

VILLAGE OF STAMFORD
GENERAL PURPOSE FINANCIAL
STATEMENTS – STATUTORY BASIS

Year Ended May 31, 2012

VILLAGE OF STAMFORD

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Village of Stamford
Stamford, New York

We have audited the accompanying general purpose financial statements - statutory basis of the Village of Stamford (the "Village"), as of May 31, 2012 and for the year then ended. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 3 to the general purpose financial statements, the accompanying general purpose financial statements do not include a non-current governmental assets account group. The effect of this departure on the general purpose financial statements is not reasonably determinable.

As more fully described in Note 3 of the financial statements, the Village prepared these financial statements using statutory accounting practices prescribed by the Office of the Comptroller of the State of New York, those practices differ from generally accepted accounting principles (GAAP). The effects on the financial statements of the variances between the statutory basis of accounting and GAAP, although not readily determinable, are presumed to be material.

In our opinion, because of the effect of the matter discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with GAAP, the financial position of the Village as of May 31, 2012, or the results of its operations for the year then ended.

In our opinion, except for the effect of the matter concerning non-current governmental assets account group discussed above, the financial statements referred to above present fairly, in all material respects, the general purpose financial statements of the Village as of May 31, 2012, on the basis of accounting, described in Note 2.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements – statutory basis taken as a whole. The accompanying other financial information presented on Pages 20 through 21 is presented for purposes of additional analysis. The financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the general purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the general purpose 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

Gruen, Jureifel & Scott, LLP

Oneonta, New York
November 1, 2012

VILLAGE OF STAMFORD

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS -
STATUTORY BASIS

May 31, 2012

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>ASSETS</u>			
Cash	\$ 305,083	\$ 276,092	\$ 285,188
Taxes receivable	57,077	-	-
Due from other funds	-	38,602	-
Other receivables	4,049	68,730	-
Prepaid insurance	34,749	14,642	-
Provisions to be made in future budgets	-	-	-
Total assets	<u>\$ 400,958</u>	<u>\$ 398,066</u>	<u>\$ 285,188</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 4,173	\$ 23,729	\$ 6,400
Due to other funds	-	-	-
Deferred revenues	57,077	173,295	-
Bonds and long-term liabilities	-	-	-
Total liabilities	<u>61,250</u>	<u>197,024</u>	<u>6,400</u>
<u>FUND BALANCE</u>			
Fund balance - Restricted	-	-	278,788
Fund balance - Nonspendable	34,749	14,642	-
Fund balance - Assigned	75,220	186,400	-
Fund balance - Unassigned	229,739	-	-
Total fund balance	<u>339,708</u>	<u>201,042</u>	<u>278,788</u>
Total liabilities and fund balances	<u>\$ 400,958</u>	<u>\$ 398,066</u>	<u>\$ 285,188</u>

See accompanying notes.

INTERNAL SERVICE FUND	FIDUCIARY FUND TYPES	NON-CURRENT GOVERNMENTAL ACCOUNT GROUP	
		Long-Term Debt	(Memorandum Only) Total
Unemployment Reserve	Trust and Agency		
\$ 11,020	\$ 77,695	\$ -	\$ 955,078
-	-	-	57,077
-	-	-	38,602
-	-	-	72,779
-	-	-	49,391
-	-	1,261,000	1,261,000
<u>\$ 11,020</u>	<u>\$ 77,695</u>	<u>\$ 1,261,000</u>	<u>\$ 2,433,927</u>
\$ -	\$ 39,093	\$ -	\$ 73,395
-	38,602	-	38,602
-	-	-	230,372
-	-	1,261,000	1,261,000
<u>-</u>	<u>77,695</u>	<u>1,261,000</u>	<u>1,603,369</u>
11,020	-	-	289,808
-	-	-	49,391
-	-	-	261,620
-	-	-	229,739
<u>11,020</u>	<u>-</u>	<u>-</u>	<u>830,558</u>
<u>\$ 11,020</u>	<u>\$ 77,695</u>	<u>\$ 1,261,000</u>	<u>\$ 2,433,927</u>

VILLAGE OF STAMFORD

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL FUND TYPES - STATUTORY BASIS**

Year Ended May 31, 2012

	GOVERNMENTAL FUND		
	General	Special Revenue	Capital Project
<u>REVENUES AND OTHER SOURCES</u>			
Taxes and special assessments	\$ 453,149	\$ -	\$ -
Departmental income	12,318	432,039	-
Intergovernmental charges	1,600	398,844	-
Use of money and property	28,596	667	51
Licenses, fines and compensation for loss	11,810	-	-
Sale of property and compensation for loss	3,765	3,087	-
Miscellaneous local sources	208,830	25,960	100,000
State aid	64,061	-	-
Federal aid	-	-	27,648
Total revenues	<u>784,129</u>	<u>860,597</u>	<u>127,699</u>
<u>EXPENDITURES AND OTHER USES</u>			
General and governmental support	127,345	19,755	-
Public safety	35,759	-	-
Health	1,141	-	-
Transportation	314,926	-	-
Economic assistance and opportunity	17,195	-	-
Culture and recreation	123,224	-	-
Home and community services	43,555	639,161	41,060
Employee benefits	60,109	43,130	-
Debt service	13,138	121,891	-
Total expenditures	<u>736,392</u>	<u>823,937</u>	<u>41,060</u>
Excess revenues (deficit) over expenditures	<u>47,737</u>	<u>36,660</u>	<u>86,639</u>
<u>OTHER SOURCES (USES)</u>			
Transfer from other funds	-	-	15,000
Transfer to other funds	(15,000)	-	-
Total other sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	32,737	36,660	101,639
Fund balance - Beginning	<u>306,971</u>	<u>164,382</u>	<u>177,149</u>
FUND BALANCE - END OF YEAR	<u>\$ 339,708</u>	<u>\$ 201,042</u>	<u>\$ 278,788</u>

See accompanying notes.

INTERNAL SERVICE FUND		(Memorandum Only)
Unemployment Reserve		Total
\$ -	\$ 453,149	
-	444,357	
-	400,444	
3	29,317	
-	11,810	
-	6,852	
-	334,790	
-	64,061	
-	27,648	
<u>3</u>	<u>1,772,428</u>	
-	147,100	
-	35,759	
-	1,141	
-	314,926	
-	17,195	
-	123,224	
-	723,776	
-	103,239	
-	135,029	
<u>-</u>	<u>1,601,389</u>	
<u>3</u>	<u>171,039</u>	
-	15,000	
<u>-</u>	<u>(15,000)</u>	
<u>-</u>	<u>-</u>	
3	171,039	
<u>11,017</u>	<u>659,519</u>	
<u>\$ 11,020</u>	<u>\$ 830,558</u>	

VILLAGE OF STAMFORD

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUES FUND TYPES - STATUTORY BASIS

Year Ended May 31, 2012

	GENERAL FUND		
	Modified Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES AND OTHER SOURCES</u>			
Taxes and special assessments	\$ 455,982	\$ 453,149	\$ (2,833)
Departmental income	6,700	12,318	5,618
Intergovernmental charges	6,052	1,600	(4,452)
Use of money and property	24,850	28,596	3,746
Licenses, fines and compensation for loss	12,000	11,810	(190)
Sale of property and compensation for loss	3,726	3,765	39
Miscellaneous local sources	183,009	208,830	25,821
State aid	62,379	64,061	1,682
Federal aid	-	-	-
Total revenues	<u>754,698</u>	<u>784,129</u>	<u>29,431</u>
<u>EXPENDITURES AND OTHER USES</u>			
General and governmental support	142,688	127,345	15,343
Public safety	50,333	35,759	14,574
Health	1,141	1,141	-
Transportation	319,117	314,926	4,191
Economic assistance and opportunity	17,195	17,195	-
Culture and recreation	126,372	123,224	3,148
Home and community services	42,039	43,555	(1,516)
Employee benefits	59,910	60,109	(199)
Debt service	13,138	13,138	-
Total expenditures	<u>771,933</u>	<u>736,392</u>	<u>35,541</u>
Excess revenues over (under) expenditures	<u>(17,235)</u>	<u>47,737</u>	<u>64,972</u>
<u>OTHER SOURCES (USES)</u>			
Transfer from other funds	-	-	-
Transfer to other funds	(15,000)	(15,000)	-
Total other sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(32,235)	32,737	64,972
Fund balance - Beginning	<u>306,971</u>	<u>306,971</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 274,736</u>	<u>\$ 339,708</u>	<u>\$ 64,972</u>

See accompanying notes.

SPECIAL REVENUE FUND TYPE

<u>Modified Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
444,325	431,053	(13,272)
442,088	398,844	(43,244)
475	667	192
-	-	-
3,087	3,087	-
286,953	25,960	(260,993)
-	-	-
-	-	-
<u>1,176,928</u>	<u>859,611</u>	<u>(317,317)</u>
41,061	19,676	21,385
-	-	-
-	-	-
-	-	-
-	-	-
1,066,422	639,161	427,261
44,768	43,130	1,638
121,891	121,891	-
<u>1,274,142</u>	<u>823,858</u>	<u>450,284</u>
<u>(97,214)</u>	<u>35,753</u>	<u>132,967</u>
54,254	-	(54,254)
-	-	-
<u>54,254</u>	<u>-</u>	<u>(54,254)</u>
(42,960)	35,753	78,713
162,189	162,189	-
<u>\$ 119,229</u>	<u>\$ 197,942</u>	<u>\$ 78,713</u>

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 FINANCIAL REPORTING ENTITY

The Village of Stamford (the "Village"), which was incorporated May 25, 1870, is governed by the Charter of the State of New York, the municipal law and other general laws of the State of New York and various local laws and ordinances. The Village Trustees, which is the legislative body responsible for the overall operation of the Village, consists of members elected by the Village residents. The Mayor serves as chief executive officer and the Village Treasurer serves as chief fiscal officer of the Village.

The following basic services are provided: Highway Maintenance, Parks and Recreation Programs, and Water and Sewer Services.

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government, which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in *Government Accounting Standards Board (GASB) Statements 14 and 39*.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB 14 and 39 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Village has no component unit to be included in its reporting entity.

Although the following organizations, functions or activities are related to the Village, they are not included in the Village reporting entity because of the reasons noted:

The Volunteer Fire Department and Ambulance Squad are not-for-profit organizations whose members are on call to fight fire and respond to medical emergencies in the Village and surrounding areas. The organizations elect their own officers and raise their own revenues through contributions and charitable activities and are responsible for training of individual members. The Village provides the organizations with fire trucks, ambulances, equipment maintenance of such equipment, and supplies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management has elected to prepare its financial statements on the statutory basis required by the Office of the Comptroller of the State of New York for Annual Reports to that office. This statutory basis (pre GASB-34 model) varies from accounting principles generally accepted in the United States primarily because it does not reflect the adoption of GASB-34. Under GASB-34, the Village would be required to capitalize and report all capital assets, including general infrastructure assets (roads, sidewalks, bridges, etc.), within a Government Wide Financial Statement presentation in addition to the current presentation by fund as described below.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

A. Basis of Presentation - Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is considered a separate accounting entity, accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The Village records its transactions in the fund types and account groups described below.

1. Fund Categories:

- a. Governmental Fund Types - 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 the determination of financial position and changes in financial position. The following are the Village's governmental fund types:

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

Special Revenue Fund - 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:

Water Fund
Sewer Fund
Special Grant Fund

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the internal service fund.

Debt Service Fund - used to account for current payment of principal and interest on general obligation long-term debt, and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

- b. Proprietary Funds - used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus of proprietary funds is upon the determination of operating income, changes in net assets, financial position, and cash flows. The following proprietary funds are utilized:

Internal Service Funds - used to account for special activities or services provided by one fund to other funds. Included is the following:

Unemployment reserve - accumulates monies from other funds to pay for unemployment claims.

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

A. Basis of Presentation - Fund Accounting (Cont'd)

1. Fund Categories: (Cont'd)

- c. Fiduciary Funds - used to account for assets held by the local government in a trusted or custodial capacity. Included is the following:

Trust and Agency Funds - used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent. These include expendable trusts, non-expendable trusts and agency funds.

2. Account Groups - These groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not "funds". They are concerned with measurement of financial position and not results of operations.

- a. Non-Current Governmental Assets Account Group - used to account for land, buildings, improvements and other buildings, and equipment utilized for general governmental purposes, except those accounted for in proprietary funds. The Village does not account for general fixed assets.
- b. Non-Current Governmental Liabilities Account Group - used to account for all long-term debt except that accounted for in propriety and special assessment funds.

B. Basis of Accounting/Measurement Focus

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

1. Modified Accrual Basis - all governmental funds and expendable trust 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 of the current period. Revenues are considered to be available if collected within 60 days.

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 and the resources are available.

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid expenses or inventory-type items are recognized at the time of purchase.

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

B. Basis of Accounting/Measurement Focus (Cont'd)

- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
 - c. Pension costs are recognized as an expenditure when due.
 - d. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.
2. Accrual Basis – nonexpendable trust funds are accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.
3. Account Groups – non-current governmental liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. Also included in the non-current governmental liabilities account group are compensated absences.

C. Property Taxes

Real property taxes are levied annually by the Board of Trustees no later than May 15 and become a lien on June 1. Taxes are collected during the period beginning June 1.

D. Budgetary Data

1. Budget Policies - The budget policies are as follows:

- a. No later than March 31, the Mayor submits a tentative budget to the Village Trustees for the Fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the Village Trustees adopts the budget.
- c. All modifications of the budget must be approved by the Village Trustees. However, the Village Trustees are authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the government 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.

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

D. Budgetary Data (Cont'd)

3. Budget Basis of Accounting

Except noted as follows, budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Budgetary controls for the special grant fund are established in accordance with the applicable grant agreements which cover a period other than the Village's fiscal year. Consequently, such funds have been excluded from the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. A reconciliation of actual results for the special revenue funds follows:

	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total for Special Revenue Funds included in Budget Comparison	\$ 1,859,611	\$ 823,858	\$ 197,942
Funds not Included in Budget Comparison	<u>986</u>	<u>79</u>	<u>3,100</u>
Total Special Revenue Funds	<u>\$ 860,597</u>	<u>\$ 823,937</u>	<u>\$ 201,042</u>

Budgetary controls over Capital Project Funds cover periods longer than the Village's fiscal year. Therefore, these funds have been excluded from the Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual.

E. Total Columns on the General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of fifteen (15) days a year. After one year of employment, ten (10) working days; after eight (8) years of employment, fifteen (15) working days. Employees must use their accrued vacation leave by their anniversary date of employment annually or lose it. Any employee who quits without cause, or is discharged for cause prior to the anniversary date of employment, shall not be eligible for allowed vacations.

Employees accrue sick leave at the rate of one (1) day per month and may accumulate such credits up to a total of ninety (90) days.

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

F. Compensated Absences (Cont'd.)

A Village employee who has a minimum of twenty (20) years of service to the Village and retires may have their accumulated sick leave, personal leave, and vacation leave as of the effective retirement date converted to a dollar amount as follows: total accumulated days times the base daily wage as of retirement date. This dollar amount can only be used by the Village retiree to cover the retiree's portion of medical/health insurance premiums as administered by the Village. The retiree may elect at retirement or thereafter the following under the Village's medical/health plan for individual or family coverage: 55% of monthly cost covered by the Village for life with 45% of monthly cost covered by the Village retiree.

G. Property, Plant and Equipment – General

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost in the Non-Current Governmental Assets Account Group, except for certain previously acquired buildings. Certain buildings have been recorded at an estimated value as of the late 1970's. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain infrastructure type improvements other than buildings, including road, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the Village. Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

No depreciation has been provided on the non-current governmental assets.

H. Fund Balance

The Village has adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, as recommended by New York State for reporting on the statutory basis. Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with the following five classifications:

Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

H. Fund Balance (Cont'd.)

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General fund, the unassigned classification should be used only to report a deficit balance resulting from over spending for specific purposes for which amount had been restricted, committed, or assigned.

I. Estimates

The preparation of general-purpose financial statements in conformity with the standards issued by the Comptroller General of the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

The Village has not provided for a complete estimate of sales tax revenue because the available information does not report the final adjustments, if any, that may be imposed by the State as a result of their tax enforcement procedures.

J. Events Occurring After Reporting Date

The Village has evaluated subsequent events through November 1, 2012, which is the date the financial statements were available to be issued.

NOTE 3 DEPARTURES FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Non-Current Governmental Asset Account Groups

Generally accepted accounting principles (GAAP) require certain Village capital assets to be recorded in the Non-Current Governmental Assets Account Group at cost. The Village has not properly maintained its inventory of capital assets. The data is not available to determine the effect of this departure on the financial statements.

Statutory Basis of Accounting

Management has elected to prepare its financial statements on the statutory basis required by the Office of Comptroller of the State of New York for Annual Reports to that office. This statutory basis (pre GASB-34 model) varies from accounting principles generally accepted in the United States primarily because it does not reflect the adoption of GASB-34. Under GASB-34, the Village would be required to capitalize and report all capital assets, including general infrastructure assets (roads, sidewalks, bridges, etc.), within a Government Wide Financial Statement presentation in addition to the current presentation by fund as described in Note 2.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS

A. Assets

1. Cash and Investments - The Village investment policies are governed by state statutes. Village monies must be deposited in Federal Deposit Insurance Corp. (FDIC) insured commercial banks or trust companies located within the state. The Clerk-Treasurer is authorized to use certificates of deposit. Collateral is required for amounts not covered by the FDIC.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Bank of New York in a custodial account for the National Bank of Delaware County pledged for the Village.

2. Non-Current Governmental Assets - recorded as expenditures in the general fund, and special revenue funds at the time the assets are received and a liability is incurred (See Note 3).
3. Other Receivables - other receivables for the year ended May 31, 2012 are as follows:

	<u>General</u>	<u>Special Revenue</u>
Fines, fee and grants	\$ 4,049	\$ -
Water rents	-	29,544
Sewer rents	-	36,100
Loans receivable	-	3,086
	<u> </u>	<u> </u>
Total amount	\$ 4,049	\$ 68,730

B. Liabilities

1. Deferred Revenues - Taxes receivable not expected to be collected 60 days after the close of the fiscal year are recognized as deferred revenue.

General fund deferred revenues at May 31, 2012 consist of the following:

Taxes receivable from fiscal year ended May 31, 2012	\$ 31,658
Taxes receivable from the years prior to June 1, 2011	<u>25,419</u>
Total deferred revenues	<u>\$ 57,077</u>

Deferred revenues in the special revenue fund are a result of the prepayment of the operations and maintenance contract of the Waste Water Treatment Plant. At May 31, 2012, deferred revenue was \$173,295.

2. Long-Term Liabilities

- a. At May 31, 2012, the total outstanding long-term indebtedness of the Village is \$1,261,000.

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

B. Liabilities (Cont'd.)

2. Long-Term Liabilities (Cont'd.)

- b. Serial Bonds (and Capital Notes) - The local government, as in most governmental units, borrows money to acquire land or equipment or to construct buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the General Long-Term Debt Account Group. 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.
- c. Vacation, Sick Leave and Compensatory Absences - In 1996, the Village Trustees changed their compensation plan to allow only employees hired before August 24, 1992 to be eligible to receive their accrued vacation and sick leave upon termination or retirement. Employees hired after that date are not entitled to payment for accumulated vacation or sick leave and will lose any unused compensatory absences at the end of their employment.

The amount that would be payable has been recorded in the general long-term obligations account group, it will be recorded as an expense when paid.

Payment of vacation and sick leave recorded in the general long-term obligations account group is dependent upon many factors. Therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payments become due.

- d. Other Post-Employment Benefits (OPEB) - Represents the non-current portion of the liability to current employees and retirees.
- e. Summary of Long-Term Liabilities - The following is a summary of long-term liability outstanding at May 31, 2012 by account group:

	<u>General Long-Term Debt Account Group</u>
Serial Bonds	\$ 1,150,939
OPEB	98,510
Compensated absences	<u>11,551</u>
Total long-term debt	<u>\$ 1,261,000</u>

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

B. Liabilities (Cont'd)

2. Long-Term Liabilities (Cont'd.)

e. Summary of Long-Term Liabilities (Cont'd.)

The following is a summary of changes in long-term liabilities for the year ended May 31, 2012:

	<u>OPEB</u>	<u>Compensated Absences</u>	<u>Serial Bonds</u>
Balance, June 1, 2011	\$ 73,512	\$ 17,317	\$ 1,278,796
Additions	24,998	-	-
Deletions	-	5,766	127,857
Balance, May 31, 2012	<u>\$ 98,510</u>	<u>\$ 11,551</u>	<u>\$ 1,150,939</u>

Long-term liability maturity schedule - The following is a statement of Serial Bonds with corresponding maturity schedule:

<u>Payable From</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date Final Maturity</u>	<u>Outstanding</u>
Sewer	07/99	\$ 102,900	4.15%	07/37	\$ 76,700
Water	04/98	966,896	0%	04/18	332,816
Sewer	05/01	272,125	4.00%-5.50%	05/20	54,425
Water	05/01	77,875	4.00%-5.50%	05/20	15,575
Sewer	08/05	859,470	0%	08/34	658,923
General	06/10	25,000	2.55%	06/12	12,500
Total					<u>\$ 1,150,939</u>

The following table summarizes the Village's future liability service requirement as of May 31, 2012:

<u>Years ending May 31</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 106,774	\$ 7,684
2014	95,292	6,743
2015	96,209	6,110
2016	97,227	5,469
2017	98,345	4,814
2018 - 2022	234,759	15,920
2023 - 2027	158,345	10,851
2028 - 2032	158,744	7,381
2033 - 2037	101,444	3,894
2038 - 2039	<u>3,800</u>	<u>360</u>
Total	<u>\$ 1,150,939</u>	<u>\$ 69,226</u>

VILLAGE OF STAMFORD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

C. Fund Balance – Restricted

These balances are restricted for future expenses and are broken down as follows:

	<u>Capital Project</u>	<u>Internal Service</u>
Capital project and repairs	\$ 258,188	\$ -
Reserved for unemployment	<u>-</u>	<u>11,020</u>
Total future expenses	<u>\$ 258,188</u>	<u>\$ 11,020</u>

D. Pension Plans

1. Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS), and the Public Employees' Group Life Insurance Plan (System). These are cost-sharing multiple-employer retirement systems. The System provides 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 System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

2. Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Employees with 10 years of service are no longer required to contribute. 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 Village is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2012	\$ 28,082
2011	21,087
2010	12,651

The Village's contributions made to the System were equal to 100 percent of the current years premiums required.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

E. Postemployment Benefits Other than Pensions

Plan Description – The Village of Stamford administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The Plan provides lifetime healthcare insurance for eligible retirees and their spouse through the Village's group health insurance plan, which covers both active and retired members. In order to become eligible employees must complete 20 years of service with the Village. The Village Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contributions are made on a pay-as-you-go basis. The Village contributes 55% of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2012, the Village paid \$8,640.

Annual OPEB Cost and Net OPEB Obligation – The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contributions of the employees (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 33,638
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB – cost	33,638
Contributions made	8,640
Increase in net OPEB obligation	24,998
Net OPEB obligation – Beginning of year	73,512
Net OPEB obligation – End of year	\$ 98,510

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
May 31, 2012	\$ 33,638	25.69%	\$ 98,510

Funded Status and Funding Progress – As of May 31, 2012, the actuarial accrued liability for benefits was \$265,395 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$233,428 and the ratio of the unfunded actuarial accrued liability to the covered payroll as 113.7%.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

E. Postemployment Benefits Other than Pensions (Cont'd.)

The projection of future benefit payments for 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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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 following simplifying assumptions were made:

Retirement Age for Active Employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

Marital Status – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2011 United States Life Tables for Males and Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employment until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate – The expected rate of increase in healthcare insurance premiums was based on projects of the Office of the Actuary at the Centers for Medicare & Medicaid Services. An ultimate rate of 5.6% was used.

Health Insurance Premiums – 2012 health insurance premiums for retirees were used as the basis calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 5.0% was used. In addition, a simplified version of the entry age actuarial costs method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at May 31, 2012 was twenty-nine years.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

E. Postemployment Benefits Other than Pensions (Cont'd.)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
05/31/2012	\$ -	\$ 265,395	\$ 265,395	0 %	\$ 233,428	113.7%

F. Interfund Transfers

	<u>Transfer To</u>	<u>Transfer From</u>
General	\$ -	\$ 15,000
Capital projects	<u>15,000</u>	<u>-</u>
Total	<u>\$ 15,000</u>	<u>\$ 15,000</u>

G. Due To/From Other Funds

	<u>Due From</u>	<u>Due To</u>
Special revenue:		
Sewer	38,602	-
Trust and agency	<u>-</u>	<u>38,602</u>
Total	<u>\$ 38,602</u>	<u>\$ 38,602</u>

NOTE 5 JOINT VENTURES

The Village of Stamford pays a portion of the operational costs of the Joint Solid Waste Transfer Station. Along with the Villages of Harpersfield and Kortright and the Village of Hobart, the Village of Stamford portion is based on its population. In return for its payment, the residents of the Village are allowed to use the transfer station. The Village only pays for operational cost and has no equity interest in the Transfer Station. For the year ended May 31, 2012, the Village paid \$25,860 to the Transfer Station.

VILLAGE OF STAMFORD

SPECIAL REVENUE FUND

BALANCE SHEET SCHEDULE - STATUTORY BASIS

Year Ended May 31, 2012

	Water Fund	Sewer Fund	Special Grant Fund	(Memorandum Only) Total
<u>ASSETS</u>				
Cash	\$ 42,015	\$ 230,977	\$ 3,100	\$ 276,092
Other receivables	32,630	36,100	-	68,730
Due from other funds	-	38,602	-	38,602
Prepaid insurance	4,788	9,854	-	14,642
Total assets	\$ 79,433	\$ 315,533	\$ 3,100	\$ 398,066
<u>LIABILITIES</u>				
Accounts payable	\$ 938	\$ 22,791	\$ -	\$ 23,729
Deferred revenues	-	173,295	-	173,295
Total liabilities	938	196,086	-	197,024
<u>FUND BALANCE</u>				
Fund balance - Nonspendable	4,788	9,854	-	14,642
Fund balance - Assigned	73,707	109,593	3,100	186,400
Total fund balance	78,495	119,447	3,100	201,042
Total liabilities and fund balance	\$ 79,433	\$ 315,533	\$ 3,100	\$ 398,066

VILLAGE OF STAMFORD

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - STATUTORY BASIS

Year Ended May 31, 2012

	Water Fund	Sewer Fund	Special Grant Fund	(Memorandum Only) Total
<u>REVENUES</u>				
Departmental income	\$ 174,846	\$ 256,207	\$ 986	\$ 432,039
Intergovernmental charges	-	398,844	-	398,844
Use of money and property	94	573	-	667
Sale of property and compensation for loss	3,087	-	-	3,087
Miscellaneous local sources	25,953	7	-	25,960
	<u>203,980</u>	<u>655,631</u>	<u>986</u>	<u>860,597</u>
Total revenues				
	<u>203,980</u>	<u>655,631</u>	<u>986</u>	<u>860,597</u>
<u>EXPENDITURES</u>				
General government support	7,774	11,902	79	19,755
Home and community services	95,481	543,680	-	639,161
Employee benefits	18,855	24,275	-	43,130
Debt service	59,745	62,146	-	121,891
Total expenditures	<u>181,855</u>	<u>642,003</u>	<u>79</u>	<u>823,937</u>
Excess revenues over (under) expenditures	<u>22,125</u>	<u>13,628</u>	<u>907</u>	<u>36,660</u>
<u>OTHER SOURCES (USES)</u>				
Transfer from other funds	-	-	-	-
Transfer to other funds	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>22,125</u>	<u>13,628</u>	<u>907</u>	<u>36,660</u>
Fund balance - Beginning of year	<u>56,370</u>	<u>105,819</u>	<u>2,193</u>	<u>164,382</u>
Fund balance - End of year	<u>\$ 78,495</u>	<u>\$ 119,447</u>	<u>\$ 3,100</u>	<u>\$ 201,042</u>

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