funding Progress, (cont.)* - The following table reconciles the Town's OPEB obligation at December 2010:

Net OPEB obligation at beginning of year	\$ 418,332
2010 OPEB expense	311,919
2010 OPEB contributions	<u>(102,753)</u>
Net OPEB obligation at end of year	627,498
Less: estimated current portion of OPEB obligation	<u>106,687</u>
Estimated long-term portion of OPEB obligation	<u>\$ 520,811</u>
Percentage of expense contributed	<u>32.90%</u>

*Actuarial Methods and Assumptions* - Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse's benefits is the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. For active participants, that AAL is determined by pro-rating the projected benefit based upon service accrued to the valuation date divided by service projected to be accrued at the first age of benefit eligibility. The normal cost is determined by dividing the projected benefit by service projected to be accrued at the first age of benefit eligibility.

**TOWN OF CLARENCE, NEW YORK**

**Notes to the Financial Statements  
December 31, 2010**

**Note 14 - Other Postemployment Benefits/implementation of GASB Statement 45, (Cont.)**

*Actuarial Methods and Assumptions, (cont.)* - The measurement date for the calculation was December 31<sup>st</sup> and the discount rate utilized was 5%. No salary increases were assumed since benefits are not based on compensation. Health care costs for both governmental and business-type activities were assumed to increase as follows:

<b><u>Trend Increase</u></b>	
<b><u>Year</u></b>	<b><u>Medical Trend Rate</u></b>
2010	9.0%
2011	8.5%
2012	8.0%
2013	7.5%
2014	7.0%

**Note 15 - Subsequent Events**

The Town has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 25, 2011 (the date the financial statements were available to be issued.)

\* \* \* \* \*



**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**

Honorable Town Board  
Town of Clarence  
Clarence, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Clarence, New York as of and for the year ended December 31, 2010, which collectively comprise the Town of Clarence, New York's basic financial statements and have issued our report thereon dated March 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

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A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Clarence, New York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Clarence, New York's financial statements that is more than inconsequential will not be prevented or detected by the Town of Clarence, New York's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Clarence, New York's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Town of Clarence, New York, in a separate letter dated March 25, 2011.

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

March 25, 2011



## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Town Board  
Town of Clarence  
Clarence, New York

### **Compliance**

We have audited the compliance of the Town of Clarence, New York with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The Town of Clarence, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Clarence, New York's management. Our responsibility is to express an opinion on the Town of Clarence, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Clarence, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Clarence, New York's compliance with those requirements.

In our opinion, the Town of Clarence, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Internal Control Over Compliance**

The management of the Town of Clarence, New York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Clarence, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Clarence, New York's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the city council, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

March 25, 2011



**TOWN OF CLARENCE, NEW YORK**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>Environmental Protection Agency</u></b>			
<b>Direct Program:</b>			
Construction Grants for Wastewater Treatment Works	66.418	N/A	\$ <u>862,263</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ <u>862,263</u></b>

**The accompanying notes are an integral part of this schedule. See Note 1 to the  
Town of Clarence, New York's Basic Financial Statements with Independent  
Auditor's Report for the Year Ended December 31, 2010 for Summary of Significant Accounting Policies.**

**See Report on Compliance with Requirements Applicable to Each Major Program  
And Internal Control over Compliance in Accordance with OMB Circular A-133.**



**TOWN OF CLARENCE, NEW YORK**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Clarence, New York and is presented on the Modified Accrual Basis of Accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

**Note 2 - Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Town of Clarence, New York provided no federal awards to subrecipients.



**TOWN OF CLARENCE, NEW YORK**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2010**

**Section I - Summary of Auditor's Results:**

**Financial Statements:**

Type of Auditor's Report Issued: Unqualified

**Internal Control Over Financial Reporting:**

Material weaknesses identified? \_\_\_\_\_ yes       x       no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes       x       none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       x       no

**Federal Awards:**

**Internal Control Over Major Programs:**

Material weaknesses identified? \_\_\_\_\_ yes       x       no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes       x       none reported

Type of Auditor's Report issued on Compliance for Major Programs: Unqualified

Any audit findings disclosed that required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ yes       x       no

**Identification of Major Programs:**

**CFDA Numbers**

**Name of Federal Program or Cluster**

66.418

Construction Grants for Wastewater Treatment Works



**TOWN OF CLARENCE, NEW YORK**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2010**

**Section I - Summary of Auditor's Results (Cont.):**

**Identification of major Programs (Cont.)**

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Auditee qualified as a low-risk auditee?  x  yes   no

**Section II - Financial Statement Findings:**

As of and for the year ended December 31, 2010, the Town of Clarence, New York had no findings that were required to be reported in accordance with GAGAS.

**Section III - Federal Award Findings and Questioned Costs:**

As of and for the year ended December 31, 2010, the Town of Clarence, New York had no findings that were required to be reported in accordance with Section 510(a) of Circular A-133.



**TOWN OF CLARENCE, NEW YORK**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2010**

There were no audit findings included in the prior audit's schedule of findings and questioned costs relative to federal awards.