

## FINAL OFFICIAL STATEMENT DATED JUNE 15, 2011

### RENEWAL ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York, interest on the Notes is not excluded from gross income for federal income tax purposes. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State, and its political subdivisions, including The City of New York. The Notes are federally taxable obligations and, accordingly, will NOT be designated by the Town as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).*

**TOWN OF AURORA  
ERIE COUNTY, NEW YORK  
(the “Town”)**

**\$1,035,000**

**BOND ANTICIPATION NOTES, 2011 (FEDERALLY TAXABLE)  
(the “Notes”)**

**Interest Rate: 1.59%      CUSIP: N/A      Not Reoffered**

**JPMORGAN CHASE BANK, N.A.**

**Notes Dated: June 29, 2011**

**Maturity Date: June 28, 2012**

*Security and Sources of Payment:* The Notes will constitute general obligations of the Town and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes, and, unless paid from other sources, all the taxable real property within the Town will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purpose.

*Prior Redemption:* The Notes will NOT be subject to redemption, in whole or in part, prior to their maturity.

*Form and Denomination:* The Notes will be issued as registered notes in the name of the initial purchaser. Principal of and interest on the Notes will be payable in federal funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, as may be determined by such successful bidder.

Interest will be calculated on a 30 day month and a 360 day year basis, payable at maturity.

*The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York, and certain other conditions. It is anticipated that the Notes will be available for delivery at such place as may be agreed with the purchaser on or about June 29, 2011.*

THE REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE TOWN DATED JUNE 8, 2011 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE “RULE”). OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, THERE HAVE BEEN NO REVISIONS TO SUCH OFFICIAL STATEMENT. FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE NOTICE OF MATERIAL EVENTS AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

## OFFICIAL STATEMENT DATED JUNE 8, 2011

### RENEWAL ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York, interest on the Notes is not excluded from gross income for federal income tax purposes. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State, and its political subdivisions, including The City of New York. The Notes are federally taxable obligations and, accordingly, will NOT be designated by the Town as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").*

**TOWN OF AURORA  
ERIE COUNTY, NEW YORK  
(the "Town")**

**\$1,035,000**

**BOND ANTICIPATION NOTES, 2011 (FEDERALLY TAXABLE)  
(the "Notes")**

**Notes Dated: June 29, 2011**

**Maturity Date: June 28, 2012**

*Security and Sources of Payment:* The Notes will constitute general obligations of the Town and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes, and, unless paid from other sources, all the taxable real property within the Town will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purpose.

*Prior Redemption:* The Notes will NOT be subject to redemption, in whole or in part, prior to their maturity.

*Form and Denomination:* The Notes will be issued as registered notes and, at the option of the purchaser(s), may be registered to the Depository Trust Company ("DTC" or the "Securities Depository") , or may be registered in the name of the purchaser(s).

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Initial purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the initial purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, as may be determined by such successful bidder(s).

Interest will be calculated on a 30 day month and a 360 day year basis, payable at maturity.

*The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York, and certain other conditions. It is anticipated that the Notes will be available for delivery in New York, New York or at such other place as may be agreed with the purchaser on or about June 29, 2011.*

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. THE TOWN WILL ENTER INTO AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING," HEREIN).

**TOWN OF AURORA  
ERIE COUNTY, NEW YORK**

Town Hall  
5 South Grove Street  
East Aurora, New York 14052  
Telephone: 716-652-7590  
Fax: 716-652-3507  
[www.townofaurora.com](http://www.townofaurora.com)  
[supervisor@townofaurora.com](mailto:supervisor@townofaurora.com)

**TOWN OFFICIALS**

Jolene M. Jeffe, Supervisor

**BOARD MEMBERS**

|                  |                   |
|------------------|-------------------|
| James J. Bach    | Susan A. Friess   |
| James F. Collins | Jeffrey T. Harris |

\*\*\*\*

Martha L. Librock, Clerk  
Nicole Serra, Bookkeeper  
Ronald P. Bennett, Esq., Attorney for the Town

\*\*\*\*

**BOND COUNSEL**

Hodgson Russ LLP  
The Guaranty Building  
140 Pearl Street, Suite 100  
Buffalo, New York 14202  
716-856-4000

\* \* \*

**FINANCIAL ADVISOR**

MUNICIPAL SOLUTIONS, INC.  
Municipal Financial Advisory Service

83 Myrtle Street  
LeRoy, New York 14482  
Phone: (585) 768-2136  
Fax: (585) 768-2133

2528 State Route 21  
Canandaigua, New York 14424  
Phone: (585) 394-4090  
Fax: (585) 394-4092

E-mail: [yharris@municipalsolution.com](mailto:yharris@municipalsolution.com)  
Website: <http://www.municipalsolution.com>

No person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

---

**TABLE OF CONTENTS**

---

|   | Page  |  | Page   |
|---|-------|--|--------|
| <b>THE NOTES</b> .....  | 1     | <b>FINANCES OF THE TOWN</b> .....                                    | 14     |
| Description of the Notes .....                                | 1     | Financial Statements and Accounting Procedures .....                 | 14     |
| Optional Redemption .....                                     | 1     | Investment Policy .....  | 15     |
| Book-Entry Only System .....                                  | 2     | Budgetary Procedures .....   | 15     |
| Certificated Notes .....                                      | 3     | Financial Operations .....   | 16     |
| Authorization and Purpose of Issue .....                      | 3     | Revenues .....   | 16     |
| Security and Source of Payment .....                          | 4     | Expenditures .....   | 16     |
| Remedies of Noteholders on Default .....                      | 4     | Pension System .....   | 17     |
| Special Provisions Affecting Remedies Upon Default .....      | 4     | Post-Employment Benefits .....                                       | 18     |
| <br><b>THE TOWN</b> .....                                     | <br>5 | <br><b>REAL PROPERTY TAX INFORMATION</b> .....                       | <br>19 |
| General Information .....                                     | 5     | Real Property Taxes .....  | 19     |
| Governmental Organization .....                               | 5     | Tax Levy Limitation Bill .....                                       | 19     |
| Employees .....   | 6     | Summary of Tax Levies, Collections and Rates .....                   | 20     |
| <br><b>DEMOGRAPHIC AND STATISTICAL INFORMATION</b> .....      | <br>6 | Tax Collection Procedure .....                                       | 20     |
| Population .....  | 6     | Assessed and Full Valuation .....                                    | 20     |
| Median Household Income .....                                 | 6     | Ten Largest Taxpayers .....  | 21     |
| Per Capita Income .....                                       | 6     | <br><b>LITIGATION</b> .....  | <br>21 |
| Unemployment Rate Statistics .....                            | 7     | <br><b>NOTEHOLDER RISKS</b> .....                                    | <br>21 |
| Selected Listing of Larger Employers .....                    | 7     | <br><b>STATE TAX EXEMPTION</b> .....                                 | <br>22 |
| Building Permits .....  | 8     | <br><b>DOCUMENTS ACCOMPANYING DELIVERY OF THE</b>                    |        |
| <br><b>INDEBTEDNESS OF THE TOWN</b> .....                     | <br>8 | <b>NOTES</b> .....   | 22     |
| Constitutional Requirements .....                             | 8     | Absence of Litigation .....  | 22     |
| Statutory Procedure .....                                     | 9     | Legal Matters .....  | 22     |
| Debt Limit .....  | 10    | <br><b>DISCLOSURE UNDERTAKING</b> .....                              | <br>23 |
| Details of Short-Term Indebtedness Outstanding .....          | 10    | <br><b>RATING</b> .....  | <br>24 |
| Total Annual Bond Principal and Interest Due .....            | 11    | <br><b>FINANCIAL ADVISOR</b> .....                                   | <br>25 |
| Other Obligations .....                                       | 11    | <br><b>ADDITIONAL INFORMATION</b> .....                              | <br>25 |
| Trend of Outstanding Debt .....                               | 12    | <br><b>APPENDIX A – Financial Information</b>                        |        |
| Computation of Debt Limit & Calculation of Net Debt           |       | <br><b>APPENDIX B – Audited Financial Information for the Fiscal</b> |        |
| Contracting Margin .....                                      | 12    | Year Ended December 31, 2010   |        |
| Authorized and Un-Issued Indebtedness .....                   | 12    |  |        |
| Capital Project Plans and Anticipated Future Borrowings ..... | 13    |  |        |
| Direct and Overlapping Indebtedness .....                     | 13    |  |        |
| Calculation of Estimated Overlapping and                      |       |  |        |
| Underlying Indebtedness .....                                 | 13    |  |        |
| Debt Ratios .....   | 14    |  |        |

---

**OFFICIAL STATEMENT**

**TOWN OF AURORA  
ERIE COUNTY, NEW YORK  
(the "Town")**

**\$1,035,000**

**BOND ANTICIPATION NOTES, 2011 (FEDERALLY TAXABLE)  
(the "Notes")**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Aurora in the County of Erie, in the State of New York (the "Town," "County" and "State," respectively) in connection with the sale of the Town's \$1,035,000 Bond Anticipation Notes, 2011 (Federally Taxable) (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

**THE NOTES**

**Description of the Notes**

The Notes will be dated June 29, 2011 and will mature, without right of redemption prior to maturity, on June 28, 2012, with interest payable at maturity at the annual rate specified by the purchaser(s). Interest on the Notes shall be calculated on a 30 day month and a 360 day year basis.

The Notes will be general obligations of the Town, and will contain a pledge of the Town's faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Town is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes will be issued either (i) in registered form in the name of the purchaser(s), in which case principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder or (ii) in registered form in the name of the Cede & Co. as nominee for DTC, in which case DTC will act as securities depository for the Notes. See "Book-Entry Only System" herein. In either case, the Notes will be issued in denominations of \$5,000, or integral multiples thereof, as may be determined by the successful bidder. In the latter case, one fully-registered Note Certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, purchasers will not receive certificates representing their interest in the Notes, and principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Town directly to DTC for its nominee, Cede & Co.

The financial condition of the Town as well as the market for the Notes, could be affected by a variety of factors, some of which are beyond the control of the Town, as stated on the cover page hereof. See "Noteholder Risks", herein.

**Optional Redemption**

The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

## **Book-Entry Only System**

The following is relevant only if the Notes are issued in book-entry form. DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for all Notes, bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulate subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as

may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

### **Certificated Notes**

At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, as may be determined by such bidder(s). The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

### **Authorization and Purpose of Issue**

The Notes are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Local Finance Law, the Town Law and a bond resolution duly adopted by the Town Board on January 28, 2008 (and as amended and restated February 14, 2011) authorizing the issuance of \$1,900,000 of serial bonds for the acquisition of a building for use by the Town. The proceeds of the Notes, along with \$85,000 of available funds of the Town, will be used to redeem and renew, in part, an outstanding bond anticipation note in the amount of \$1,120,000 and dated June 29, 2010, as described below:

| <u>Date Authorized</u> | <u>Purpose</u>                          | <u>Amount<br/>Outstanding</u> | <u>Amount<br/>to be Paid</u> | <u>Amount to<br/>be Borrowed</u> |
|------------------------|---|-------------------------------|------------------------------|----------------------------------|
| 01-28-08               | Acquisition of Building for use by Town | \$1,120,000                   | \$85,000                     | \$1,035,000                      |
|                        | Totals:                                 | <u>\$1,120,000</u>            | <u>\$85,000</u>              | <u>\$1,035,000</u>               |

## **Security and Source of Payment**

Each Note when duly issued and paid for will constitute a contract between the Town and the holder thereof.

The Notes are general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Town without limitation as to rate or amount.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor.

## **Remedies of Noteholders on Default**

Upon default in payment in full of the principal of or interest on the Notes, a holder of such defaulted Note has a contractual right to sue the Town for the amount then due thereon. Such holder may obtain a judgment against the Town with interest as provided by law from the date of default in such payment or the date of demand therefore, if later. Execution or attachment of Town property cannot be obtained to satisfy the judgment. The General Municipal Law of the State provides that if the Town fails to pay a final judgment for such principal and/or interest, it shall be the duty of the Town Board of the Town to assess, levy and cause to be collected at the same time and in like manner as other moneys for expenses are then next thereafter to be assessed, levied and collected, a sum of money sufficient to pay such judgment with interest thereon. Any moneys so collected shall, from time to time, be paid to the judgment creditors.

In addition, the State Constitution provides that if the Town fails to provide in its annual budget an amount sufficient to meet payment of principal of or interest on the Notes, the Town shall set aside from the first revenues thereafter received an amount necessary to pay such amounts which were required to be included in the Town's annual budget. In addition, the Town Supervisor may be required to set apart and apply such revenues to the payment of principal and interest on the Notes at the suit of any holder of the Notes. However, such right is subject to the discretionary power of the enforcing court and may be abridged by federal laws affecting creditors' rights or laws involving financial emergencies. (See "Special Provisions Affecting Remedies Upon Default.")

## **Special Provisions Affecting Remedies Upon Default**

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

The Federal Bankruptcy Code (the "Bankruptcy Code") allows public bodies such as the Town recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

Under the Bankruptcy Code, a petition may be filed in Federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Bankruptcy Code also requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and would authorize the Federal bankruptcy court to permit the municipality to issue certificates of indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The Town has the legal capacity to file a petition under the Bankruptcy Code.

It might be asserted that under the Bankruptcy Code interest and principal payments made by the Town in respect of its indebtedness within ninety days of the filing of a bankruptcy petition with respect to the Town were voidable preferences. If these assertions were made and sustained by the bankruptcy court, the recipients of those preferential payments could be required to refund them, and their claims would then be treated as if the preferential payments had not been made.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of the City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such municipality of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of the Local Finance Law enacted at the 1975 Extraordinary Session of the State Legislature, authorizing any county, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has ever been declared with respect to the Town.

No principal and interest payments on Town indebtedness are past due. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

## **THE TOWN**

### **General Information**

The Town, founded in 1818, with a land area of approximately 36 square miles and a population of 13,782 as reported by the 2010 U.S. Census is located in central Erie County, approximately 20 miles southeast of the City of Buffalo and includes the incorporated Village of East Aurora.

The Town is primarily a suburban residential and agriculture community with area residents finding employment within the Town and in the diversified industries in the City of Buffalo. Fisher Price, Inc. has its international headquarters in the Village of East Aurora, and Moog, Inc., a manufacturer of electronic components, has offices in the Town as well.

Electricity and natural gas are supplied throughout the Town by the N.Y.S. Electric & Gas, and National Fuel Gas Distribution Corporation. Sanitary sewer and water services are provided to parts of the Town by special assessment districts. Water service is provided by the Erie County Water Authority and sewer service is provided by the Erie County Sewer District No. 8. Police protection is provided by the Village of East Aurora Police Department, paid for through the General Fund-Town Outside Villages, and the New York State Police and the Erie County Sheriff's Department. Fire protection is provided by two fire districts within the Town.

Source: Town Officials

### **Governmental Organization**

Five independently governed school district are located partially within the Town which relies on its own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of real property located within the Town.

Subject to provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive officer of the Town and is elected for a term of two years. The four remaining members of the Town Board are elected to four-year terms, which terms are staggered such that two members are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

The Town Clerk is elected at large for a four year term; the Town Board appoints one assessor for a six year term.

The Town Supervisor is the chief fiscal officer of the Town, whose duties include administration, direction and control of budget and insurance, accounts payable and receivable and payroll. The Supervisor is also responsible for drafting and preparing the budget and securing and administering state and federal grants.

**Employees**

The Town provides services through approximately 31 full-time and 23 permanent part-time employees, and 37 part-time seasonal employees. The Highway Department employees are represented by Local 1000 of the CSEA under a contract which expires December 31, 2013.

**DEMOGRAPHIC AND STATISTICAL INFORMATION**

The following tables present certain comparative demographic and statistical information regarding the Town, the County, the State and the United States.

**Population**

| <u>Year</u> | <u>Town of Aurora</u> | <u>Erie County</u> | <u>New York State</u> | <u>United States</u> |
|-------------|-----------------------|--------------------|-----------------------|----------------------|
| 1990        | 13,390                | 962,366            | 17,990,455            | 248,709,873          |
| 2000        | 13,996                | 950,265            | 18,976,457            | 281,421,906          |
| 2010        | 13,782                | 919,040            | 19,541,453            | 307,006,550          |

Source: US Census Bureau

**Median Household Income**

| <u>Year</u> | <u>Town of Aurora</u> | <u>Erie County</u> | <u>New York State</u> | <u>United States</u> |
|-------------|-----------------------|--------------------|-----------------------|----------------------|
| 1990        | \$37,933              | \$28,005           | \$32,965              | \$30,056             |
| 2000        | 51,939                | 38,567             | 43,393                | 41,994               |

Source: US Census Bureau

**Per Capita Income**

| <u>Year</u> | <u>Town of Aurora</u> | <u>Erie County</u> | <u>New York State</u> | <u>United States</u> |
|-------------|-----------------------|--------------------|-----------------------|----------------------|
| 1990        | \$16,911              | \$13,560           | \$16,501              | \$14,420             |
| 2000        | 24,530                | 20,357             | 23,389                | 21,587               |

Source: US Census Bureau

## Unemployment Rate Statistics

Unemployment statistics are not available for the Town as such. The smallest area for which such statistics are available (which includes the Town) is the County of Erie. The information set forth below with respect to such County is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Town is necessarily representative of the County or vice versa.

| <u>Annual Averages:</u>        | <u>Erie County</u> | <u>New York State</u> | <u>United States</u> |
|--------------------------------|--------------------|-----------------------|----------------------|
| 2006                           | 5.0%               | 4.6%                  | 4.6%                 |
| 2007                           | 4.8                | 4.5                   | 4.6                  |
| 2008                           | 5.7                | 5.3                   | 5.8                  |
| 2009                           | 8.3                | 8.4                   | 9.3                  |
| 2010                           | 8.2                | 8.6                   | 9.6                  |
| <br><u>2011 Monthly Rates:</u> |                    |                       |                      |
| January                        | 8.9%               | 8.9%                  | 9.8%                 |
| February                       | 8.5                | 8.7                   | 9.5                  |
| March                          | 7.9                | 8.0                   | 9.2                  |
| April                          | 7.4                | 7.7                   | 8.7                  |

Source: Department of Labor, State of New York, Bureau of Labor Statistics. Information not seasonally adjusted.

## Selected Listing of Larger Employers

| <u>Employer</u>                    | <u>Type of Business</u> | <u>Approx. No. of Employees</u> |
|------------------------------------|-------------------------|---------------------------------|
| Fisher Price                       | Manufacturing           | 976                             |
| East Aurora UFSD                   | Public Education        | 310                             |
| Aurora Park Health                 | Health Care Facility    | 279                             |
| Luminescent Systems, Inc.          | Manufacturing           | 250                             |
| Tops Markets                       | Commercial              | 140                             |
| Windham Professionals              | Collections             | 100                             |
| Ormsby Educational Center – Erie 2 | Public Education        | 65                              |
| Village of East Aurora             | Government              | 55                              |
| The Roycroft Inn                   | Hotel                   | 50                              |
| East Aurora Country Club           | Recreation              | 49                              |

Source: Town Officials

## **Building Permits**

|                                      | Fiscal Year Ended December 31: |             |             |             |             |
|--------------------------------------|--------------------------------|-------------|-------------|-------------|-------------|
|                                      | <u>2006</u>                    | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| <b><u>Residential:</u></b>           |                                |             |             |             |             |
| One Family Units                     | 31                             | 21          | 14          | 20          | 16          |
| Two Family Units                     | 0                              | 1           | 0           | 4           | 1           |
| Estimated Value                      | \$5,882,450                    | \$4,226,950 | \$2,054,800 | \$4,610,700 | \$3,663,468 |
| <b><u>Retail Business:</u></b>       |                                |             |             |             |             |
| Number of Permits                    | 1                              | 0           | 0           | 1           | 0           |
| Estimated Value                      | \$0                            | \$0         | \$0         | \$109,440   | \$0         |
| <b><u>Commercial/Industrial:</u></b> |                                |             |             |             |             |
| Number of Permits                    | 18                             | 14          | 13          | 17          | 19          |
| Estimated Value                      | \$1,411,850                    | \$524,490   | \$3,670,910 | \$1,389,040 | \$2,888,341 |
| <b><u>Others:</u></b>                |                                |             |             |             |             |
| Number of Permits                    | 319                            | 347         | 312         | 317         | 329         |
| Estimated Value                      | \$3,010,614                    | \$2,697,709 | \$2,634,963 | \$1,882,519 | \$2,406,004 |
| <b><u>Yearly Total:</u></b>          |                                |             |             |             |             |
| Number of Permits                    | 369                            | 382         | 339         | 359         | 365         |
| Estimated Value                      | \$10,304,914                   | \$7,429,149 | \$8,360,673 | \$7,991,699 | \$8,957,813 |

Source: Town Officials

## **INDEBTEDNESS OF THE TOWN**

### **Constitutional Requirements**

The New York State Constitution and Local Finance Law limit the power of the Town (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations, in summary form and as generally applicable to the Town and the Notes, include the following:

**Purpose and Pledge.** Subject to certain enumerated exceptions, the Town shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town authorizes the issuance of bonds with substantially level or

declining debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for payment of principal on its serial bonds, bond anticipation notes and capital notes.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay interest and principal on all indebtedness.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, as has been noted under "Security and Source of Payment," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

### **Statutory Procedure**

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness by the enactment of the NYS Local Finance Law; subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the Town Law and the General Municipal Law of the State.

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. (a) Such obligations were authorized or an object or purpose for which the Town is not authorized to expend money or
- (b) If the provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with,

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations were authorized in violation of the provisions of the Constitution of New York.

Except on rare occasions, the Town complies with this estoppel procedure, and it has done so with respect to the bond resolution under which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year, provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first

issuance of such notes, and provided that such renewals generally do not extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual principal reductions for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See “Payment and Maturity” under “Constitutional Requirements,” and “Details of Short-Term Indebtedness Outstanding” herein).

In general, the Local Finance Law contains similar provisions providing the Town with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget and capital notes.

### **Debt Limit**

The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll of the Town and dividing the same by the equalization rate, or the ratio which such assessed valuation bears to the full valuation, as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last five completed assessment rolls and dividing such sum by five.

### **Details of Short-Term Indebtedness Outstanding**

As of the date of this Official Statement, the Town has a \$1,120,000 bond anticipation note outstanding that will be redeemed and renewed, in part, with the proceeds of this issue and \$85,000 of available funds of the Town.

**Total Annual Bond Principal and Interest Due**

| <u>Fiscal Year</u><br><u>Ending December 31:</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u><br><u>Debt Service</u> | <u>% Paid</u> |
|--|---------------------|---------------------|-------------------------------------|---------------|
| 2011   | \$646,500           | \$771,949           | \$1,418,449                         | 3.42%         |
| 2012   | 661,000             | 747,269             | 1,408,269                           | 6.93%         |
| 2013   | 673,700             | 722,014             | 1,395,714                           | 10.49%        |
| 2014   | 530,650             | 699,583             | 1,230,233                           | 13.30%        |
| 2015   | 536,600             | 679,733             | 1,216,333                           | 16.15%        |
| 2016   | 561,700             | 659,669             | 1,221,369                           | 19.12%        |
| 2017   | 569,650             | 638,580             | 1,208,230                           | 22.14%        |
| 2018   | 582,200             | 617,158             | 1,199,358                           | 25.22%        |
| 2019   | 460,150             | 595,204             | 1,055,354                           | 27.66%        |
| 2020   | 467,850             | 578,243             | 1,046,093                           | 30.14%        |
| 2021   | 490,900             | 560,995             | 1,051,895                           | 32.74%        |
| 2022   | 430,400             | 542,771             | 973,171                             | 35.02%        |
| 2023   | 458,300             | 524,043             | 982,343                             | 37.44%        |
| 2024   | 473,600             | 504,094             | 977,694                             | 39.95%        |
| 2025   | 498,700             | 483,494             | 982,194                             | 42.59%        |
| 2026   | 519,100             | 461,789             | 980,889                             | 45.34%        |
| 2027   | 488,600             | 439,195             | 927,795                             | 47.93%        |
| 2028   | 510,600             | 418,004             | 928,604                             | 50.64%        |
| 2029   | 532,700             | 395,854             | 928,554                             | 53.46%        |
| 2030   | 552,200             | 372,751             | 924,951                             | 56.38%        |
| 2031   | 577,500             | 348,807             | 926,307                             | 59.44%        |
| 2032   | 603,600             | 323,752             | 927,352                             | 62.64%        |
| 2033   | 615,300             | 297,591             | 912,891                             | 65.90%        |
| 2034   | 631,600             | 270,956             | 902,556                             | 69.24%        |
| 2035   | 654,200             | 243,671             | 897,871                             | 72.71%        |
| 2036   | 687,350             | 215,418             | 902,768                             | 76.35%        |
| 2037   | 633,200             | 186,981             | 820,181                             | 79.70%        |
| 2038   | 656,900             | 160,656             | 817,556                             | 83.18%        |
| 2039   | 676,700             | 133,346             | 810,046                             | 86.77%        |
| 2040   | 698,200             | 104,650             | 802,850                             | 90.46%        |
| 2041   | 723,800             | 75,125              | 798,925                             | 94.30%        |
| 2042   | 749,500             | 44,433              | 793,933                             | 98.27%        |
| 2043   | 127,300             | 13,501              | 140,801                             | 98.94%        |
| 2044   | 100,000             | 8,250               | 108,250                             | 99.47%        |
| 2045   | 102,000             | 4,125               | 104,125                             | 100.00%       |
| <b>Totals:</b>                                   | <u>\$18,882,250</u> | <u>\$13,843,654</u> | <u>\$32,723,904</u>                 |               |

Source: Town Bond Records

**Other Obligations**

As of the date of this Official Statement, the Town has no other outstanding obligations in the nature of debt.

### Trend of Outstanding Debt

|                               | Fiscal Year Ending December 31: |                            |                            |                            |                            |
|-------------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                               | <u>2006</u>                     | <u>2007</u>                | <u>2008</u>                | <u>2009</u>                | <u>2010</u>                |
| Bonds                         | \$5,874,900                     | \$19,633,348               | \$20,109,950               | \$19,504,300               | \$18,888,350               |
| Bond Anticipation Notes       | 15,232,902                      | 700,000                    | 1,800,000                  | 1,455,000                  | 1,120,000                  |
| <b>Total Debt Outstanding</b> | <b><u>\$21,107,802</u></b>      | <b><u>\$20,333,348</u></b> | <b><u>\$21,909,950</u></b> | <b><u>\$20,959,300</u></b> | <b><u>\$20,008,350</u></b> |

Source: Financial Records of the Town

### Computation of Debt Limit and Calculation of Net Debt Contracting Margin

(As of June 8, 2011)

| <u>Fiscal Year Ending December 31:</u>    | <u>Assessed<br/>Valuation</u> | <u>State<br/>Equalization<br/>Rate</u> <sup>1</sup> | <u>Full<br/>Valuation</u> |
|---|-------------------------------|---|---------------------------|
| 2007                                      | \$486,564,783                 | 45.60%  | \$1,067,028,033           |
| 2008                                      | 494,574,609                   | 45.00%  | 1,099,054,687             |
| 2009                                      | 500,299,887                   | 45.00%  | 1,111,777,527             |
| 2010                                      | 516,170,842                   | 42.00%  | 1,228,978,195             |
| 2011                                      | 507,408,547                   | 42.00%  | <u>1,208,115,588</u>      |
| Total Five Year Full Valuation            |                               |   | <u>\$5,714,954,030</u>    |
| Average Five Year Full Valuation          |                               |   | \$1,142,990,806           |
| Debt Limit - 7% of Average Full Valuation |                               |   | \$80,009,356              |
| <b>Inclusions:</b>                        |                               |   |                           |
| Outstanding Bonds                         |                               |   | \$18,888,350              |
| Bond Anticipation Notes                   |                               |   | <u>1,120,000</u>          |
| Total Inclusions                          |                               |   | <u>\$20,008,350</u>       |
| <b>Exclusions:</b>                        |                               |   |                           |
| Water Indebtedness <sup>2</sup>           |                               |   | \$17,255,350              |
| Appropriations <sup>2</sup>               |                               |   | <u>260,000</u>            |
| Total Exclusions                          |                               |   | <u>\$17,515,350</u>       |
| Total Net Indebtedness <sup>3</sup>       |                               |   | <u>\$2,493,000</u>        |
| <b>Net Debt-Contracting Margin</b>        |                               |   | <u>\$77,516,356</u>       |

Notes: <sup>1</sup> Equalization rates are established by the New York State Office of Real Property Services.

<sup>2</sup> Water indebtedness and budgeted appropriations are automatically excluded pursuant to provisions of Article VIII, Section 5B of the New York State Constitution and Section 136.00 of the Local Finance Law.

<sup>3</sup> Represents 3.12% of the Town's Debt Limit.

### Authorized and Un-Issued Indebtedness

As of the date of this Official Statement the Town has \$100,000 of authorized and un-issued debt. Such amount represents the unfunded balance of a \$1,900,000 bond resolution adopted by the Town Board on January 28, 2008 (and as amended and restated on February 14, 2011) to undertake the acquisition of a building for use by the Town, and other improvements in connection therewith, including all preliminary costs and costs incidental thereto. The Town does not anticipate utilizing such excess borrowing authority.

## Capital Project Plans and Anticipated Future Borrowings

The Town is generally responsible for providing services as required by the citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Town owns, operates, maintains and improves recreation facilities. As has been noted, the Town generally has provided the financing for sewer and water facilities and maintains primary responsibility for these functions. Once water improvements have been constructed, all operation, maintenance and billing operations are delivered to the Town water users by the Erie County Water Authority under a lease management agreement. Completed sewer facilities operation, maintenance and billing arrangements are delivered to the Town sewer users by Erie County Sewer District No. 18.

### Direct and Overlapping Indebtedness

In addition to the Town, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Town.

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the political subdivisions located within the Town's boundaries. Such taxpayer's share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the appropriate magnitude of the burden on taxable property of the Town of the debt issued and outstanding by such overlapping entities, as of the dates shown.

#### Calculation of Estimated Overlapping and Underlying Indebtedness

| Overlapping Units                | Date of Report | Applicable Net Indebtedness | Exclusions <sup>1</sup> | Applicable Net Indebtedness | Full Value of Town in Municipality | Total Full Value of Municipality | % Within Town | Estimated Applicable Overlapping Debt |
|----------------------------------|----------------|-----------------------------|-------------------------|-----------------------------|------------------------------------|----------------------------------|---------------|---------------------------------------|
| County:                          |                |                             |                         |                             |                                    |                                  |               |                                       |
| Erie                             | 2010           | \$573,732,688               | \$236,778,658           | \$336,954,030               | \$1,228,978,195                    | \$46,120,909,981                 | 2.66%         | \$8,978,772                           |
| Schools:                         |                |                             |                         |                             |                                    |                                  |               |                                       |
| East Aurora                      | 2010           | 20,655,000                  | 15,429,285              | 5,225,715                   | 1,027,678,007                      | 11,141,090,693                   | 9.22%         | 482,031                               |
| Holland                          | 2010           | 11,134,795                  | 9,141,667               | 1,993,128                   | 13,005,285                         | 479,430,228                      | 2.71%         | 54,067                                |
| Iroquois                         | 2010           | 7,875,000                   | 6,032,250               | 1,842,750                   | 45,254,909                         | 1,499,186,527                    | 3.02%         | 55,626                                |
| Orchard Park                     | 2010           | 42,636,610                  | 32,872,826              | 9,763,784                   | 62,684,590                         | 2,874,506,696                    | 2.18%         | 212,920                               |
| Springville-Griffith Village:    | 2010           | 12,775,000                  | 11,063,150              | 1,711,850                   | 1,853,000                          | 854,045,490                      | 0.22%         | 3,714                                 |
| East Aurora                      | 2010           | 13,160,667                  | 6,007,554               | 7,153,113                   | 447,280,180                        | 447,280,180                      | 100.00%       | 7,153,113                             |
| Fire Districts:                  |                |                             |                         |                             |                                    |                                  |               |                                       |
| Aurora-Colden FD                 | 2010           | 135,000                     | 0                       | 135,000                     | 82,677,054                         | 82,677,054                       | 100.00%       | 135,000                               |
| South Wales No. 1                | 2010           | 466,200                     | 0                       | 466,200                     | 36,474,414                         | 36,474,414                       | 100.00%       | 466,200                               |
| Total Net Overlapping Debt:      |                |                             |                         |                             |                                    |                                  |               | \$17,541,443                          |
| Total Net Direct Debt:           |                |                             |                         |                             |                                    |                                  |               | 2,493,000                             |
| Net Direct and Overlapping Debt: |                |                             |                         |                             |                                    |                                  |               | <u>\$20,034,443</u>                   |

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Note: <sup>1</sup> Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt and revenue constitutional and statutory provisions (including water and sewer debt and revenue anticipation notes).

## Debt Ratios

The following table presents certain debt ratios relating to the Town's direct and overlapping indebtedness as of June 8, 2011:

|  | <u>Amount</u> | <u>Debt Per Capita</u> <sup>1</sup> | <u>Debt Full Value</u> <sup>2</sup> |
|--|---------------|-------------------------------------|-------------------------------------|
| Net Direct Debt                                  | \$2,493,000   | \$180.89                            | 0.21%                               |
| Total Direct & Applicable Total Overlapping Debt | 20,034,443    | 1,453.67                            | 1.66%                               |

Notes: <sup>1</sup> The population of the Town is 13,782 according to the 2010 US Census Bureau.

<sup>2</sup> The full valuation of real property located in the Town for the 2011 fiscal year is \$1,208,115,588.

## FINANCES OF THE TOWN

### Financial Statements and Accounting Procedures

The financial statements of the Town are audited each year by an independent public accountant. The last such audit covers the fiscal year ended December 31, 2010. A copy of such report is attached hereto as Appendix B. The financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirement of various State and federal statutes.

In June, 1999, the Governmental Accounting Standards Board ("GASB") issued Statement 34, "Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments". This Statement established new financial reporting requirements for state and local governments throughout the United States. Statement 34 requires new information and restructured much of the information that governments had presented in the past. Comparability with reports issued in all prior years have been affected. GASB required the Town to implement this standard for the fiscal year ending December 31, 2003. The Town has not complied with the requirements of GASB Statement 34.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Official Statement are based on annual audited financial reports for the Town for the 2006 – 2010 fiscal years.

### *Fund Structure and Accounts*

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following governmental funds: General Fund, General-Part-Town, Highway-Part-Town, Capital Projects and Special District Funds. Fiduciary funds consist of a Trust and Agency Fund. Account groups are maintained for fixed assets and long-term debt.

### *Basis of Accounting*

The Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual – that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting, that is when the related fund liability is incurred. An exception to this general rule is un-matured interest on general long-term debt which is recognized when due.

## **Investment Policy**

The primary objectives of the Town's investment policy are, in priority order, as follows:

- To conform to all applicable federal, state and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations of the State of New York; (3) In repurchase agreements involving the purchase and sale of direct obligations of the United States; (4) certificates of deposit issued by a bank or trust company authorized to do business in New York State; (5) time deposit accounts in a bank or trust company authorized to do business in New York State; or (6) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

All funds may be invested in: (1) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (2) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than obligations issued by the Town itself.

Reserve funds may be invested in obligations of the Town.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

## **Budgetary Procedures**

The Town operates on a fiscal year beginning January 1 and ending December 31. The Town Supervisor, prepares a preliminary budget to be submitted to the Town Clerk no later than September 30<sup>th</sup> of each fiscal year for the fiscal year commencing the following January 1. By October 5<sup>th</sup>, the Town Clerk must present the tentative budget to the Town Board, which then prepares the preliminary budget prior to the mandatory public hearing. Five days prior to such public hearing, notice of such public hearing must be published. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year on or before November 20<sup>th</sup>. The budget of the Town is not subject to voter approval.

The Town Board may, during the course of the year, make changes in the appropriation and other modifications of the budget as it deems necessary in accordance with the Town Law.

## **Financial Operations**

The Town Supervisor functions as the chief fiscal officer of the Town as provided by Section 2 of the Local Finance Law. In this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. In addition, the Town Supervisor has a bookkeeper who primarily prepares abstracts, does accounts receivable and payable and other duties as per the Supervisor's direction. The Supervisor is also the Town's budget officer and must, therefore, prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Supervisor.

Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Town finances are operated primarily through the General Fund and Special Revenue Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has lighting, refuse and garbage, fire protection and water districts, which are accounted for within separate funds. The primary sources of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in the special projects funds.

The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

## **Revenues**

The Town receives a substantial portion of its revenues from real property taxes, County sales tax, State aid and assessments. For the year ending December 31, 2010, real property taxes and assessments accounted for 57.92% of the General Fund revenue.

A summary of such revenues and other financing sources for the last five completed fiscal years ending with December 31, 2010 and the budget for fiscal year ending 2011 may be found in Appendix A – Financial Information.

### *Real Property Taxes*

See "Real Property Tax Information", herein.

### *State Aid*

The Town received approximately 11.17% of its total General Fund operating revenue from State aid in 2010. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has in the past reduced funding to municipalities and school districts in the last several years in order to balance its own budget. The State faces the prospect of multi-billion dollar deficits for the next several years, and cuts in State aid to municipalities have been included in the New York State budget for the fiscal year ending March 31, 2012, which was adopted on March 31, 2011.

For 2010, the Town received \$270,037 in its General fund from all sources of State aid. The Town estimates State aid for 2011 will be \$298,500.

## **Expenditures**

The major categories of expenditure for the Town are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently

completed fiscal years ending December 31, 2010 and the estimated expenditures for the current fiscal year may be found in Appendix A – Financial Information.

### **Pension System**

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (“ERS”). The System is referred to hereinafter as the “Retirement System” where appropriate. The Retirement Systems is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers.

Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute 3% of gross annual salary, for the first ten years of service, toward the cost of retirement programs.

For the five years ending December 31, 2006 through 2010 and budgeted for the fiscal year 2011, the Town’s contributions to the ERS are as follows:

| <u>Fiscal Year Ending December 31:</u> | <u>ERS</u> |
|--|------------|
| Budgeted 2011                          | \$248,000  |
| 2010                                   | 165,931    |
| 2009                                   | 102,886    |
| 2008                                   | 125,740    |
| 2007                                   | 142,571    |
| 2006                                   | 165,271    |

Chapter 49 of the Laws of 2003 changed the cycle of billing to better match budget cycles of the Town and other governmental employers. Under the previous method, the Town was unsure of how much it would be required to pay to the system until after its budget was implemented. The contribution for a given fiscal year is now based on the value of the pension fund on the prior April 1 instead of the following April 1, so the Town is now able to more accurately include the cost of the contribution into its budget. The Town is required to a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings, until quite recently. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State’s Retirement System in 2011 year and subsequent years will be higher than the minimum contribution rate established by Chapter 49. For the year 2011 ERS contributions will be 16.3% and PFRS will be 21.6% of payroll. The Fund has since recovered in substantial part, posting a 25.9% return for the fiscal year ended March 31, 2010.

Chapter 57 of the Laws of 2010, enacted August 11, 2010, established the Employer Contribution Stabilization Program (“the Program”). This legislation authorizes participating local government employers, if they so elect, to amortize the eligible portion of their annual required contributions to the New York State and Local Retirement System (NYSLRS).

The option to amortize the eligible portion begins with the annual contribution due February 1, 2011. The program allows local government employers to amortize a portion of the annual required contribution based on a “graded” rate. Amortized contributions will be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest will be charged on the unpaid amortized portion at a rate which approximates a market rate of return on

taxable fixed rate securities of a comparable duration. The interest rate is established annually for each of the amortized yearly amount and applies to the entire ten years of the repayment cycle.

While the Town is aware of the potential negative impact that increased retirement system payments will have on its budget, and will take appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

On December 10, 2009, former Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.
- Requiring employees to continue contributing three percent of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15 percent of non-overtime wages.

In accordance with constitutional requirements, these new pension reforms apply only to public employees hired on or after January 1, 2010.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Town's employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

### **Post-Employment Benefits**

It should also be noted that the Town provides post-employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed on a pay-as-you-go basis and had not been reported as a liability on the government's financial statements.

Recently enacted accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement benefits and other non-pension benefits ("OPEB"), as it accounts for vested pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance.

GASB 45 requires municipalities and school districts to account for OPEB liabilities similar to pension liabilities. It will require them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and its compliance in meeting its ARC. The Town is currently reviewing their options with respect to implementation of GASB 45 for the 2011 fiscal year but has not, as of the this date, made any definitive determinations of potential liability.

Actuarial valuation will be required every two years for OPEB plans with more than 200 members, every three years if there are less than 200 members.

Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

## **REAL PROPERTY TAX INFORMATION**

### **Real Property Taxes**

The Town derives a significant portion of its annual revenue through a direct real property tax. The following table presents the total tax levy tax rates and collection performance for each of the last five fiscal years.

### **Tax Levy Limitation Bill**

On January 31, 2011, the New York State Senate adopted Senate Bill S2706 (the “Senate Tax Levy Limit Bill”), which proposes to modify current law relating to the property tax levies of municipalities. The Senate Tax Levy Limit Bill would restrict, among other things, the amount of real property taxes that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Senate Tax Levy Limit Bill, the tax levy of a municipality could not increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Each municipality would be notified by the State Comptroller of its tax levy limitation for the upcoming fiscal year no later than 120 days prior to the start of such municipality’s fiscal year. A municipality could exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a two-thirds vote of the total voting strength of the board, a local law to override such limitation for such coming fiscal year only. In the case of a fire district, the governing board must adopt a resolution by at least a two-thirds vote of the total voting strength of the board, to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Senate Tax Levy Limit Bill, including expenditures made on account of certain tort settlements and increases in Federal and State mandated programs specifically identified in the bill. However, it is unclear from the text of the bill whether municipalities would be authorized to exclude from their tax levy limitations debt service on account of all capital projects or just those financed pursuant to a bond resolution that was approved by the voters at referendum. Municipalities would also be permitted to carry forward a certain portion of their unused levy limitation from a prior year.

On May 24, 2011, a similar bill was introduced in the New York State Assembly which would impose a tax levy limitation upon municipalities and school districts (the “Assembly Tax Levy Limit Bill”). Neither bill can become law until an identical bill is adopted by the other house.

There can be no assurances that the Senate Tax Levy Limit Bill, the Assembly Tax Levy Limit Bill or any other similar law, if enacted, will not come under legal challenge for violating the relevant provisions of Article VIII, Section 12 of the New York State Constitution, which recognizes the power of the State Legislature to restrict local government taxation of property but also expressly states that “the legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

**Summary of Tax Levies, Collections and Rates**

| Fiscal Year           | Tax Levy<br>(All Funds) | Amount<br>Collected | Per Cent<br>Collected | Tax Rate \$1,000 - General<br>Town |           |
|-----------------------|-------------------------|---------------------|-----------------------|------------------------------------|-----------|
|                       |                         |                     |                       | (Town)                             | (Village) |
| <u>Ending Dec 31:</u> |                         |                     |                       |                                    |           |
| 2007                  | \$3,930,711             | \$3,930,711         | 100%                  | \$3.46                             | \$2.52    |
| 2008                  | 4,277,820               | 4,277,820           | 100%                  | 3.99                               | 2.60      |
| 2009                  | 4,477,424               | 4,477,424           | 100%                  | 4.19                               | 2.69      |
| 2010                  | 4,696,135               | 4,696,135           | 100%                  | 4.65                               | 2.78      |
| 2011                  | 4,931,764               | 4,931,764           | 100%                  | 5.26                               | 2.77      |

Source: Town Officials

**Tax Collection Procedure**

Taxes are due in a single payment on January 1, payable without penalty to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. After April 1, the tax roll is returned to the County and taxes plus penalties are payable to the Erie County Treasurer. The Town retains the total amount of Town, Highway, Special District and delinquent water and sewer charge levies from the total collections and returns and balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales.

As far as the Town is concerned there are no uncollected taxes. Payment in full of all Town items is guaranteed by the County.

**Assessed and Full Valuation**

|                                      | Fiscal Year Ending May 31: |                 |                 |                 |                 |
|--------------------------------------|----------------------------|-----------------|-----------------|-----------------|-----------------|
|                                      | <u>2007</u>                | <u>2008</u>     | <u>2009</u>     | <u>2010</u>     | <u>2011</u>     |
| Assessed Valuation: <sup>1</sup>     | \$486,564,783              | \$494,574,609   | \$500,299,887   | \$516,170,842   | \$507,408,547   |
| NYS Equalization Rate: <sup>1</sup>  | 45.60%                     | 45.00%          | 45.00%          | 42.00%          | 42.00%          |
| Full Valuation:                      | \$1,067,028,033            | \$1,099,054,687 | \$1,111,777,527 | \$1,228,978,195 | \$1,208,115,588 |
| Net Tax Levy:                        | \$3,526,225                | \$3,782,453     | \$4,071,447     | \$4,516,234     | \$4,931,764     |
| Tax Rate / \$1,000<br>Assessed Value | \$7.25                     | \$7.65          | \$8.14          | \$8.75          | \$9.72          |

Note: <sup>1</sup> The assessed valuations and equalization rates shown here may not be the same as those required for debt limit purposes.

## Ten Largest Taxpayers

2010 Assessment Roll for 2011 <sup>1</sup>

| <u>Name</u>                         | <u>Type</u>         | <u>Full Valuation</u>            |
|-------------------------------------|---------------------|----------------------------------|
| Fisher Price, Inc.                  | Manufacturer        | \$16,639,524                     |
| 292 Main Street LLC                 | Healthcare Facility | 15,734,286                       |
| NY State Electric & Gas Dist. Corp. | Utility             | 13,164,952                       |
| National Fuel Gas                   | Utility             | 12,887,786                       |
| Chur, Barbara B.                    | Residential         | 8,333,333                        |
| East Aurora LLC                     | Retail              | 6,998,571                        |
| EA Management Group LLC             | Commercial          | 6,307,988                        |
| RB-3 Associates                     | Real Estate         | 5,797,143                        |
| 427 Mill Street, Inc.               | Apartments          | 5,547,857                        |
| Knox-Grey Associates LLC            | Real Estate         | 5,040,000                        |
|                                     | Total               | <u>\$96,451,440</u> <sup>2</sup> |

Source: Town Officials

Notes: <sup>1</sup> Includes applicable franchise assessment for utilities.

<sup>2</sup> Represents 7.98% of the 2011 Full Valuation of \$1,208,115,588 of the Town.

## LITIGATION

In common with other local governments and school districts, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial condition of the Town.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

## NOTEHOLDER RISKS

There are various forms of risk associated with investing in the Notes. One such risk is that the Town will be unable to promptly pay interest and principal on the Notes as they become due (see "Remedies Upon Default", herein). If a Noteholder elects to sell his or her investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in certiorari proceedings could result in a large reduction in the assessed valuation of taxable real property in the Town. Similarly, if real property "tax cap" legislation is adopted by the State legislature and signed by the governor, the Town would be constrained in its taxing power as of the effective date of such legislation. In addition, to the extent that the Town is dependent on State aid, there can be no assurance that such aid will be continued in the future (see "Finances of the Town", herein). Unforeseen developments could also result in substantial increases in Town expenditures, thus placing considerable strain on the Town's financial condition.

The financial condition of the Town as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions, thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The subprime mortgage crisis and various economic events growing out of it created massive disruptions in the U.S. and global credit and securities markets, and the health of those markets was impaired to the point where significant governmental intervention was deemed necessary. These developments have had significant adverse effects on the finances of New York State, on which the Town depends for a significant amount of State aid. The exact impact on the Town cannot be predicted, but it has been negative and could persist for a significant period of time. The State faces the prospect of multi-billion dollar deficits for the next several years, and cuts in State aid to school Towns and municipalities have been included in the New York State budget for the fiscal year ending March 31, 2012, which was adopted on March 31, 2011.

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of the underlying obligation will decline, causing the holder to incur a capital loss upon the sale of such obligation.

#### **STATE TAX EXEMPTION**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing law, the interest on the Notes is not excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code.

Further, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any of its political subdivisions (including, without limitation, the City of New York).

#### **DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES**

##### **Absence of Litigation**

Upon delivery of the Notes, the Town will furnish a certificate, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. An additional certificate will state that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect, and enforce the collection of taxes or other revenues for the payment of the Notes, which has not been disclosed in this Official Statement.

##### **Legal Matters**

The legality of the authorization and issuance of the Notes will be covered by the legal opinion of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Town, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the Town, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Notes may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule,

regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed, without inquiry or other investigation, (a) the legal capacity of each natural person, (b) the full power and authority of each person other than the Town to execute and deliver certain documents and to perform certain acts, (c) no modification of any provision of any document, no waiver of any right or remedy and no exercise of any right or remedy other than in a commercially reasonable and conscionable manner and in good faith, (d) the genuineness of each signature, the completeness of each document submitted to Bond Counsel, the authenticity of each document submitted to Bond Counsel as an original, the conformity to the original of each document submitted to Bond Counsel as a copy and the authenticity of the original of each document submitted to Bond Counsel as a copy, (e) the accuracy on the date of this letter of certain reviewed documents, (f) the truthfulness of each statement as to any factual matter contained in such reviewed documents, and (g) the due and timely filing of certain filed documents; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to rendering the opinions expressed therein, (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Town, together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of and interest on the Notes as the same respectively become due and payable, and (iv) no opinion is expressed by Bond Counsel as to whether the Town, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

#### **DISCLOSURE UNDERTAKING**

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the Town has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Note is outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of Noteholders, if material;
- (h) note calls, if material and tender offers;
- (i) defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d), the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities.

The Town may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Town determines that any such other event is material with respect to the Notes; but the Town does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Town reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Notes within the meaning of the Rule.

The Town acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town's obligations under its material event notices undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

Annual information and notices of material events can be obtained from the Town of Aurora, 5 South Grove Street, East Aurora, New York 14052, telephone: 716-652-7590.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

The Town is in compliance with all prior undertakings pursuant to the Rule.

## **RATING**

The Town has not applied for a rating on the Notes. Moody's Investors Service currently rates the outstanding long-term debt of the Town "Aa3". Moody's recalibrated its rating for all New York State local municipalities and school districts. According to Moody's, this action was a "recalibration of the ratings to a different rating scale" from a municipal ratings scale to a global rating scale. "This recalibration does not reflect an improvement in credit quality or a change in (Moody's) credit opinion for rated municipal debt issuers." Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from such rating agency as follows: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, Public Finance Group, 23<sup>rd</sup> Floor, New York, New York 10007, (215) 553-0300. There can be no assurance that such rating will not be revised or withdrawn, if

the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

**FINANCIAL ADVISOR**

Municipal Solutions, Inc. has assisted the Town as financial advisor in certain matters with respect to the sale and issuance of the Notes.

**ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of the Town Supervisor, 5 South Grove Street, East Aurora, New York 14052, telephone 716-652-7590, or from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number 585-394-4090, fax number 585-394-4092, and website at: <http://www.municipalsolution.com>.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or holders of the Notes.

This Official Statement is submitted only in connection with the sale of the Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

So far as any statements made in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town's management's beliefs as well as assumptions made by, and information available to, the Town management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town files with the repositories. When used in Town documents or oral presentations, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Municipal Solutions, Inc. will place a copy of this Official Statement on its website: <http://www.municipalsolution.com>. Unless the Official Statement specifically indicated otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Municipal Solutions, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Municipal Solutions, Inc. assumes any liability or responsibility for errors or omissions on such website.

Further, Municipal Solutions, Inc., and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Municipal Solutions, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

TOWN OF AURORA

June 8, 2011  
East Aurora, New York

By: s/s Jolene M. Jeffe  
Town Supervisor and Chief Fiscal Officer

\*\*\*\*\*

Additional copies of the Notices of Sale and Official Statement may be obtained upon request from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone (585) 394-4090.  
Website: [www.municipalsolution.com](http://www.municipalsolution.com)

**APPENDIX A**

**FINANCIAL INFORMATION**

**Statement of Revenues, Expenditures and Fund Balances**  
**General Fund - Town of Aurora**

|  | Fiscal Year Ending December 31: |                    |                    |                    |                    |
|--|---------------------------------|--------------------|--------------------|--------------------|--------------------|
|  | <u>2006</u>                     | <u>2007</u>        | <u>2008</u>        | <u>2009</u>        | <u>2010</u>        |
| <b>Revenues:</b>                       |                                 |                    |                    |                    |                    |
| Real Property Taxes                    | \$1,213,297                     | \$1,233,215        | \$1,295,725        | \$1,353,791        | \$1,399,883        |
| Real Property Tax Items                | 74,036                          | 85,921             | 67,822             | 69,723             | 67,809             |
| Non-Property Tax Items                 | 172,677                         | 204,793            | 205,128            | 198,699            | 205,398            |
| Departmental Income                    | 200,677                         | 207,153            | 198,878            | 208,222            | 219,784            |
| Intergovernmental Charges              | 9,312                           | 9,907              | 10,284             | 9,977              | 11,067             |
| Use of Money and Property              | 78,533                          | 81,444             | 57,545             | 16,677             | 18,504             |
| Licenses and Permits                   | 72,299                          | 64,696             | 53,052             | 61,497             | 63,515             |
| Fines and Forfeitures                  | 149,115                         | 146,683            | 178,115            | 158,751            | 147,427            |
| Sale of Property & Comp. for Loss      | 283                             | 116,278            | 533,563            | 3,926              | 1,500              |
| Miscellaneous                          | 3,763                           | 1,952              | 16,391             | 3,309              | 12,031             |
| State Aid                              | 401,761                         | 373,238            | 462,373            | 330,318            | 270,037            |
| Operating Transfers In                 | 0                               | 0                  | 5,047              | 7,274              | 0                  |
| Total Revenues                         | <u>\$2,375,753</u>              | <u>\$2,525,280</u> | <u>\$3,083,923</u> | <u>\$2,422,164</u> | <u>\$2,416,955</u> |
| <b>Expenditures:</b>                   |                                 |                    |                    |                    |                    |
| General Government Support             | \$998,074                       | \$981,425          | \$1,018,302        | \$1,010,703        | \$1,009,039        |
| Public Safety                          | 173,577                         | 195,863            | 178,952            | 185,352            | 183,029            |
| Health                                 | 1,960                           | 1,925              | 0                  | 0                  | 0                  |
| Transportation                         | 101,485                         | 151,868            | 87,646             | 138,890            | 83,659             |
| Economic Assistance & Opportunity      | 83,833                          | 85,360             | 94,616             | 94,162             | 89,005             |
| Culture and Recreation                 | 543,667                         | 541,406            | 507,513            | 457,181            | 451,954            |
| Home & Community Services              | 13,178                          | 5,661              | 720                | 1,599              | 3,065              |
| Employee Benefits                      | 366,927                         | 333,926            | 331,983            | 363,012            | 437,893            |
| Debt Service                           | 117,230                         | 114,305            | 111,345            | 118,330            | 109,935            |
| Operating Transfers Out                | 0                               | 0                  | 0                  | 235,000            | 184,823            |
| Total Expenditures                     | <u>\$2,399,931</u>              | <u>\$2,411,739</u> | <u>\$2,331,077</u> | <u>\$2,604,229</u> | <u>\$2,552,402</u> |
| <b>Excess (Deficiency) of Revenues</b> |                                 |                    |                    |                    |                    |
| Over (Under) Expenditures              | (\$24,178)                      | \$113,541          | \$752,846          | (\$182,065)        | (\$135,447)        |
| Net Adjustments to Fund Balances       | 0                               | 0                  | 0                  | (150,000)          |                    |
| Fund Balances Beginning of Fiscal Year | <u>1,089,257</u>                | <u>1,065,079</u>   | <u>1,178,620</u>   | <u>1,931,466</u>   | <u>1,599,401</u>   |
| Fund Balances End of Fiscal Year       | <u>\$1,065,079</u>              | <u>\$1,178,620</u> | <u>\$1,931,466</u> | <u>\$1,599,401</u> | <u>\$1,463,954</u> |

Source: Audited Annual Financial Reports of the Town

Note: This table NOT audited

**Statement of Revenues, Expenditures and Fund Balances  
Special Revenue Funds\* - Town of Aurora**

|   | Fiscal Year Ending December 31: |                    |                    |                    |                    |
|---|---------------------------------|--------------------|--------------------|--------------------|--------------------|
|   | <u>2006</u>                     | <u>2007</u>        | <u>2008</u>        | <u>2009</u>        | <u>2010</u>        |
| <b>Revenues:</b>                        |                                 |                    |                    |                    |                    |
| Real Property Taxes                     | \$2,235,377                     | \$2,299,055        | \$2,583,795        | \$2,722,721        | \$2,883,802        |
| Non-Property Tax Items                  | 911,595                         | 1,070,446          | 1,077,041          | 1,053,030          | 1,093,116          |
| Departmental Income                     | 355,099                         | 377,031            | 240,297            | 243,903            | 240,383            |
| Intergovernmental Charges               | 157,009                         | 154,130            | 177,904            | 312,524            | 336,960            |
| Use of Money and Property               | 173,373                         | 192,086            | 350,026            | 24,137             | 23,120             |
| Licenses and Permits                    | 0                               | 0                  | 67,000             | 0                  | 0                  |
| Sale of Property & Comp. for Loss       | 5,000                           | 0                  | 17,990             | 33,755             | 769                |
| Miscellaneous                           | 24,867                          | 2,098              | 154,403            | 0                  | 96                 |
| State Aid                               | 98,189                          | 90,540             | 49,573             | 101,405            | 98,451             |
| Federal Aid                             | 61,896                          | 0                  | 51,843             | 0                  | 0                  |
| Operating Transfers In                  | 0                               | 0                  | 2,913              | 96,438             | 83,970             |
| <b>Total Revenues</b>                   | <u>\$4,022,405</u>              | <u>\$4,185,386</u> | <u>\$4,772,785</u> | <u>\$4,587,913</u> | <u>\$4,760,667</u> |
| <b>Expenditures:</b>                    |                                 |                    |                    |                    |                    |
| General Government Support              | \$18,603                        | \$5,378            | \$984              | \$1,164            | \$2,701            |
| Public Safety                           | 937,021                         | 1,072,066          | 1,309,089          | 1,271,183          | 1,434,417          |
| Transportation                          | 811,161                         | 857,571            | 977,772            | 750,561            | 755,158            |
| Economic Assistance & Opportunity       | 1,000                           | 1,000              | 1,500              | 1,000              | 500                |
| Culture and Recreation                  | 36,825                          | 0                  | 0                  | 0                  | 0                  |
| Home & Community Services               | 1,058,386                       | 966,118            | 820,672            | 1,015,035          | 1,085,236          |
| Employee Benefits                       | 152,654                         | 147,777            | 163,411            | 184,854            | 192,660            |
| Debt Service                            | 850,585                         | 1,109,436          | 1,213,128          | 1,310,357          | 1,312,166          |
| Operating Transfers Out                 | 0                               | 0                  | 0                  | 3,044              | 83,591             |
| <b>Total Expenditures</b>               | <u>\$3,866,235</u>              | <u>\$4,159,346</u> | <u>\$4,486,556</u> | <u>\$4,537,198</u> | <u>\$4,866,429</u> |
| <b>Excess (Deficiency) of Revenues</b>  |                                 |                    |                    |                    |                    |
| Over (Under) Expenditures               | \$156,170                       | \$26,040           | \$286,229          | \$50,715           | (\$105,762)        |
| Net Adjustments to Fund Balances        | 0                               | 0                  | 0                  | 0                  | 0                  |
| Fund Balances Beginning of Fiscal Year  | 2,751,953                       | 2,908,123          | 2,934,163          | 2,934,163          | 2,984,878          |
| <b>Fund Balances End of Fiscal Year</b> | <u>\$2,908,123</u>              | <u>\$2,934,163</u> | <u>\$3,220,392</u> | <u>\$2,984,878</u> | <u>\$2,879,116</u> |

Source: Audit Annual Financial Reports of the Town

Notes: \* Includes the General - Town Outside Village Fund, Highway Fund, and the Special District Funds for Lighting, Water, Fire Protection, Sewer, Cemetery, Refuse and Garbage.

This table NOT audited

**Balance Sheet**  
**Combined Funds - Town of Aurora**  
Fiscal Year Ending December 31, 2010

|                                   | <u>General</u>            | <u>Special Revenues*</u>  |
|-----------------------------------|---------------------------|---------------------------|
| <b>Assets:</b>                    |                           |                           |
| Cash and Cash Equivalents         | \$1,205,232               | \$4,045,287               |
| Investments                       | \$0                       | \$27,091                  |
| Accounts Receivable               | 18,639                    | 157,716                   |
| Prepaid Items                     | 29,868                    | 11,615                    |
| Due from Other Governments        | 34,877                    | 152,459                   |
| Due from Other Funds              | <u>223,729</u>            | <u>0</u>                  |
| Total Assets                      | <u><u>\$1,512,345</u></u> | <u><u>\$4,394,168</u></u> |
| <b>Liabilities:</b>               |                           |                           |
| Accounts Payable                  | \$35,514                  | \$63,700                  |
| Accrued Liabilities               | 12,877                    | 8,770                     |
| Deferred Revenue                  | 0                         | 0                         |
| Due to Other Governments          | 0                         | 1,375,446                 |
| Due to Other Funds                | <u>0</u>                  | <u>66,684</u>             |
| Total Liabilities                 | <u><u>\$48,391</u></u>    | <u><u>\$1,514,600</u></u> |
| <b>Fund Balances:</b>             |                           |                           |
| Reserved:                         |                           |                           |
| Debt                              | \$21,230                  | \$102,948                 |
| Long-term Due From Other Funds    | 66,684                    | 0                         |
| Prepaid Items                     | 29,868                    | 11,615                    |
| Unemployment Insurance            | 12,448                    | 0                         |
| Unreserved - Designated           | 983,724                   | 2,530,182                 |
| Subsequent Year's Expenditures    | 175,000                   | 226,993                   |
| Debt Reduction                    | 175,000                   |                           |
| Cemetery Fund                     | 0                         | 2,830                     |
| Fire Protection District #1       | <u>0</u>                  | <u>5,000</u>              |
| Total Fund Equity                 | <u><u>\$1,463,954</u></u> | <u><u>\$2,879,568</u></u> |
| Total Liabilities and Fund Equity | <u><u>\$1,512,345</u></u> | <u><u>\$4,394,168</u></u> |

Source: Audited Annual Financial Report of the Town.

Notes: Includes the General - Town Outside Village Fund, Highway Fund, Water Fund, and the Special District Funds for Lighting, Fire Protection, Sewer, Cemetery, Refuse and Garbage.

This table NOT audited

**Budget Summaries**  
**Combined Funds - Town of Aurora**  
Fiscal Year Ending December 31, 2011

|                                 | <u>General</u>     | <u>General -<br/>Part Town</u> | <u>Highway -<br/>Part Town</u> | <u>Water</u>       |
|---------------------------------|--------------------|--------------------------------|--------------------------------|--------------------|
| <b>Revenues:</b>                |                    |                                |                                |                    |
| Real Property Taxes             | \$1,410,118        | \$761,535                      | \$506,221                      | \$1,130,900        |
| Real Property Tax Items         | 66,000             | 0                              | 0                              | 0                  |
| Non-Property Tax                | 199,000            | 654,000                        | 386,000                        | 0                  |
| Departmental Income             | 213,045            | 4,000                          | 168,000                        | 230,594            |
| Intergovernmental Charges       | 11,400             | 0                              | 0                              | 0                  |
| Use of Money and Property       | 20,000             | 2,500                          | 4,000                          | 23,605             |
| Licenses & Permits              | 60,000             | 0                              | 0                              | 0                  |
| Fines & Forfeitures             | 160,000            | 0                              | 0                              | 0                  |
| Sale of Property                | 0                  | 0                              | 10,000                         | 0                  |
| Miscellaneous                   | 2,500              | 0                              | 0                              | 0                  |
| State Aid                       | 298,500            | 47,000                         | 52,000                         | 0                  |
| Reserved for Town Hall          | 0                  | 0                              | 0                              | 0                  |
| Appropriated Fund Balance       | 350,000            | 0                              | 100,000                        | 86,993             |
| Total Revenues                  | <u>\$2,790,563</u> | <u>\$1,469,035</u>             | <u>\$1,226,221</u>             | <u>\$1,472,092</u> |
| <b>Expenditures:</b>            |                    |                                |                                |                    |
| General Government Support      | \$1,034,375        | \$8,000                        | \$1,821                        | \$0                |
| Public Safety                   | 189,984            | 1,432,709                      | 3,200                          | 0                  |
| Transportation                  | 89,885             | 0                              | 788,300                        | 0                  |
| Economic Opportunity & Develop. | 101,976            | 1,500                          | 0                              | 0                  |
| Culture and Recreation          | 485,566            | 0                              | 0                              | 0                  |
| Home and Community Services     | 28,500             | 26,126                         | 0                              | 366,941            |
| Employee Benefits               | 544,440            | 700                            | 251,900                        | 2,043              |
| Debt Service                    | 140,837            | 0                              | 181,000                        | 1,073,571          |
| Capital Reserve                 | 0                  | 0                              | 0                              | 29,537             |
| Interfund Transfers             | 175,000            | 0                              | 0                              | 0                  |
| Total Expenditures              | <u>\$2,790,563</u> | <u>\$1,469,035</u>             | <u>\$1,226,221</u>             | <u>\$1,472,092</u> |

Source: Adopted Budget of the Town

Note: This table NOT audited

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

**TOWN OF AURORA  
ERIE COUNTY, NEW YORK**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED BY THE TOWN'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORTS IN THIS OFFICIAL STATEMENT HAS NEITHER BEEN REQUESTED NOR OBTAINED.

**TOWN OF AURORA,  
NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information and Supplemental Schedules  
for the Year Ended December 31, 2010  
and Independent Auditors' Reports*

**TOWN OF AURORA, NEW YORK**  
**Table of Contents**

---

|  |    |
|--|----|
| Independent Auditors' Report .....   | 1  |
| Management's Discussion and Analysis (MD&A) .....  | 3  |
| Basic Financial Statements:  |    |
| <b>Government-wide Financial Statements:</b>   |    |
| Statement of Net Assets .....  | 15 |
| Statement of Activities.....   | 16 |
| <b>Fund Financial Statements:</b>  |    |
| Balance Sheet—Governmental Funds .....   | 17 |
| Reconciliation of the Balance Sheet—Governmental Funds<br>to the Statement of Net Assets .....                                     | 19 |
| Statement of Revenues, Expenditures and Changes in Fund<br>Balances (Deficits)—Governmental Funds.....                             | 20 |
| Statement of Revenues, Expenditures and Changes in Fund Balances—<br>Budget and Actual—General Fund .....                          | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—<br>Budget and Actual—General Fund—Part-Town Fund ..... | 23 |
| Statement of Revenues, Expenditures and Changes in Fund Balances—<br>Budget and Actual—Highway—Part-Town Fund.....                 | 24 |
| Statement of Revenues, Expenditures and Changes in Fund Balances—<br>Budget and Actual—Water Districts Fund.....                   | 25 |
| Statement of Net Assets —Proprietary Fund Type.....  | 26 |
| Statement of Revenues, Expenses and Changes in Net Assets—<br>Proprietary Fund Type.....   | 27 |
| Statement of Cash Flows—Proprietary Fund Type .....  | 28 |
| Statement of Fiduciary Net Assets—Fiduciary Fund .....   | 29 |
| Notes to Financial Statements .....  | 30 |

(continued)

**TOWN OF AURORA, NEW YORK**  
**Table of Contents**

---

**Combining, Individual Fund Statements and Schedules:**

|  |    |
|--|----|
| Combining Balance Sheet—Water Districts Fund.....  | 46 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund<br>Balances—Water Districts Fund .....                      | 48 |
| Combining Balance Sheet—Nonmajor Governmental Funds .....  | 50 |
| Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balances (Deficits)—Nonmajor Governmental Funds.....    | 51 |
| Schedule of Revenues, Expenditures and Change in Fund Balances—<br>Budget and Actual—Cemetery Fund .....                     | 52 |
| Schedule of Revenues, Expenditures and Change in Fund Balances—<br>Budget and Actual—Rubbish Collection District Fund .....  | 53 |
| Schedule of Revenues, Expenditures and Change in Fund Balances—<br>Budget and Actual—Garbage and Resource Recovery Fund..... | 54 |
| Schedule of Revenues, Expenditures and Change in Fund Balances—<br>Budget and Actual—Fire Protection District 1 Fund .....   | 55 |
| Combining Balance Sheet—Sewer Districts Fund .....   | 56 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund<br>Balances (Deficits)—Sewer Districts Fund.....            | 57 |
| Schedule of Revenues, Expenditures and Change in Fund Balances<br>(Deficits)—Budget and Actual—Sewer Districts Fund .....    | 58 |
| Combining Balance Sheet—Lighting Districts Fund.....   | 59 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund<br>Balances—Lighting Districts Fund .....                   | 60 |
| Schedule of Revenues, Expenditures and Change in Fund Balances—<br>Budget and Actual—Lighting Districts Fund.....            | 61 |
| Statement of Changes in Assets and Liabilities—<br>Agency Fund .....   | 62 |

(continued)

**TOWN OF AURORA, NEW YORK**  
**Table of Contents**

---

(concluded)

|   |    |
|---|----|
| Report on Internal Control Over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> ..... | 63 |
| Schedule of Findings and Responses .....  | 65 |

## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

Honorable Town Board  
Town of Aurora, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Aurora, New York (the "Town") 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'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2010, and the respective changes in financial position, the respective budget comparisons for the General, Part-Town, Highway—Part-Town and Water District Funds, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of Town management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These financial statements and schedules are the responsibility of the management of the Town. These financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Handwritten signature of Desch & Malin LLP

March 25, 2011

**TOWN OF AURORA, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2010**

---

As management of the Town of Aurora, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2010. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items relating to the year ended December 31, 2009 presentation have been reclassified.

**Financial Highlights**

- ◆ The Town's governmental activities net assets decreased by \$239,636, while its business-type activities increased \$392,377 as a result of this year's activity.
- ◆ The assets of the primary government of the Town exceeded its liabilities at the close of the fiscal year by \$8,247,818 (net assets). Of this amount, \$3,060,252 (unrestricted net assets) may be used to meet the Town's ongoing operations.
- ◆ At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,998,006, a decrease of \$303,092 in comparison with the prior year. The decrease resulted from a planned use of fund balance to reduce 300 Gleed Avenue debt, along with the increased cost in the Town's water districts.
- ◆ The General Fund reported a net decrease in fund balance this year of \$135,447. At December 31, 2010, unreserved, undesignated fund balance for the General Fund was \$983,724, or 35.2 percent, of 2010 General Fund appropriations.
- ◆ The Town's total bonded indebtedness decreased by \$626,050. This decrease is due to the principal payments on outstanding debt.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The *statement of activities* presents information showing how the government's 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the Town include 300 Gleed Avenue.

The government-wide financial statements can be found on pages 15-16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has two categories of funds: governmental funds and fiduciary funds.

**Governmental 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 fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because 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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains eleven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, General—Part-Town, Highway—Part-Town, Water Districts and Capital Projects, all of which are considered to be major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town adopts an annual budget for General, General—Part-Town, Highway—Part-Town, Water Districts, Cemetery, Sewer Districts, Lighting Districts, Rubbish Collection District, Garbage and Resource Recovery and Fire Protection District No. 1. Budgetary comparison statements within the supplemental section of this report have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 17-25 of this report.

**Proprietary fund.** The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for the activities of 300 Gleed Avenue.

Proprietary funds provide the same type of information as the government-wide financial statement, only in more detail. The proprietary fund financial statements provide separate information for 300 Gleed Avenue.

The proprietary fund financial statements can be found on pages 26-28.

**Fiduciary fund.** 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 statement because the resources of those funds are *not* available to support the Town's own programs.

The Town's fiduciary fund financial statements can be found on page 29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-45 of this report.

**Other information.** The Water Districts Fund is a major fund and consists of 24 individual districts. Individual water districts information can be found on pages 46-49. As stated earlier, the financial statements include a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements. The combining statements can be found on pages 50-51 of this report. Additionally, detailed budgetary comparisons are presented.

Additional supplemental financial schedules can be found following the notes to the financial statements on pages 52-62 of this report.

### **Government-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 \$8,247,818 at the close of the 2010 fiscal year, as compared to \$8,095,077 at the close of the 2009 fiscal year. The Town's governmental activities represent \$7,545,765 of the total net assets, while its business-type activity represents \$702,053.

**Table 1 – Condensed Statement of Net Assets**

|  | Governmental Activities |                     | Business-type Activities |                   | Total               |                     |
|--|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
|  | 2010                    | 2009                | 2010                     | 2009              | 2010                | 2009                |
| Current and other assets                           | \$ 6,373,832            | \$ 6,552,268        | \$ 159,215               | \$ 27,207         | \$ 6,533,047        | \$ 6,579,475        |
| Capital assets                                     | 22,858,484              | 23,266,442          | 1,740,801                | 1,760,534         | 24,599,285          | 25,026,976          |
| Total assets                                       | 29,232,316              | 29,818,710          | 1,900,016                | 1,787,741         | 31,132,332          | 31,606,451          |
| Current liabilities                                | 2,005,958               | 1,817,112           | 1,197,963                | 1,478,065         | 3,203,921           | 3,295,177           |
| Long-term liabilities                              | 19,680,593              | 20,216,197          | -                        | -                 | 19,680,593          | 20,216,197          |
| Total liabilities                                  | 21,686,551              | 22,033,309          | 1,197,963                | 1,478,065         | 22,884,514          | 23,511,374          |
| Invested in capital assets,<br>net of related debt | 3,785,587               | 3,762,142           | 620,801                  | 305,534           | 4,406,388           | 4,067,676           |
| Restricted   | 781,178                 | 848,525             | -                        | -                 | 781,178             | 848,525             |
| Unrestricted                                       | 2,979,000               | 3,174,734           | 81,252                   | 4,142             | 3,060,252           | 3,178,876           |
| Total net assets                                   | <u>\$ 7,545,765</u>     | <u>\$ 7,785,401</u> | <u>\$ 702,053</u>        | <u>\$ 309,676</u> | <u>\$ 8,247,818</u> | <u>\$ 8,095,077</u> |

Other assets include a long-term due from other governments totaling \$657,000 and \$724,962 at December 31, 2010 and 2009, respectively.

The largest portion of the Town's net asset (53.4 percent) reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are 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 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.

An additional portion of the Town's net assets (9.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (37.1 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

Total net assets increased \$152,741 over prior year. The increase is primarily the result of positive operations reported at 300 Gleed Ave.

Presented on the following page, in Figure 1, is a comparison of the components of the Town's total net assets for the years ended December 31, 2010 and December 31, 2009.

**Figure 1 – Components of Net Assets**

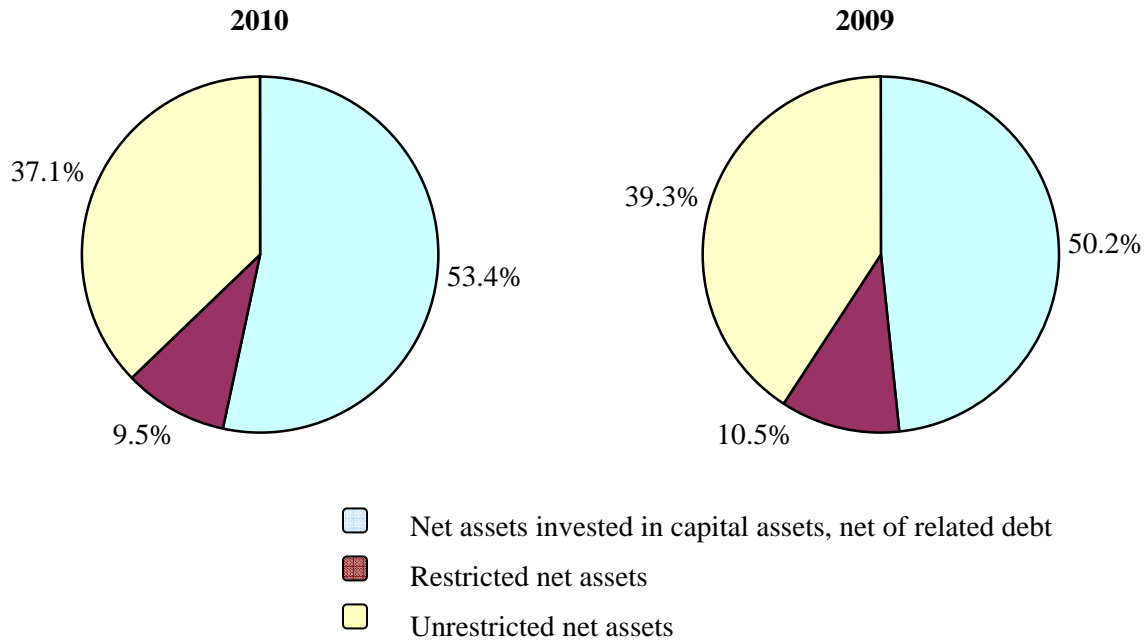


Table 2, shown below, presents a comparison of current assets to current liabilities at December 31, 2010 and December 31, 2009:

**Table 2 – Current assets and current liabilities**

|  | Primary Government |              |
|--|--------------------|--------------|
|  | 2010               | 2009         |
| Current assets                                 | \$ 5,876,047       | \$ 5,854,513 |
| Current liabilities                            | 3,203,921          | 3,295,177    |
| Ratio of current assets to current liabilities | 1.83               | 1.78         |

The Town had favorable ratios of current assets to current liabilities of 1.83 and 1.78 at December 31, 2010 and December 31, 2009, respectively. Such a ratio implies that the Town has sufficient assets on-hand to meet obligations in the coming year.

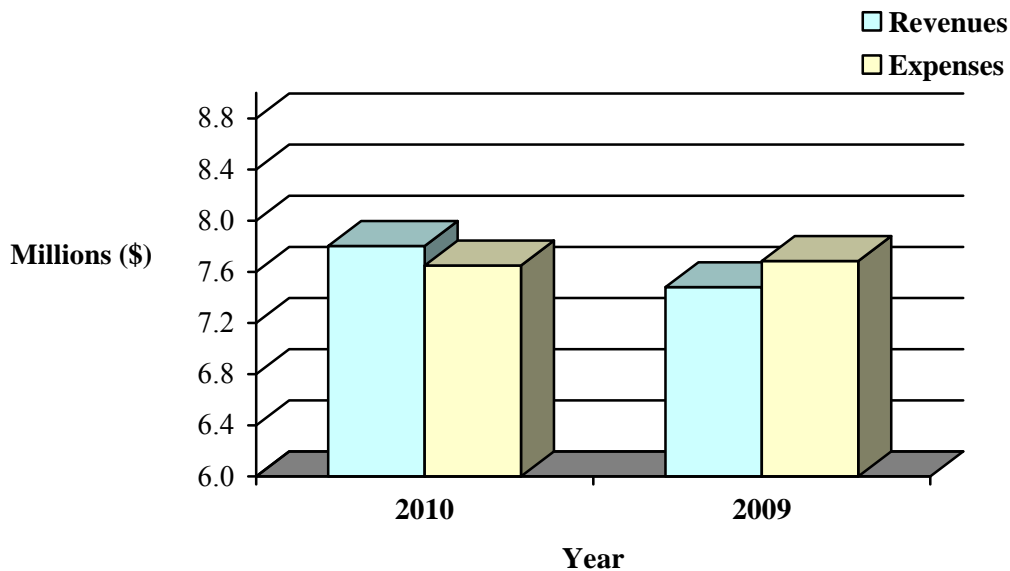
Table 3, on the following page, shows the changes in net assets for the years ended December 31, 2010 and December 31, 2009.

**Table 3 – Condensed Statements of Revenues, Expenses and Changes in Net Assets**

|                                    | Governmental Activities         |                     | Business-Type Activities        |                   | Total                           |                     |
|------------------------------------|---------------------------------|---------------------|---------------------------------|-------------------|---------------------------------|---------------------|
|                                    | Year Ended December 31,<br>2010 | 2009                | Year Ended December 31,<br>2010 | 2009              | Year Ended December 31,<br>2010 | 2009                |
| Program revenues:                  |                                 |                     |                                 |                   |                                 |                     |
| Charges for services               | \$ 951,174                      | \$ 859,102          | \$ 532,738                      | \$ 513,252        | \$ 1,483,912                    | \$ 1,372,354        |
| Operating grants and contributions | 51,875                          | 51,832              | -                               | -                 | 51,875                          | 51,832              |
| Capital grants and contributions   | 242,662                         | 204,980             | -                               | -                 | 242,662                         | 204,980             |
| General revenues and transfers     | <u>5,848,361</u>                | <u>5,674,943</u>    | <u>175,204</u>                  | <u>175,039</u>    | <u>6,023,565</u>                | <u>5,849,982</u>    |
| Total revenues                     | <u>7,094,072</u>                | <u>6,790,857</u>    | <u>707,942</u>                  | <u>688,291</u>    | <u>7,802,014</u>                | <u>7,479,148</u>    |
| Program expenses                   | <u>7,333,708</u>                | <u>7,316,228</u>    | <u>315,565</u>                  | <u>384,359</u>    | <u>7,649,273</u>                | <u>7,700,587</u>    |
| Change in net assets               | (239,636)                       | (525,371)           | 392,377                         | 303,932           | 152,741                         | (221,439)           |
| Net assets—beginning               | <u>7,785,401</u>                | <u>8,310,772</u>    | <u>309,676</u>                  | <u>5,744</u>      | <u>8,095,077</u>                | <u>8,316,516</u>    |
| Net assets—ending                  | <u>\$ 7,545,765</u>             | <u>\$ 7,785,401</u> | <u>\$ 702,053</u>               | <u>\$ 309,676</u> | <u>\$ 8,247,818</u>             | <u>\$ 8,095,077</u> |

As shown below in Figure 2, revenues for the year ended December 31, 2010 increased 4.3 percent and expenses decreased 0.7 percent from the year ended December 31, 2009.

**Figure 2 – Comparison of Revenues and Expenses**



The overall revenues increase of 4.3 percent from 2009 was largely due to increases in property tax rates within the Town’s governmental activities. Total program expenses decreased 0.7 percent from the year ended December 31, 2009, primarily due to the Town’s ability to control costs, particularly related to the Town’s business type activity at 300 Gleed Avenue. The governmental activities’ expenses actually lessened the overall decrease due to an increase in Village of East Aurora charges for police services.

A summary of sources of revenues for the years ended December 31, 2010 and December 31, 2009 is presented in Table 4:

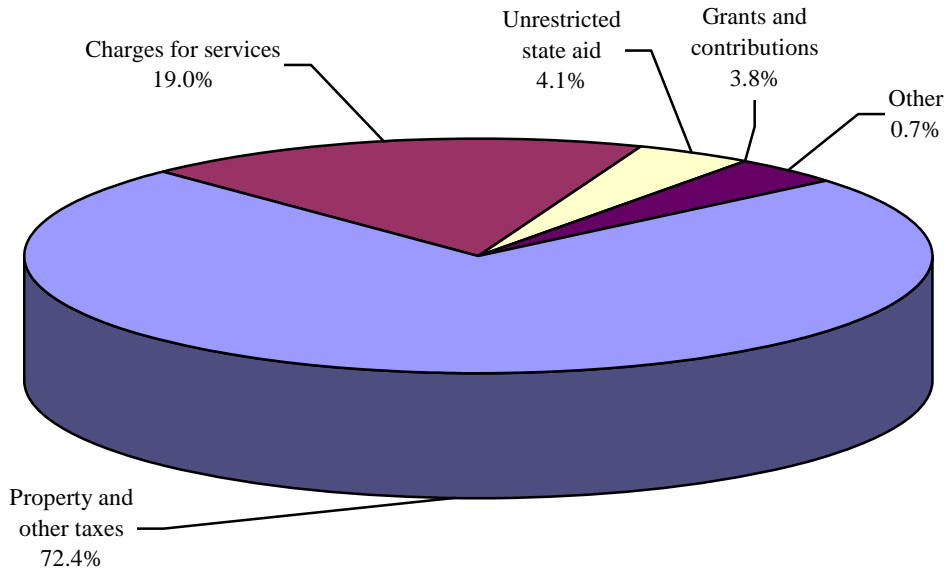
**Table 4 – Summary of Sources of Revenues**

|                                    | 2010                | 2009                | Increase/Decrease |         |
|------------------------------------|---------------------|---------------------|-------------------|---------|
|                                    |                     |                     | Dollars           | Percent |
| Charges for services               | \$ 1,483,912        | \$ 1,372,354        | \$ 111,558        | 8.1     |
| Operating grants and contributions | 51,875              | 51,832              | 43                | 0.1     |
| Capital grants and contributions   | 242,662             | 204,980             | 37,682            | 18.4    |
| Property and other taxes           | 5,650,008           | 5,397,964           | 252,044           | 4.7     |
| Use of money and property          | 42,449              | 43,137              | (688)             | (1.6)   |
| Gain on sale of capital assets     | 2,269               | 25,681              | (23,412)          | (91.2)  |
| Miscellaneous                      | 12,226              | 3,309               | 8,917             | 269.5   |
| Unrestricted state aid             | 316,613             | 379,891             | (63,278)          | (16.7)  |
| Total revenue, net                 | <u>\$ 7,802,014</u> | <u>\$ 7,479,148</u> | <u>\$ 322,866</u> | 4.3     |

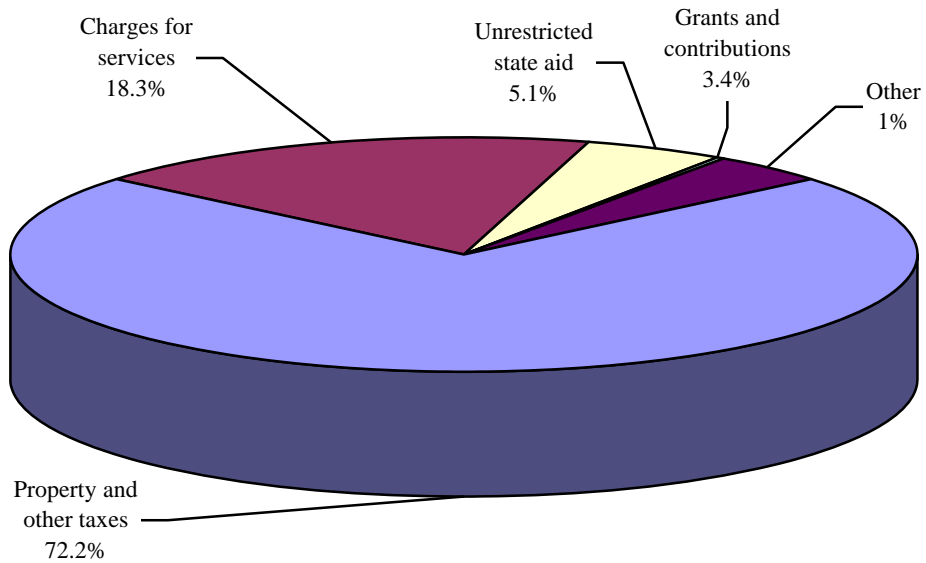
As presented in Figure 3, on the following page, the most significant source of revenues is property and other taxes, which accounts for \$5,650,008, or 72.4 percent, of total revenues. Other significant sources of revenue include charges of services, which comprise \$1,483,912, or 19.0 percent, of total revenues, and unrestricted state aid, which \$316,613 or 4.1 percent, of total revenues for the year ended December 31, 2010. For the year ended December 31, 2009, the most significant source of revenues is property and other taxes, which accounts for \$5,397,964, or 72.2 percent, of total revenues. Other significant sources of revenue include charges of services, which comprise \$1,372,354, or 18.3 percent, of total revenues, and unrestricted state aid, which \$379,891 or 5.1 percent, of total revenues.

**Figure 3 – Components of Revenues**

**Year Ended December 31, 2010 Sources of Revenue**



**Year Ended December 31, 2009 Sources of Revenue**



A summary of program expenses for the years ended December 31, 2010 and December 31, 2009 is presented below in Table 5:

**Table 5 – Summary of Program Expenses**

|                                     | 2010                | 2009                | Increase/(decrease) |         |
|-------------------------------------|---------------------|---------------------|---------------------|---------|
|                                     |                     |                     | Dollars             | Percent |
| General government support          | \$ 1,159,309        | \$ 1,186,342        | \$ (27,033)         | (2.3)   |
| Public safety                       | 1,896,324           | 1,676,473           | 219,851             | 13.1    |
| Transportation                      | 1,290,664           | 1,210,920           | 79,744              | 6.6     |
| Economic assistance and opportunity | 99,932              | 104,542             | (4,610)             | (4.4)   |
| Culture and recreation              | 556,473             | 505,006             | 51,467              | 10.2    |
| Home and community services         | 1,538,727           | 1,817,647           | (278,920)           | (15.3)  |
| Interest and other fiscal charges   | 792,279             | 815,298             | (23,019)            | (2.8)   |
| 300 Gleed Avenue expenses           | 315,565             | 384,359             | (68,794)            | (17.9)  |
| Total program expenses              | <u>\$ 7,649,273</u> | <u>\$ 7,700,587</u> | <u>\$ (51,314)</u>  | (0.7)   |

During the year ended December 31, 2010, significant changes in governmental activities expenses include home and community services which decreased \$278,920, or 15.3 percent, due to non-recurring expenditures incurred in 2009 to perform a SMSI merger feasibility study. Public safety increased \$219,851, or 13.1 percent, which primarily relates to the increased costs associated with the Town's agreement with the Village of East Aurora for police services.

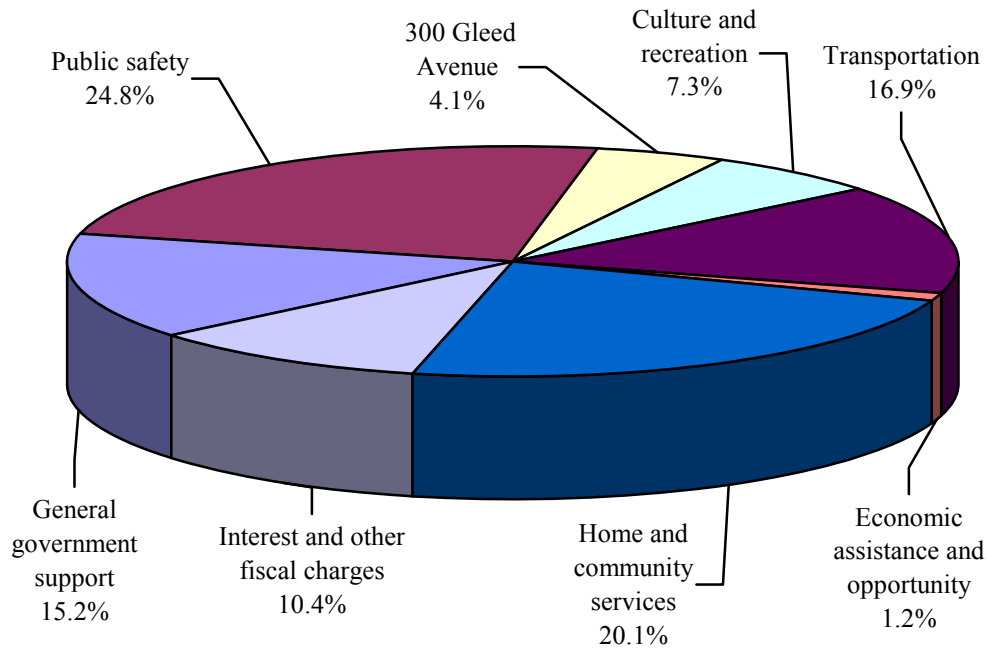
During the year ended December 31, 2010, business type activity expenses decreased \$68,794, or 17.9 percent primarily due to non-recurring administrative and legal expenses incurred in prior years.

As presented in Figure 4, on the following page, the Town's significant expense items for the year ended December 31, 2010 were public safety which accounts for \$1,896,324, or 24.8 percent, of total expenses, home and community services which accounts for \$1,538,727, or 20.1 percent, of total expenses, and transportation of \$1,290,664, or 16.9 percent, of total expenses. For the year ended December 31, 2009 significant expenses were home and community services which accounts for \$1,817,647, or 23.6 percent, of total expenses, public safety which accounts for \$1,676,473, or 21.8 percent, of total expenses, and transportation of \$1,210,920, or 15.7 percent, of total expenses.

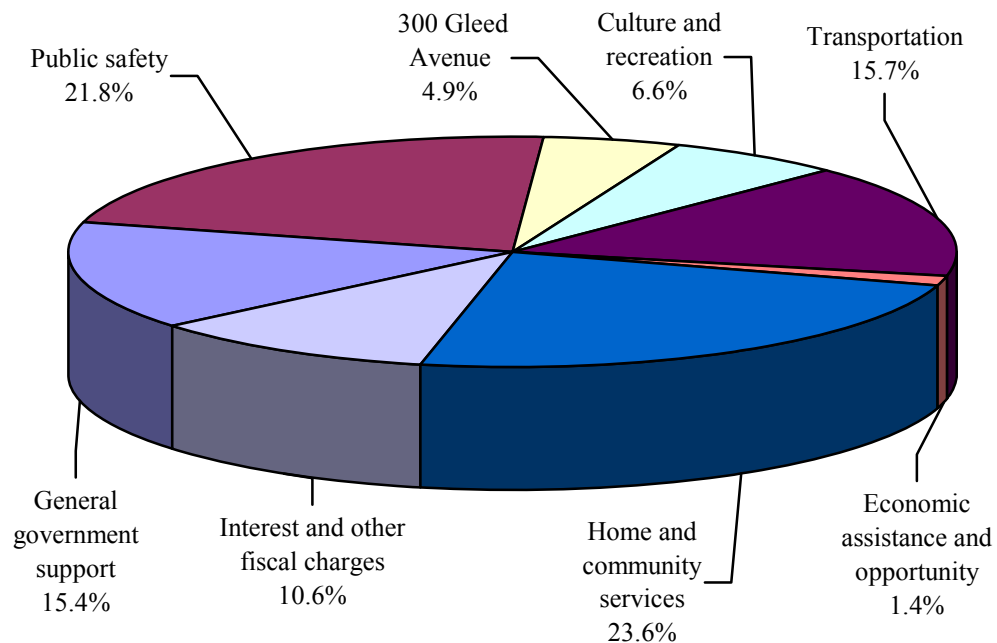
Figure 4, below, presents the components of the Town's program expenses for the years ended December 31, 2010 and December 31, 2009.

**Figure 4 – Components of Program Expenses**

**Year Ended December 31, 2010 Program Expenses**



**Year Ended December 31, 2009 Program Expenses**



## Financial Analysis of the Town's Funds

**Governmental 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 a fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,998,006, a decrease of \$303,092 in comparison with the prior year. The portion of fund balance which constitutes *unreserved, undesignated fund balance*, is \$3,168,390, or 79.2 percent of total fund balance, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed for debt.

The Town's General Fund ending fund balance was \$1,463,954. Of that amount \$983,724, or 67.2 percent, is *unreserved, undesignated fund balance*. The General Fund fund balance decreased \$135,447 during the year primarily due to a \$175,000 budgeted operating transfer to reduce Glead Avenue debt. The Town's General—Part Town Fund fund balance decreased \$75,997 which relates to the increased costs associated with the Town's agreement with the Village of East Aurora for police services. The Highway—Part-Town Fund fund balance increased \$2,991 during the year, which was due to stable operations during the year. The Water Districts Fund fund balance decreased \$119,161 during the year which was due to increased cost of operating and supplying these districts. The Town's Capital Projects Fund decreased \$61,883 to an ending fund balance deficit of \$345,516. This was primarily the result of capital project activity financed by short-term debt or temporary advances from other funds which will be remedied by future debt issuances and anticipated grant reimbursements. A summary of the Town's major funds' fund balance is as follows:

**Table 6—Major Funds' Fund Balance**

|                                      | <b>General</b> | <b>General—<br/>Part-Town</b> | <b>Highway—<br/>Part-Town</b> | <b>Water<br/>Districts</b> | <b>Capital<br/>Projects</b> |
|--------------------------------------|----------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|
| Net change in fund balance (deficit) | \$ (135,447)   | \$ (75,997)                   | \$ 2,991                      | \$ (119,161)               | \$ (61,883)                 |
| Unreserved, undesignated             | 983,724        | (2,196)                       | 339,368                       | 1,918,771                  | (345,516)                   |
| Total fund balance (deficit)         | 1,463,954      | (2,196)                       | 494,105                       | 2,005,925                  | (345,516)                   |
| Percentage unreserved, undesignated  | 67.20%         | 100.00%                       | 68.68%                        | 95.66%                     | n/a                         |

### General Fund Budgetary Highlights

During the year ended December 31, 2010, no supplemental appropriations were made in the General Fund.

### Capital Asset and Debt Administration

**Capital Assets.** The Town's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2010, amounted to \$24,599,285. This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, vehicles and equipment.

All depreciable capital assets were depreciated from acquisition date to the end of the current year. Capital assets, net of accumulated depreciation, for the governmental activities at the years ended December 31, 2010 and 2009 are presented below.

**Table 7—Summary of Capital Assets (Net of Depreciation)**

|                                | December 31,         |                      |
|--------------------------------|----------------------|----------------------|
|                                | 2010                 | 2009                 |
| Governmental activities:       |                      |                      |
| Land                           | \$ 350,000           | \$ 350,000           |
| Construction in progress       | 129,358              | 192,644              |
| Land improvements              | 29,700               | 31,500               |
| Buildings and improvements     | 1,291,162            | 1,183,694            |
| Machinery and equipment        | 623,747              | 668,091              |
| Transportation networks        | 849,209              | 964,085              |
| Water/Sewer mains              | <u>19,585,308</u>    | <u>19,876,428</u>    |
| Total governmental activities  | <u>\$ 22,858,484</u> | <u>\$ 23,266,442</u> |
| Business-type activities:      |                      |                      |
| Land                           | \$ 320,000           | \$ 320,000           |
| Buildings                      | <u>1,420,801</u>     | <u>1,440,534</u>     |
| Total business-type activities | <u>\$ 1,740,801</u>  | <u>\$ 1,760,534</u>  |

The Town’s infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. The Town has elected to depreciate their infrastructure assets. Additional information on the Town’s capital assets can be found in Note 7 of this report.

**Debt.** At December 31, 2010, the Town had total long-term bonds outstanding of \$18,878,250 as compared to \$19,504,300 in the prior year.

Additional information on the Town’s long-term debt can be found in Note 10 of this report.

**Financial Positions, Economic Factors, Next Year’s Budgets and Rates**

The unemployment rate for the Buffalo-Niagara region at December 2010 was 8.2 percent. This compares to New York State’s average unemployment rate of 8.0 percent, which is favorable to the national average rate of 9.1. Inflationary trends in the region, particularly in the real estate sector compared favorably to national indices. All of these factors are considered in preparing the Town’s budgets.

The Town’s 2011 budget includes the appropriation of \$350,000 of fund balance in the General Fund. The budget also includes a General, General—Part Town and Highway—Part-Town Fund tax rate of \$6.79 (per \$1,000 of assessed valuation), which is a 9.7 percent increase over 2010.

**Contacting the Town’s Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Supervisor’s Office, 5 South Grove Street, East Aurora, NY 14052.

# BASIC FINANCIAL STATEMENTS

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**TOWN OF AURORA, NEW YORK**  
**Statement of Net Assets**  
**December 31, 2010**

|   | <u>Primary Government</u>                |   | <u>Total</u>        |
|---|--|---|---------------------|
|   | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> |                     |
| <b>ASSETS</b>                                     |  |   |                     |
| Cash and cash equivalents                         | \$ 5,284,567                             | \$ 154,281                                | \$ 5,438,848        |
| Investments                                       | 27,091                                   | -   | 27,091              |
| Accounts receivable                               | 176,355                                  | 4,934                                     | 181,289             |
| Prepaid items                                     | 41,483                                   | -   | 41,483              |
| Due from other governments                        | 844,336                                  | -   | 844,336             |
| Capital assets not being depreciated              | 479,358                                  | 320,000                                   | 799,358             |
| Capital assets net of accumulated depreciation    | <u>22,379,126</u>                        | <u>1,420,801</u>                          | <u>23,799,927</u>   |
| Total assets                                      | <u>29,232,316</u>                        | <u>1,900,016</u>                          | <u>31,132,332</u>   |
| <b>LIABILITIES</b>                                |  |   |                     |
| Accounts payable                                  | 99,214                                   | 40,975                                    | 140,189             |
| Accrued liabilities                               | 308,779                                  | 14,232                                    | 323,011             |
| Unearned revenue                                  | 7,519                                    | 22,756                                    | 30,275              |
| Due to other governments                          | 1,375,446                                | -   | 1,375,446           |
| Bond anticipation notes payable                   | 215,000                                  | 1,120,000                                 | 1,335,000           |
| Noncurrent liabilities:                           |  |   |                     |
| Due within one year                               | 646,500                                  | -   | 646,500             |
| Due in more than one year                         | <u>19,034,093</u>                        | <u>-</u>                                  | <u>19,034,093</u>   |
| Total liabilities                                 | <u>21,686,551</u>                        | <u>1,197,963</u>                          | <u>22,884,514</u>   |
| <b>NET ASSETS</b>                                 |  |   |                     |
| Investment in capital assets, net of related debt | 3,785,587                                | 620,801                                   | 4,406,388           |
| Restricted for:                                   |  |   |                     |
| Debt  | 781,178                                  | -   | 781,178             |
| Unrestricted                                      | <u>2,979,000</u>                         | <u>81,252</u>                             | <u>3,060,252</u>    |
| Total net assets                                  | <u>\$ 7,545,765</u>                      | <u>\$ 702,053</u>                         | <u>\$ 8,247,818</u> |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Activities**  
**Year Ended December 31, 2010**

| Functions/Program                    | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes in Net Assets |                             | Total               |
|--------------------------------------|---------------------|-------------------------|--|--|--|-----------------------------|---------------------|
|                                      |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                 |                             |                     |
|                                      |                     |                         |  |  | Governmental<br>Activities                         | Business-type<br>Activities |                     |
| <b>Primary government:</b>           |                     |                         |  |  |  |                             |                     |
| Governmental activities:             |                     |                         |  |  |  |                             |                     |
| General government support           | \$ 1,159,309        | \$ 220,106              | \$ -                                     | \$ 160,838                             | \$ (778,365)                                       | \$ -                        | \$ (778,365)        |
| Public safety                        | 1,896,324           | 2,200                   | -  | -                                      | (1,894,124)  | -                           | (1,894,124)         |
| Transportation                       | 1,290,664           | 193,160                 | 51,875                                   | 81,824                                 | (963,805)  | -                           | (963,805)           |
| Economic assistance and opportunity  | 99,932              | -                       | -  | -                                      | (99,932)   | -                           | (99,932)            |
| Culture and recreation               | 556,473             | 212,795                 | -  | -                                      | (343,678)  | -                           | (343,678)           |
| Home and community services          | 1,538,727           | 322,913                 | -  | -                                      | (1,215,814)  | -                           | (1,215,814)         |
| Interest and other fiscal charges    | <u>792,279</u>      | <u>-</u>                | <u>-</u>                                 | <u>-</u>                               | <u>(792,279)</u>                                   | <u>-</u>                    | <u>(792,279)</u>    |
| Total governmental activities        | <u>\$ 7,333,708</u> | <u>\$ 951,174</u>       | <u>\$ 51,875</u>                         | <u>\$ 242,662</u>                      | <u>(6,087,997)</u>                                 | <u>-</u>                    | <u>(6,087,997)</u>  |
| Business-type activities:            |                     |                         |  |  |  |                             |                     |
| 300 Gleed Avenue                     | <u>\$ 315,565</u>   | <u>\$ 532,738</u>       | <u>\$ -</u>                              | <u>\$ -</u>                            | <u>-</u>   | <u>217,173</u>              | <u>217,173</u>      |
| General revenues:                    |                     |                         |  |  |  |                             |                     |
| Property taxes                       |                     |                         |  |  | 4,351,494  | -                           | 4,351,494           |
| Non-property taxes                   |                     |                         |  |  | 1,298,514  | -                           | 1,298,514           |
| Use of money and property            |                     |                         |  |  | 42,344   | 105                         | 42,449              |
| Gain on sale of capital assets       |                     |                         |  |  | 2,269  | -                           | 2,269               |
| Miscellaneous                        |                     |                         |  |  | 12,127   | 99                          | 12,226              |
| Unrestricted state aid               |                     |                         |  |  | 316,613  | -                           | 316,613             |
| Transfers                            |                     |                         |  |  | <u>(175,000)</u>                                   | <u>175,000</u>              | <u>-</u>            |
| Total general revenues and transfers |                     |                         |  |  | <u>5,848,361</u>                                   | <u>175,204</u>              | <u>6,023,565</u>    |
| Change in net assets                 |                     |                         |  |  | (239,636)  | 392,377                     | 152,741             |
| Net assets—beginning                 |                     |                         |  |  | <u>7,785,401</u>                                   | <u>309,676</u>              | <u>8,095,077</u>    |
| Net assets—ending                    |                     |                         |  |  | <u>\$ 7,545,765</u>                                | <u>\$ 702,053</u>           | <u>\$ 8,247,818</u> |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**December 31, 2010**

|  | <u>Special Revenue</u> |                               |                               |                            | <u>Capital<br/>Projects</u> | <u>Other</u>                  | <u>Total</u>                  |
|--|------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|-------------------------------|-------------------------------|
|  | <u>General</u>         | <u>General—<br/>Part-Town</u> | <u>Highway—<br/>Part-Town</u> | <u>Water<br/>Districts</u> |                             | <u>Governmental<br/>Funds</u> | <u>Governmental<br/>Funds</u> |
| <b>ASSETS</b>  |                        |                               |                               |                            |                             |                               |                               |
| Cash and cash equivalents                                    | \$ 1,205,232           | \$ 1,189,070                  | \$ 427,526                    | \$ 1,966,648               | \$ 34,048                   | \$ 462,043                    | \$ 5,284,567                  |
| Investments  | -                      | -                             | -                             | -                          | -                           | 27,091                        | 27,091                        |
| Accounts receivable  | 18,639                 | 92,483                        | 14,980                        | 48,744                     | -                           | 1,509                         | 176,355                       |
| Prepaid items  | 29,868                 | -                             | 11,615                        | -                          | -                           | -                             | 41,483                        |
| Due from other governments                                   | 34,877                 | 91,843                        | 60,616                        | -                          | -                           | -                             | 187,336                       |
| Due from other funds   | <u>223,729</u>         | <u>-</u>                      | <u>-</u>                      | <u>-</u>                   | <u>-</u>                    | <u>-</u>                      | <u>223,729</u>                |
| Total assets   | <u>\$ 1,512,345</u>    | <u>\$ 1,373,396</u>           | <u>\$ 514,737</u>             | <u>\$ 2,015,392</u>        | <u>\$ 34,048</u>            | <u>\$ 490,643</u>             | <u>\$ 5,940,561</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>                         |                        |                               |                               |                            |                             |                               |                               |
| Liabilities:   |                        |                               |                               |                            |                             |                               |                               |
| Accounts payable   | \$ 35,514              | \$ 146                        | \$ 11,949                     | \$ 9,541                   | \$ -                        | \$ 42,064                     | \$ 99,214                     |
| Accrued liabilities  | 12,877                 | -                             | 8,683                         | 87                         | -                           | -                             | 21,647                        |
| Deferred revenue   | -                      | -                             | -                             | -                          | 7,519                       | -                             | 7,519                         |
| Due to other governments                                     | -                      | 1,375,446                     | -                             | -                          | -                           | -                             | 1,375,446                     |
| Due to other funds   | -                      | -                             | -                             | -                          | 157,045                     | 66,684                        | 223,729                       |
| Bond anticipation notes payable                              | <u>-</u>               | <u>-</u>                      | <u>-</u>                      | <u>-</u>                   | <u>215,000</u>              | <u>-</u>                      | <u>215,000</u>                |
| Total liabilities  | <u>48,391</u>          | <u>1,375,592</u>              | <u>20,632</u>                 | <u>9,628</u>               | <u>379,564</u>              | <u>108,748</u>                | <u>1,942,555</u>              |
| Fund balances (deficits):                                    |                        |                               |                               |                            |                             |                               |                               |
| Reserved for debt  | 21,230                 | -                             | 3,122                         | -                          | -                           | 99,826                        | 124,178                       |
| Reserved for long-term due from other funds                  | 66,684                 | -                             | -                             | -                          | -                           | -                             | 66,684                        |
| Reserved for prepaid items                                   | 29,868                 | -                             | 11,615                        | -                          | -                           | -                             | 41,483                        |
| Reserved for unemployment insurance                          | 12,448                 | -                             | -                             | -                          | -                           | -                             | 12,448                        |
| Unreserved, designated for subsequent<br>year's expenditures | 175,000                | -                             | 140,000                       | 86,993                     | -                           | -                             | 401,993                       |

(continued)

|   | <b>Special Revenue</b> |                               |                               |                            | <b>Capital<br/>Projects</b> | <b>Other<br/>Governmental<br/>Funds</b> | (concluded)                             |
|---|------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|---|---|
|   | <b>General</b>         | <b>General—<br/>Part-Town</b> | <b>Highway—<br/>Part-Town</b> | <b>Water<br/>Districts</b> |                             |   | <b>Total<br/>Governmental<br/>Funds</b> |
| Unreserved, designated for subsequent<br>year's expenditures, reported in nonmajor: |                        |                               |                               |                            |                             |   |   |
| Cemetery fund   | -                      | -                             | -                             | -                          | -                           | 2,830                                   | 2,830                                   |
| Fire protection district 1  | -                      | -                             | -                             | -                          | -                           | 5,000                                   | 5,000                                   |
| Unreserved, designated for debt reduction   | 175,000                | -                             | -                             | -                          | -                           | -                                       | 175,000                                 |
| Unreserved, undesignated  | 983,724                | (2,196)                       | 339,368                       | 1,918,771                  | (345,516)                   | -                                       | 2,894,151                               |
| Unreserved, undesignated, reported<br>in nonmajor:                                  |                        |                               |                               |                            |                             |   |   |
| Permanent fund:   |                        |                               |                               |                            |                             |   |   |
| Cemetery fund   | -                      | -                             | -                             | -                          | -                           | 36,683                                  | 36,683                                  |
| Special revenue funds:  |                        |                               |                               |                            |                             |   |   |
| Rubbish collection district   | -                      | -                             | -                             | -                          | -                           | 101,496                                 | 101,496                                 |
| Garbage & resource recovery   | -                      | -                             | -                             | -                          | -                           | 35,762                                  | 35,762                                  |
| Fire protection district 1  | -                      | -                             | -                             | -                          | -                           | 75,641                                  | 75,641                                  |
| Sewer districts   | -                      | -                             | -                             | -                          | -                           | (32,892)                                | (32,892)                                |
| Lighting districts  | -                      | -                             | -                             | -                          | -                           | 57,549                                  | 57,549                                  |
| Total fund balances (deficits)  | <u>1,463,954</u>       | <u>(2,196)</u>                | <u>494,105</u>                | <u>2,005,764</u>           | <u>(345,516)</u>            | <u>381,895</u>                          | <u>3,998,006</u>                        |
| Total liabilities and fund balances (deficits)                                      | <u>\$ 1,512,345</u>    | <u>\$ 1,373,396</u>           | <u>\$ 514,737</u>             | <u>\$ 2,015,392</u>        | <u>\$ 34,048</u>            | <u>\$ 490,643</u>                       | <u>\$ 5,940,561</u>                     |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Reconciliation of the Balance Sheet—**  
**Governmental Funds to the Statement of Net Assets**  
**December 31, 2010**

---

Amounts reported for governmental activities in the statement of net assets are different because:

|   |                     |
|---|---------------------|
| Total fund balances—governmental funds  | 3,998,006           |
| Long-term assets, including due from other governments are not due and receivable in the current period and therefore are not reported in the funds.  | 657,000             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$27,276,350, and the accumulated depreciation is \$4,417,866 | 22,858,484          |
| To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$287,132 at year end.  | (287,132)           |
| Long-term liabilities, including bonds payable and due to other governments are not due and payable in the current period and therefore are not reported in the funds.  | <u>(19,680,593)</u> |
| Total net assets—governmental activities  | <u>\$ 7,545,765</u> |

The notes to the financial statements are an integral part of this statement.

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**TOWN OF AURORA, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances (Deficits)—Governmental Funds**  
**Year Ended December 31, 2010**

|  | <u>General</u>   | <u>Special Revenue</u>        |                               |                            | <u>Capital<br/>Projects</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|---|---|
|  |                  | <u>General—<br/>Part-Town</u> | <u>Highway—<br/>Part-Town</u> | <u>Water<br/>Districts</u> |                             |   |   |
| <b>REVENUES</b>                            |                  |                               |                               |                            |                             |   |   |
| Real property taxes                        | \$ 1,399,883     | \$ 564,742                    | \$ 463,500                    | \$ 1,115,131               | \$ -                        | \$ 740,429                              | \$ 4,283,685                            |
| Other property tax items                   | 67,809           | -                             | -                             | -                          | -                           | -                                       | 67,809                                  |
| Non-property tax items                     | 205,398          | 695,274                       | 397,842                       | -                          | -                           | -                                       | 1,298,514                               |
| Departmental income                        | 219,784          | 4,375                         | -                             | 235,546                    | -                           | 462                                     | 460,167                                 |
| Intergovernmental charges                  | 11,067           | -                             | 182,093                       | -                          | -                           | 154,867                                 | 348,027                                 |
| Use of money and property                  | 18,504           | 3,649                         | 2,543                         | 12,053                     | 720                         | 4,875                                   | 42,344                                  |
| Sale of property and compensation for loss | 1,500            | -                             | 769                           | -                          | -                           | -                                       | 2,269                                   |
| Licenses and permits                       | 63,515           | -                             | -                             | -                          | -                           | -                                       | 63,515                                  |
| Fines and forfeitures                      | 147,427          | -                             | -                             | -                          | -                           | -                                       | 147,427                                 |
| Miscellaneous                              | 12,031           | -                             | 96                            | -                          | -                           | -                                       | 12,127                                  |
| State aid                                  | 270,037          | 46,576                        | 51,875                        | -                          | 242,662                     | -                                       | 611,150                                 |
| Total revenues                             | <u>2,416,955</u> | <u>1,314,616</u>              | <u>1,098,718</u>              | <u>1,362,730</u>           | <u>243,382</u>              | <u>900,633</u>                          | <u>7,337,034</u>                        |
| <b>EXPENDITURES</b>                        |                  |                               |                               |                            |                             |   |   |
| Current:                                   |                  |                               |                               |                            |                             |   |   |
| General government support                 | 1,009,039        | 1,922                         | 682                           | -                          | 39,700                      | 97                                      | 1,051,440                               |
| Public safety                              | 183,029          | 1,431,251                     | 3,166                         | -                          | -                           | -                                       | 1,617,446                               |
| Transportation                             | 83,659           | -                             | 743,122                       | -                          | 203,019                     | 12,036                                  | 1,041,836                               |
| Economic assistance and opportunity        | 89,005           | 500                           | -                             | -                          | -                           | -                                       | 89,505                                  |
| Culture and recreation                     | 451,954          | -                             | -                             | -                          | 52,979                      | -                                       | 504,933                                 |
| Home and community services                | 3,065            | 25,429                        | -                             | 334,051                    | 19,011                      | 725,756                                 | 1,107,312                               |
| Employee benefits                          | 437,893          | 557                           | 189,187                       | 1,672                      | -                           | 1,244                                   | 630,553                                 |
| Debt service:                              |                  |                               |                               |                            |                             |   |   |
| Principal                                  | 85,000           | -                             | 125,000                       | 372,050                    | -                           | 44,000                                  | 626,050                                 |
| Interest and other charges                 | 24,935           | -                             | 34,949                        | 705,072                    | -                           | 31,095                                  | 796,051                                 |
| Total expenditures                         | <u>2,367,579</u> | <u>1,459,659</u>              | <u>1,096,106</u>              | <u>1,412,845</u>           | <u>314,709</u>              | <u>814,228</u>                          | <u>7,465,126</u>                        |

(continued)

(concluded)

|  | <u>Special Revenue</u> |                               |                               |                            | <u>Capital<br/>Projects</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------|---|---|
|  | <u>General</u>         | <u>General—<br/>Part-Town</u> | <u>Highway—<br/>Part-Town</u> | <u>Water<br/>Districts</u> |                             |   |   |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>49,376</u>          | <u>(145,043)</u>              | <u>2,612</u>                  | <u>(50,115)</u>            | <u>(71,327)</u>             | <u>86,405</u>                           | <u>(128,092)</u>                        |
| <b>OTHER FINANCING SOURCES</b>                               |                        |                               |                               |                            |                             |   |   |
| Transfers in   | -                      | 69,046                        | 379                           | 14,545                     | 9,823                       | -                                       | 93,793                                  |
| Transfers out  | <u>(184,823)</u>       | <u>-</u>                      | <u>-</u>                      | <u>(83,591)</u>            | <u>(379)</u>                | <u>-</u>                                | <u>(268,793)</u>                        |
| Total other financing sources                                | <u>(184,823)</u>       | <u>69,046</u>                 | <u>379</u>                    | <u>(69,046)</u>            | <u>9,444</u>                | <u>-</u>                                | <u>(175,000)</u>                        |
| Net change in fund balances (deficits)                       | (135,447)              | (75,997)                      | 2,991                         | (119,161)                  | (61,883)                    | 86,405                                  | (303,092)                               |
| Fund balances (deficit)—beginning                            | <u>1,599,401</u>       | <u>73,801</u>                 | <u>491,114</u>                | <u>2,124,925</u>           | <u>(283,633)</u>            | <u>295,490</u>                          | <u>4,301,098</u>                        |
| Fund balances (deficits)—ending                              | <u>\$ 1,463,954</u>    | <u>\$ (2,196)</u>             | <u>\$ 494,105</u>             | <u>\$ 2,005,764</u>        | <u>\$ (345,516)</u>         | <u>\$ 381,895</u>                       | <u>\$ 3,998,006</u>                     |

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, assets with an initial, individual cost of \$30,000 or more are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions exceeded depreciation and capital asset deletions in the current period.

|  |                  |              |
|--|------------------|--------------|
| Net capital asset additions              | \$ 131,157       |              |
| Adjustment of due from other governments | (67,962)         |              |
| Depreciation expense                     | <u>(539,115)</u> | \$ (475,920) |

The governmental funds report the repayment of long term items as expenditures. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The effect of these differences in the treatment of general obligation bonds and related items is as follows:

|  |              |                |
|--|--------------|----------------|
| Net repayment of serial bonds          | \$ 626,050   |                |
| Adjustment of due to other governments | (90,446)     |                |
| Net change in accrued expense          | <u>3,772</u> | <u>539,376</u> |

Change in net assets of governmental activities \$ (239,636)

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Revenues, Expenditures and Change in**  
**Fund Balances—Budget and Actual—General Fund**  
**Year Ended December 31, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUE</b>   |                            |                         |                     |   |
| Real property taxes  | \$ 1,395,794               | \$ 1,395,794            | \$ 1,399,883        | \$ 4,089  |
| Other tax items  | 62,000                     | 62,000                  | 67,809              | 5,809   |
| Non-property tax items                                       | 210,000                    | 210,000                 | 205,398             | (4,602)   |
| Departmental income  | 197,110                    | 197,110                 | 219,784             | 22,674  |
| Intergovernmental charges                                    | 9,000                      | 9,000                   | 11,067              | 2,067   |
| Use of money and property                                    | 34,000                     | 34,000                  | 18,504              | (15,496)  |
| Licenses and permits   | 65,000                     | 65,000                  | 63,515              | (1,485)   |
| Fines and forfeitures  | 160,000                    | 160,000                 | 147,427             | (12,573)  |
| Sale of property and<br>compensation for loss                | -                          | -                       | 1,500               | 1,500   |
| Miscellaneous  | 2,500                      | 2,500                   | 12,031              | 9,531   |
| State aid  | <u>252,300</u>             | <u>252,300</u>          | <u>270,037</u>      | <u>17,737</u>                                   |
| Total revenues   | <u>2,387,704</u>           | <u>2,387,704</u>        | <u>2,416,955</u>    | <u>29,251</u>                                   |
| <b>EXPENDITURES</b>  |                            |                         |                     |   |
| Current:   |                            |                         |                     |   |
| General government support                                   | 1,088,793                  | 1,088,793               | 1,009,039           | 79,754  |
| Public safety  | 188,060                    | 188,060                 | 183,029             | 5,031   |
| Transportation   | 87,474                     | 87,474                  | 83,659              | 3,815   |
| Economic assistance and opportunity                          | 104,158                    | 104,158                 | 89,005              | 15,153  |
| Culture and recreation                                       | 503,863                    | 503,863                 | 451,954             | 51,909  |
| Home and community services                                  | 1,000                      | 1,000                   | 3,065               | (2,065)   |
| Employee benefits  | 491,421                    | 491,421                 | 437,893             | 53,528  |
| Debt service:  |                            |                         |                     |   |
| Principal  | 129,000                    | 129,000                 | 85,000              | 44,000  |
| Interest   | <u>28,935</u>              | <u>28,935</u>           | <u>24,935</u>       | <u>4,000</u>                                    |
| Total expenditures   | <u>2,622,704</u>           | <u>2,622,704</u>        | <u>2,367,579</u>    | <u>255,125</u>                                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(235,000)</u>           | <u>(235,000)</u>        | <u>49,376</u>       | <u>284,376</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                         |                     |   |
| Transfers out  | <u>(175,000)</u>           | <u>(175,000)</u>        | <u>(184,823)</u>    | <u>(9,823)</u>                                  |
| Total other financing sources (uses)                         | <u>(175,000)</u>           | <u>(175,000)</u>        | <u>(184,823)</u>    | <u>(9,823)</u>                                  |
| Net change in fund balance                                   | (410,000)                  | (410,000)               | (135,447)           | 274,553   |
| Fund balance—beginning                                       | <u>1,599,401</u>           | <u>1,599,401</u>        | <u>1,599,401</u>    | <u>-</u>  |
| Fund balance—ending  | <u>\$ 1,189,401</u>        | <u>\$ 1,189,401</u>     | <u>\$ 1,463,954</u> | <u>\$ 274,553</u>                               |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficit)—Budget and Actual—General Fund—Part-Town**  
**Year Ended December 31, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>                                  |                            |                         |                   |   |
| Real property tax items                          | \$ 564,742                 | \$ 564,742              | \$ 564,742        | \$ -  |
| Non-property tax items                           | 654,000                    | 654,000                 | 695,274           | 41,274  |
| Departmental income                              | 3,800                      | 3,800                   | 4,375             | 575   |
| Use of money and property                        | 10,000                     | 10,000                  | 3,649             | (6,351)   |
| State aid  | 46,400                     | 46,400                  | 46,576            | 176   |
| Total revenues                                   | <u>1,278,942</u>           | <u>1,278,942</u>        | <u>1,314,616</u>  | <u>35,674</u>                                   |
| <b>EXPENDITURES</b>                              |                            |                         |                   |   |
| Current:   |                            |                         |                   |   |
| General governmental support                     | 4,682                      | 4,682                   | 1,922             | 2,760   |
| Public safety                                    | 1,276,528                  | 1,276,528               | 1,431,251         | (154,723)                                       |
| Economic assistance and<br>opportunity           | 1,500                      | 1,500                   | 500               | 1,000   |
| Home and community services                      | 25,626                     | 25,626                  | 25,429            | 197   |
| Employee benefits                                | 606                        | 606                     | 557               | 49  |
| Total expenditures                               | <u>1,308,942</u>           | <u>1,308,942</u>        | <u>1,459,659</u>  | <u>(150,717)</u>                                |
| (Deficiency) of revenues<br>(under) expenditures | (30,000)                   | (30,000)                | (145,043)         | (115,043)                                       |
| OTHER FINANCING (USES):                          |                            |                         |                   |   |
| Transfers in                                     | -                          | -                       | 69,046            | 69,046  |
| Total other financing (uses)                     | <u>-</u>                   | <u>-</u>                | <u>69,046</u>     | <u>69,046</u>                                   |
| Net change in fund balances (deficit)            | (30,000)                   | (30,000)                | (75,997)          | (45,997)  |
| Fund balance—beginning                           | 73,801                     | 73,801                  | 73,801            | -   |
| Fund balance (deficit)—ending                    | <u>\$ 43,801</u>           | <u>\$ 43,801</u>        | <u>\$ (2,196)</u> | <u>\$ (45,997)</u>                              |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Revenues, Expenditures and Change in Fund Balances—**  
**Budget and Actual—Highway—Part-Town Fund**  
**Year Ended December 31, 2010**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| <b>REVENUE</b>  |                            |                         |                   |   |
| Real property taxes                                     | \$ 463,500                 | \$ 463,500              | \$ 463,500        | \$ -  |
| Non property tax items                                  | 374,000                    | 374,000                 | 397,842           | 23,842  |
| Intergovernmental charges                               | 155,000                    | 155,000                 | 182,093           | 27,093  |
| Use of money and property                               | 8,000                      | 8,000                   | 2,543             | (5,457)   |
| Sale of property and<br>compensation for loss           | -                          | -                       | 769               | 769   |
| Miscellaneous   | -                          | -                       | 96                | 96  |
| State aid   | <u>50,000</u>              | <u>50,000</u>           | <u>51,875</u>     | <u>1,875</u>                                    |
| Total revenues  | <u>1,050,500</u>           | <u>1,050,500</u>        | <u>1,098,718</u>  | <u>48,218</u>                                   |
| <b>EXPENDITURES</b>                                     |                            |                         |                   |   |
| Current:  |                            |                         |                   |   |
| General governmental support                            | 9,782                      | 9,782                   | 682               | 9,100   |
| Public safety   | 3,200                      | 3,200                   | 3,166             | 34  |
| Transportation  | 751,160                    | 751,160                 | 743,122           | 8,038   |
| Employee benefits                                       | 226,358                    | 226,358                 | 189,187           | 37,171  |
| Debt service:   |                            |                         |                   |   |
| Principal   | 125,000                    | 125,000                 | 125,000           | -   |
| Interest  | <u>35,000</u>              | <u>35,000</u>           | <u>34,949</u>     | <u>51</u>                                       |
| Total expenditures                                      | <u>1,150,500</u>           | <u>1,150,500</u>        | <u>1,096,106</u>  | <u>54,394</u>                                   |
| Excess (deficiency) of revenues<br>(under) expenditures | <u>(100,000)</u>           | <u>(100,000)</u>        | <u>2,612</u>      | <u>102,612</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                            |                         |                   |   |
| Transfers in  | <u>-</u>                   | <u>-</u>                | <u>379</u>        | <u>379</u>                                      |
| Total other financing sources (uses)                    | <u>-</u>                   | <u>-</u>                | <u>379</u>        | <u>379</u>                                      |
| Net change in fund balances                             | (100,000)                  | (100,000)               | 2,991             | 102,991   |
| Fund balance—beginning                                  | <u>491,114</u>             | <u>491,114</u>          | <u>491,114</u>    | <u>-</u>  |
| Fund balance—ending                                     | <u>\$ 391,114</u>          | <u>\$ 391,114</u>       | <u>\$ 494,105</u> | <u>\$ 102,991</u>                               |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances—Budget and Actual—Water Districts Fund**  
**Year Ended December 31, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUE</b>                                       |                            |                         |                     |   |
| Real property taxes                                  | \$ 1,115,131               | \$ 1,115,131            | \$ 1,115,131        | \$ -  |
| Departmental income                                  | 227,005                    | 227,005                 | 235,546             | 8,541   |
| Use of money and property                            | <u>26,949</u>              | <u>26,949</u>           | <u>12,053</u>       | <u>(14,896)</u>                                 |
| Total revenues                                       | <u>1,369,085</u>           | <u>1,369,085</u>        | <u>1,362,730</u>    | <u>(6,355)</u>                                  |
| <b>EXPENDITURES</b>                                  |                            |                         |                     |   |
| Current:   |                            |                         |                     |   |
| General government support                           | -                          | -                       | 88                  | (88)  |
| Home and community services                          | 359,736                    | 359,736                 | 333,963             | 25,773  |
| Employee benefits                                    | 25,509                     | 25,509                  | 1,672               | 23,837  |
| Debt service:  |                            |                         |                     |   |
| Principal  | 370,750                    | 370,750                 | 372,050             | (1,300)   |
| Interest   | <u>705,097</u>             | <u>705,097</u>          | <u>705,072</u>      | <u>25</u>                                       |
| Total expenditures                                   | <u>1,461,092</u>           | <u>1,461,092</u>        | <u>1,412,845</u>    | <u>48,247</u>                                   |
| <br>(Deficiency) of revenues (under)<br>expenditures | <br><u>(92,007)</u>        | <br><u>(92,007)</u>     | <br><u>(50,115)</u> | <br><u>41,892</u>                               |
| <b>OTHER FINANCING SOURCES</b>                       |                            |                         |                     |   |
| Transfers in   | -                          | -                       | 14,545              | 14,545  |
| Transfers out  | <u>-</u>                   | <u>(83,591)</u>         | <u>(83,591)</u>     | <u>-</u>  |
| Total other financing sources                        | <u>-</u>                   | <u>(83,591)</u>         | <u>(69,046)</u>     | <u>14,545</u>                                   |
| <br>Net change in fund balance                       | <br>(92,007)               | <br>(175,598)           | <br>(119,161)       | <br>56,437                                      |
| Fund balance—beginning                               | <u>2,124,925</u>           | <u>2,124,925</u>        | <u>2,124,925</u>    | <u>-</u>  |
| Fund balance—ending                                  | <u>\$ 2,032,918</u>        | <u>\$ 1,949,327</u>     | <u>\$ 2,005,764</u> | <u>\$ 56,437</u>                                |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Net Assets—Proprietary Fund**  
**December 31, 2010**

---

|   | <u>Business-type<br/>Activities</u> |
|---|-------------------------------------|
| <b>ASSETS</b>                                     |                                     |
| Current assets:                                   |                                     |
| Cash  | \$ 154,281                          |
| Accounts receivable                               | 4,934                               |
| Total current assets                              | <u>159,215</u>                      |
| Noncurrent assets:                                |                                     |
| Capital assets not being depreciated              | 320,000                             |
| Capital assets net of accumulated depreciation    | <u>1,420,801</u>                    |
| Total noncurrent assets                           | <u>1,740,801</u>                    |
| Total assets                                      | <u>1,900,016</u>                    |
| <br><b>LIABILITIES</b>                            |                                     |
| Current liabilities                               |                                     |
| Accounts payable                                  | 40,975                              |
| Accrued liabilities                               | 14,232                              |
| Unearned revenue                                  | 22,756                              |
| Bond anticipation notes payable                   | <u>1,120,000</u>                    |
| Total current liabilities                         | <u>1,197,963</u>                    |
| Total liabilities                                 | <u>1,197,963</u>                    |
| <br><b>NET ASSETS</b>                             |                                     |
| Investment in capital assets, net of related debt | 620,801                             |
| Unrestricted                                      | <u>81,252</u>                       |
| Total net assets                                  | <u>\$ 702,053</u>                   |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Assets—Proprietary Fund**  
**Year Ended December 31, 2010**

---

|  | <b>Business-type<br/>Activities</b> |
|--|-------------------------------------|
| <b>Operating revenues:</b>                   |                                     |
| Departmental income                          | \$ 532,738                          |
| Miscellaneous                                | 99                                  |
| Total operating revenues                     | 532,837                             |
| <br><b>Operating expenses:</b>               |                                     |
| General government support                   | 265,673                             |
| Depreciation                                 | 19,733                              |
| Total operating expenses                     | 285,406                             |
| Operating income                             | 247,431                             |
| <br><b>Nonoperating revenues (expenses):</b> |                                     |
| Interest expense                             | (30,159)                            |
| Interest income                              | 105                                 |
| Total nonoperating revenues (expenses)       | (30,054)                            |
| Income before transfers                      | 217,377                             |
| Transfers in                                 | 175,000                             |
| Total transfers in                           | 175,000                             |
| Change in net assets                         | 392,377                             |
| Total net assets—beginning                   | 309,676                             |
| Total net assets—ending                      | \$ 702,053                          |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Cash Flows—Proprietary Fund**  
**Year Ended December 31, 2010**

|  | <b>Business-type<br/>Activities</b> |
|--|-------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                     |
| Receipts from operations   | \$ 550,659                          |
| Payments to suppliers  | (231,030)                           |
| Payments to employees  | (331)                               |
| Net cash provided by operating activities  | 319,298                             |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>  |                                     |
| Payment of short-term debt   | (1,455,000)                         |
| Interest paid on short-term debt   | (32,329)                            |
| Issuance short-term debt   | 1,120,000                           |
| Net cash (used) by capital financing activities  | (367,329)                           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                     |                                     |
| Receipts from other funds  | 175,000                             |
| Net cash provided by noncapital financing activities                                       | 175,000                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                     |
| Interest earnings  | 105                                 |
| Net cash provided by investing activities  | 105                                 |
| Net increase in cash and cash equivalents  | 127,074                             |
| Cash and cash equivalents—beginning  | 27,207                              |
| Cash and cash equivalents—ending   | \$ 154,281                          |
| <b>Reconciliaton of operating income to net cash<br/>provided in operating activities:</b> |                                     |
| Operating income   | \$ 247,431                          |
| Adjustments to reconcile operating income<br>to net cash used in operations:               |                                     |
| Depreciation   | 19,733                              |
| (Increase) in accounts receivable  | (4,934)                             |
| Increase in accounts payable   | 34,312                              |
| Increase in deferred revenue   | 22,756                              |
| Net cash provided by operating activities  | \$ 319,298                          |

The notes to the financial statements are an integral part of this statement.

**TOWN OF AURORA, NEW YORK**  
**Statement of Fiduciary Net Assets—Fiduciary Fund**  
**December 31, 2010**

---

**ASSETS**

|              |                   |
|--------------|-------------------|
| Cash         | \$ 184,333        |
| Total assets | <u>\$ 184,333</u> |

**LIABILITIES**

|                              |                   |
|------------------------------|-------------------|
| Amounts due to other parties | \$ 184,333        |
| Total liabilities            | <u>\$ 184,333</u> |

The notes to the financial statements are an integral part of this statement.

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**TOWN OF AURORA, NEW YORK**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Aurora, 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 more significant of the Town's accounting policies are described below.

***Financial Reporting Entity***

The Town, which was established in 1818, 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: police protection through a contract with the Village of East Aurora, fire protection through contracts with local volunteer companies, highway, sanitation, recreation, sewer service, street lighting, water transmission service and general administration.

Independently elected officials of the Town consist of the following:

|                    |                            |
|--------------------|----------------------------|
| Supervisor         | Town Clerk                 |
| Councilmembers (4) | Receiver of Taxes          |
| Town Justices (2)  | Superintendent of Highways |

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

Units of local government which operate within the boundaries of the Town are the County of Erie and the Village of East Aurora. Public education is provided by five independent school districts.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., statement of net assets and the statement of governmental activities) report information on all the nonfiduciary activities of the Town. Interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The Town reports no component units.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Indirect expenses have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to those 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. Items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary 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

### ***Measurement Focus, Basis of Presentation, and Financial Statement Presentation***

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues considered to be available in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as compensated absences are recorded only when a payment is due.

Property taxes, non-property taxes, licenses and interest 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. There were no significant revenues considered as not subject to accrual.

The Town considers the following governmental funds as major funds:

- ◆ General Fund—Townwide—the principal operating fund and includes all operations not required to be recorded in other funds.
- ◆ General Fund—Part-Town—Located wholly within the Town is the Village of East Aurora, which is an independent governmental entity. This fund accounts for selected services which cannot be charged to taxable properties located in the Village.
- ◆ Highway—Part-Town—This fund is used to record all revenues and expenditures related to road maintenance and construction in the area of the Town outside of the Village of East Aurora.
- ◆ Water Districts—This fund is used to record all revenues and expenditures related to operation and maintenance of the water districts.
- ◆ Capital Projects—This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

### **Proprietary Fund**

- ◆ The enterprise fund is used to account for the Town's proprietary services at 300 Gleed Avenue and the expenses related to providing those services.

### **Fiduciary Fund**

- ◆ The agency fund is used to account for assets held by the Town as an agent for individuals, other governments, or other 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments and charges between the Town's general and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 300 Gleed Avenue, the enterprise fund, are departmental and miscellaneous revenues from charges for rents and services provided. Operating expenses for the enterprise fund include the general government support expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Budgets**—Annual budgets for all governmental funds, except the Capital Projects Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances outstanding at year-end are accounted for on the lapsing method, which reappropriates encumbrances in the subsequent years' budget. Accordingly, the Town reserves fund balance for all encumbrances it intends to honor in the subsequent period.

The Capital Projects Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the project's inception and lapse upon completion of the project.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary control in all governmental funds.

**Cash and cash equivalents**—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days of the original purchase.

**Investments**—The Town’s investments consist of corporate stock at December 31, 2010. The Town’s policy is to record them at fair value based on quoted market value.

**Prepaid items**—Certain payments to the New York State retirement systems reflect costs applicable to future periods and are recorded as prepaid items.

**Compensated absences**—Most Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacations 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.

**Capital assets** - Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns 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 \$30,000 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 after 1980. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure assets in the Town have been recorded in the capital assets balances.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are incurred.

Property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

|                                     | <u>Years</u> |
|-------------------------------------|--------------|
| Land improvements                   | 25           |
| Buildings and building improvements | 50-75        |
| Machinery and equipment             | 10           |
| Transportation networks             | 20           |
| Water/sewer mains                   | 75           |

**Postemployment benefits**—The Town pays the monthly hospital and medical insurance premiums, for qualified employees, who retire on or after January 1, 2002, provided that the Town’s contribution towards the cost of such coverage shall not exceed the amount that the Town contributes towards the cost of health insurance coverage for current employees on either a single or family basis. A qualified employee is one that their total full-time years of service with the Town and their age would

equal eighty-five (85) years or more. Such monthly premium would be paid until the age of sixty five (65). Upon reaching age sixty-five (65), a qualified employee will only be reimbursed, by the Town, the monthly Medicare premium upon the Town receiving proper written evidence of the employee's payment. The above coverage shall continue for the qualified retiree and his/her spouse. In the event the qualified retiree dies, coverage will continue for the spouse until he/she remarries or dies.

In the year ended December 31, 2010, The Town recognized the cost of providing benefits by recording the insurance premiums paid or reimbursed, \$37,273 for two pre-65 recipients and seven Medicare recipients. These benefits are recorded as expenditures in the year the expense is incurred.

**Insurance**—The Town purchases insurance covering liability for most risks including, but not limited to, general liability, vehicle liability, workers' compensation and excess. 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. Settlements have not exceeded coverages for each of the past three fiscal years.

**Estimates**—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

**Future Impacts of Accounting Pronouncements**— The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 59, *Financial Instruments Omnibus*, effective for the year ending December 31, 2011; GASB Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for the year ending December 31, 2012; and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, effective for the year ending December 31, 2013. The Town is therefore unable to disclose the impact that adopting GASB Statements No. 54, 57, 59, 60, 61 and 62 will have on its financial position and results of operations when such statements are adopted.

During the year ended December 31, 2010, GASB Statements No. 51, *Accounting and Financial Reporting for Intangible Assets*; No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, were implemented and had no material impact on the Town's financial position or results of operation.

## 2. LEGAL COMPLIANCE—BUDGETS

**Budgets and Budgetary Accounting**—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the Town Supervisor files a "tentative" budget with the Town Clerk for the following fiscal year to commence on January 1<sup>st</sup>. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5<sup>th</sup>.
2. The full Town Board reviews the tentative budget and may adjust same before approving a "preliminary" budget and calling for a public hearing, which is generally held in October.

3. Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20<sup>th</sup>.
4. During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

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

5. Annual budgets for governmental funds, except the Capital Projects Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.
6. The Capital Projects Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the project's inception and lapse upon termination of the project.
7. Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

During the year ended December 31, 2010, within the Town's major funds there were certain insignificant negative variances as well as the following negative variance:

- ◆ **General Fund—Part-Town Fund**—the difference between the final budget and actual for public safety in the General Fund—Part-Town Fund is \$154,723. This variance is due to higher contractual expenses paid to the Village of East Aurora for police services than expected.

### **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Town's investment policies are governed by State statutes. In addition, the Town 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. 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.

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. Cash and cash equivalents at year-end consisted of:

|                               | Governmental<br>Activites | Business-type<br>Activities | Fiduciary<br>Fund | Balance             |
|-------------------------------|---------------------------|-----------------------------|-------------------|---------------------|
| Petty cash (uncollateralized) | \$ 700                    | \$ -                        | \$ -              | \$ 700              |
| Deposits                      | <u>5,283,867</u>          | <u>154,281</u>              | <u>184,333</u>    | <u>5,622,481</u>    |
| Total                         | <u>\$ 5,284,567</u>       | <u>\$ 154,281</u>           | <u>\$ 184,333</u> | <u>\$ 5,623,181</u> |

**Deposits**—All deposits are carried at fair value.

The following is a summary of deposits:

|   | Carrying<br>Balance | Bank<br>Balance     |
|---|---------------------|---------------------|
| Insured (FDIC)  | \$ 511,377          | \$ 523,061          |
| Uninsured:  |                     |                     |
| Collateral held by bank's<br>agent in the Town's name | <u>5,111,104</u>    | <u>4,910,775</u>    |
| Total   | <u>\$ 5,622,481</u> | <u>\$ 5,433,836</u> |

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2010, the Town's deposits were FDIC insured or collateralized.

**Investments**—Investments are carried at fair value, as determined by quoted market prices. Investments at December 31, 2010 consisted of corporate stock held by the Town totaling \$27,091.

#### 4. PROPERTY TAX

The Erie County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Erie County real property taxes. Property taxes are levied and become a lien as of January 1 based on assessed property values as of that date.

Tax payments are due January 1 to February 15 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 1.5% added each month thereafter.

The tax roll is returned to the Erie County Commissioner of Finance after May 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items are returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

The Town also bills and collects taxes for various school districts within Town limits. Collections of the school district taxes and remittances of them are accounted for by the Receiver of Taxes, independent of Town operations.

## 5. INTERFUND BALANCES AND ACTIVITY

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. These balances are expected to be collected/paid within the subsequent year, with the exception of the advance from the General Fund to the Sewer Districts Fund, which is expected to be remedied with future receipts of the Sewer Districts Fund. Interfund transfers are used primarily to support capital project expenditures, with the exception of the \$175,000 transfer from the General Fund to the Enterprise Fund, which is to reduce the debt on 300 Gleed Avenue. Interfund receivables, payables, and transfers of the Town as of, and for the year ended December 31, 2010, consisted of the following:

| <u>Fund</u>               | <u>Interfund</u>   |                   | <u>Transfers</u>  |                   |
|---------------------------|--------------------|-------------------|-------------------|-------------------|
|                           | <u>Receivables</u> | <u>Payables</u>   | <u>In</u>         | <u>Out</u>        |
| General Fund              | \$ 223,729         | \$ -              | \$ -              | \$ 184,823        |
| Town Outside Village Fund | -                  | -                 | 69,046            |                   |
| Highway Fund              | -                  | -                 | 379               |                   |
| Capital Projects Fund     | -                  | 157,045           | 9,823             | 379               |
| Sewer Fund                | -                  | 66,684            | -                 | -                 |
| Water Fund                | -                  | -                 | 14,545            | 83,591            |
| Enterprise Fund           | -                  | -                 | 175,000           | -                 |
| Total                     | <u>\$ 223,729</u>  | <u>\$ 223,729</u> | <u>\$ 268,793</u> | <u>\$ 268,793</u> |

## 6. RECEIVABLES

Major revenues accrued by the Town at December 31, 2010 are:

*Accounts receivable*—primarily represents amounts due from other Town departments (e.g. Town Justice, Town Clerk and Receiver of Taxes) who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Other miscellaneous items are also included.

|                                 |           |                   |
|---------------------------------|-----------|-------------------|
| General Fund                    |           |                   |
| Town Justice fees               | \$ 16,591 |                   |
| Dog licenses and fees           | 1,460     |                   |
| Other                           | 588       | \$ 18,639         |
|                                 |           | <u>          </u> |
| Town Outside Village Fund       |           |                   |
| Franchise fees                  |           | \$ 92,483         |
|                                 |           | <u>          </u> |
| Highway Fund                    |           |                   |
| Insurance reimbursement         | \$ 9,054  |                   |
| Fuel receipts                   | 5,339     |                   |
| Other                           | 587       | \$ 14,980         |
|                                 |           | <u>          </u> |
| Water Districts Fund            |           |                   |
| Water rents                     |           | \$ 48,744         |
|                                 |           | <u>          </u> |
| Other Governmental Funds        |           |                   |
| Rubbish insurance reimbursement |           | \$ 1,509          |
|                                 |           | <u>          </u> |
| Enterprise Fund                 |           |                   |
| Overpayment                     |           | \$ 4,934          |
|                                 |           | <u>          </u> |

*Due from other governments*—represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Amounts due the Town at December 31, 2010 are:

|                           |           |                   |
|---------------------------|-----------|-------------------|
| General Fund              |           |                   |
| Erie County - sales tax   | \$ 31,227 |                   |
| Mini bus - Elma           | 2,589     |                   |
| Other                     | 1,061     | \$ 34,877         |
|                           |           | <u>          </u> |
| Town Outside Village Fund |           |                   |
| Erie County - sales tax   |           | \$ 91,843         |
|                           |           | <u>          </u> |
| Highway Fund              |           |                   |
| Erie County - sales tax   |           | \$ 60,616         |
|                           |           | <u>          </u> |

The long-term portion of due from other governments at December 31, 2010 totaled \$657,000, which represents amounts due to the Town from the County of Erie (the “County”). During the year ended December 31, 2008, the Town entered into an agreement with the County to transfer all the sewer district assets and the County agreed to reimburse the Town indebtedness associated with the Sewer system. The remaining balance of \$657,000 is payable over the next sixteen years. Interest rates vary between 4.5% and 5.0%.

## 7. CAPITAL ASSETS

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

|  | Balance<br>1/1/2010  | Additions           | Deletions           | Balance<br>12/31/2010 |
|--|----------------------|---------------------|---------------------|-----------------------|
| <b>Governmental activities:</b>              |                      |                     |                     |                       |
| Capital assets, not being depreciated:       |                      |                     |                     |                       |
| Land   | \$ 350,000           | \$ -                | \$ -                | \$ 350,000            |
| Construction in progress                     | 192,644              | 88,885              | (152,171)           | 129,358               |
| Total capital assets, not being depreciated  | <u>542,644</u>       | <u>88,885</u>       | <u>(152,171)</u>    | <u>479,358</u>        |
| Capital assets, being depreciated:           |                      |                     |                     |                       |
| Land improvements                            | 45,000               | -                   | -                   | 45,000                |
| Building and building improvements           | 1,365,675            | 131,170             | -                   | 1,496,845             |
| Machinery and equipment                      | 1,346,188            | 63,273              | -                   | 1,409,461             |
| Transportation networks                      | 2,545,450            | -                   | -                   | 2,545,450             |
| Water/Sewer mains                            | 21,300,236           | -                   | -                   | 21,300,236            |
| Total capital assets, being depreciated      | <u>26,602,549</u>    | <u>194,443</u>      | <u>-</u>            | <u>26,796,992</u>     |
| Less accumulated depreciation for:           |                      |                     |                     |                       |
| Land improvements                            | (13,500)             | (1,800)             | -                   | (15,300)              |
| Building and building improvements           | (181,981)            | (23,702)            | -                   | (205,683)             |
| Machinery and equipment                      | (678,097)            | (107,617)           | -                   | (785,714)             |
| Transportation networks                      | (1,581,365)          | (114,876)           | -                   | (1,696,241)           |
| Water/Sewer mains                            | (1,423,808)          | (291,120)           | -                   | (1,714,928)           |
| Total accumulated depreciation               | <u>(3,878,751)</u>   | <u>(539,115)</u>    | <u>-</u>            | <u>(4,417,866)</u>    |
| Total capital assets, being depreciated, net | <u>\$ 22,723,798</u> | <u>\$ (344,672)</u> | <u>\$ -</u>         | <u>\$ 22,379,126</u>  |
| Governmental activities capital assets, net  | <u>\$ 23,266,442</u> | <u>\$ (255,787)</u> | <u>\$ (152,171)</u> | <u>\$ 22,858,484</u>  |
| Business-type activities:                    |                      |                     |                     |                       |
| 300 Glead Avenue                             | \$ 1,800,000         | \$ -                | \$ -                | \$ 1,800,000          |
| Less accumulated depreciation                | (39,466)             | (19,733)            | -                   | (59,199)              |
| Business-type activities capital assets, net | <u>\$ 1,760,534</u>  | <u>\$ (19,733)</u>  | <u>\$ -</u>         | <u>\$ 1,740,801</u>   |
| Total government-wide                        | <u>\$ 25,026,976</u> | <u>\$ (275,520)</u> | <u>\$ (152,171)</u> | <u>\$ 24,599,285</u>  |

Depreciation expense was charged to functions of the governmental activities as follows:

|  |                   |
|--|-------------------|
| Governmental activities:                           |                   |
| General government support                         | \$ 16,676         |
| Transportation                                     | 217,489           |
| Culture and recreation                             | 2,537             |
| Home and community service                         | <u>302,413</u>    |
| Total governmental activities depreciation expense | <u>\$ 539,115</u> |

## 8. DUE TO OTHER GOVERNMENTS

Due to other governments by the Town at December 31, 2010 of \$1,375,446 represents current amounts due to the Village of East Aurora (“Village”) for services rendered through May 31, 2010. The Town entered into an agreement with the Village in December, 2002, in which the Village shall furnish police services to that area of the Town lying outside the Village limits. The Town remits payment to the Village based on 49% of the Village’s direct and indirect expenses for police services.

The Town also owes the Village for the period June 1, 2010 through December 31, 2010 which is payable in 2012. Therefore, \$802,343 has been recorded as a long-term liability.

## 9. SHORT-TERM DEBT

**Bond anticipation notes (BAN’s)**—Liabilities for BAN’s are accounted for in the capital projects funds. Principal payments on BAN’s must be made annually. State law requires that BAN’s issued for capital purposes are converted to long-term obligations within five year after the original issue date. However, BAN’s issued for assessable improvement projects may be renewed for period equivalent to the maximum life of the permanent financing, provided that the stipulated annual reductions of principal are made. The summary of BAN’s for the year ended December 31, 2010 is below.

| Description:           | Interest |           | Balance             |                     |                     | Balance<br>12/31/2010 |
|------------------------|----------|-----------|---------------------|---------------------|---------------------|-----------------------|
|                        | Rate     | Due Date  | 1/1/2010            | Issued              | Paid                |                       |
| Enterprise Fund:       |          |           |                     |                     |                     |                       |
| 300 Glead Avenue       | 2.25%    | 6/29/2010 | \$ 1,455,000        | \$ -                | \$ 1,455,000        | \$ -                  |
| 300 Glead Avenue       | 2.47%    | 6/29/2011 | -                   | 1,120,000           | -                   | 1,120,000             |
| Capital Projects Fund: |          |           |                     |                     |                     |                       |
| Various improvements   | 1.92%    | 2/10/2011 | -                   | 215,000             | -                   | 215,000               |
|                        |          |           | <u>\$ 1,455,000</u> | <u>\$ 1,335,000</u> | <u>\$ 1,455,000</u> | <u>\$ 1,335,000</u>   |

## 10. LONG-TERM DEBT

**Summary of changes in indebtedness**—The following is a summary of changes in long-term debt for the year ended December 31, 2010:

|                          | Balance              |                   |                       | Balance<br>12/31/2010 | Due Within<br>One Year |
|--------------------------|----------------------|-------------------|-----------------------|-----------------------|------------------------|
|                          | 1/1/2010             | Additions         | Payments              |                       |                        |
| Serial bonds             | \$ 19,504,300        | \$ -              | \$ (626,050)          | \$ 18,878,250         | \$ 646,500             |
| Due to other governments | 711,897              | 802,343           | (711,897)             | 802,343               | -                      |
| Total                    | <u>\$ 20,745,474</u> | <u>\$ 802,343</u> | <u>\$ (1,337,947)</u> | <u>\$ 19,680,593</u>  | <u>\$ 646,500</u>      |

**Bond Transactions**—The summary of changes in bond transactions of the Town for the year ended December 31, 2010 is listed on the following page.

| Description                               | Original Issue | Year of Issue/ |               | Principal            | Issued During | Paid During         | Principal            |
|---|----------------|----------------|---------------|----------------------|---------------|---------------------|----------------------|
|   |                | Maturity       | Interest Rate | Outstanding          |               |                     | Outstanding          |
|   |                |                |               | 1/1/2010             | 2010          | 2010                | 12/31/2010           |
| <b>General Fund:</b>                      |                |                |               |                      |               |                     |                      |
| Acquisition of land and park construction | \$ 282,000     | 2003/2018      | 3.7 - 4.0     | \$ 190,000           | \$ -          | \$ (20,000)         | \$ 170,000           |
| Reconstruction of senior center           | 569,000        | 2003/2018      | 3.7 - 4.0     | 374,000              | -             | (43,000)            | 331,000              |
| Construction of DPW maint. building       | 104,000        | 2003/2016      | 3.7 - 4.0     | 49,000               | -             | (7,000)             | 42,000               |
| Park improvements                         | 115,000        | 2005/2010      | 4.65          | 15,000               | -             | (15,000)            | -                    |
|   |                |                |               | <u>628,000</u>       | <u>-</u>      | <u>(85,000)</u>     | <u>543,000</u>       |
| <b>Higway-Part Town Fund:</b>             |                |                |               |                      |               |                     |                      |
| Road reconstruction                       | 700,000        | 2008/2018      | 4.0 - 4.2     | 650,000              | -             | (50,000)            | 600,000              |
| Truck and equipment acquisition           | 370,000        | 2008/2013      | 3.2           | 300,000              | -             | (75,000)            | 225,000              |
|   |                |                |               | <u>950,000</u>       | <u>-</u>      | <u>(125,000)</u>    | <u>825,000</u>       |
| <b>Water District Fund:</b>               |                |                |               |                      |               |                     |                      |
| Water District #10                        | 1,098,000      | 1993/2013      | 4.9 - 5.0     | 264,000              | -             | (66,000)            | 198,000              |
| Water District #10 ext. 4                 | 97,500         | 1998/2036      | 4.75          | 84,400               | -             | (1,600)             | 82,800               |
| Water District #16                        | 806,250        | 1998/2036      | 4.75          | 696,350              | -             | (13,200)            | 683,150              |
| Water District #16 ext. 2                 | 80,000         | 1998/2037      | 4.75          | 60,000               | -             | (2,000)             | 58,000               |
| Water District #6 ext. 1                  | 543,900        | 1998/2036      | 4.75          | 368,900              | -             | (8,900)             | 360,000              |
| Water District #1 ext. 1                  | 435,100        | 1998/2036      | 4.75          | 375,000              | -             | (7,100)             | 367,900              |
| Water District #6 ext. 2                  | 330,000        | 2000/2036      | 4.75          | 258,000              | -             | (8,000)             | 250,000              |
| Water improvement area 7 (E.F.C)          | 1,202,150      | 2001/2021      | 0.00          | 781,850              | -             | (58,250)            | 723,600              |
| Falls Road Water District                 | 83,750         | 2003/2018      | 3.7 - 4.0     | 52,000               | -             | (5,000)             | 47,000               |
| Water District #17                        | 118,600        | 2004/2042      | 4.38          | 112,100              | -             | (1,500)             | 110,600              |
| Water improvement area 5                  | 600,300        | 2004/2042      | 4.38          | 567,400              | -             | (7,500)             | 559,900              |
| Water District #10 ext. 5                 | 595,300        | 2007/2042      | 4.25          | 571,300              | -             | (8,000)             | 563,300              |
| Water District #18                        | 13,461,798     | 2007/2043      | 4.125 - 4.25  | 13,034,000           | -             | (185,000)           | 12,849,000           |
|   |                |                |               | <u>17,225,300</u>    | <u>-</u>      | <u>(372,050)</u>    | <u>16,853,250</u>    |
| <b>Other Governmental Funds:</b>          |                |                |               |                      |               |                     |                      |
| Sewer District #4 ext. 1                  | 327,000        | 1993/2013      | 5.00          | 76,000               | -             | (19,000)            | 57,000               |
| Center Street Sewer                       | 700,000        | 2006/2026      | 4.4 - 4.5     | 625,000              | -             | (25,000)            | 600,000              |
|   |                |                |               | <u>701,000</u>       | <u>-</u>      | <u>(44,000)</u>     | <u>657,000</u>       |
|   |                |                |               | <u>\$ 19,504,300</u> | <u>\$ -</u>   | <u>\$ (626,050)</u> | <u>\$ 18,878,250</u> |

The following schedule sets forth the remaining annual maturities and annual interest payments on serial bonds at December 31, 2010:

| Year ending<br>December 31, | Serial Bonds         |                      |
|-----------------------------|----------------------|----------------------|
|                             | Principal            | Interest             |
| 2011                        | \$ 646,500           | \$ 746,583           |
| 2012                        | 661,000              | 727,320              |
| 2013                        | 673,700              | 707,483              |
| 2014                        | 530,650              | 689,276              |
| 2015                        | 536,600              | 672,515              |
| 2016-2020                   | 2,641,550            | 3,096,347            |
| 2021-2025                   | 2,351,900            | 2,642,238            |
| 2026-2030                   | 2,603,200            | 2,115,239            |
| 2031-2035                   | 3,082,200            | 1,510,731            |
| Beyond                      | 5,150,950            | 941,696              |
|                             | <u>\$ 18,878,250</u> | <u>\$ 13,849,428</u> |

**Due to other governments**—The Town has a short-term and long-term obligation to the Village of East Aurora for police services as stated in Note 8. The long-term obligation as of December 31, 2010 is \$802,343. The long-term portion represents amounts estimated due to the Village for services performed for the seven month period ended December 31, 2010. The long term portion is payable in 2012.

## 11. PENSION PLANS

**Plan Description**—The Town participates in the New York State and Local Employees’ Retirement System (“System”). This is a cost-sharing multiple-employer retirement system. The System provides retirement 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 (the “NYSRSSL”). As set forth in the NYSRSSL, the Comptroller of the State of New York (the “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 the 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 System, 110 State Street, Albany, NY 12244.

**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. The New York State Legislature passed legislation in 2000 that suspends the 3% contribution for employees who have ten years or more of credited service. Those joining the System after January 1, 2010 are required to contribute 3% of salary throughout membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees 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:

|      | <u>ERS</u> |
|------|------------|
| 2010 | \$ 165,931 |
| 2009 | 102,886    |
| 2008 | 125,740    |

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the System:

- ◆ Requires minimum contributions by employers of 4.5 percent of payroll every year, including years in which the investment performance would make a lower contribution possible
- ◆ Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g., billings due February 2010 would be based on the pension value as of March 31, 2009).

Legislation requires participating employers to make payments on a current basis. The Town's contributions made to the System was equal to 100 percent of the contributions required for each year, and has not bonded or amortized any of the excess amounts.

## 12. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of changes in assets and liabilities for the year ended December 31, 2010:

|                              | <u>Balance</u><br><u>1/1/2010</u> | <u>Additions</u>    | <u>Deletions</u>      | <u>Balance</u><br><u>12/31/2010</u> |
|------------------------------|-----------------------------------|---------------------|-----------------------|-------------------------------------|
| <b>ASSETS</b>                |                                   |                     |                       |                                     |
| Cash                         | \$ 56,375                         | \$ 2,907,091        | \$ (2,779,133)        | \$ 184,333                          |
| Total assets                 | <u>\$ 56,375</u>                  | <u>\$ 2,907,091</u> | <u>\$ (2,779,133)</u> | <u>\$ 184,333</u>                   |
| <b>LIABILITIES</b>           |                                   |                     |                       |                                     |
| Amounts due to other parties | \$ 56,375                         | \$ 3,036,275        | \$ (2,908,317)        | \$ 184,333                          |
| Total liabilities            | <u>\$ 70,555</u>                  | <u>\$ 3,036,275</u> | <u>\$ (2,908,317)</u> | <u>\$ 184,333</u>                   |

## 13. LABOR RELATIONS

Town employees are represented by one bargaining unit with the balance of the employees governed by Town Board rules and regulations. The bargaining contract was effective through December 31, 2010.

## 14. NET ASSETS, RESERVES AND DESIGNATIONS

The government wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- ◆ **Investment 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.

The following is a reconciliation of the Town’s investment in capital assets, net of related debt – governmental activities.

|   |                     |
|---|---------------------|
| Capital assets, net of accumulated depreciation   | \$ 22,858,484       |
| Less: Related debt                                |                     |
| Serial bonds                                      | (18,878,250)        |
| Bond anticipation notes                           | (215,000)           |
| Add: Unspent debt proceeds                        | <u>20,353</u>       |
| Investment in capital assets, net of related debt | <u>\$ 3,785,587</u> |

The following is a reconciliation of the Town’s investment in capital assets, net of related debt – business-type activities.

|   |                    |
|---|--------------------|
| Capital assets, net of accumulated depreciation   | \$ 1,740,801       |
| Related debt:                                     |                    |
| Bond anticipation notes payable                   | <u>(1,120,000)</u> |
| Investment in capital assets, net of related debt | <u>\$ 620,801</u>  |

- ◆ **Restricted net assets**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The total restricted net assets of \$781,178 are restricted for debt.
- ◆ **Unrestricted net assets**—This category represents net assets of the Town not restricted for any project or other purpose.

In the fund financial statements, reservations represent portions 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 debt**—represents funds which are restricted for the reduction of future debt requirements.
- ◆ **Reserved for long-term due from other funds**—represents funds to be reimbursed in future years from the Sewer fund.
- ◆ **Reserved for prepaid items**—represents funds paid to the New York State Retirement System.
- ◆ **Reserved for unemployment insurance**—represents funds accumulated for unemployment insurance.

Designations represent unreserved fund balance for which there is intent by the Town to be used for a specific purpose. Designations of fund balance at December 31, 2010 are discussed on the following page.

- ◆ *Designated for subsequent year's expenditures*—represents funds to be used to assist in supporting the subsequent year's authorized appropriations.
- ◆ *Designated for debt reduction*—represents funds to be used to reduce debt associated with 300 Gleed Avenue.

**15. DEFICIT FUND BALANCE**

The Town Outside Village Fund has a fund deficit of \$2,196 at December 31, 2010. The Town expects to remedy this deficit through future tax collections.

Sewer districts have deficit unreserved fund balances at December 31, 2010. The fund deficit will be remedied by future payments from the County of Erie.

The Capital Projects Fund has two individual projects with unreserved, undesignated deficit fund balances. The projects and deficit fund balances at December 31, 2010 are presented below:

| Project Title | Deficit             |
|---------------|---------------------|
| Major's Park  | \$ (23,233)         |
| SMSI Study    | <u>(272,012)</u>    |
|               | <u>\$ (295,245)</u> |

It's anticipated that the project deficits will be funded through federal, state grants and operating transfers from the General Fund.

**16. CONTINGENCIES**

*Assessments*—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. No potential amount or potential range of loss is determinable. However, management believes that level of such potential loss, if any, would be immaterial and no provisions have been made with the financial statements.

*Grants*—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

*Other*—The Town is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, and injuries to employees, health insurance and unemployment insurance. These risks are covered by commercial insurance purchased from independent third parties. There have not been any significant changes in any type of insurance coverage for the prior year, nor have there been any settlements, which have exceeded commercial insurance coverage in the past three fiscal years. The Town is also involved in litigation arising in the ordinary course of operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town's financial condition or results of operations.

\*\*\*\*\*

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**TOWN OF AURORA, NEW YORK**  
**Combining Balance Sheet—Water Districts Fund**  
**December 31, 2010**

---

|    |                   | <u>Cash</u>         | <u>Accounts<br/>Receivable</u> | <u>Total<br/>Assets</u> |
|----|-------------------|---------------------|--------------------------------|-------------------------|
|    | Water Districts:  |                     |                                |                         |
| ZA | #1 North          | \$ 3,345            | \$ 4,672                       | \$ 8,017                |
| ZB | #1 South          | 49,908              | 7,149                          | 57,057                  |
| WL | #1, Ext. 1        | 64,811              | 4,222                          | 69,033                  |
| W2 | #2-3-5            | (10,912)            | 13,086                         | 2,174                   |
| W6 | #6                | 26,901              | 1,606                          | 28,507                  |
| WK | #6-1              | 125,843             | 620                            | 126,463                 |
| WO | #6-2              | 50,718              | -                              | 50,718                  |
| W7 | #7                | 16,863              | 1,812                          | 18,675                  |
| W8 | #8                | 36,396              | -                              | 36,396                  |
| W9 | #9                | 23,895              | -                              | 23,895                  |
| WA | #10               | 130,519             | -                              | 130,519                 |
| WE | #10-1             | 74,937              | 638                            | 75,575                  |
| WF | #10-2             | 3,232               | -                              | 3,232                   |
| WJ | #10-4             | 28,791              | -                              | 28,791                  |
| WR | #10-5             | 53,896              | -                              | 53,896                  |
| WB | #11               | 3,282               | 3,646                          | 6,928                   |
| WC | #12               | 19,784              | 1,903                          | 21,687                  |
| WD | #14               | 17,891              | 1,078                          | 18,969                  |
| WH | #16               | 175,208             | 226                            | 175,434                 |
| WN | #16-1             | 5,911               | -                              | 5,911                   |
| WQ | #17               | 14,411              | -                              | 14,411                  |
| ZE | #18               | 799,998             | -                              | 799,998                 |
| WP | Water Imp. Area 5 | 36,894              | -                              | 36,894                  |
| WM | Water Imp. Area 7 | 214,126             | 8,086                          | 222,212                 |
|    |                   | <u>\$ 1,966,648</u> | <u>\$ 48,744</u>               | <u>\$ 2,015,392</u>     |

**TOWN OF AURORA, NEW YORK**  
**Combining Balance Sheet—Water Districts Fund**  
**December 31, 2010**

|                  |                   | <u>Accounts Payable</u> | <u>Accrued Liabilities</u> | <u>Total Liabilities</u> | <u>Designated For Subsequent Years' Expenditures</u> | <u>Undesignated</u> | <u>Total Fund Balances</u> | <u>Total Liabilities and Fund Balances</u> |
|------------------|-------------------|-------------------------|----------------------------|--------------------------|--|---------------------|----------------------------|--|
| Water Districts: |                   |                         |                            |                          |  |                     |                            |  |
| ZA               | #1 North          | \$ 10                   | -                          | \$ 10                    | -  | \$ 8,007            | \$ 8,007                   | \$ 8,017                                   |
| ZB               | #1 South          | 15                      | -                          | 15                       | 27,118   | 29,924              | 57,042                     | 57,057                                     |
| WL               | #1, Ext. 1        | -                       | -                          | -                        | 1,550  | 67,483              | 69,033                     | 69,033                                     |
| W2               | #2-3-5            | 11                      | -                          | 11                       | -  | 2,163               | 2,163                      | 2,174                                      |
| W6               | #6                | 650                     | -                          | 650                      | -  | 27,857              | 27,857                     | 28,507                                     |
| WK               | #6-1              | 374                     | -                          | 374                      | 13,500   | 112,589             | 126,089                    | 126,463                                    |
| WO               | #6-2              | 173                     | -                          | 173                      | 1,325  | 49,220              | 50,545                     | 50,718                                     |
| W7               | #7                | 11                      | -                          | 11                       | -  | 18,664              | 18,664                     | 18,675                                     |
| W8               | #8                | 80                      | -                          | 80                       | -  | 36,316              | 36,316                     | 36,396                                     |
| W9               | #9                | 2                       | -                          | 2                        | -  | 23,893              | 23,893                     | 23,895                                     |
| WA               | #10               | 991                     | -                          | 991                      | -  | 129,528             | 129,528                    | 130,519                                    |
| WE               | #10-1             | 269                     | -                          | 269                      | -  | 75,306              | 75,306                     | 75,575                                     |
| WF               | #10-2             | 13                      | -                          | 13                       | -  | 3,219               | 3,219                      | 3,232                                      |
| WJ               | #10-4             | 37                      | -                          | 37                       | -  | 28,754              | 28,754                     | 28,791                                     |
| WR               | #10-5             | 136                     | -                          | 136                      | -  | 53,760              | 53,760                     | 53,896                                     |
| WB               | #11               | -                       | 87                         | 87                       | -  | 6,841               | 6,841                      | 6,928                                      |
| WC               | #12               | -                       | -                          | -                        | -  | 21,687              | 21,687                     | 21,687                                     |
| WD               | #14               | -                       | -                          | -                        | -  | 18,969              | 18,969                     | 18,969                                     |
| WH               | #16               | 594                     | -                          | 594                      | -  | 174,840             | 174,840                    | 175,434                                    |
| WN               | #16-1             | 59                      | -                          | 59                       | -  | 5,852               | 5,852                      | 5,911                                      |
| WQ               | #17               | -                       | -                          | -                        | -  | 14,411              | 14,411                     | 14,411                                     |
| ZE               | #18               | 4,605                   | -                          | 4,605                    | 3,000  | 792,393             | 795,393                    | 799,998                                    |
| WP               | Water Imp. Area 5 | 337                     | -                          | 337                      | -  | 36,557              | 36,557                     | 36,894                                     |
| WM               | Water Imp. Area 7 | 1,174                   | -                          | 1,174                    | 40,500   | 180,538             | 221,038                    | 222,212                                    |
|                  |                   | <u>\$ 9,541</u>         | <u>\$ 87</u>               | <u>\$ 9,628</u>          | <u>\$ 86,993</u>                                     | <u>\$ 1,918,771</u> | <u>\$ 2,005,764</u>        | <u>\$ 2,015,392</u>                        |

**TOWN OF AURORA, NEW YORK**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances—Water Districts Fund**  
**Year Ended December 31, 2010**

|                  |                      | <u>Revenues</u>      |                      |                       |                  |                     |
|------------------|----------------------|----------------------|----------------------|-----------------------|------------------|---------------------|
|                  |                      | <u>1-1-10</u>        | <u>Real Property</u> | <u>Use of Money</u>   | <u>Transfers</u> | <u>Total</u>        |
|                  |                      | <u>Fund Balances</u> | <u>Taxes</u>         | <u>&amp; Property</u> | <u>In</u>        | <u>Revenues</u>     |
| Water Districts: |                      |                      |                      |                       |                  |                     |
| ZA               | #1 North             | \$ 11,017            | \$ -                 | \$ 100                | \$ -             | \$ 17,084           |
| ZB               | #1 South             | 55,947               | -                    | 335                   | -                | 28,510              |
| WL               | #1, Ext. 1           | 68,796               | 25,055               | 414                   | -                | 43,522              |
| W2               | #2-3-5               | 11,612               | -                    | 22                    | -                | 59,151              |
| W6               | #6                   | 15,500               | 16,221               | 129                   | 14,545           | 33,327              |
| WK               | #6-1                 | 134,033              | 27,408               | 681                   | -                | 28,089              |
| WO               | #6-2                 | 51,739               | 22,676               | 283                   | -                | 22,959              |
| W7               | #7                   | 15,029               | -                    | 121                   | -                | 10,439              |
| W8               | #8                   | 34,105               | 2,996                | 180                   | -                | 3,176               |
| W9               | #9                   | 21,850               | 2,395                | 117                   | -                | 2,512               |
| WA               | #10                  | 129,933              | 95,468               | 713                   | -                | 96,181              |
| WE               | #10-1                | 72,385               | 4,524                | 387                   | -                | 6,820               |
| WF               | #10-2                | 2,990                | 361                  | 16                    | -                | 377                 |
| WJ               | #10-4                | 28,307               | 6,311                | 151                   | -                | 6,462               |
| WR               | #10-5                | 49,229               | 37,397               | 327                   | -                | 37,724              |
| WB               | #11                  | 5,876                | -                    | 81                    | -                | 15,228              |
| WC               | #12                  | 18,516               | 4,853                | 120                   | -                | 12,069              |
| WD               | #14                  | 20,211               | -                    | 94                    | -                | 4,669               |
| WH               | #16                  | 177,191              | 49,090               | 946                   | -                | 50,997              |
| WN               | #16-1                | 5,172                | 5,969                | 44                    | -                | 6,013               |
| WQ               | #17                  | 13,790               | 6,907                | 86                    | -                | 6,993               |
| ZE               | #18                  | 814,853              | 729,698              | 4,858                 | -                | 771,239             |
| WP               | Water Imp. Area 5    | 37,244               | 38,463               | 270                   | -                | 38,733              |
| WM               | Water Imp. Area 7    | 246,322              | 39,339               | 1,265                 | -                | 74,688              |
| WG               | Fire Supply District | 83,278               | -                    | 313                   | -                | 313                 |
|                  |                      | <u>\$ 2,124,925</u>  | <u>\$ 1,115,131</u>  | <u>\$ 12,053</u>      | <u>\$ 14,545</u> | <u>\$ 1,377,275</u> |

**TOWN OF AURORA, NEW YORK**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances—Water Districts Fund**  
**Year Ended December 31, 2010**

|                  |                      | <u>Expenditures</u>                       |                                    | <u>Debt Service</u>                 |                                    | <u>Total</u>        | <u>Excess (deficiency)</u><br><u>revenues over</u><br><u>expenditures</u> | <u>Other</u><br><u>Financing (Uses)</u><br><u>Transfer out</u> | <u>12-31-10</u><br><u>Fund</u><br><u>Balances</u> |
|------------------|----------------------|---|------------------------------------|-------------------------------------|------------------------------------|---------------------|---|--|---|
|                  |                      | <u>Home &amp; Comm</u><br><u>Services</u> | <u>Employee</u><br><u>Benefits</u> | <u>Principal</u><br><u>Payments</u> | <u>Interest</u><br><u>Payments</u> |                     |   |  |   |
| Water Districts: |                      |   |                                    |                                     |                                    |                     |   |  |   |
| ZA               | #1 North             | \$ 19,911                                 | \$ 183                             | \$ -                                | \$ -                               | \$ 20,094           | \$ (3,010)  | \$ -   | \$ 8,007  |
| ZB               | #1 South             | 27,232                                    | 183                                | -                                   | -                                  | 27,415              | 1,095   | -  | 57,042  |
| WL               | #1, Ext. 1           | 18,206                                    | 166                                | 7,100                               | 17,813                             | 43,285              | 237   | -  | 69,033  |
| W2               | #2-3-5               | 68,051                                    | 549                                | -                                   | -                                  | 68,600              | (9,449)   | -  | 2,163   |
| W6               | #6                   | 20,837                                    | 133                                | -                                   | -                                  | 20,970              | 12,357  | -  | 27,857  |
| WK               | #6-1                 | 9,610                                     | -                                  | 8,900                               | 17,523                             | 36,033              | (7,944)   | -  | 126,089   |
| WO               | #6-2                 | 3,898                                     | -                                  | 8,000                               | 12,255                             | 24,153              | (1,194)   | -  | 50,545  |
| W7               | #7                   | 6,771                                     | 33                                 | -                                   | -                                  | 6,804               | 3,635   | -  | 18,664  |
| W8               | #8                   | 965                                       | -                                  | -                                   | -                                  | 965                 | 2,211   | -  | 36,316  |
| W9               | #9                   | 469                                       | -                                  | -                                   | -                                  | 469                 | 2,043   | -  | 23,893  |
| WA               | #10                  | 11,966                                    | -                                  | 71,000                              | 13,620                             | 96,586              | (405)   | -  | 129,528   |
| WE               | #10-1                | 3,882                                     | 17                                 | -                                   | -                                  | 3,899               | 2,921   | -  | 75,306  |
| WF               | #10-2                | 148                                       | -                                  | -                                   | -                                  | 148                 | 229   | -  | 3,219   |
| WJ               | #10-4                | 444                                       | -                                  | 1,600                               | 3,971                              | 6,015               | 447   | -  | 28,754  |
| WR               | #10-5                | 1,627                                     | -                                  | 8,000                               | 23,566                             | 33,193              | 4,531   | -  | 53,760  |
| WB               | #11                  | 14,196                                    | 67                                 | -                                   | -                                  | 14,263              | 965   | -  | 6,841   |
| WC               | #12                  | 8,831                                     | 67                                 | -                                   | -                                  | 8,898               | 3,171   | -  | 21,687  |
| WD               | #14                  | 5,861                                     | 50                                 | -                                   | -                                  | 5,911               | (1,242)   | -  | 18,969  |
| WH               | #16                  | 7,368                                     | 17                                 | 13,200                              | 32,763                             | 53,348              | (2,351)   | -  | 174,840   |
| WN               | #16-1                | 708                                       | -                                  | 2,000                               | 2,625                              | 5,333               | 680   | -  | 5,852   |
| WQ               | #17                  | -   | -                                  | 1,500                               | 4,872                              | 6,372               | 621   | -  | 14,411  |
| ZE               | #18                  | 54,295                                    | -                                  | 185,000                             | 551,404                            | 790,699             | (19,460)  | -  | 795,393   |
| WP               | Water Imp. Area 5    | 7,260                                     | -                                  | 7,500                               | 24,660                             | 39,420              | (687)   | -  | 36,557  |
| WM               | Water Imp. Area 7    | 41,515                                    | 207                                | 58,250                              | -                                  | 99,972              | (25,284)  | -  | 221,038   |
| WG               | Fire Supply District | -   | -                                  | -                                   | -                                  | -                   | 313   | (83,591)   | -   |
|                  |                      | <u>\$ 334,051</u>                         | <u>\$ 1,672</u>                    | <u>\$ 372,050</u>                   | <u>\$ 705,072</u>                  | <u>\$ 1,412,845</u> | <u>\$ (35,570)</u>  | <u>\$ (83,591)</u>   | <u>\$ 2,005,764</u>                               |

**TOWN OF AURORA, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2010**

|   | <u>Cemetery<br/>Fund</u> | <u>Rubbish<br/>Collection<br/>District</u> | <u>Garbage &amp;<br/>Resource<br/>Recovery</u> | <u>Fire<br/>Protection<br/>District 1</u> | <u>Sewer<br/>Districts</u> | <u>Lighting<br/>Districts</u> | <u>Total Other<br/>Governmental<br/>Funds</u> |
|---|--------------------------|--|--|---|----------------------------|-------------------------------|---|
| <b>ASSETS</b>   |                          |  |  |   |                            |                               |   |
| Cash and cash equivalents                                     | \$ 12,422                | \$ 99,987                                  | \$ 76,874                                      | \$ 80,889                                 | \$ 133,618                 | \$ 58,253                     | \$ 462,043                                    |
| Investments   | 27,091                   | -  | -  | -   | -                          | -                             | 27,091  |
| Accounts receivable   | -                        | 1,509                                      | -  | -   | -                          | -                             | 1,509   |
| Total assets  | <u>\$ 39,513</u>         | <u>\$ 101,496</u>                          | <u>\$ 76,874</u>                               | <u>\$ 80,889</u>                          | <u>\$ 133,618</u>          | <u>\$ 58,253</u>              | <u>\$ 490,643</u>                             |
| <b>LIABILITIES AND FUND BALANCES</b>                          |                          |  |  |   |                            |                               |   |
| Liabilities:  |                          |  |  |   |                            |                               |   |
| Accounts payable  | \$ -                     | \$ -                                       | \$ 41,112                                      | \$ 248                                    | \$ -                       | \$ 704                        | \$ 42,064                                     |
| Due to other funds  | -                        | -  | -  | -   | 66,684                     | -                             | 66,684  |
| Total liabilities   | <u>-</u>                 | <u>-</u>                                   | <u>41,112</u>                                  | <u>248</u>                                | <u>66,684</u>              | <u>704</u>                    | <u>108,748</u>                                |
| Fund balances (deficit):                                      |                          |  |  |   |                            |                               |   |
| Reserved for debt   | -                        | -  | -  | -   | 99,826                     | -                             | 99,826  |
| Unreserved, designated for<br>subsequent year's expenditures: |                          |  |  |   |                            |                               |   |
| Cemetery Fund   | 2,830                    | -  | -  | -   | -                          | -                             | 2,830   |
| Fire Protection District 1                                    | -                        | -  | -  | 5,000                                     | -                          | -                             | 5,000   |
| Unreserved, undesignated                                      | <u>36,683</u>            | <u>101,496</u>                             | <u>35,762</u>                                  | <u>75,641</u>                             | <u>(32,892)</u>            | <u>57,549</u>                 | <u>274,239</u>                                |
| Total fund balances (deficit)                                 | <u>39,513</u>            | <u>101,496</u>                             | <u>35,762</u>                                  | <u>80,641</u>                             | <u>66,934</u>              | <u>57,549</u>                 | <u>381,895</u>                                |
| Total liabilities and fund<br>balances                        | <u>\$ 39,513</u>         | <u>\$ 101,496</u>                          | <u>\$ 76,874</u>                               | <u>\$ 80,889</u>                          | <u>\$ 133,618</u>          | <u>\$ 58,253</u>              | <u>\$ 490,643</u>                             |

**TOWN OF AURORA, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2010**

|  | <u>Cemetery<br/>Fund</u> | <u>Rubbish<br/>Collection<br/>District</u> | <u>Garbage &amp;<br/>Resource<br/>Recovery</u> | <u>Fire<br/>Protection<br/>District 1</u> | <u>Sewer<br/>Districts</u> | <u>Lighting<br/>Districts</u> | <u>Total Other<br/>Governmental<br/>Funds</u> |
|--|--------------------------|--|--|---|----------------------------|-------------------------------|---|
| <b>REVENUES</b>  |                          |  |  |   |                            |                               |   |
| Real property taxes  | \$ -                     | \$ 19,491                                  | \$ 491,371                                     | \$ 210,361                                | \$ 4,700                   | \$ 14,506                     | \$ 740,429                                    |
| Departmental income  | -                        | 462  | -  | -   | -                          | -                             | 462   |
| Intergovernmental income                                     | -                        | -  | 8,001  | -   | 146,866                    | -                             | 154,867                                       |
| Use of money and property                                    | <u>1,888</u>             | <u>530</u>                                 | <u>1,152</u>                                   | <u>367</u>                                | <u>631</u>                 | <u>307</u>                    | <u>4,875</u>                                  |
| Total revenues   | <u>1,888</u>             | <u>20,483</u>                              | <u>500,524</u>                                 | <u>210,728</u>                            | <u>152,197</u>             | <u>14,813</u>                 | <u>900,633</u>                                |
| <b>EXPENDITURES</b>  |                          |  |  |   |                            |                               |   |
| Current:   |                          |  |  |   |                            |                               |   |
| General governmental support                                 | -                        | -  | -  | 91  | -                          | 6                             | 97  |
| Transportation   | -                        | -  | -  | -   | -                          | 12,036                        | 12,036  |
| Home and community services                                  | 2,886                    | 16,071                                     | 495,007  | 211,642                                   | 150                        | -                             | 725,756                                       |
| Employee benefits  | 221                      | 1,023                                      | -  | -   | -                          | -                             | 1,244   |
| Debt service:  |                          |  |  |   |                            |                               |   |
| Principal  | -                        | -  | -  | -   | 44,000                     | -                             | 44,000  |
| Interest   | <u>-</u>                 | <u>-</u>                                   | <u>-</u>                                       | <u>-</u>                                  | <u>31,095</u>              | <u>-</u>                      | <u>31,095</u>                                 |
| Total expenditures   | <u>3,107</u>             | <u>17,094</u>                              | <u>495,007</u>                                 | <u>211,733</u>                            | <u>75,245</u>              | <u>12,042</u>                 | <u>814,228</u>                                |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(1,219)</u>           | <u>3,389</u>                               | <u>5,517</u>                                   | <u>(1,005)</u>                            | <u>76,952</u>              | <u>2,771</u>                  | <u>86,405</u>                                 |
| Net change in fund balances (deficit)                        | (1,219)                  | 3,389                                      | 5,517  | (1,005)                                   | 76,952                     | 2,771                         | 86,405  |
| Fund balances (deficit)—beginning                            | <u>40,732</u>            | <u>98,107</u>                              | <u>30,245</u>                                  | <u>81,646</u>                             | <u>(10,018)</u>            | <u>54,778</u>                 | <u>295,490</u>                                |
| Fund balances—ending   | <u>\$ 39,513</u>         | <u>\$ 101,496</u>                          | <u>\$ 35,762</u>                               | <u>\$ 80,641</u>                          | <u>\$ 66,934</u>           | <u>\$ 57,549</u>              | <u>\$ 381,895</u>                             |

**TOWN OF AURORA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances—**  
**Budget and Actual—Cemetery Fund**  
**Year Ended December 31, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>           | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|-------------------------|---|
| <b>REVENUE</b>   |                            |                         |                         |   |
| Use of money and property                                    | \$ 1,400                   | \$ 1,400                | \$ 1,888                | \$ 488  |
| Total revenues   | <u>1,400</u>               | <u>1,400</u>            | <u>1,888</u>            | <u>488</u>                                      |
| <b>EXPENDITURES</b>  |                            |                         |                         |   |
| Current:   |                            |                         |                         |   |
| Home and community services                                  | 4,000                      | 4,000                   | 2,886                   | 1,114   |
| Employee benefits  | <u>230</u>                 | <u>230</u>              | <u>221</u>              | <u>9</u>  |
| Total expenditures   | <u>4,230</u>               | <u>4,230</u>            | <u>3,107</u>            | <u>1,123</u>                                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | (2,830)                    | (2,830)                 | (1,219)                 | 1,611   |
| Fund balances—beginning                                      | <u>40,732</u>              | <u>40,732</u>           | <u>40,732</u>           | <u>-</u>  |
| Fund balances—ending   | <u><u>\$ 37,902</u></u>    | <u><u>\$ 37,902</u></u> | <u><u>\$ 39,513</u></u> | <u><u>\$ 1,611</u></u>                          |

**TOWN OF AURORA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances—**  
**Budget and Actual—Rubbish Collection District Fund**  
**Year Ended December 31, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| <b>REVENUE</b>   |                            |                         |                   |   |
| Real property taxes  | \$ 19,491                  | \$ 19,491               | \$ 19,491         | \$ -  |
| Departmental income  | -                          | -                       | 462               | 462   |
| Use of money and property                                    | <u>2,000</u>               | <u>2,000</u>            | <u>530</u>        | <u>(1,470)</u>                                  |
| Total revenues   | <u>21,491</u>              | <u>21,491</u>           | <u>20,483</u>     | <u>(1,008)</u>                                  |
| <b>EXPENDITURES</b>  |                            |                         |                   |   |
| Current:   |                            |                         |                   |   |
| Home and community services                                  | 21,400                     | 21,400                  | 16,071            | 5,329   |
| Employee benefits  | <u>-</u>                   | <u>-</u>                | <u>1,023</u>      | <u>(1,023)</u>                                  |
| Total expenditures   | <u>21,400</u>              | <u>21,400</u>           | <u>17,094</u>     | <u>4,306</u>                                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 91                         | 91                      | 3,389             | 3,298   |
| Fund balances—beginning                                      | <u>98,107</u>              | <u>98,107</u>           | <u>98,107</u>     | <u>-</u>  |
| Fund balances—ending   | <u>\$ 98,198</u>           | <u>\$ 98,198</u>        | <u>\$ 101,496</u> | <u>\$ 3,298</u>                                 |

**TOWN OF AURORA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances—**  
**Budget and Actual—Garbage & Resource Recovery Fund**  
**Year Ended December 31, 2010**

|                                      | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--------------------------------------|----------------------------|-------------------------|------------------|---|
| <b>REVENUE</b>                       |                            |                         |                  |   |
| Real property taxes                  | \$ 491,200                 | \$ 491,200              | \$ 491,371       | \$ 171  |
| Intergovernmental charges            | -                          | -                       | 8,001            | 8,001   |
| Use of money and property            | <u>800</u>                 | <u>800</u>              | <u>1,152</u>     | <u>352</u>                                      |
| Total revenues                       | <u>492,000</u>             | <u>492,000</u>          | <u>500,524</u>   | <u>8,524</u>                                    |
| <b>EXPENDITURES</b>                  |                            |                         |                  |   |
| Current:                             |                            |                         |                  |   |
| Home and community services          | <u>492,000</u>             | <u>492,000</u>          | <u>495,007</u>   | <u>(3,007)</u>                                  |
| Total expenditures                   | <u>492,000</u>             | <u>492,000</u>          | <u>495,007</u>   | <u>(3,007)</u>                                  |
| Excess of revenues over expenditures | -                          | -                       | 5,517            | 5,517   |
| Fund balances—beginning              | <u>30,245</u>              | <u>30,245</u>           | <u>30,245</u>    | <u>-</u>  |
| Fund balances—ending                 | <u>\$ 30,245</u>           | <u>\$ 30,245</u>        | <u>\$ 35,762</u> | <u>\$ 5,517</u>                                 |

**TOWN OF AURORA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances—**  
**Budget and Actual—Fire Protection District 1 Fund**  
**Year Ended December 31, 2010**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| <b>REVENUE</b>                                  |                            |                         |                   |   |
| Real property taxes                             | \$ 210,361                 | \$ 210,361              | \$ 210,361        | \$ -  |
| Use of money and property                       | <u>1,000</u>               | <u>1,000</u>            | <u>367</u>        | <u>(633)</u>                                    |
| Total revenues                                  | <u>211,361</u>             | <u>211,361</u>          | <u>210,728</u>    | <u>(633)</u>                                    |
| <b>EXPENDITURES</b>                             |                            |                         |                   |   |
| Current:  |                            |                         |                   |   |
| General government support                      | -                          | -                       | 91                | (91)  |
| Home and community services                     | <u>211,361</u>             | <u>211,361</u>          | <u>211,642</u>    | <u>(281)</u>                                    |
| Total expenditures                              | <u>211,361</u>             | <u>211,361</u>          | <u>211,733</u>    | <u>(372)</u>                                    |
| <br>(Deficiency) of revenues under expenditures | <br>-                      | <br>-                   | <br>(1,005)       | <br>(1,005)                                     |
| <br>Fund balances—beginning                     | <br><u>81,646</u>          | <br><u>81,646</u>       | <br><u>81,646</u> | <br><u>-</u>                                    |
| Fund balances—ending                            | <u>\$ 81,646</u>           | <u>\$ 81,646</u>        | <u>\$ 80,641</u>  | <u>\$ (1,005)</u>                               |

**TOWN OF AURORA, NEW YORK**  
**Combining Balance Sheet—Sewer Districts Fund**  
**December 31, 2010**

|  | <u>Sewer<br/>District 1</u> | <u>Sewer<br/>District 3</u> | <u>Sewer<br/>District 3-1</u> | <u>Sewer<br/>District 4</u> | <u>Sewer<br/>District<br/>4-1</u> | <u>Total<br/>Sewer<br/>Districts</u> |
|--|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------------|--------------------------------------|
| <b>ASSETS</b>                          |                             |                             |                               |                             |                                   |                                      |
| Cash                                   | \$ 18,182                   | \$ 99,826                   | \$ -                          | \$ -                        | \$ 15,610                         | \$ 133,618                           |
| Total assets                           | <u>\$ 18,182</u>            | <u>\$ 99,826</u>            | <u>\$ -</u>                   | <u>\$ -</u>                 | <u>\$ 15,610</u>                  | <u>\$ 133,618</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>   |                             |                             |                               |                             |                                   |                                      |
| Liabilities:                           |                             |                             |                               |                             |                                   |                                      |
| Due to other funds                     | \$ -                        | \$ 65,779                   | \$ 666                        | \$ 239                      | \$ -                              | \$ 66,684                            |
| Total liabilities                      | <u>-</u>                    | <u>65,779</u>               | <u>666</u>                    | <u>239</u>                  | <u>-</u>                          | <u>66,684</u>                        |
| Fund balances (deficits):              |                             |                             |                               |                             |                                   |                                      |
| Reserved for debt                      | -                           | 99,826                      | -                             | -                           | -                                 | 99,826                               |
| Unreserved, Undesignated               | <u>18,182</u>               | <u>(65,779)</u>             | <u>(666)</u>                  | <u>(239)</u>                | <u>15,610</u>                     | <u>(32,892)</u>                      |
| Total fund balances (deficits)         | <u>18,182</u>               | <u>34,047</u>               | <u>(666)</u>                  | <u>(239)</u>                | <u>15,610</u>                     | <u>66,934</u>                        |
| Total liabilities and fund<br>balances | <u>\$ 18,182</u>            | <u>\$ 99,826</u>            | <u>\$ -</u>                   | <u>\$ -</u>                 | <u>\$ 15,610</u>                  | <u>\$ 133,618</u>                    |

**TOWN OF AURORA, NEW YORK**  
**Combining Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances (Deficits)—Sewer Districts Fund**  
**Year Ended December 31, 2010**

|   | <u>Sewer<br/>District 1</u> | <u>Sewer<br/>District 3</u> | <u>Sewer<br/>District 3-1</u> | <u>Sewer<br/>District 4</u> | <u>Sewer<br/>District<br/>4-1</u> | <u>Total<br/>Sewer<br/>Districts</u> |
|---|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------------|--------------------------------------|
| <b>REVENUES</b>                         |                             |                             |                               |                             |                                   |                                      |
| Real property taxes                     | \$ 4,700                    | \$ -                        | \$ -                          | \$ -                        | \$ -                              | \$ 4,700                             |
| Intergovernmental income                | -                           | 107,800                     | 3,809                         | 5,282                       | 29,975                            | 146,866                              |
| Use of money and property               | <u>88</u>                   | <u>509</u>                  | <u>4</u>                      | <u>5</u>                    | <u>25</u>                         | <u>631</u>                           |
| Total revenues                          | <u>4,788</u>                | <u>108,309</u>              | <u>3,813</u>                  | <u>5,287</u>                | <u>30,000</u>                     | <u>152,197</u>                       |
| <b>EXPENDITURES</b>                     |                             |                             |                               |                             |                                   |                                      |
| Current:                                |                             |                             |                               |                             |                                   |                                      |
| Home and community services             | 150                         | -                           | -                             | -                           | -                                 | 150                                  |
| Debt service:                           |                             |                             |                               |                             |                                   |                                      |
| Principal                               | -                           | 25,000                      | -                             | -                           | 19,000                            | 44,000                               |
| Interest                                | <u>-</u>                    | <u>27,770</u>               | <u>-</u>                      | <u>-</u>                    | <u>3,325</u>                      | <u>31,095</u>                        |
| Total expenditures                      | <u>150</u>                  | <u>52,770</u>               | <u>-</u>                      | <u>-</u>                    | <u>22,325</u>                     | <u>75,245</u>                        |
| Excess of revenues<br>over expenditures | 4,638                       | 55,539                      | 3,813                         | 5,287                       | 7,675                             | 76,952                               |
| Net change in fund balances             | 4,638                       | 55,539                      | 3,813                         | 5,287                       | 7,675                             | 76,952                               |
| Fund balances (deficits)—beginning      | <u>13,544</u>               | <u>(21,492)</u>             | <u>(4,479)</u>                | <u>(5,526)</u>              | <u>7,935</u>                      | <u>(10,018)</u>                      |
| Fund balances (deficits)—ending         | <u>\$ 18,182</u>            | <u>\$ 34,047</u>            | <u>\$ (666)</u>               | <u>\$ (239)</u>             | <u>\$ 15,610</u>                  | <u>\$ 66,934</u>                     |

**TOWN OF AURORA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances—**  
**Budget and Actual—Sewer Districts Fund**  
**Year Ended December 31, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <b>REVENUE</b>   |                            |                         |                  |   |
| Real property taxes  | \$ 4,700                   | \$ 4,700                | \$ 4,700         | \$ -  |
| Departmental income  | -                          | -                       | -                | -   |
| Intergovernmental income                                     | 149,696                    | 149,696                 | 146,866          | (2,830)   |
| Use of money and property                                    | <u>-</u>                   | <u>-</u>                | <u>631</u>       | <u>631</u>                                      |
| Total revenues   | <u>154,396</u>             | <u>154,396</u>          | <u>152,197</u>   | <u>(2,199)</u>                                  |
| <b>EXPENDITURES</b>  |                            |                         |                  |   |
| Current:   |                            |                         |                  |   |
| Home and community services                                  | 76,471                     | 76,471                  | 150              | 76,321  |
| Debt service:  |                            |                         |                  |   |
| Principal  | 44,000                     | 44,000                  | 44,000           | -   |
| Interest   | <u>33,925</u>              | <u>33,925</u>           | <u>31,095</u>    | <u>2,830</u>                                    |
| Total expenditures   | <u>154,396</u>             | <u>154,396</u>          | <u>75,245</u>    | <u>79,151</u>                                   |
| Excess (deficiency) of revenues over<br>(under) expenditures | -                          | -                       | 76,952           | (81,350)  |
| Net change in fund balances                                  | -                          | -                       | 76,952           | 76,952  |
| Fund balances (deficit)—beginning                            | <u>(10,018)</u>            | <u>(10,018)</u>         | <u>(10,018)</u>  | <u>-</u>  |
| Fund balances (deficit)—ending                               | <u>\$ (10,018)</u>         | <u>\$ (10,018)</u>      | <u>\$ 66,934</u> | <u>\$ -</u>                                     |

**TOWN OF AURORA, NEW YORK**  
**Combining Balance Sheet—Lighting Districts Fund**  
**December 31, 2010**

---

|  | <u>Lighting<br/>District 3</u> | <u>Lighting<br/>District 4</u> | <u>Total<br/>Lighting<br/>Districts</u> |
|--|--------------------------------|--------------------------------|---|
| <b>ASSETS</b>                            |                                |                                |   |
| Cash                                     | \$ 31,016                      | \$ 27,237                      | \$ 58,253                               |
| Total assets                             | <u>\$ 31,016</u>               | <u>\$ 27,237</u>               | <u>\$ 58,253</u>                        |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                                |                                |   |
| Liabilities:                             |                                |                                |   |
| Accounts payable                         | \$ 474                         | \$ 230                         | \$ 704                                  |
| Total liabilities                        | <u>474</u>                     | <u>230</u>                     | <u>704</u>                              |
| <br>Fund Balances:                       |                                |                                |   |
| Unreserved, undesignated                 | <u>30,542</u>                  | <u>27,007</u>                  | <u>57,549</u>                           |
| Total fund balances                      | <u>30,542</u>                  | <u>27,007</u>                  | <u>57,549</u>                           |
| <br>Total liabilities and fund balances  | <br><u>\$ 31,016</u>           | <br><u>\$ 27,237</u>           | <br><u>\$ 58,253</u>                    |

**TOWN OF AURORA, NEW YORK**  
**Combining Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances—Lighting Districts Fund**  
**Year Ended December 31, 2010**

---

|   | <b>Lighting<br/>District 3</b> | <b>Lighting<br/>District 4</b> | <b>Total<br/>Lighting<br/>Districts</b> |
|---|--------------------------------|--------------------------------|---|
| <b>REVENUES</b>                         |                                |                                |   |
| Real property taxes                     | \$ 9,706                       | \$ 4,800                       | \$ 14,506                               |
| Use of money and property               | 166                            | 141                            | 307                                     |
| Total revenues                          | 9,872                          | 4,941                          | 14,813                                  |
| <b>EXPENDITURES</b>                     |                                |                                |   |
| Current:                                |                                |                                |   |
| General government support              | 6                              | -                              | 6                                       |
| Transportation                          | 7,718                          | 4,318                          | 12,036                                  |
| Total expenditures                      | 7,724                          | 4,318                          | 12,042                                  |
| Excess of revenues<br>over expenditures | 2,148                          | 623                            | 2,771                                   |
| Net change in fund balances             | 2,148                          | 623                            | 2,771                                   |
| Fund balances—beginning                 | 28,394                         | 26,384                         | 54,778                                  |
| Fund balances—ending                    | \$ 30,542                      | \$ 27,007                      | \$ 57,549                               |

**TOWN OF AURORA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances—**  
**Budget and Actual—Lighting Districts Fund**  
**Year Ended December 31, 2010**

|                                      | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>           | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--------------------------------------|----------------------------|-------------------------|-------------------------|---|
| <b>REVENUE</b>                       |                            |                         |                         |   |
| Real property taxes                  | \$ 14,506                  | \$ 14,506               | \$ 14,506               | \$ -  |
| Use of money and property            | <u>1,600</u>               | <u>1,600</u>            | <u>307</u>              | <u>(1,293)</u>                                  |
| Total revenues                       | <u>16,106</u>              | <u>16,106</u>           | <u>14,813</u>           | <u>(1,293)</u>                                  |
| <b>EXPENDITURES</b>                  |                            |                         |                         |   |
| Current:                             |                            |                         |                         |   |
| General government support           | 6                          | 6                       | 6                       | -   |
| Transportation                       | <u>16,100</u>              | <u>16,100</u>           | <u>12,036</u>           | <u>4,064</u>                                    |
| Total expenditures                   | <u>16,106</u>              | <u>16,106</u>           | <u>12,042</u>           | <u>4,064</u>                                    |
| Excess of revenues over expenditures | -                          | -                       | 2,771                   | 2,771   |
| Fund balances—beginning              | <u>54,778</u>              | <u>54,778</u>           | <u>54,778</u>           | <u>-</u>  |
| Fund balances—ending                 | <u><u>\$ 54,778</u></u>    | <u><u>\$ 54,778</u></u> | <u><u>\$ 57,549</u></u> | <u><u>\$ 2,771</u></u>                          |

**TOWN OF AURORA, NEW YORK**  
**Statement of Changes in Assets and Liabilities—**  
**Agency Fund**  
**Year Ended December 31, 2010**

---

|                              | <u>Balance</u><br><u>1/1/2010</u> | <u>Additions</u>    | <u>Deletions</u>      | <u>Balance</u><br><u>12/31/2010</u> |
|------------------------------|-----------------------------------|---------------------|-----------------------|-------------------------------------|
| <b>ASSETS</b>                |                                   |                     |                       |                                     |
| Cash                         | \$ 56,375                         | \$ 2,907,091        | \$ (2,779,133)        | \$ 184,333                          |
| Total assets                 | <u>\$ 56,375</u>                  | <u>\$ 2,907,091</u> | <u>\$ (2,779,133)</u> | <u>\$ 184,333</u>                   |
| <b>LIABILITIES</b>           |                                   |                     |                       |                                     |
| Amounts due to other parties | \$ 56,375                         | \$ 3,036,275        | \$ (2,908,317)        | \$ 184,333                          |
| Total liabilities            | <u>\$ 70,555</u>                  | <u>\$ 3,036,275</u> | <u>\$ (2,908,317)</u> | <u>\$ 184,333</u>                   |

---

Certified Public Accountants

**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 Aurora, New York:

We have audited the financial statements of Town of Aurora, New York (the “Town”) as of and for the year ended December 31, 2010, 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 *Governmental 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’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-01 and 2010-02 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-03 and 2010-04 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-05.

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

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Town's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town Board, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 25, 2011

**TOWN OF AURORA, NEW YORK**  
**Schedule of Findings and Responses**  
**Year Ended December 31, 2010**

---

*We consider the deficiencies presented below to be material weaknesses in internal control.*

**Finding 2010-01 – Accounting System**

Criteria: The computer system should have the capability to flag entries that are one sided, booked in different years, or otherwise unusual. The system should also be able to produce reports that can be easily understood by management.

Condition: During our audit, we noted the following control weaknesses in the Town’s Accounting System, Financial Management:

- Currently the system allows one sided journal entries to be posted.
- The system allows for management override of entries.
- The system does not enable the user to generate “user-friendly” accounting reports

Cause: The current system allows manual overrides over essentially all journal entries and generates reports that are confusing and can be misleading.

Effect: The Town is at risk of unauthorized and/or illogical entries being posted. Also, the Town is at risk of unauthorized adjustments being made to previous journal entries. In addition, reports may hinder a person’s ability to understand recorded events and possibly cause an individual to make an inaccurate adjustment.

Recommendation: We recommend that the Town address these concerns with their Information Technology service, to make them aware of the deficiencies so that they can be corrected going forward. Manual overrides to the Systems Control account should not be used in future years and entries cannot be made by accident to previous years. Additionally, it is recommended that another employee at the Town’s IT provider acquire some knowledge about the Town’s system or that a detailed manual be filed with the Town in case an incident was to occur with the main IT person.

We also recommend that the Town review the reports issued by the system to ensure that they can be easily understood by users. The Town should be able to generate monthly reports that reveal possible mistakes and provide confidence that the month’s events were recorded correctly.

Management’s Corrective Action Plan: The Town intends to address these concerns with its IT and software providers.

**Finding 2010-02 – Bookkeeping (Tax Receiver)**

Criteria: Accurate and reliable books should be maintained by each department detailing events for the period. Additionally, bank reconciliations should be prepared monthly and irreconcilable variances should be investigated promptly.

Condition: It was noted that the department of the Tax Receiver does not maintain adequate records or perform bank reconciliations.

Cause: Current policy and procedures do not address this control.

Effect: There is a risk that errors may go undetected for a substantial period of time and that cash may be misstated.

Recommendation: We recommend that the Tax Receiver maintain a detailed record of events and prepare monthly bank reconciliations. To ensure that adequate records are being maintained, we also recommend that regular reviews be performed. In addition monthly reports should be generated from the records and kept on file to summarize each month's activities.

Management's Corrective Action Plan: The Town intends to improve its monitoring of the Tax Receiver's office to improve the quality of recordkeeping.

*We consider the deficiencies presented below to be significant deficiencies in internal control.*

**Finding 2010-03 –Cash Receipt Reconciliation (Recreation)**

Criteria: The Recreation department should reconcile the receipts that are recorded in the revenue book to the Town's general ledger.

Condition: While performing procedures on the Recreation Department we noted that the computer generated revenue reports per program was not reconcile to the physical "Revenue Binder" that is kept in the Recreation department, or the general ledger.

Cause: This is caused by a lack of reconciliation between the Recreation Department balances and the general ledger balances.

Effect: There is an increased chance for misstatement of revenue and cash by program due to reimbursements not being properly identified to the specific program.

Recommendation: We recommend that the Recreation Department perform a monthly reconciliation to the general ledger.

Management's Corrective Action Plan: The Town intends to improve its reconciliation procedures between the Recreation Departments' records and the general ledger.

**Finding 2010-04 – Payroll Wage Policy**

Condition: The Town does have a policy regarding the procedures used to approve employee's wages/rates. However, we noted an instance in which a seasonal employee's wage/rate increase was not submitted to the board for approval.

Criteria: The Town should enforce its formalized procedures to ensure that all wages/rates are properly approved by the appropriate individual as well as the board.

Cause: The Town did not present to the board an increase in an employee's hourly rate.

Effect: Inconsistent application of policies and procedures by the Town.

Recommendation: We recommend that the Town should assess the formalized procedures currently used and determine what changes (if any) need to be made to prevent this issue from occurring in the future.

Management's Corrective Action Plan: The Town will revisit its formalized payroll wage procedures to ensure consistent application throughout the Town.

***We consider the deficiency presented below to be a reportable instance of noncompliance***

**Finding 2010-05 – Budgetary Controls**

Criteria: Because statutory laws of the State of New York require staying within appropriated budgets, the accounting structure should be designed to ensure and demonstrate compliance with the budget at the legal level of control

Condition: It was noted during the audit of the budget process, that various line items exceed their respective budgets at points throughout the fiscal year. While we noted subsequent budget transfers to these line items, we identified instances where budget transfers were approved after the cash disbursement. During the fiscal year ended December 31, 2010, the Town overspent its total authorized appropriations for public safety in the General Fund—Part-Town Fund and home and community services in the Garbage and Resource Recovery Fund.

Effect: The Office of State Comptroller requires that budgets must be adopted at a minimum level of function and object of expenditures. Before the legal level of budgetary control is exceeded, Board approval must be obtained. Certain appropriations were overspent resulting in potentially greater cost to taxpayers or unauthorized spending.

Cause: Budget lines should be regularly reviewed to ensure they do not exceed their budget.

Recommendation: We recommend that the budget process be structured in such a way that department heads request budget transfers from the Town Board prior to exceeding their respective budgets. Documentation of such approval should be sent to the accounting department who can then enter budgetary transfers. Additionally, we recommend that the Town continue to carefully monitor expenditures throughout the year, and when fiscal issues arise they should be remedied as soon as possible.

Management's Corrective Action Plan: The Town intends to improve its monitoring of the budget throughout the year, to avoid overspent appropriation.