

REFUNDING
MOODY'S "A1"

SERIAL BONDS
See "RATING" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in the adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$4,490,000
TOWN of IRONDEQUOIT
MONROE COUNTY, NEW YORK
GENERAL OBLIGATIONS

\$4,490,000 Public Improvement Refunding (Serial) Bonds, 2012

Dated: Date of Delivery

**Due: November 15, 2012 &
May 15, 2013-2024**

CUSIP BASE: 463074

MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2012	\$20,000	2.000%	0.700%	YE8	2017	750,000	3.000%	1.450%	YK4	2022	\$75,000	3.000%	3.000%	YQ1
2013	185,000	2.000%	0.800%	YF5	2018	740,000	3.000%	1.650%	YL2	2023	70,000	3.125%	3.125%	YR9
2014	770,000	3.000%	1.000%	YG3	2019	220,000	2.000%	1.900%	YM0	2024	70,000	3.250%	3.250%	YS7
2015	710,000	3.000%	1.100%	YH1	2020	75,000	2.500%	2.400%	YN8					
2016	730,000	3.000%	1.250%	YJ7	2021	75,000	2.750%	2.700%	YP3					

(referred to hereinafter as the "Bonds")

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the Town of Irondequoit, Monroe County, New York (the "Town"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limits. See "New Tax Levy Limitation Law" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on November 15, 2012 and semi-annually thereafter on May 15 and November 15 in each year until maturity. Principal and interest will be paid 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 Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Certain legal matters will be passed on for the Underwriter by its counsel, Cahill Gambino LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 20, 2012.

ROOSEVELT & CROSS INCORPORATED

May 31, 2012

TOWN OFFICIALS

MARY JOYCE D'AURIZIO

Supervisor

TOWN BOARD

PAUL MARASCO
STEPHANIE ALDERSLEY

DEBORAH ESSLEY
JOHN PERTICONE

ANNIE C. SEALY

Comptroller

BARBARA GENIER

Town Clerk

HARTER SECREST & EMERY LLP

Attorneys to the Town

FISCAL ADVISORS & MARKETING, INC.

Town Financial Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by the Town of Irondequoit to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds 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 of Irondequoit.

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
of the
TOWN of IRONDEQUOIT
MONROE COUNTY, NEW YORK
Relating To

\$4,490,000 Public Improvement Refunding (Serial) Bonds, 2012

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Irondequoit, Monroe County, New York (the "Town," "County," and "State," respectively), in connection with the sale by the Town of the principal amount of \$4,490,000 Public Improvement Refunding (Serial) Bonds, 2012 (the "Bonds").

The factors affecting the Town's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town's tax base, revenues, and expenditures, this Official Statement should be read in its entirety and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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 Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

DESCRIPTION OF THE BONDS

The Bonds are 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 Bonds as required by the Constitution and laws of the State (State Constitution, Art. 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 Bonds and interest thereon, subject to applicable statutory limitations. See "New Tax Levy Limitation Law" herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The record date for the Bonds will be the last business day of the calendar month preceding such interest payment.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on November 15, 2012 and semi-annually thereafter on May 15 and November 15 and in each year until maturity. Principal and interest will be paid 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 Bonds, as described herein.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. As such, the Bonds will be issued as fully-registered securities 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 bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, 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 regulated 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”). 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds 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 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 securities 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 or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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 Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to 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 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 THIS 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 BONDS; (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 BONDS.

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 Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the principal corporate trust office of the bank or trust company located and authorized to do business in the State to be named as fiscal agent by the Town upon termination of the book-entry-only system. Interest on the Bonds will remain payable on November 15, 2012 and semi-annually thereafter on May 15 and November 15 in each year to maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the Town Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly Section 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Town Board on March 20, 2012 (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto.

The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$105,000 outstanding principal balance of the Public Improvement (Serial) Bonds, 1994 originally issued by the Town in the aggregate principal amount of \$1,300,000, \$530,000 outstanding principal balance of the Public Improvement (Serial) Bonds, 2001 originally issued by the Town in the aggregate principal amount of \$2,085,000, \$4,650,000 outstanding principal balance of the Public Improvement (Serial) Bonds, 2004 originally issued by the Town in the aggregate principal amount of \$7,945,000, \$415,000 outstanding principal balance of the Public Improvement (Serial) Bonds, 2005 originally issued by the Town in the aggregate principal amount of \$650,000, (the “Refunded Bonds”), and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law and various bond resolutions for the following purposes and amounts:

\$1,300,000 Public Improvement (Serial) Bonds, 1994 – September 1, 1994

<u>Purpose</u>	<u>Amount</u>
Various Projects	\$ 1,300,000

\$2,085,000 Public Improvement (Serial) Bonds, 2001 – May 15, 2001

<u>Purpose</u>	<u>Amount</u>
Various Projects	\$ 2,085,000

\$7,945,000 Public Improvement (Serial) Bonds, 2004 –December 15, 2004

<u>Purpose</u>	<u>Amount</u>
Various Projects	\$ 7,945,000

\$650,000 Public Improvement (Serial) Bonds, 2005 – December 15, 2005

<u>Purpose</u>	<u>Amount</u>
Chapel Hill Road Improvements	\$ 650,000

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Town’s refunding financial plan (the “Refunding Financial Plan”). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations are to be placed in an irrevocable trust fund (the “Escrow Deposit Fund”) with The Bank of New York Mellon (the “Escrow Holder”), pursuant to the terms of an escrow contract (the “Escrow Contract”) by and between the Town and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal and interest payments and redemption premiums with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the “Payment Dates”). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and securities necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The Town is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Town and will continue to be payable from Town sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal, interest and redemption premiums on the Refunded Bonds, it is not anticipated that such Town sources of payment will be used.

\$1,300,000 Public Improvement (Serial) Bonds, 1994 – September 1, 1994

<u>Due September 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2013	\$ 35,000	6.000%	09/01/2012	100.000%
2014	<u>35,000</u>	6.000%	09/01/2012	100.000%
	\$ 70,000			

\$2,085,000 Public Improvement (Serial) Bonds, 2001 – May 15, 2001

<u>Due May 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2013	\$ 120,000	4.625%	11/15/2012	100.000%
2014	120,000	4.750%	11/15/2012	100.000%
2015	55,000	4.750%	11/15/2012	100.000%
2016	55,000	4.875%	11/15/2012	100.000%
2017	60,000	5.000%	11/15/2012	100.000%
2018	60,000	5.000%	11/15/2012	100.000%
2019	<u>60,000</u>	5.000%	11/15/2012	100.000%
	\$ 530,000			

\$7,945,000 Public Improvement (Serial) Bonds, 2004 - December 15, 2004

<u>Due December 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2014	\$ 580,000	3.600%	12/15/2013	101.000%
2015	575,000	3.700%	12/15/2013	101.000%
2016	595,000	3.750%	12/15/2013	101.000%
2017	615,000	4.000%	12/15/2013	101.000%
2018	615,000	4.000%	12/15/2013	101.000%
2019	105,000	4.000%	12/15/2013	101.000%
2020	80,000	4.125%	12/15/2013	101.000%
2021	80,000	4.250%	12/15/2013	101.000%
2022	80,000	4.250%	12/15/2013	101.000%
2023	80,000	4.250%	12/15/2013	101.000%
2024	<u>80,000</u>	4.250%	12/15/2013	101.000%
	\$ 3,485,000			

\$650,000 Public Improvement (Serial) Bonds, 2005 – December 15, 2005

<u>Due December 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2015	\$ 50,000	4.875%	12/15/2014	100.000%
2016	55,000	4.875%	12/15/2014	100.000%
2017	55,000	4.875%	12/15/2014	100.000%
2018	55,000	4.875%	12/15/2014	100.000%
2019	<u>60,000</u>	5.000%	12/15/2014	100.000%
	\$ 275,000			

Verification of Mathematical Computations

Causey, Demgen & Moore Inc., a firm of independent public accountants, will deliver to the Town, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Town and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the principal of, redemption premium and interest on the Refunded Bonds.

The verification performed by Causey, Demgen & Moore Inc. will be solely based upon data, information and documents provided to Causey, Demgen & Moore Inc. by the Town and its representatives. Causey, Demgen & Moore Inc. reports of its verification will state Causey, Demgen & Moore Inc. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds	\$ 4,490,000.00
	Original Issue Premium	<u>230,985.15</u>
	Total	\$ 4,720,985.15
Uses:	Deposit to Escrow Fund	\$ 4,633,131.24
	Underwriter's Discount	26,940.00
	Costs of Issuance and Contingency	<u>60,913.91</u>
	Total	\$ 4,720,985.15

THE TOWN

General Information

The Town is located in upstate New York, in the northeast sector of Monroe County. It is bound on the south and west by the City of Rochester; on the north by Lake Ontario and Durand Eastman Park (a part of the City of Rochester) and on the east by Irondequoit Bay. The Town has a land area of 16.5 square miles and has a 2010 U.S. Census population of 51,692.

The Town is residential in character and has available all the usual commercial services through various shopping centers. Police protection is furnished by Town, County and State agencies. Fire protection is supplied by various volunteer companies.

Major Employers

The larger employers located in the Town include the following:

<u>Name</u>	<u>Type of Product or Service</u>	<u>Number of Employees</u>
St. Ann's Community	Assisted Living and Skilled Nursing Facility	1,100
Wegmans Food Markets, Inc.	Supermarket	800
East Irondequoit Central School District	Public Education	700
West Irondequoit Central School District	Public Education	680
Rochester General Hospital	Hospital	500
Medley Centre	Retail	150
Target	Retail	150
Tops Food Market	Supermarket	95

Economy

The Town's moderately sized \$2.5 billion full valuation tax base benefits from its close proximity to the City of Rochester. Although Eastman Kodak, located in the City of Rochester continues to downsize and reduce employment opportunities in the area, the Xerox Corporation has added 500 jobs. The Rochester General Hospital has experienced growth and recently expanded their facilities to include a new office complex in the Town. This new complex will not directly add to the tax base of the Town because of its non-profit exempt status, however, it will provide approximately 500 to 600 new jobs and is expected to attract medically related, property tax paying small businesses to the Town.

Current and anticipated developments in the Town include:

- Newport Development Project on Irondequoit Bay which will consist of waterfront condominiums and townhomes are expected to be priced in the range of \$500,000-\$600,000. A \$1.2 million letter of credit has been accepted and a preconstruction meeting was held on 10/27/11. Site work has been progressing throughout the winter with the anticipation to start the building of a 3 unit town home in mid June 2012. Occupancy is scheduled for November 2012.
- Lighthouse Properties is expected to develop townhouses and a yacht club along the City of Rochester and the Irondequoit waterfront. The Town has a grant to develop plans for a 4,000 LF promenade/boardwalk along the waterfront.
- LA Fitness received approval to construct a 45,000 square foot building on the former Ideal Nissan site. A demolition of the two existing buildings has been completed. Architectural plans have been submitted to the Building department for review. A preconstruction meeting was held on 3/2/12. Project completion is scheduled for August/September 2012.
- The building located at 4348 Culver Road has been purchased by a new owner. The gravel parking lot has been paved and striped. There is currently a pizza shop located in the building and there are plans to add a second restaurant. Upstairs is slated to be a mix of office and residential. New windows have been installed throughout the building.
- A new 2-story 10,000 square feet medical office has been approved for the building located at 2619 Culver Rd. This is the final building to be constructed in this medical office park. Engineering mylars have been submitted for signatures. Construction is scheduled for spring/summer 2012.
- C.M. Armitage Electrical will build a new office and shop space on Washington Avenue. They anticipate a spring 2012 start.

- Renovation of 4364 Culver Road with commercial use on the first floor and apartments on the second floor. The new businesses include a bakery, Simply New York (a store that sells New York made products only) and a hairdresser. The fourth storefront has just been occupied with a law office.
- Santa Motors has repurposed a building at 903/915 East Ridge Road to an automotive sales facility. This project was substantially complete in November 2011. Final site work will be completed in Spring 2012
- A dentist office at 62 Empire Boulevard, has received Site Plan approval to expand the offices. The expansion includes demolition of an existing garage, construction of a new garage, expansion of the building, additional parking and landscaping.
- Auto Zone has purchased 929 East Ridge Road, Rochester Linoleum, and will repurpose the building to an Auto Zone. The project will include improved parking and significantly more landscaping and green space.
- Repurpose of property at 574 Empire Boulevard to a real estate office and apartment. This project just received Planning Board and NYSDOT approval to relocate the entrance from Empire Boulevard to the side street Warrenton Road.
- The former St. Margaret Mary's School and Convent will be repurposed to a private school and independent care apartments. In addition, two new buildings are being constructed for independent care apartments. This project is complete.
- Thomas Storage on Thomas Avenue will repurpose the former Moose Club to retail offices and mini storage. They will also be building an additional mini-storage building separately from the Moose Lodge building. This project is getting Monroe County DOT approval of the revised entrance. The mini-storage building is under construction.
- McMillan Marine anticipates constructing new buildings and reroofing their existing building. Mark McMillan has retained design professionals and a contractor. They recently filed for a NYSDEC permit for work near the Irondequoit Bay shoreline.
- The I-Square project located in the Cooper-Hudson-Titus business district is a 6 acre project which will include eight mixed use buildings totaling over 96,000 square feet. As part of this effort, Union Park, a 400 foot long street will be abandoned and Cooper Road will be extended south from Titus Avenue. The project is an estimated \$10,000,000 investment over the next 3-5 years. The project received Planning Board approval on 2/13/2012.

Population Trends

	<u>Town of Irondequoit</u>	<u>Monroe County</u>	<u>New York State</u>
1960	55,337	586,387	16,842,100
1970	64,879	711,917	18,236,882
1980	57,648	702,238	17,558,072
1990	52,377	713,968	17,990,455
2000	52,354	735,343	18,976,457
2010	51,692	744,344	19,378,102

Source: U. S. Census.

Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 1990, 2000 and 2010 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Town of:						
Irondequoit	\$ 17,354	\$ 23,638	\$ 27,341	\$ 43,116	\$ 55,493	\$ 62,869
County of:						
Monroe	16,162	22,821	26,999	42,625	55,900	65,240
State of:						
New York	16,501	23,389	30,948	39,741	51,691	67,405

Note: The 2010 estimates represent the average characteristics of population and housing between January 2006 and December 2010 and do not represent a single point in time. 2011 figures are not available as of the date of this Official Statement.

Source: U.S. Bureau of the Census.

Form of Town Government

The Town is governed by the provisions of the General Municipal Law and the Town Law.

The chief executive officer of the Town is the Supervisor who is elected for a term of two years and is eligible to succeed himself. He is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected for four-year terms. Each term is staggered so that every two years the Supervisor and two councilpersons run. There is no limitation as to the number of terms which may be served by members of the Town Board. Both the Supervisor and councilpersons are elected at large.

The Town Board appoints all department heads and non-elected officials.

Financial Organization

Pursuant to the Local Finance Law and the Town Law, the Supervisor is the chief fiscal officer and the budget officer of the Town. The Supervisor's duties include administration, direction and control of the following divisions: Accounting, Accounts Payable, Accounts Receivable, Audit and Control, and Budgeting.

Budgetary Procedures

The Supervisor prepares a preliminary budget each year, pursuant to the laws of the State of New York, and holds a public hearing thereon. Subsequent to the public 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. The budget is not subject to referendum.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Town at present has only invested in items (1) and (2) above, and does not contemplate any other investments.

State Aid

The Town receives financial assistance from the State. In its General Fund budget for the 2012 fiscal year, approximately 7.3% of the operating revenues of the Town is expected to be received from the State as State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained this year or in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS").

Employees

The Town currently employs approximately 187 full-time and 96 part-time employees. The number of Town employees represented by collective bargaining agents, and the dates of expiration of their agreements are as follows:

<u>Unit</u>	<u>Number Represented</u>	<u>Date of Contract Expiration</u>
Physical Services	57	December 31, 2011 ⁽¹⁾
Night Stick Club	47	December 31, 2013 ⁽¹⁾
Clerical Association	26	December 31, 2010 ⁽¹⁾
Supervisor/Foremen	5	December 31, 2012
Library Employees	18	December 31, 2011 ⁽¹⁾

⁽¹⁾ Currently in negotiations.

Pension Payments

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS and PFRS together are generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability 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 Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976, with less than ten years service, must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 10, 2009, then 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% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% 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 5 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% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and (Teachers' Retirement System) employees hired after April 1, 2012. The Tier VI legislation provides for increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The Town's contributions to the ERS and PFRS together for the twelve years 1999 through 2011 and budgeted for 2012 are as follows:

<u>Year</u>	<u>Amount</u>
1999	\$ 16,755
2000	17,923
2001	52,281
2002	84,477
2003	403,499
2004	1,186,298
2005	1,540,349
2006	1,511,613
2007	1,324,359
2008	1,312,650
2009	1,175,195
2010	1,519,710
2011	1,786,926
2012 (Budgeted)	2,066,596

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

The investment losses experienced in fiscal year 2009 have negatively impacted the value of assets held for the Systems. The current actuarial smoothing method spreads the impact over a 5-year period, and thus contribution rates increased for fiscal years 2011 and 2012 and further increases are expected for fiscal years 2013 through 2015. The amount of such future increases depend, in part, on the value of the pension fund as of each April 1 as well as on the present value of the anticipated benefits to be paid by the pension fund as of each April 1. Final contribution rates for fiscal year 2012 were released in early September 2010. The average ERS rate increased from 11.9% of salary in fiscal year 2011 to 16.3% of salary in fiscal year 2012, while the average PFRS rate increased from 18.2% of salary in fiscal year 2011 to 21.6% of salary in fiscal year 2012. The contribution rates for fiscal year 2012 reflect the System's Actuary's recommendations, including a reduction in the assumed investment rate of return from 8% to 7.5%, based on the legally required five year review of actuarial assumptions. For 2013, ERS rates are anticipated to increase 2.6% to 18.9% and PFRS rates are expected to increase 4.2% to 25.8%.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The Town has opted to not amortize any of the contribution.

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.

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

Other Post-Employment Benefits

It should also be noted that the Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the Town, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting. GASB 45 implementation is now required for all municipalities.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. These benefits had generally been administered on a pay-as-you-go basis and had not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities similar to pension liabilities, generally adopting 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 the necessary funds against this liability. Unlike GASB 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") is 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 compliance in meeting its ARC.

Actuarial Valuation is required every 2 years for OPEB plans with more than 200 members and every 3 years if there are less than 200 members.

The Town has contracted EBS Benefit Solutions to prepare its postretirement benefits valuation. The Town's 2010 financial statements show the ARC to be \$2,438,388 and the actuarial accrued liability for benefits to be \$32,030,368 all of which was unfunded. The Town is on a pay-as-you-go basis with respect to their liability. Additional information regarding the Town's total liability and ARC can be obtained by contacting the office of the Town Comptroller.

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 Monroe County. The information set forth below with respect to Monroe County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that Monroe County is necessarily representative of the Town, or vice versa.

	<u>Year Average</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Monroe County	4.5%	4.5%	5.5%	7.9%	8.0%	7.6%
New York State	4.6%	4.6%	5.4%	8.3%	8.6%	8.2%

	<u>2012 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Monroe County	8.1%	8.1%	7.6%	7.6%	N/A
New York State	9.1%	9.2%	8.7%	8.1%	N/A

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds are to be issued is the Town Law and the Local Finance Law.

The Town is in compliance with the procedures for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the Town is past due.

The fiscal year of the Town is the calendar year.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Town.

Financial Statements

The Town retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the Town. The financial affairs of the Town are also subject to annual audits by the State Comptroller. The last independent audit covers the fiscal year ending December 31, 2010, and is attached hereto as APPENDIX – C. The audit for the fiscal year ending December 31, 2011 is expected to be approved on June 20, 2012.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Such generally accepted accounting principles require that contributions for employee retirement benefits be accrued on the basis of current actuarially computed data. The Town is not required by State Law to comply with this accounting principle and does not.

Beginning with the fiscal year ending December 31, 2003, the Town is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town hired an outside consultant to assist in implementation of GASB 34, inclusive of a physical review and documentation of all assets owned by the Town. The Town is currently in full compliance with GASB 34.

Fiscal Year Ending December 31, 2011

As a result from the under-performance of the 2010 revenue budget, cost cutting measures were implemented in 2011 in order to improve the financial health of the Town. These cost cutting measures allowed the Town to end the year at approximately 93% of budget and more importantly, allowed the Town to add approximately \$2.1M to the general fund balance. For 2011, the general fund revenue is expected to exceed budget by approximately \$900k primarily due to increased sales tax (\$355,000); prior year refunds (\$110,000); mortgage tax (\$100,000); special events proceeds (\$95,000); as well as demolition and property clean-up; franchise fees; and safety inspection fees. The Town saved \$1.1M in general fund expenditures approximately \$530,000 for contractual expense, \$430,000 for employee benefits, \$150,000 for salaries. The results of cost savings and conservative budgeting will allow the Town to end the December 31, 2011 fiscal year with an excess of \$3.2 million in the general fund balance.

TAX INFORMATION

Valuations

Fiscal Years Ending December 31:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Valuation	\$ 2,143,596,975	\$ 2,556,539,236	\$ 2,547,607,073	\$ 2,533,954,031	\$ 2,511,525,044
New York State Equalization Rates	88.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	\$ 2,435,905,653	\$ 2,556,539,236	\$ 2,547,607,073	\$ 2,533,954,031	\$ 2,511,525,044

Tax Rate Per \$1,000 (Assessed)

Fiscal Years Ending December 31:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	\$ 7.19	\$ 6.41	\$ 6.51	\$ 6.51	\$ 6.51

Tax Collection Procedure

Taxes and assessments are payable during January without penalty. Beginning February 11, an additional fee of one and one half per centum is added; beginning March 1 three per centum is added; beginning April 1 four and one half per centum is added; beginning May 1 six per centum is added; from June 1 thereafter an additional fee of one and one half per centum is added plus interest from February 10.

Taxpayers may elect to pay the bill in installments. Should the taxpayer elect this method of payment, the first installment (25% of the total tax due), is payable from January 1 to February 10. The second installment (25% of the total tax due), plus 1.5% interest, is payable from February 11 to February 28. The third installment (25% of the total tax due), plus 3.0% interest, is payable by March 31. The fourth installment (25% of the total tax due), plus 4.5% interest, is payable by April 30.

The Town Receiver of Taxes and Assessments collects all real estate taxes for Town and County purposes. The Town Receiver distributes the collected tax money to the Town prior to distributing the balance collected to the County in April. To the extent insufficient taxes are received to cover taxes for Town purposes, the County is required to make the Town whole thereby assuring the Town of 100% tax collections. Responsibility for collecting unpaid taxes rests with the County.

Tax Collection Record

Fiscal Years Ending December 31:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Tax Levy	\$ 47,342,975	\$ 50,262,796	\$ 51,529,456	\$ 52,389,150	\$ 53,175,928
Uncollected ^{(1) (2)}	2,089,654	2,261,650	2,621,820	3,556,124	7,747,168
% Uncollected	4.4%	4.5%	5.1%	6.8%	14.6%

⁽¹⁾ Includes County, Town, Fire, Lighting, Water and Sewer District taxes.

⁽²⁾ See "Tax Collection Procedure".

Largest Taxpayers - 2012 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Rochester Gas & Electric	Utilities/Franchise	\$ 49,177,253
DDR Culver Ridge LLC	Shopping Center	13,770,000
Woodridge Apartments Inc	Apartment Complex	9,590,000
Hidden Creek Associates LP	Apartment Complex	7,540,000
Wegmans Food Markets	Supermarket	7,370,000
Newport Highlands Associates	Apartment Complex	6,850,000
HD Dev of Maryland Inc.	Retail/Discount	6,500,000
Irondequoit Plaza	Shopping Center	5,780,000
L.M.L Associates	Apartments/Seniors	5,500,000
Morgan Upstate Realty II LLC	Apartment Complex	5,289,500
Eastridge Manor, LLC	Apartment Complex	5,200,000
Wegmans Food Markets, Inc.	Supermarket	5,050,000
Filene's/Kaufmanns (aka Macy's)	Shopping Mall Anchor Store	5,000,000
Ridge Goodman Plaza LLC	Neighborhood Shopping Center	4,670,000
Mata Hospitality LLC	Hotel	4,500,000
Fig IV	Apartment Complex	4,400,000
ARC WGIRDNY001, LLC	Small Retail/Walgreens	4,340,000
DCWI Six LLC, Walgreens	Small Retail	4,200,000 ⁽¹⁾
Ridge Goodman Plaza LLC	Supermarket/Tops	4,000,000
Ridgeview Station Inc.	Shopping Center/strip	3,670,000

The larger taxpayers listed above have a total assessed valuation of \$162,396,753 which represents 6.47% of the tax base of the Town.

- ⁽¹⁾ Article 7 Tax certiorari in process. The Town is subject to a number of tax certioraris in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town. See "Litigation" herein.

Additional Tax Information

Real property in the Town is assessed by the Town.

Veterans' and senior citizens' exemptions are offered to those who qualify.

Based on assessed valuation, the assessment roll of the Town is constituted approximately as follows: 86% Residential and 14% Commercial and other categories.

The total property tax bill of an \$110,000 residential property located in the Town is approximately \$4,790 including County, Town, Fire District and School District taxes.

NEW TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) 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. It expires on June 15, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot 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. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the

total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality, prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits 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 Bonds 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; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. 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 amortization and redemption of its serial bonds and such required annual installments on its 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 method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate 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 completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the Town to borrow and incur indebtedness, subject, of course, to the constitutional 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.

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions, the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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.

Statutory Law in New York permits bond anticipation 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 of such notes and provided, generally, that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the Town with the power to issue certain other short-term general obligations indebtedness, including revenue and tax anticipation notes and budget and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year (December 31)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Bonds	\$ 24,485,000	\$ 21,845,000	\$ 19,260,000	\$ 19,845,000	\$ 17,220,000
Bond Anticipation Notes	<u>2,000,000</u>	<u>7,235,000</u>	<u>8,225,000</u>	<u>6,100,000</u>	<u>7,780,000</u>
Total Debt Outstanding	<u>\$ 26,485,000</u>	<u>\$ 29,080,000</u>	<u>\$ 27,485,000</u>	<u>\$ 25,945,000</u>	<u>\$ 25,000,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of May 29, 2012.

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2012-2030	\$ 15,920,000
<u>Bond Anticipation Notes</u>		
Reconstruction of 590	June 29, 2012	\$ 1,700,000 ⁽¹⁾
Various Projects	December 14, 2012	6,080,000
Orland Road Sewer District Extension	December 14, 2012	<u>252,500</u>
	Total Bond Anticipation Notes	<u>\$ 8,032,500</u>
	Total	<u>\$ 23,952,500</u>

- ⁽¹⁾ To be renewed with available funds of the Town and the proceeds of a future bond anticipation note issue scheduled to be delivered on June 28, 2012.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 29, 2012.

Average Full Valuation of Taxable Real Property	\$ 2,517,106,207
Debt Limit 7% thereof	176,197,434

Inclusions:

Bonds.....	\$ 15,920,000	
Bond Anticipation Notes	<u>8,032,500</u>	
Total Inclusions		\$ 23,952,500

Exclusions:

Water Indebtedness ⁽¹⁾	\$ 622,813	
Sewer Indebtedness ⁽²⁾	4,330,000	
Appropriations ⁽³⁾	<u>934,583</u>	
Total Exclusions.....		<u>\$ 5,887,396</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 18,065,104</u>
Net Debt-Contracting Margin	<u>\$ 158,132,330</u>
The percent of debt contracting power exhausted is	10.25%

- ⁽¹⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.
⁽²⁾ Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The Town has been granted a sewer exclusion by the New York State Office of the State Comptroller.
⁽³⁾ Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The issuance of the Bonds will refund \$4,360,000 serial bonds currently outstanding.

Authorized But Unissued Items

The Town has no capital project plans authorized nor are any additional capital projects contemplated at this time.

Cash Flow Borrowings

The Town has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past and does not plan on issuing either in the future.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in the Appendices to this Official Statement.

Capital Leases

The Town has entered into non-cancellable lease agreements for certain vehicles and equipment with original obligation totaling \$3,939,537, which have been capitalized for financial reporting purposes. Future minimum lease payments remaining under these capital leases as of December 31, 2011 are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 487,698
2013	430,319
2014	196,955
2015	196,955
2016	<u>37,225</u>
Total	\$ 1,349,152

Source: 2010 Audited Report of the Town.

Operating Leases

The Town has entered into non-cancellable lease agreements for certain vehicles and equipment with original obligation totaling \$3,939,537, which have been capitalized for financial reporting purposes. Future minimum lease payments remaining under these capital leases as of December 31, 2011 are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 72,847
2013	14,694
2014	<u>416</u>
Total	\$ 87,957

Source: 2010 Audited Report of the Town.

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Capital Improvement Program Summary

The Town has a Capital Improvement Program which covers six years. It is an internal working document to be used by the Town Board and administrators as well as the Town's financial advisors and bond counsel. It provides a financial plan through which borrowing can be organized and scheduled and debt service impacts on future annual operating budgets can be predicted.

		2012	2013	2014	2015	2016	2017	Total
								Program
Sewer Laterals & Mains	San. Sewer	\$ 500,000		\$ 500,000		\$ 500,000		\$ 1,500,000
Drainage Improvements	Storm Drainage Fund	500,000	\$ 200,000		\$ 500,000		\$ 500,000	1,700,000
Public Safety Building	General Fund							
Sidewalk Improvements	General Fund		200,000			200,000		400,000
Cemetery Roads	General Fund	50,000		50,000				100,000
Helendale Roads	Road							
	San. Sewer							
	Water							
Brett Roads	Road	500,000						500,000
	San. Sewer	350,000						350,000
	Drainage	150,000						150,000
List Ave	Road							
	San Sewer							
	Drainage							
Pump Station Upgrades	San. Sewer						1,000,000	1,000,000
Building Improvements	General	200,000						200,000
DPW Operations Center	General	250,000	3,000,000	3,000,000		1,000,000		7,250,000
	San. Sewer				2,000,000			2,000,000
Total by Year		\$ 2,500,000	\$ 3,400,000	\$ 3,550,000	\$ 2,500,000	\$1,700,000	\$ 1,500,000	\$ 15,150,000

Total Road	\$ 500,000							\$ 500,000
Total San. Sewer	850,000		\$ 500,000	\$ 2,000,000	\$ 500,000	\$1,000,000		4,850,000
Total Storm Drainage	650,000	\$200,000		500,000		500,000		1,850,000
Total Sidewalk		200,000			200,000			400,000
Total Water								
Total Buildings	450,000	3,000,000	3,000,000		1,000,000			7,450,000
Total Parks & Recreation								
Total Cemetery	50,000		50,000					100,000
Total by Year	\$ 2,500,000	\$ 3,400,000	\$3,550,000	\$ 2,500,000	\$1,700,000	\$ 1,500,000		\$ 15,150,000

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. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the last fiscal year of the respective governmental units adjusted to include subsequent bond issues, if any.

<u>Unit</u>	<u>Total Indebtedness</u>	<u>Exclusions</u> ⁽¹⁾	<u>Net Indebtedness</u>	<u>Approximate % Applicable</u>	<u>Approximate Net Overlapping Indebtedness</u>
County of Monroe	\$ 793,879,303	\$ 131,516,052 ⁽²⁾	\$ 662,363,250	6.62%	\$ 43,848,447
School Districts:					
East Irondequoit	42,898,237	35,391,045 ⁽³⁾	7,507,192	100.0%	7,507,192
West Irondequoit	39,889,590	34,943,280 ⁽³⁾	4,946,310	100.0%	<u>4,946,310</u>
				Total	\$ 56,301,949

⁽¹⁾ Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

⁽²⁾ Sewer and water indebtedness.

⁽³⁾ Estimated State Building aid.

Source: 2010 State Comptroller's Report.

Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of May 29, 2012.

	<u>Amount</u>	<u>Per Capita (a)</u>	<u>Percentage of Full Value (b)</u>
Net Indebtedness (see "Debt Statement Summary")	\$ 18,065,104	\$ 349.48	0.72%
Net Indebtedness Plus Net Overlapping Indebtedness (c)	74,907,053	1,449.10	2.98%

(a) The current population of the Town is 51,692 (2010 Census).

(b) The Town's full value of taxable real estate for 2012 is \$2,511,525,044.

(c) Estimated net overlapping indebtedness is \$56,301,949.

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 Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

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 allows public bodies recourse such as the Town 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.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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 City 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 Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, 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 been declared with respect to the Town.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

No principal of or interest payment on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of or interest on any indebtedness.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements 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"), the Town has agreed to provide, or cause to be provided, during the period in which the Bonds are outstanding, in a timely manner, 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:

- (i) during any succeeding fiscal year in which the Bonds are outstanding certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the headings "The Town", "Tax Information", "Status of Indebtedness", "Litigation" and all Appendices (other than any related to bond insurance) and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any (collectively, the "Annual Information"); such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Town of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) notice of the occurrence of any of the following events with respect to the Bonds, (each a "Material Event Notice"), not in excess of ten (10) business days after the occurrence of the event:
 - (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 Bonds, 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 Bonds, or other material events affecting the tax- status of the Bonds

- (g) modifications to rights of Bondholders, if material
- (h) bond calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Bonds
- (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 Bonds.

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 Bonds.

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 Bonds; 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.

- (iii) in a timely manner, to the MSRB or any other facility designated or authorized by the commissioner to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Annual Information and the Material Event Notices, if any, will be filed with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system for municipal securities disclosures.

The Town reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds 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 Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town's obligations under its continuing disclosure undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds 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.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

The Town is in compliance with all prior undertakings pursuant to the Rule for the past five years.

MARKET AND RISK FACTORS

The financial condition of the Town as well as the market for the Bonds 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 or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. 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 Bonds, could be adversely affected.

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In several recent years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

The enactment of the New Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town could have an impact upon the market price of the Bonds. See "Tax Information - New Tax Levy Limitation Law" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX – D.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Town has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration announced a legislative proposal which for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Bonds to some

extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.”

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Bonds substantially in the form set forth in APPENDIX - D hereto.

Certain legal matters will be passed on for the Underwriter by its Counsel, Cahill Gambino LLP, New York, New York.

BOND RATING

Moody's Investors Service, Inc. has assigned their underlying rating of “A1” to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the Bonds may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated (the “Underwriter”) for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$4,694,045.15 (being the par amount of the Bonds plus original issue premium of \$230,985.15, less an underwriter’s fee for the transaction of \$26,940.00). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse 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 Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the Town.

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town management’s beliefs as well as assumptions made by, and information currently 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’s files with the repositories. When used in Town documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “forsee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Town as to which no representation can be made.

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

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The Town’s contact information is as follows: Ms. Annie Sealy, Town Comptroller, Town of Irondequoit, 1280 Titus Avenue, Rochester, New York 14617, phone: (585) 336-6010, telefax: (585) 336-7282, email: asealy@irondequoit.org.

This Official Statement has been duly executed and delivered by the Town Supervisor of the Town of Irondequoit on behalf thereof.

TOWN of IRONDEQUOIT

Dated: May 31, 2012

MARY JOYCE D’AURIZIO
Town Supervisor

APPENDIX - A
Town of Irondequoit

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:

ASSETS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Cash and Short-term Investments	\$ 134,955	\$ 2,150	\$ 571,475	\$ 221,716
Accounts Receivable	468,061	632,497	603,345	593,524
Receivables:				
Prepaid expenditures	341,382	343,565	304,520	81,959
Due from Other Governments	1,376,931	1,177,477	1,313,534	443,532
Due from Other Funds	160,797	-	207,420	196,616
State and Federal	228,054	576,857	422,363	1,478,163
	<u>228,054</u>	<u>576,857</u>	<u>422,363</u>	<u>1,478,163</u>
TOTAL ASSETS	<u>\$ 2,710,180</u>	<u>\$ 2,732,546</u>	<u>\$ 3,422,657</u>	<u>\$ 3,015,510</u>

LIABILITIES

Due to Other Funds	\$ 908,564	\$ 1,642,886	\$ 2,213,617	\$ 463,752
Accrued Liabilities	68,300	41,875	45,948	47,743
Accounts Payable	301,726	322,031	302,259	1,253,276
Deferred Revenues	93,443	60,695	34,398	53,294
Retainage Payable	2,609	2,609	2,609	2,609
Other Liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 1,374,642</u>	<u>\$ 2,070,096</u>	<u>\$ 2,598,831</u>	<u>\$ 1,820,674</u>

FUND EQUITY

Reserved	\$ 370,230	\$ 391,056	\$ 527,056	\$ 178,450
Unreserved:				
Appropriated	237,790	150,000	-	-
Unappropriated	727,518	121,394	296,770	1,016,386
	<u>727,518</u>	<u>121,394</u>	<u>296,770</u>	<u>1,016,386</u>
TOTAL FUND EQUITY	<u>\$ 1,335,538</u>	<u>\$ 662,450</u>	<u>\$ 823,826</u>	<u>\$ 1,194,836</u>

TOTAL LIABILITIES and FUND EQUITY	<u>\$ 2,710,180</u>	<u>\$ 2,732,546</u>	<u>\$ 3,422,657</u>	<u>\$ 3,015,510</u>
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Source: Audited financial report of the Town. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 9,304,222	\$ 9,371,311	\$ 9,307,377	\$ 9,416,754	\$ 10,015,786
Real Property Tax Items	281,973	302,800	326,446	316,160	392,155
Non-Property Tax Items	2,956,593	3,067,014	3,395,531	3,781,567	3,166,529
Departmental Income	844,426	815,840	762,631	864,770	833,912
Intergovernmental Charges	31,434	307,745	148,296	152,294	128,831
Use of Money & Property	205,803	124,689	314,757	221,376	186,283
Licenses and Permits	-	-	41,091	49,641	47,276
Fines and Forfeitures	381,014	458,353	364,700	383,460	361,378
Sale of Property and Compensation for Loss	95,251	124,061	60,108	69,768	50,659
Miscellaneous	360,891	403,873	324,984	319,318	663,334
Interfund Revenues	-	-	169,094	187,407	189,121
Revenues from State Sources	1,787,508	2,100,931	2,298,581	2,124,102	1,748,916
Revenues from Federal Sources	71,610	69,394	101,885	66,209	62,030
Total Revenues	<u>\$ 16,320,725</u>	<u>\$ 17,146,011</u>	<u>\$ 17,615,481</u>	<u>\$ 17,952,826</u>	<u>\$ 17,846,210</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 3,746,420	\$ 3,367,253	\$ 3,624,616	\$ 3,837,163	\$ 3,534,549
Public Safety	8,652,628	9,182,904	9,486,114	9,861,530	9,585,353
Transportation	666,515	285,038	397,405	345,143	332,302
Economic Assistance and Opportunity	226,514	239,666	231,492	254,713	230,294
Culture and Recreation	1,785,303	1,981,877	2,240,549	2,094,648	1,852,010
Home and Community Services	796,777	1,084,681	896,251	1,002,381	1,035,758
Employee Benefits	-	-	4,988	-	-
Debt Service	1,263,489	1,399,931	1,305,134	1,270,365	1,202,888
Total Expenditures	<u>\$ 17,137,646</u>	<u>\$ 17,541,350</u>	<u>\$ 18,186,549</u>	<u>\$ 18,665,943</u>	<u>\$ 17,773,154</u>
Excess of Revenues Over (Under) Expenditures	<u>(816,921)</u>	<u>(395,339)</u>	<u>(571,068)</u>	<u>(713,117)</u>	<u>73,056</u>
Other Financing Sources (Uses):					
Proceeds from Capital Lease	519,500	-	-	-	-
Operating Transfers In	26,837	13,193	246,723	62,345	223,995
Operating Transfers Out	-	-	(123,191)	(22,316)	(135,675)
Total Other Financing	<u>\$ 546,337</u>	<u>\$ 13,193</u>	<u>\$ 123,532</u>	<u>\$ 40,029</u>	<u>\$ 88,320</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(270,584)</u>	<u>(382,146)</u>	<u>(447,536)</u>	<u>(673,088)</u>	<u>161,376</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	2,447,682	2,177,098	1,794,952	1,335,538	662,450
Prior Period Adjustments (net)	-	-	(11,878)	-	-
Fund Balance - End of Year	<u><u>\$ 2,177,098</u></u>	<u><u>\$ 1,794,952</u></u>	<u><u>\$ 1,335,538</u></u>	<u><u>\$ 662,450</u></u>	<u><u>\$ 823,826</u></u>

Source: Audited financial reports of the Town. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:	2010			2011	2012
	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 10,110,539	\$ 10,110,539	\$ 10,110,539	\$ 10,346,922	\$ 10,348,684
Real Property Tax Items	431,244	431,244	488,042	381,986	412,706
Non-Property Tax Items	3,765,000	3,765,000	3,583,498	3,555,000	3,775,000
Departmental Income	842,140	842,140	765,782	784,452	826,474
Intergovernmental Charges	138,583	138,583	153,592	114,510	104,300
Use of Money & Property	169,830	169,830	160,599	68,160	156,314
Licenses and Permits	44,700	44,700	46,410	81,300	96,400
Fines and Permits	465,000	465,000	305,773	365,000	340,000
Sale of Property and Compensation for Loss	46,353	46,353	50,061	119,570	73,500
Miscellaneous	160,314	160,314	463,732	3,200	5,000
Interfund Revenues	187,254	187,254	192,696	294,487	264,500
Revenues from State Sources	1,698,562	1,710,407	1,540,548	1,408,248	1,290,236
Revenues from Federal Sources	44,206	103,515	110,958	47,041	49,489
Total Revenues	<u>\$ 18,103,725</u>	<u>\$ 18,174,879</u>	<u>\$ 17,972,230</u>	<u>\$ 17,569,876</u>	<u>\$ 17,742,603</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 3,374,147	\$ 3,615,293	\$ 3,480,269	\$ 3,530,821	\$ 3,537,743
Public Safety	10,054,028	10,069,416	9,843,353	9,720,040	9,724,015
Transportation	306,691	376,013	371,061	421,461	376,621
Economic Assistance and Opportunity	331,832	329,832	303,910	261,409	264,747
Culture and Recreation	1,897,827	1,831,914	1,721,872	1,669,542	1,710,574
Home and Community Services	1,097,800	1,116,323	898,327	1,073,702	972,772
Employee Benefits	-	-	-	-	-
Debt Service	1,149,740	1,149,740	1,132,321	892,901	1,156,131
Total Expenditures	<u>\$ 18,212,065</u>	<u>\$ 18,488,531</u>	<u>\$ 17,751,113</u>	<u>\$ 17,569,876</u>	<u>\$ 17,742,603</u>
Excess of Revenues Over (Under) Expenditures	<u>(108,340)</u>	<u>(313,652)</u>	<u>221,117</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses):					
Proceeds from capital leases	-	-	-	-	-
Operating Transfers In	108,340	108,340	284,868	-	-
Operating Transfers Out	-	(134,975)	(134,975)	-	-
Total Other Financing	<u>\$ 108,340</u>	<u>\$ (26,635)</u>	<u>\$ 149,893</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(340,287)</u>	<u>371,010</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-	340,287	823,826	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,836</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial reports and budget of the Town. This Appendix is not itself audited.

Changes In Fund Equity

Fiscal Years Ending December 31:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>HIGHWAY FUND</u>					
Fund Equity - Beginning of Year	\$ 199,705	\$ 302,122	\$ 163,049	\$ 269,957	\$ 778,099
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	5,195,383	5,626,574	5,650,067	6,298,471	6,006,611
Expenditures & Other Uses	5,092,966	5,765,647	5,543,159	5,790,329	5,737,193
Fund Equity - End of Year	\$ 302,122	\$ 163,049	\$ 269,957	\$ 778,099	\$ 1,047,517
<u>PUBLIC LIBRARY FUND</u>					
Fund Equity - Beginning of Year	\$ 230,718	\$ 118,172	\$ 96,489	\$ 94,085	\$ 169,835
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,635,015	1,700,985	1,746,249	1,678,529	1,817,393
Expenditures & Other Uses	1,747,561	1,722,668	1,748,653	1,602,779	1,852,624
Fund Equity - End of Year	\$ 118,172	\$ 96,489	\$ 94,085	\$ 169,835	\$ 134,604

Source: Audited financial reports of the Town. This Appendix is not itself audited.

APPENDIX - B
Town of Irondequoit

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	PRIOR TO REFUNDING BONDS			Less: Refunded Bonds Debt Service	REFUNDING BONDS			Total New Debt Service
	Principal	Interest	Total		Principal	Interest	Total	
2012	\$ 2,590,000	\$ 663,020.89	\$ 3,253,020.89	\$ 88,996.26	\$ 20,000	\$ 52,421.53	\$ 72,421.53	\$ 3,236,446
2013	2,140,000	566,667.04	2,706,667.04	330,217.52	185,000	127,900.00	312,900.00	2,689,349.52
2014	1,820,000	487,260.83	2,307,260.83	902,492.52	770,000	114,500.00	884,500.00	2,289,268.31
2015	1,590,000	420,026.73	2,010,026.73	820,356.27	710,000	92,300.00	802,300.00	1,991,970.46
2016	1,560,000	360,548.58	1,920,548.58	818,996.89	730,000	70,700.00	800,700.00	1,902,251.69
2017	1,535,000	301,196.73	1,836,196.73	816,162.50	750,000	48,500.00	798,500.00	1,818,534.23
2018	1,360,000	241,794.60	1,601,794.60	785,881.26	740,000	26,150.00	766,150.00	1,582,063.34
2019	810,000	186,298.30	996,298.30	250,600.00	220,000	12,850.00	232,850.00	978,548.30
2020	635,000	151,685.13	786,685.13	96,900.00	75,000	9,712.50	84,712.50	774,497.63
2021	565,000	126,442.06	691,442.06	93,600.00	75,000	7,743.75	82,743.75	680,585.81
2022	435,000	104,885.40	539,885.40	90,200.00	75,000	5,587.50	80,587.50	530,272.90
2023	410,000	87,810.60	497,810.60	86,800.00	70,000	3,368.75	73,368.75	484,379.35
2024	380,000	72,194.60	452,194.60	83,400.00	70,000	1,137.50	71,137.50	439,932.10
2025	290,000	56,493.75	346,493.75					346,493.75
2026	295,000	44,737.50	339,737.50					339,737.50
2027	295,000	32,781.25	327,781.25					327,781.25
2028	170,000	20,825.00	190,825.00					190,825.00
2029	170,000	14,025.00	184,025.00					184,025.00
2030	170,000	7,012.50	177,012.50					177,012.50
TOTALS	\$ 17,220,000	\$ 3,945,706.49	\$ 21,165,706.49	\$ 5,264,603.22	\$ 4,490,000.00	\$ 572,871.53	\$ 5,062,871.53	\$ 20,963,974.80

APPENDIX - B1
Town of Irondequoit

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	1990			1992		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 40,000	\$ 21,420.00	\$ 61,420.00	\$ 170,000	\$ 5,185.00	\$ 175,185.00
2013	40,000	18,700.00	58,700.00			
2014	40,000	15,980.00	55,980.00			
2015	40,000	13,260.00	53,260.00			
2016	35,000	10,710.00	45,710.00			
2017	35,000	8,330.00	43,330.00			
2018	35,000	5,950.00	40,950.00			
2019	35,000	3,570.00	38,570.00			
2020	35,000	1,190.00	36,190.00			
TOTALS	\$ 335,000	\$ 99,110.00	\$ 434,110.00	\$ 170,000	\$ 5,185.00	\$ 175,185.00

Fiscal Year Ending Dec 31st	1994			1997		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 35,000	\$ 6,300.00	41,300.00	\$ 300,000	\$ 14,250.00	\$ 314,250.00
2013	35,000	4,200.00	39,200.00			
2014	35,000	2,100.00	37,100.00			
TOTALS	\$ 105,000	\$ 12,600.00	\$ 117,600.00	\$ 300,000	\$ 14,250	\$ 314,250

Fiscal Year Ending Dec 31st	1996			1998		
	Water Pollution Control			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 55,000	\$ 9,955.00	\$ 64,955.00	\$ 225,000	\$ 20,250.00	\$ 245,250.00
2013	55,000	7,136.25	62,136.25	225,000	10,125.00	235,125.00
2014	55,000	4,290.00	59,290.00			
2015	55,000	1,430.00	56,430.00			
TOTALS	\$ 220,000	\$ 22,811.25	\$ 242,811.25	\$ 450,000	\$ 30,375.00	\$ 480,375.00

Fiscal Year Ending Dec 31st	1997					
	Public Improvements					
	Principal	Interest	Total			
2012	\$ 60,000	\$ 14,470.00	\$ 74,470.00			
2013	60,000	11,187.50	71,187.50			
2014	60,000	7,875.00	67,875.00			
2015	55,000	4,520.00	59,520.00			
2016	50,000	1,412.50	51,412.50			
TOTALS	\$ 285,000	\$ 39,465.00	\$ 324,465.00			

APPENDIX - B2
Town of Irondequoit

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2000			2000		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 40,000	\$ 17,342.50	\$ 57,342.50	\$ 115,000	\$ 30,718.82	\$ 145,718.82
2013	40,000	15,122.50	55,122.50	120,000	25,543.82	145,543.82
2014	40,000	12,864.50	52,864.50	120,000	19,993.78	139,993.78
2015	40,000	10,572.50	50,572.50	55,000	14,293.78	69,293.78
2016	45,000	8,109.00	53,109.00	55,000	11,681.28	66,681.28
2017	45,000	5,478.75	50,478.75	60,000	9,000.00	69,000.00
2018	35,000	3,122.00	38,122.00	60,000	6,000.00	66,000.00
2019	35,000	1,043.00	36,043.00	60,000	3,000.00	63,000.00
TOTALS	\$ 320,000	\$ 73,654.75	\$ 393,654.75	\$ 645,000	\$ 120,231.48	\$ 765,231.48

Fiscal Year Ending Dec 31st	2001			2001		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 35,000	\$ 14,544.25	\$ 49,544.25	\$ 50,000	\$ 11,640.00	\$ 61,640.00
2013	35,000	12,946.50	47,946.50	50,000	9,440.00	59,440.00
2014	35,000	11,310.25	46,310.25	50,000	7,190.00	57,190.00
2015	35,000	9,637.25	44,637.25	20,000	4,890.00	24,890.00
2016	35,000	7,932.75	42,932.75	20,000	3,950.00	23,950.00
2017	35,000	6,203.75	41,203.75	20,000	3,000.00	23,000.00
2018	35,000	4,453.75	39,453.75	20,000	2,000.00	22,000.00
2019	35,000	2,684.50	37,684.50	20,000	1,000.00	21,000.00
2020	35,000	897.75	35,897.75			
TOTALS	\$ 315,000	\$ 70,610.75	\$ 385,610.75	\$ 250,000	\$ 43,110.00	\$ 293,110.00

Fiscal Year Ending Dec 31st	2002			2002		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 30,000	\$ 13,959.00	\$ 43,959.00	\$ 95,000	\$ 42,923.40	\$ 137,923.40
2013	30,000	12,713.10	42,713.10	95,000	38,935.00	133,935.00
2014	30,000	11,425.20	41,425.20	95,000	34,800.10	129,800.10
2015	30,000	10,101.30	40,101.30	95,000	30,564.20	125,564.20
2016	30,000	8,744.40	38,744.40	95,000	26,233.30	121,233.30
2017	30,000	7,357.50	37,357.50	90,000	21,810.90	111,810.90
2018	30,000	5,940.60	35,940.60	95,000	17,396.05	112,396.05
2019	30,000	4,493.70	34,493.70	95,000	12,758.40	107,758.40
2020	30,000	3,019.80	33,019.80	100,000	7,953.20	107,953.20
2021	30,000	1,518.90	31,518.90	100,000	2,989.20	102,989.20
TOTALS	\$ 300,000	\$ 79,273.50	\$ 379,273.50	\$ 955,000	\$ 236,363.75	\$ 1,191,363.75

APPENDIX - B3
Town of Irondequoit

CURRENT BONDS OUTSTANDING

Fiscal Year Dec 31st	2002 Public Improvements			2003 Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 95,000	\$ 12,468.76	\$ 107,468.76	\$ 155,000	\$ 27,312.50	\$ 182,312.50
2013	95,000	8,431.26	103,431.26	160,000	22,587.50	182,587.50
2014	95,000	4,275.00	99,275.00	160,000	17,687.50	177,687.50
2015				150,000	12,750.01	162,750.01
2016				150,000	7,781.25	157,781.25
2017				150,000	2,625.00	152,625.00
TOTALS	\$ 285,000	\$ 25,175.02	\$ 310,175.02	\$ 925,000	\$ 90,743.76	\$ 1,015,743.76

Fiscal Year Ending Dec 31st	2003 Public Improvements			2003 Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 30,000	\$ 13,449.60	\$ 43,449.60	\$ 100,000	\$ 6,575.00	\$ 106,575.00
2013	30,000	12,525.60	42,525.60	95,000	3,325.00	98,325.00
2014	30,000	11,549.40	41,549.40			
2015	30,000	10,519.35	40,519.35			
2016	30,000	9,434.70	39,434.70			
2017	30,000	8,305.95	38,305.95			
2018	30,000	7,144.50	37,144.50			
2019	30,000	5,927.10	35,927.10			
2020	30,000	4,650.45	34,650.45			
2021	30,000	3,344.70	33,344.70			
2022	30,000	2,018.10	32,018.10			
2023	30,000	675.00	30,675.00			
TOTALS	\$ 360,000	\$ 89,544.45	\$ 449,544.45	\$ 195,000	\$ 9,900.00	\$ 204,900.00

Fiscal Year Ending Dec 31st	2004 Public Improvements			2004 Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 15,000	\$ 8,768.70	\$ 23,768.70	\$ 575,000	\$ 175,542.50	\$ 750,542.50
2013	15,000	8,204.56	23,204.56	590,000	155,417.50	745,417.50
2014	15,000	7,614.90	22,614.90	580,000	134,767.50	714,767.50
2015	15,000	7,005.76	22,005.76	575,000	113,887.50	688,887.50
2016	15,000	6,368.10	21,368.10	595,000	92,612.50	687,612.50
2017	15,000	5,713.96	20,713.96	615,000	70,300.00	685,300.00
2018	15,000	5,040.00	20,040.00	615,000	45,700.00	660,700.00
2019	15,000	4,352.10	19,352.10	105,000	21,100.00	126,100.00
2020	15,000	3,651.60	18,651.60	80,000	16,900.00	96,900.00
2021	15,000	2,939.26	17,939.26	80,000	13,600.00	93,600.00
2022	15,000	2,217.30	17,217.30	80,000	10,200.00	90,200.00
2023	15,000	1,485.60	16,485.60	80,000	6,800.00	86,800.00
2024	15,000	744.60	15,744.60	80,000	3,400.00	83,400.00
TOTALS	\$ 195,000	\$ 64,106.44	\$ 259,106.44	\$ 4,650,000	\$ 860,227.50	\$ 5,510,227.50

APPENDIX - B4
Town of Irondequoit

CURRENT BONDS OUTSTANDING

Ending Dec 31st	2005			2007		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 45,000	\$ 20,306.25	\$ 65,306.25	\$ 145,000	\$ 90,425.00	\$ 235,425.00
2013	45,000	18,112.50	63,112.50	145,000	84,625.00	229,625.00
2014	50,000	15,918.75	65,918.75	145,000	78,825.00	223,825.00
2015	50,000	13,481.25	63,481.25	150,000	73,025.00	223,025.00
2016	55,000	11,043.75	66,043.75	150,000	67,025.00	217,025.00
2017	55,000	8,362.50	63,362.50	160,000	61,025.00	221,025.00
2018	55,000	5,681.25	60,681.25	135,000	54,625.00	189,625.00
2019	60,000	3,000.00	63,000.00	140,000	49,225.00	189,225.00
2020				150,000	43,625.00	193,625.00
2021				150,000	37,625.00	187,625.00
2022				150,000	31,625.00	181,625.00
2023				125,000	25,625.00	150,625.00
2024				125,000	20,625.00	145,625.00
2025				125,000	15,468.75	140,468.75
2026				125,000	10,312.50	135,312.50
2027				125,000	5,156.25	130,156.25
TOTALS	\$ 415,000	\$ 95,906.25	\$ 510,906.25	\$ 2,245,000	\$ 748,862.50	\$ 2,993,862.50

Fiscal Year Ending Dec 31st	2010C			2010C		
	EFC Refunding Serial Bonds			EFC Refunding Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 25,000	\$ 3,947.46	\$ 28,947.46	\$ 15,000	\$ 2,825.40	\$ 17,825.40
2013	25,000	3,594.44	28,594.44	15,000	2,613.58	17,613.58
2014	25,000	3,153.92	28,153.92	15,000	2,349.26	17,349.26
2015	25,000	2,625.90	27,625.90	20,000	1,975.40	21,975.40
2016	25,000	2,007.88	27,007.88	20,000	1,481.00	21,481.00
2017	25,000	1,307.36	26,307.36	20,000	920.60	20,920.60
2018	30,000	469.80	30,469.80	20,000	313.20	20,313.20
TOTALS	\$ 180,000	\$ 17,106.76	\$ 197,106.76	\$ 125,000	\$ 12,478.44	\$ 137,478.44

Ending Dec 31st	2010		
	Public Improvements		
	Principal	Interest	Total
2012	\$ 140,000	\$ 111,325.00	\$ 251,325.00
2013	140,000	106,425.00	246,425.00
2014	145,000	101,525.00	246,525.00
2015	150,000	96,450.00	246,450.00
2016	155,000	91,200.00	246,200.00
2017	150,000	85,775.00	235,775.00
2018	150,000	80,525.00	230,525.00
2019	150,000	75,275.00	225,275.00
2020	160,000	70,025.00	230,025.00
2021	160,000	64,425.00	224,425.00
2022	160,000	58,825.00	218,825.00
2023	160,000	53,225.00	213,225.00
2024	160,000	47,425.00	207,425.00
2025	165,000	41,025.00	206,025.00
2026	170,000	34,425.00	204,425.00
2027	170,000	27,625.00	197,625.00
2028	170,000	20,825.00	190,825.00
2029	170,000	14,025.00	184,025.00
2030	170,000	7,012.50	177,012.50
TOTALS	\$ 2,995,000	\$ 1,187,362.50	\$ 4,182,362.50

TOWN OF IRONDEQUOIT

INDEPENDENT AUDITOR'S REPORT

December 31, 2010

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Preliminary Official Statement.

Freed Maxick & Battaglia, CPAs, PC, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Freed Maxick & Battaglia, CPAs, PC, also has not performed any procedures relating to this official statement.

**TOWN OF IRONDEQUOIT, NEW YORK
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

TOWN OF IRONDEQUOIT, NEW YORK

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TOWN OF IRONDEQUOIT, NEW YORK

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SECTION A
FINANCIAL SECTION



Freed Maxick & Battaglia, CPAs, PC

Independent Auditor's Report

The Honorable Members of the Town Board
Town of Irondequoit, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Irondequoit, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

The management's discussion and analysis, budgetary comparison schedule and schedule of funding progress for retiree health plan on pages 1 through 15, A35 through A38 and page A39 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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 supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
May 13, 2011



Freed Maxick & Battaglia, CPAs, PC

Management's Discussion and Analysis
Town of Irondequoit, New York
For the Year ended December 31, 2010

This section of Town of Irondequoit, New York's (the Town) annual financial statements presents its management's discussion and analysis of the Town's financial performance for the year ended December 31, 2010.

Financial Highlights

- At the close of the year 2010 the assets of the Town exceeded liabilities by \$22, 624,733. This is an increase of 4.7% from 2009.
- The Town's long term bonded debt increased by \$585,000. The Town issued serial bonds in 2010 in the amount of \$3,135,000 and made \$2,550,000 of serial bond payments.
- The Town issued two Bond Anticipation Notes payable in the amount of \$6,100,000. The proceeds of one note are earmarked as follows: \$1,000,000 for sanitary sewer improvements, \$1,000,000 for improvements to the drainage district, \$770,500 for the reconstruction of Helendale Road, \$379,500 for the sewer share of the Helendale Road reconstruction, \$250,000 for the Public Safety Building improvements, and \$200,000 for sidewalk improvements. The purpose of the other note, \$2,500,000 was to provide temporary financing for the Route 590 highway project under a Reverse Betterment agreement with New York State through which the Town makes payments to vendors and is reimbursed for the project costs.
- The array of services provided by the Town during 2010 remains unchanged from 2009. Operating expenses increased by \$530,051 in 2010. The increases in employee benefits (\$714,659), contractual expenses (\$351,954) and equipment (\$297,654) were partly offset by reductions in salaries (\$473,564), and principal and interest on indebtedness (\$356,883).
- Debt service expenses decreased by \$356,883. The debt service reductions break down as follows: Interest on BANs \$94,137, interest on bonds \$92,045, principal on installment debt \$72,472, principal on BANs \$60,000 and principal on bonds \$55,385.
- The 2010 real estate tax rate increased from 2009 by \$0.10 (1.6%). The taxable assessed value decreased by .4%. The tax levy increased by 1.1% or \$184,725. No Fund Balance was appropriated to the General Fund for 2010; \$150,000 was appropriated in 2009.
- The general fund reported a net increase in fund balance of \$371,010 or 45%.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements report how basic services such as public safety and transportation were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year. Figure A-1 shows how the various parts of this annual financial statement are arranged and related to one another.

Figure A-1

Organization of Town of Irondequoit, New York's Annual Financial Statements

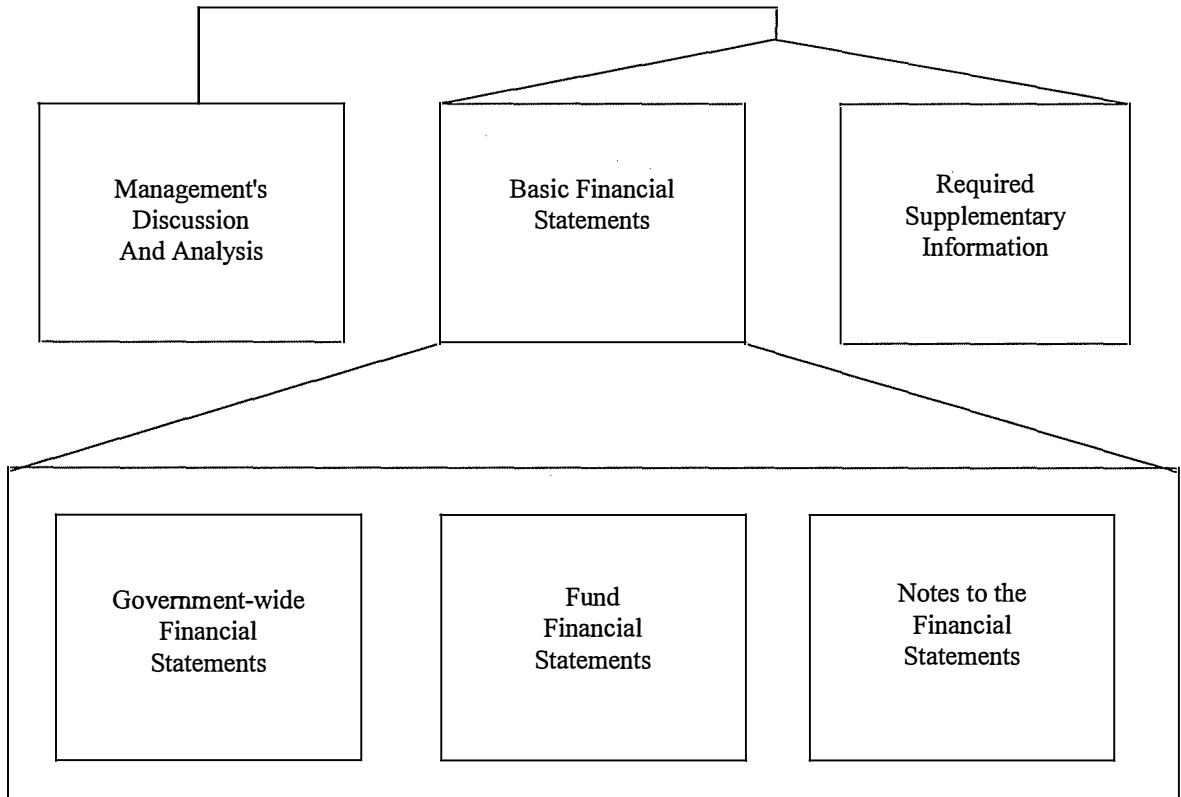


Figure A-2 summarizes the major features of the Town's financial statements, including the portion of the Town's activities which are covered and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
		Fund Financial Statements	
	Government-wide Financial Statements	Government Funds	Fiduciary Funds
Scope	Entire government (except Fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as public safety and transportation	Instances in which the Town administers resources on behalf of someone else
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets - Fiduciary Funds • Statement of Changes in Net Assets - Fiduciary Funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. Governmental activities are presented and include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt).

The two government-wide statements report the Town's net assets and how they have changed. Net assets, the difference between the Town's assets and liabilities, is one way to measure the Town's financial health or financial position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Town's overall health, one needs to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's infrastructure and other facilities.

In the Statement of Net Assets and the Statement of Activities all activities of the Town have been classified as governmental. The major activities are described as follows:

Governmental activities

All of the Town's basic services are reported in this category, including the general government, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest on debt and other fiscal charges. Property and non-property taxes, user fees, investment earnings, franchise fees, and state and federal grants finance these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, not the Town as a whole. Some funds are required to be established by State law. However, the Town Board establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The Town has two kinds of funds:

- **Governmental Funds:** All of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The Town is the trustee, or fiduciary, for assets that belong to others. The Town is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the Town as a Whole

In 2010, the taxable assessed value of property decreased by .4%. The total amount of fund balance appropriated to the components of the 2010 budget supported by the property tax (general, library, and highway funds) was decreased by \$80,000. Fund balance appropriations to the 2010 budget decreased by \$150,000 in the sanitary sewer district and increased by \$1,988 in the Sea Breeze Water District.

The 2010 total assets increased by \$1,480,525 primarily due to an increase in cash. A prior period adjustment of \$1,898,927 was made for 2009 to reduce non-capitalized assets for financial statement purposes only; it did not represent a reduction of the Town's capital asset inventory (see figure A-4).

There is very little change in total liabilities; however, the increase in long-term liabilities (see figures A-3 and A-10) result from higher serial bonds payable, post employment benefits and recording of the estimated workers' compensation liability. The decrease in other liabilities is attributed to reduced bond anticipation notes payable.

Figure A-3

Condensed Statement of Net Assets
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2009	2010	
Current and other assets	\$ 11,471	\$ 13,091	14.1%
Capital assets, net	45,668	45,528	-0.3%
Total assets	<u>\$ 57,139</u>	<u>\$ 58,619</u>	<u>2.6%</u>
Long-term liabilities	\$ 25,772	\$ 27,230	5.7%
Other liabilities	9,753	8,764	-10.1%
Total liabilities	<u>35,525</u>	<u>35,994</u>	<u>1.3%</u>
Invested in capital assets net of related debt	21,218	22,451	5.8%
Unrestricted	396	174	-56.1%
Total net assets	<u>\$ 21,614</u>	<u>\$ 22,625</u>	<u>4.7%</u>

Prior Period Adjustment

In the current year, a prior period adjustment was recorded to the governmental activities beginning net assets due to an overstatement of the capital assets, net of accumulated depreciation. As a result, the Town's governmental activities beginning net assets decreased by \$1,899,000 as shown in Figure A-4 and capital assets, net of accumulated depreciation decreased from \$47,567,000 to \$45,668,000 as shown in figure A-3 in order to remove assets below the Town's capitalization thresholds that were improperly included in prior years.

Comparison of Current Assets and Liabilities

	2009	2010
Current Assets	\$ 11,471	\$ 13,091
Current Liabilities	\$ 9,753	\$ 8,764
Ratio of Current Assets to Liabilities	1.18	1.50

Figure A-4

Changes in Net Assets
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2009	2010	
Program revenues:			
Charges for services	\$ 7,769	\$ 7,666	-1.3%
Operating grants and contributions	2,032	1,407	-30.8%
Capital grants and contributions	7,836	3,350	-57.2%
General revenues and transfers:			
Real property taxes and tax items	16,575	16,798	1.3%
Non-property taxes	3,102	3,519	13.4%
Investment earnings	66	24	-63.6%
State aid and federal aid not restricted for a specific purpose	1,597	1,684	5.4%
Other miscellaneous revenues	392	1,338	241.3%
Transfers	-	7	100.0%
Gain on sale of assets	(140)	15	110.7%
Total revenues	<u>39,229</u>	<u>35,808</u>	<u>-8.7%</u>
Program expenses:			
General government	3,949	3,942	-0.2%
Public safety	10,183	10,533	3.4%
Transportation	13,021	8,728	-33.0%
Economic assistance and opportunity	236	252	6.8%
Culture and recreation	3,990	4,025	0.9%
Home and community service	6,431	6,312	-1.9%
Interest on debt and other fiscal charges	1,169	1,006	-13.9%
Total program expenses	<u>38,979</u>	<u>34,798</u>	<u>-10.7%</u>
Changes in net assets	250	1,010	304.0%
Net assets-beginning of year, as previously stated	23,263	21,614	-7.1%
Prior period adjustment	<u>(1,899)</u>	<u>-</u>	<u>100.0%</u>
Net assets-beginning of year, as restated	<u>21,364</u>	<u>21,614</u>	<u>1.2%</u>
Net assets-end of year	<u>\$ 21,614</u>	<u>\$ 22,624</u>	<u>4.7%</u>

Figure A-5

Revenues for the Year 2010

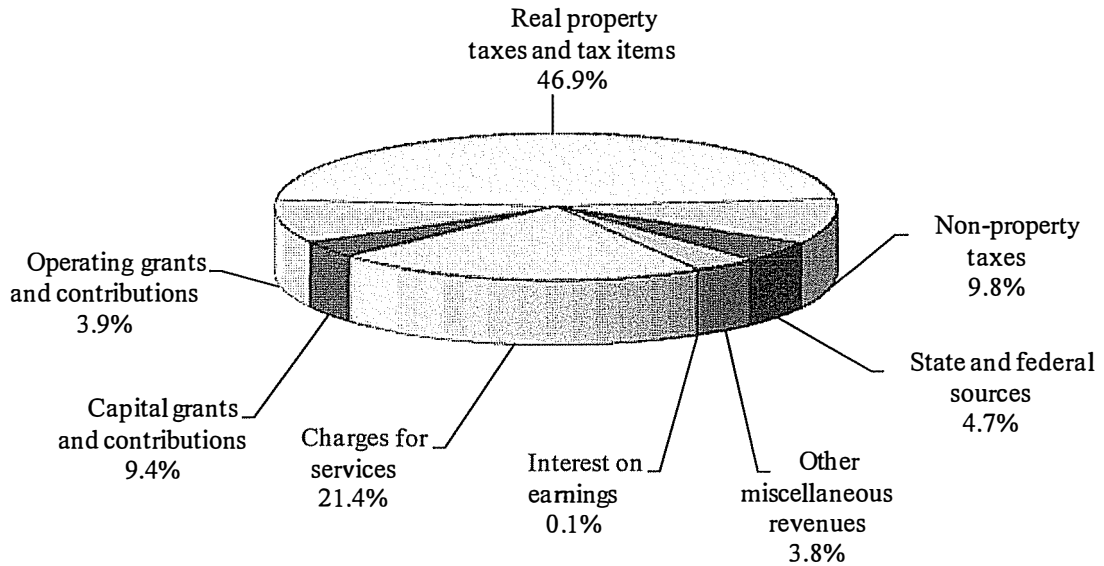
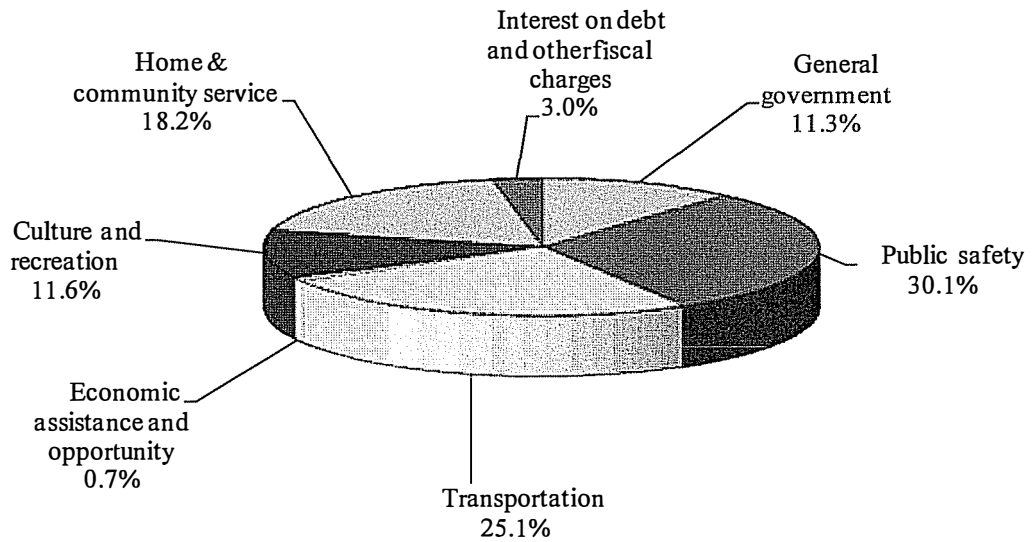


Figure A-6

Expenses for the Year 2010



Governmental Activities

This section presents the cost of seven major Town activities as defined by the NY State Uniform System of Accounts for local governments: General Government, Public Safety, Transportation, Economic Assistance and Opportunity, Culture and Recreation, Home and Community Service, and Debt Service. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the Town's taxpayers and special district rate taxpayers by each of these functions.

Figure A-7

***Net Cost of Governmental Activities
For the years ending December 31,
(in thousands of dollars)***

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2009	2010	2009-2010	2009	2010	2009-2010
General government	\$ 3,949	\$ 3,942	-0.2%	\$ 2,913	\$ 2,944	1.1%
Public safety	10,183	10,533	3.4%	9,614	9,827	2.2%
Transportation	13,021	8,728	-33.0%	4,404	4,673	6.1%
Economic assistance and opportunity	236	252	6.8%	127	137	7.9%
Culture and recreation	3,990	4,025	0.9%	3,160	3,303	4.5%
Home and community service	6,431	6,312	-1.9%	(45)	484	-1175.6%
Interest on debt and other fiscal charges	1,169	1,006	-13.9%	1,169	1,006	-13.9%
Total	<u>\$ 38,979</u>	<u>\$ 34,798</u>	<u>-10.7%</u>	<u>\$ 21,342</u>	<u>\$ 22,374</u>	<u>4.8%</u>

Major changes from 2009 to 2010 occurred in the Home & Community, Interest on Debt, Economic Assistance and Opportunity, and Transportation categories.

Home & Community Services total cost of services decreased primarily due to depreciation. Regarding net cost of services, expenses exceeded revenue by \$483,767. The increases in capital project costs of \$862,648 and sewer costs of \$716,449 were reduced in part by depreciation expense of \$1,215,253.

Interest on debt and other fiscal charges decreased resulting from reductions of interest paid on BAN and bond issues.

Economic Assistance and Opportunity shows an increased net cost of services. Costs for the building located on Pinegrove Avenue have been redirected to the senior center from the parks department.

Transportation total costs decreased as a result of less effort expended toward the Route 590 Project. Revenues were decreased in the sale of equipment and service to other government categories by \$84,000 and \$62,000 respectively.

Financial Analysis of the Town's Funds

General Fund: Fund balance improved in 2010 by \$371,010 primarily because under-runs in the operating expenses were greater than the revenue shortfall. The 2010 expenditures were \$737,418 less than budget due mostly to reductions in contractual services (\$309,567), labor (\$244,466), and employee benefits (\$181,419). The 2010 expenditure activity in each of the trust and agency (T&A) sub-funds is basically the same as budget. The revenue shortfall of \$202,649 is detailed in the General Fund Budgetary Highlights. The expense and revenue variances net to an increased fund balance of \$534,769—the factors that reduced that balance to \$371,010 were related to the T&A sub-funds. \$340,287 of fund balance was utilized to cover T&A expenses; however, \$176,528 was transferred in to the self insurance fund.

Gross expenses decreased by \$22,741 from 2009. A \$69,074 increase in the self-insurance fund was offset by a \$98,300 reduction in the Medley Center fund.

Highway Fund: In 2010, the fund balance increased by \$270,418. Lower than budgeted expenses of \$112,947 (primarily employee benefits) in concert with increased revenue were responsible for the fund balance improvement. The favorable revenue consisted of payments for CHIPS (\$87,436), Snow & Ice from the State and County (\$89,592), and service to other governments (\$61,671). The 2010 to 2009 actual-to-actual comparison is: Expenses increased by \$7,672. Revenue went down by \$230,052; the Town performed less work on State roads and fewer debt service funds were available for transfer—from capital funds as revenue.

Sewer Fund: Fund balance decreased in 2010 by \$530,602. Total expenditures were under budget by \$615,532—\$444,882 of the under-run resides in the consolidated sewer fund in the contractual services (\$197,514), salaries & benefits (\$126,098), and equipment (\$69,160) categories. Additionally, in the older sewer districts, the North East Property Fund was below budget by \$200,205 but the North St. Paul Sewer Fund was higher than budget by \$44,663. Of the \$530,602 fund balance decrease, \$211,324 was a draw against the consolidated sewer fund and is lower than the \$350,000 projected in the 2010 budget. The remaining \$319,278 decrease in fund balance relates to expenditures incurred by the older sewer funds within the Town (\$77,413 N. St. Paul Sewer District, \$41,660 N. East Sewer District and \$200,205 NE Property Sewer District). The actual 2010 revenue variance is minimal (\$24,521).

The 2010 to 2009 comparison shows that revenue increased by \$25,341 and expenditures by \$647,956. The work performed in the older sewer districts accounted for approximately \$319,278 of this increase: \$200,205 in NE Property district, \$77,413 in N. St. Paul Sewer district, and \$41,660 in North East Sewer district. Additionally, \$218,970 is attributed to increased equipment costs and \$113,524 is in the contractual expense category.

Capital Projects Fund: The 2010 fund balance increased by \$2,708,887 primarily due to the issuance of a \$3,135,000 serial bond and due to the timing of payments for capital improvements. During 2010, the Town received \$3,822,258 from New York State for work performed on Route 590S; this represents a reduction of \$3,451,608 from the 2009 receipts. Total 2010 expenses related to Route 590S were \$2,717,882. Expenses were also incurred for a number of active projects such as: drainage improvements (\$201,522), sanitary sewer improvements (\$779,619), sewer pump stations (\$74,406), town buildings construction/reconstruction (\$54,849), Eaton Road sewer improvements (\$190,178). In addition, excess bond proceeds and or interest earned on bond proceeds related to completed projects in the amount of \$179,262 was applied to the payment of debt service. The Town also issued \$6,100,000 Bond Anticipation Notes in 2010 but the BAN issuance has no effect on fund balance because it is recorded as both an asset (cash) and a liability (BAN payable). The Town received capital lease proceeds of \$242,817 for a sewer truck.

Stormwater Drainage District Fund: Fund balance increased by \$133,709 due to lower than budgeted 2010 expenses. The \$130,565 under-run was primarily in contractual services. Expenditures in 2010 (\$554,120) were significantly below the \$795,933 actual expenses of 2009. A three-year special assessment plan was incorporated into the 2011 budget to further improve the fund balance in the Storm Drainage District.

Figure A-8

***Revenues, Expenditures and Changes in Fund
Balances - Major Governmental Funds
(in thousands of dollars)***

2009			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balances</u>
General Fund	\$ 18,070	\$ 17,909	\$ 824
Highway Townwide	6,298	5,790	778
Sewer	3,136	3,044	1,091
Capital	8,425	10,086	(1,605)
2010			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balances</u>
General Fund	\$ 18,257	\$ 17,886	\$ 1,195
Highway Townwide	6,068	5,798	1,048
Sewer	3,161	3,692	560
Capital	7,504	4,795	1,104

Figure A-8 above includes other financing sources and uses.

For the three major governmental operating funds the comparative undesignated fund balances are as follows:

	<u>12/31/09</u>	12/31/2009 as a Percent of the Original 2009 <u>Budget</u>	<u>12/31/10</u>	12/31/2010 as a Percent of the Original 2010 <u>Budget</u>
General	\$ 296,770	1.6%	\$ 1,016,386	5.6%
Highway Townwide	\$ 700,349	11.31%	\$ 1,047,517	17.7%
Sewer	\$ 201,047	5.44%	\$ 544,949	15.5%

General Fund Budgetary Highlights

Amendments to the budget occur throughout the year for a variety of reasons. These include reserves for encumbrances from prior year—unexpended purchase orders which are added to the current year budget at the closing of the prior year; grants or other forms of financial aid which were received during the year but not anticipated in the original budget; appropriations of fund balances needed to offset unanticipated and unavoidable expenditures; and transfers of appropriations among object classes within department budgets to address particular requirements not anticipated in the original budget. The Town Board approves and authorizes the annual budget at the level of object class totals within each department. The department heads and Comptroller have the authority to transfer appropriations among line items within each object class within departments. The reserve for encumbrances on prior year purchase orders are added to the budget as part of the annual financial closing process. All other budget amendments must be authorized by formal resolution of the Town Board.

Total general fund revenues for 2010 were lower than adjusted budget estimates by \$202,649. The T&A sub-funds portion of the revenue is higher than budget by approximately \$77,455 primarily due to \$34,000 of increased receipts in the police forfeiture fund. The general fund portion of the variance is under budget by \$294,749 attributable to sales tax (\$225,390), court fines and bail forfeitures (\$159,228), and mortgage tax (\$119,868). Partly reducing the under-budget effect is increased demolition and property clean-up revenue of \$107,432 and an RGE refund from prior years of \$149,758.

The 2010 gross revenue increased by \$186,893 from 2009; increased sales tax (\$379,208) and a RGE refund (\$149,758) counteracted by less revenue from the Medley Center sub-fund (\$250,000) and the self-insurance fund for dental reserve (\$64,814). The Town received no funds from the Medley Center in 2010.

Some sub-funds within the general fund are reserved for specific purposes and not available for general government operations. Examples are the DARE and police forfeiture accounts, cemetery perpetual care, self-insurance fund, Brownsfield remediation and farmers market funds. These sub-funds are non-budgetary—the Town does not engage in a formal budgeting process for these efforts. The expenses in each fund are limited to the cash available.

General Fund Expenses - Original to Adjusted Budget Variances:

	Original	Adjusted	Variance
General Government	\$ 3,374,147	\$ 3,615,293	\$ (241,146)
Public Safety	10,054,028	10,069,416	(15,388)
Transportation	306,691	376,013	(69,322)
Economic Asst.	331,832	329,832	2,000
Culture & Rec.	1,897,827	1,831,914	65,913
Home & Community	1,097,800	1,116,323	(18,523)
Debt Service Principal	903,031	903,031	-0-
Debt Service Interest	246,709	246,709	-0-
	<u>\$18,212,065</u>	<u>\$18,488,531</u>	<u>\$ (276,466)</u>

Explanations for the three largest variances:

General Government - Increases consisted of \$169,075 in the self-insurance fund for the administrative charge and increases in legal fees in the attorney department (\$71,462) and the assessor's office (\$68,763).

Transportation - Increases occurred in the street lighting account for utilities and contracted services. The sidewalk construction maintenance department experienced increased labor costs.

Culture & Recreation - Reduced contracted services and supplies for McAvoy are the primary contributors to this variance.

Capital Asset and Debt Administration

Capital Assets

The Town produces a Capital Improvement Program (CIP) and updates it annually. The CIP presents a forecast of the debt service on each project with an estimated tax rate effect of the cost of debt service for each project and, in the aggregate, for all the newly proposed projects. The Town also maintains an analysis of the annual cost of debt service on all existing bond issues. This analysis indicates the increases or reductions in known debt service from year to year. By estimating the annual debt service on proposed projects and adding these to the known future debt service payments on existing bond issues, the Town is able to predict annual debt service costs and make decisions about adding proposed projects with knowledge of tax rate implications of the proposed projects on future annual budgets. As noted in financial highlights, the Town's long-term bonded debt increased by \$ 585,000.

Figure A-9

Capital Assets Net of Depreciation
(in thousands of dollars)

	Governmental Activities	
	2009	2010
Land	\$ 10,012	\$ 10,012
Buildings	2,220	2,129
Improvements	1,640	1,479
Machinery and equipment	4,255	4,238
Infrastructure	23,705	22,156
Construction in progress	3,836	5,514
Total	<u>\$ 45,668</u>	<u>\$ 45,528</u>

Long-Term Obligations:

- The Town's Constitutional debt limit is \$168,623,365 and, as calculated in the most recent debt statement on November 15, 2010, the Town is using 10.99% of the limit.
- The Town's credit rating is done by Moody's Investors Service. Moody's has rated the Town A1 since August 4, 2010 (most recently on November 17, 2010).
- During 2010, the Town issued serial bonds in the amount of \$3,135,000. The serial bond payments made during 2010 was \$2,550,000 resulting in a net increase of \$ 585,000.
- The Town finances the replacement of computers and heavy equipment through a combination of the annual budget appropriations and capital leasing. During 2010, the Town entered into one new capital lease and made the final payment on an older lease. Outstanding principal on capital leases decreased from \$2,087,482 to \$1,770,457, a net amount of \$317,025.

Figure A-10

***Outstanding Long-Term Obligations
(in thousands of dollars)***

	Governmental Activities	
	2009	2010
General obligation bonds & notes	\$ 19,260	\$ 19,845
Capital leases	2,087	1,770
Compensated absences	1,830	1,859
Workers' Compensation	-	461
Post employment benefits	2,595	3,295
Total	<u>\$ 25,772</u>	<u>\$ 27,230</u>

Factors Bearing on the Town's Future

There are no certiorari proceedings that would significantly reduce the Town's real property tax base. The policy of the Town is to maintain assessed values at the 100% equalization rate.

Other major revenues are sales tax and mortgage tax received from Monroe County and the franchise (cable TV) fee. The cable TV fee has risen modestly and steadily in recent years and the Town expects this trend to continue. The mortgage tax has been volatile from year to year depending on trends in the local real estate market; however, since 2008, it has averaged \$790,000. The sales tax increased in 2010 as a result of a slight improvement in the local economy. With the exception of 2009, sales tax has been relatively stable. There is no early indication that either the revenue bases or distribution formulas affecting these revenues will change.

At 2010 year-end, the Town has \$142,000 available from a federal economic stimulus grant for energy conservation improvements. The funding continues to aid in energy cost consumption reduction (see C1).

Irondequoit's tax base benefits from its close proximity to the City of Rochester. Although Eastman Kodak and Bausch & Lomb continue to downsize and reduce employment opportunities in the area, the Rochester General Hospital has experienced growth and recently expanded their facilities to include a new office complex located in the Town of Irondequoit. This new complex will not directly add to the assessed value because of its non-profit exempt status; however, it will provide approximately 500 to 600 new jobs and is expected to attract medically related, property tax paying small businesses to town.

The Government Accounting Standards Board (GASB) has issued statement no. 45 regarding accounting for Other Post Employment Benefits (OPEB). This requires actuarial valuations of the future costs of benefits such as medical, dental, vision care other healthcare related benefits provided to current and future retired employees and their dependents and beneficiaries. The Town was required to be in compliance with GASB 45 with the 2008 financial statement and is required to update this analysis every two years. The Town updated the analysis for 2010. In summary, the OPEB analysis for 2010 indicates that the Unfunded Actuarial Accrued Liability is \$32.0 M and the Annual Required contribution is \$2.438 M. As the Town made estimated net OPEB contributions of \$1.691 M during 2010, the net OPEB obligation at the end of 2010 was \$3.3 M. The OPEB actuarial valuation analysis will be updated again in 2012.

See above regarding capital assets and debt administration, the Town updates its six (6) year Capital Improvement Program annually and through this method analyzes the future cost of current debt and the implication of future debt. The policy of the Town is to be proactive in managing its infrastructure improvement projects and costs so that carefully measured steps are taken to maintain public assets without placing unreasonable burdens on property tax payers and special district rate payers.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, creditors, and investors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Annie Sealy, Comptroller, Irondequoit Town Hall, 1280 Titus Ave., Rochester, New York, 14617. Telephone (585) 336-6010. You can access this report on the internet at www.irondequoit.org. Click on "Town Information", scroll to "Publications", and open "2010 Town Financial Statement."

TOWN OF IRONDEQUOIT, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,933,469
Cash and cash equivalents - restricted	4,638,715
Accounts receivable	973,170
State and federal receivables	2,873,382
Due from other governments	443,532
Prepaid expenses	174,859
Unamortized debt issuance costs	54,076
Capital assets not being depreciated	15,526,001
Capital assets, net of accumulated depreciation	<u>30,002,014</u>
 Total assets	 <u>58,619,218</u>
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable	2,197,141
Accrued liabilities	161,364
Retainage payable	22,495
Accrued interest payable	174,352
Due to fiduciary funds	1,092
Deferred revenues	107,398
Bond anticipation notes payable	6,100,000
Long-term liabilities:	
Due and payable within one year	3,557,677
Due and payable in more than one year	<u>23,672,966</u>
 Total liabilities	 <u>35,994,485</u>
NET ASSETS:	
Invested in capital assets, net of related debt	22,451,273
Unrestricted	<u>173,460</u>
 Total net assets	 <u>\$ 22,624,733</u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
Governmental activities:					
General government	\$ 3,942,066	\$ 828,962	\$ 169,245	\$ -	\$ (2,943,859)
Public safety	10,532,736	542,448	162,529	-	(9,827,759)
Transportation	8,728,445	704,876	-	3,350,164	(4,673,405)
Economic assistance and opportunity	251,856	48,365	66,805	-	(136,686)
Culture and recreation	4,025,473	681,675	40,648	-	(3,303,150)
Home and community services	6,311,634	4,859,634	968,233	-	(483,767)
Interest on debt	1,005,816	-	-	-	(1,005,816)
Total governmental activities	\$ <u>34,798,026</u>	\$ <u>7,665,960</u>	\$ <u>1,407,460</u>	\$ <u>3,350,164</u>	(22,374,442)
General revenues and transfers:					
Real property taxes					16,496,172
Real property tax items					302,443
Non-property taxes					3,518,524
Investment earnings					23,687
State and federal aid not restricted for a specific purpose					1,684,120
Other miscellaneous revenues					1,338,227
Gain on sale of assets					14,527
Transfers					7,463
Total general revenues and transfers					<u>23,385,163</u>
Change in net assets					1,010,721
Net assets - beginning of year, previously stated					23,512,939
Prior period adjustment					<u>(1,898,927)</u>
Net assets - beginning of year, as restated					<u>21,614,012</u>
Net assets - end of year					\$ <u><u>22,624,733</u></u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Highway	Sewer	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 221,716	\$ 770,632	\$ 794,000	\$ 1,484,999	\$ 662,122	\$ 3,933,469
Cash and cash equivalents - restricted	-	-	-	4,638,715	-	4,638,715
Accounts receivable	593,524	78,485	2,714	-	298,447	973,170
Due from other funds	196,616	600,689	-	-	-	797,305
State and federal receivables	1,478,163	-	-	1,263,563	131,656	2,873,382
Due from other governments	443,532	-	-	-	-	443,532
Prepaid expenditures	81,959	36,203	5,606	-	51,091	174,859
Total assets	<u>\$ 3,015,510</u>	<u>\$ 1,486,009</u>	<u>\$ 802,320</u>	<u>\$ 7,387,277</u>	<u>\$ 1,143,316</u>	<u>\$ 13,834,432</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	\$ 1,253,276	\$ 300,725	\$ 166,417	\$ 174,449	\$ 302,274	\$ 2,197,141
Accrued liabilities	47,743	55,201	37,020	-	21,400	161,364
Retainage payable	2,609	-	10,945	8,941	-	22,495
Due to other funds	463,752	36,076	27,880	-	270,689	798,397
Deferred revenues	53,294	45,490	-	-	5,659	104,443
Bond anticipation notes payable	-	-	-	6,100,000	-	6,100,000
Total liabilities	<u>1,820,674</u>	<u>437,492</u>	<u>242,262</u>	<u>6,283,390</u>	<u>600,022</u>	<u>9,383,840</u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010
(Continued)

	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES:						
Reserved for:						
Encumbrances	123,160	1,000	15,109	-	366	139,635
Forfeitures fund	35,316	-	-	-	-	35,316
D.A.R.E. program	19,974	-	-	-	-	19,974
Unreserved:						
Designated for subsequent year's expenditures	-	-	-	-	58,859	58,859
Undesignated	<u>1,016,386</u>	<u>1,047,517</u>	<u>544,949</u>	<u>1,103,887</u>	<u>484,069</u>	<u>4,196,808</u>
Total fund balances	<u>1,194,836</u>	<u>1,048,517</u>	<u>560,058</u>	<u>1,103,887</u>	<u>543,294</u>	<u>4,450,592</u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010
(Continued)

	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Total liabilities and fund balances	\$ 3,015,510	\$ 1,486,009	\$ 802,320	\$ 7,387,277	\$ 1,143,316	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.						45,528,015
Long-term liabilities, including capital leases, compensated absences, serial bonds payable, post employment benefits and worker's compensation are not due and payable in the current period and therefore are not reported in the funds.						(27,230,643)
Bond issuance costs are reported as expenditures in the governmental funds. These costs, net of accumulated amortization, are recorded as other assets in the statement of net assets.						54,076
Bond issuance premiums are reported as revenues in the governmental funds. These costs, net of accumulated amortization, are recorded as deferred revenue in the statement of net assets.						(2,955)
Net accrued interest expense for bonds, notes and special assessment bonds not reported in the funds.						(174,352)
Net assets						\$ 22,624,733

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Highway	Sewer	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Real property taxes	\$ 10,110,539	\$ 4,711,348	\$ 3,010,823	\$ -	\$ 2,640,991	\$ 20,473,701
Real property tax items	488,042	-	8,570	-	-	496,612
Non-property taxes	3,583,498	-	-	-	-	3,583,498
Departmental income	765,782	-	4,027	-	783,124	1,552,933
Intergovernmental charges	153,592	891,939	-	-	-	1,045,531
Use of money and property	160,599	14,954	97,249	15,691	133,259	421,752
Licenses and permits	46,410	20,348	-	-	-	66,758
Fines and forfeitures	305,773	-	-	-	-	305,773
Sale of property and compensation for loss	50,061	34,928	9,225	-	6,114	100,328
Miscellaneous local sources	463,732	5,658	9,888	-	36,754	516,032
Interfund revenues	192,696	-	-	-	-	192,696
State sources	1,540,548	327,436	-	3,822,258	14,962	5,705,204
Federal sources	110,958	-	-	288,188	972,315	1,371,461
Total revenues	<u>17,972,230</u>	<u>6,006,611</u>	<u>3,139,782</u>	<u>4,126,137</u>	<u>4,587,519</u>	<u>35,832,279</u>
EXPENDITURES:						
General government	3,480,269	83,444	34,892	324,300	21,925	3,944,830
Public safety	9,843,353	-	-	-	113,883	9,957,236
Transportation	371,061	4,057,616	-	2,765,790	168,133	7,362,600
Economic assistance and opportunity	303,910	-	-	-	-	303,910
Culture and recreation	1,721,872	-	-	21,211	1,824,852	3,567,935
Home and community services	898,327	-	2,604,306	1,504,504	2,326,796	7,333,933
Employee benefits	-	-	-	-	12,963	12,963
Debt service:						
Principal	887,782	1,298,438	713,309	-	210,314	3,109,843
Interest	244,539	322,427	311,977	-	102,380	981,323
Total expenditures	<u>17,751,113</u>	<u>5,761,925</u>	<u>3,664,484</u>	<u>4,615,805</u>	<u>4,781,246</u>	<u>36,574,573</u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficit) of revenues over expenditures	221,117	244,686	(524,702)	(489,668)	(193,727)	(742,294)
OTHER FINANCING SOURCES (USES):						
Capital lease proceeds	-	-	-	242,817	-	242,817
Serial bond proceeds	-	-	-	3,135,000	-	3,135,000
Interfund transfers in	284,868	61,808	21,980	-	17,000	385,656
Interfund transfers out	<u>(134,975)</u>	<u>(36,076)</u>	<u>(27,880)</u>	<u>(179,262)</u>	<u>-</u>	<u>(378,193)</u>
Total other financing sources (uses)	<u>149,893</u>	<u>25,732</u>	<u>(5,900)</u>	<u>3,198,555</u>	<u>17,000</u>	<u>3,385,280</u>
Net change in fund balances	371,010	270,418	(530,602)	2,708,887	(176,727)	2,642,986
Fund balances (deficit) - beginning of year	<u>823,826</u>	<u>778,099</u>	<u>1,090,660</u>	<u>(1,605,000)</u>	<u>720,021</u>	<u>1,807,606</u>
Fund balances - end of year	<u>\$ 1,194,836</u>	<u>\$ 1,048,517</u>	<u>\$ 560,058</u>	<u>\$ 1,103,887</u>	<u>\$ 543,294</u>	<u>\$ 4,450,592</u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds \$ 2,642,986

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$3,368,720) excluding construction work in progress (\$274,053) exceeded depreciation expense (\$3,203,691) in the current period. (109,024)

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the net book value of the assets sold. (30,611)

Increases/decreases in accrued compensated absences and worker's compensation reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds (490,079)

On the statement of activities the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits. (700,425)

Proceeds of serial bonds and capital leases are recorded as an other financing sources for governmental funds whereas on the statement of activities the proceeds of serial bonds and capital leases are reported as liabilities in the statement of net assets. (3,377,817)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (24,493)

Net bond issuance costs that are expensed in statement of governmental funds but not in statement of activities. (9,659)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt repayments made in the current period. 3,109,843

Change in net assets of governmental activities \$ 1,010,721

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2010

	Private Purpose Trusts	Agency
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	\$ 69,008	\$ 238,569
Accrued interest receivable	-	1,425
Due from other funds	-	1,092
Other assets	<hr/> 140	<hr/> -
Total assets	\$ <u>69,148</u>	\$ <u>241,086</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Agency liabilities	\$ <u>-</u>	\$ <u>241,086</u>
NET ASSETS:		
Held in trust	<hr/> 69,148	<hr/> -
Total liabilities and net assets	\$ <u>69,148</u>	\$ <u>241,086</u>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
STATEMENT OF CHANGES IN NET ASSETS -
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Private Purpose Trusts
	<hr/>
ADDITIONS:	
Investment earnings	\$ 239
Miscellaneous local sources	248,605
Total revenues	<hr/> 248,844 <hr/>
DEDUCTIONS:	
Culture and recreation	249,117
Interfund transfer	7,463
Total expenses	<hr/> 256,580 <hr/>
Change in net assets	(7,736)
Net assets - beginning of year	<hr/> 76,884 <hr/>
Net assets - end of year	\$ <hr/> 69,148 <hr/>

See notes to basic financial statements.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Irondequoit (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

A. REPORTING ENTITY

The Town reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

B. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE STATEMENTS

The Statement of Net Assets and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants. While the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct or program revenues include fees, fines and charges paid by the recipients of goods or services offered by the programs. Operating grants include program-specific and discretionary grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including property taxes, non-property taxes, investment earnings, and general state aid are presented as general revenues.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. The Town elects a specific fund to be classified as major to remain consistent with prior years financial statement presentation for the financial statement users.

Governmental Funds

- a. General Fund - the principal operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Highway Fund - established pursuant to Highway Law Section 141 to account for revenues and expenditures for highway purposes.
- c. Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.
- d. Special Revenue Funds (Sewer, Special Grant, Miscellaneous, Library, Drainage, Fire, Lighting and Water) - used to account for those transactions for the operation and maintenance of legally created special districts.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types

Fiduciary Fund Types include Private Purpose Trust Funds and Agency Funds. The Private Purpose Trust Funds and Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Private Purpose Trust Funds are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the modified accrual basis of accounting.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension costs, and compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. PROPERTY TAXES

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

Tax payments are due and collected during the period January 1st to May 31st.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The tax roll is returned to the Monroe County Commissioner of Finance after May 31st at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items 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 the two 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.

E. BUDGETARY DATA

1. BUDGET POLICIES - The budget policies are as follows:

- a. Prior to September 30th the Town Supervisor files a "tentative" budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- b. The full Town Board reviews the tentative budget and may make some revisions before approving a "preliminary" budget and calling for a public hearing which is generally held in October.
- c. Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Monroe County by November 20th.
- d. Formal annual budgetary accounts are employed as a management control device for the General Fund and each individual Special Revenue Fund Type.
- e. 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 departmental budgetary control. All budget amendments and budget transfers require Town Board approval.
- f. Annual budgets for the General and Special Revenue Funds 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, except for Special Grant - related appropriations, lapse at the end of the fiscal year.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- g. Capital Project 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.
 - h. Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.
2. ENCUMBRANCES - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

3. BUDGET BASIS OF ACCOUNTING - Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

F. CASH AND CASH EQUIVALENTS

The Town's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

G. ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H. PREPAID EXPENDITURES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. DUE TO/FROM OTHER FUNDS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds."

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in Note 3., A., 3.

J. BOND PREMIUM AND ISSUANCE COSTS

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Amortization expense for the bond issuance costs in the current year was \$10,803, while bond premiums recognized as revenue in the current year was \$1,144.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

K. CAPITAL ASSETS

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to January 1, 1980, governmental funds' infrastructure assets were not capitalized. The Town has elected to adopt the more liberal provisions of GASB Statement No. 34 which allows retroactive reporting of only major general infrastructure assets acquired, significantly reconstructed or that received significant improvements in fiscal years ending after December 31, 1979. Capital assets are reported at actual cost for acquisitions subsequent to January 1, 2004.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 15,000	straight-line	15 years
Buildings	15,000	straight-line	40 years
Building Improvements	15,000	straight-line	15 years
Machinery and equipment	15,000	straight-line	3-15 years
Infrastructure	15,000	straight-line	15-40 years

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

L. INSURANCE

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not yet exceeded commercial insurance coverage in recent fiscal years. The Town is self-insured for workers' compensation and has purchased reinsurance agreements to reduce exposure to large losses. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

M. DEFERRED REVENUES

Deferred revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to resources, the liability for deferred revenues is removed and revenues are recognized.

N. COMPENSATED ABSENCES

The Town labor agreements provide for sick leave, vacations and miscellaneous other paid absences. Upon retirement certain eligible employees qualify for paid medical premiums and/or payment for value of unused sick leave. These payments are budgeted annually without accrual.

Compensated absences for government fund type employees are reported as a fund liability and expenditure in the government-wide financial statements. The compensated absences liability for the Town at the year-end totaled \$1,858,500.

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

O. POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides health insurance coverage for current and future retirees and their spouses as described at Note 3., B., 2.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of serial bonds payable, capital leases, compensated absences and post employment benefits.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

Q. INTERFUND TRANSFERS

The operations of the Town give rise to certain transactions between funds, including transfers of expenditures and revenues to provide services and construct assets.

R. REVENUE RESTRICTIONS

The Town has various restrictions placed over certain revenues from sources subject to state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

S. LABOR RELATIONS

Some Town employees are represented by collective bargaining units with the balance of employees governed by Town Board rules and regulations.

T. FUND EQUITY

Government-wide statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further categorized between designated and undesignated.

The following is a description of the reserves and designations utilized by the Town

- a. Reserved for Encumbrances - representing funds accumulated for commitments related to unperformed contracts or purchase orders for goods and services.
- b. Reserved for D.A.R.E. Program - represents funds accumulated and utilized for the Town's drug awareness program.
- c. Reserved for Forfeitures Fund - represents funds accumulated under the Town's Justice and Treasury seizure programs.

Designations represent funds for which there is intent by the Town to be used for a specific purpose. Designations of fund balance at December 31, 2010 include:

- a. Designated for Subsequent Year's Expenditures - represents funds to be used to assist in supporting the subsequent year's authorized appropriations.

U. USE OF ESTIMATES

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

NOTE 2 - REPORTING ON BUDGETARY BASIS

The Town reports its budgetary status with the actual data including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of fund balance computed on a GAAP basis and budgetary basis.

GAAP BASIS:

Fund balance - December 31, 2010	\$ 1,194,836
Deduct outstanding encumbrances	<u>123,160</u>
BUDGETARY BASIS - Fund balance - December 31, 2010	<u>\$ 1,071,676</u>

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH 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 Town Comptroller is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

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

Investment and Deposit Policy

The Town implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Town follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Comptroller of the Town.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Town's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of the New York State and its localities.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Town's investment and deposit policy, all deposits of the Town including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Town restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by the New York State and its localities.

2. RECEIVABLES

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

General Fund:

Court fines	\$ 34,645
Franchise fees	407,970
Property maintenance	75,820
Town Clerk	30,009
Field rental	18,400
Miscellaneous receivable	<u>26,680</u>
Total accounts receivable	<u>\$ 593,524</u>

State and federal aid

NYS sales tax	\$ 1,058,231
NYS revaluation aid	83,400
Police youth grant	8,347
Senior center program	41,654
Records grant	14,010
Brownsfield remediation grant	12,301
NYS equipment grant	177,020
NYS police range grant	72,980
Miscellaneous grant receivables	<u>10,220</u>
Total state and federal aid	<u>\$ 1,478,163</u>

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

Due from other governments

County mortgage tax	\$ 234,666
Stop DWI grant	42,151
Levied property taxes	163,588
Miscellaneous receivables	<u>3,127</u>
Total due from other government	\$ <u>443,532</u>

Highway Fund:

Vehicle maintenance	\$ 12,940
Fuel	39,239
Property maintenance	23,400
Miscellaneous receivables	<u>2,906</u>
Total accounts receivable	\$ <u>78,485</u>

Sewer Fund:

Miscellaneous receivable	\$ <u>2,714</u>
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Capital Projects Fund:

State and federal aid

Route 590 project	\$ 1,249,122
Energy grant	<u>14,441</u>
Total state and federal aid	\$ <u>1,263,563</u>

Water Fund:

Water rents receivable	\$ 137,123
Miscellaneous receivable	<u>161,172</u>
Total accounts receivable	\$ <u>298,295</u>

Library Fund:

State and federal aid

State aid	\$ <u>14,962</u>
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Special Grant Fund:

State and federal aid

HUD-CDBG	\$ <u>116,694</u>
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TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2010 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 196,616	\$ 463,752	\$ 284,868	\$ 134,975
Highway Fund	600,689	36,076	61,808	36,076
Sewer Fund	-	27,880	21,980	27,880
Capital Projects Fund	-	-	-	179,262
Drainage Fund	-	50,000	-	-
Water Fund	-	110,000	17,000	-
Special Grant Fund	-	110,689	-	-
Agency	1,092	-	-	-
Private Purpose Trust Fund	-	-	-	7,463
Total	<u>\$ 798,397</u>	<u>\$ 798,397</u>	<u>\$ 385,656</u>	<u>\$ 385,656</u>

To improve cash management, all Town accounts are pooled into a consolidated bank account. The interfund receivables and payables arise due to a reclass of negative pooled cash and are short term in nature and are typically repaid in less than one year.

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to other funds. They also include transfers to close out capital projects for excess cash remaining after the termination of the project.

4. CAPITAL ASSETS

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

	<u>Balance 01/01/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/10</u>
Capital assets, not being depreciated:				
Land	\$ 10,011,826	\$ -	\$ -	\$ 10,011,826
Construction work in progress	<u>3,835,538</u>	<u>1,952,690</u>	<u>274,053</u>	<u>5,514,175</u>
Total capital assets not being depreciated	<u>\$ 13,847,364</u>	<u>\$ 1,952,690</u>	<u>\$ 274,053</u>	<u>\$ 15,526,001</u>

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

	<u>Balance</u> <u>01/01/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/10</u>
Capital assets, being depreciated:				
Buildings	\$ 6,257,346	\$ -	\$ -	\$ 6,257,346
Improvements	5,144,684	-	-	5,144,684
Machinery & equipment	11,305,285	781,115	383,308	11,703,092
Infrastructure	<u>48,841,918</u>	<u>634,915</u>	<u>-</u>	<u>49,476,833</u>
Total capital assets, being depreciated	<u>71,549,233</u>	<u>1,416,030</u>	<u>383,308</u>	<u>72,581,955</u>
Less accumulated depreciation				
Buildings	4,037,004	91,528	-	4,128,532
Improvements	3,504,822	161,044	-	3,665,866
Machinery & equipment	7,049,973	767,827	352,697	7,465,103
Infrastructure	<u>25,137,148</u>	<u>2,183,292</u>	<u>-</u>	<u>27,320,440</u>
Total accumulated depreciation	<u>39,728,947</u>	<u>3,203,691</u>	<u>352,697</u>	<u>42,579,941</u>
Total capital assets, being depreciated – net	<u>31,820,286</u>	<u>(1,787,661)</u>	<u>30,611</u>	<u>30,002,014</u>
Governmental activities capital assets, net	<u>\$ 45,667,650</u>	<u>\$ 165,029</u>	<u>\$ 304,664</u>	<u>\$ 45,528,015</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 202,218
Public safety	105,258
Transportation	1,604,854
Culture and recreation	366,767
Home and community service	<u>924,594</u>
Total governmental activities depreciation expense	<u>\$ 3,203,691</u>

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

B. LIABILITIES

1. PENSION PLAN

PLAN DESCRIPTION

The Town of Irondequoit participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. The reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

FUNDING POLICY

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employers contributions.

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

	<u>ERS</u>	<u>PFRS</u>
2010	\$ 834,246	\$ 825,761
2009	520,172	593,449
2008	623,323	704,253

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

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

a. PLAN DESCRIPTION

The Town of Irondequoit (the Town) administers the Town of Irondequoit Retiree Medical and Prescription Drug Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits and dental insurance for certain retirees and their spouses and can be amended by action of the Town subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

b. FUNDING POLICY

The obligations of the plan members, employers and other entities are established by action of the Town pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The Town currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Town.

c. ACCOUNTING POLICY

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

d. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the Town's net OPEB obligation to the Retiree Health Plan at December 31, 2010:

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

	Fiscal Year Ending <u>12/31/10</u>
<u>Annual OPEB Cost</u>	
Normal Cost	\$ 563,526
Amortization of UAL	1,781,078
Interest	<u>93,784</u>
ARC	2,438,388
Interest on OPEB Obligation	103,786
Adjustment to ARC	<u>(150,048)</u>
OPEB Expense	2,392,126
Net OPEB contributions made during the fiscal year	<u>(1,691,701)</u>
Net OPEB obligation for the current fiscal year	700,425
Net OPEB obligation at beginning of year	<u>2,594,640</u>
Net OPEB obligation at end of year	<u>\$ 3,295,065</u>
 Percentage of expense contributed	 70.72%

e. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2010, the actuarial accrued liability for benefits was \$32,030,368, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,547,638, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 277%. The total post employment health insurance cost to the Town for 228 retirees was \$1,691,701 for the year ended December 31, 2010.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page A39, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

f. METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

The December 31, 2010, actuarial valuation, utilized the projected unit credit actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the Town's own assets since currently the plan has no assets at the valuation date in order to establish a plan investment rate, and an annual healthcare cost trend of 18 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 3 percent inflation assumption. The UAL is being amortized as a level dollar amount on an open basis. The amortization period at December 31, 2010 was twenty-five years.

g. ALLOCATION OF POST EMPLOYMENT BENEFITS

The Town's allocation of their OPEB liability to the Town's functions are as follows:

Governmental activities:

General government	\$ 68,924
Public safety	321,576
Transportation	108,916
Economic assistance and opportunity	5,759
Culture and recreation	82,741
Home and community service	<u>112,509</u>

Total governmental activities OPEB expense \$ 700,425

3. SHORT-TERM DEBT

BOND ANTICIPATION NOTES - Notes in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated, through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. As of December 31, 2010, the Town had bond anticipation notes outstanding of \$6,100,000 in the Capital Projects Fund.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

The following contains a summary of bond anticipation notes with corresponding maturity schedule.

	<u>Interest Rate</u>	<u>Principal Outstanding 01/01/10</u>	<u>Issued</u>	<u>Paid</u>	<u>Principal Outstanding 12/31/10</u>
Ban Sewer Pump Project and Seneca Road Project	1.25%	\$ 2,790,000	\$ -	\$ 2,790,000	\$ -
Town Buildings Construction/ Reconstruction Eaton Road Improvements	1.25%	335,000	-	335,000	-
Consolidated Sewer District, Drainage District and Newport Road Reconstruction	1.25%	2,100,000	-	2,100,000	-
Route 590 Project	2.75%	1,000,000	-	1,000,000	-
Route 590 Project	2.75%	2,000,000	-	2,000,000	-
Route 590 Project	.99%	-	2,500,000	-	2,500,000
Consolidated Sewer District, Drainage District and Hellendale Rd Sewer Improvements	1.50%	-	3,600,000	-	3,600,000
		<u>\$ 8,225,000</u>	<u>\$ 6,100,000</u>	<u>\$ 8,225,000</u>	<u>\$ 6,100,000</u>

Interest expenditures for short-term debt are recognized on an accrual basis in the statement of activities, when amounts become due and payable. Interest expenditures on bond anticipation notes totaled \$109,509 at December 31, 2010.

4. LONG-TERM LIABILITIES

- a. **SERIAL BONDS** - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the Town. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. During the current year, the Town recognized \$779,938 of expenditures for serial bond interest.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

The following page contains a summary of serial bonds with corresponding maturity schedules.

	Year Of Issue	Amount of Original Issue	Year of Final Maturity	Interest Rate	Principal Outstanding 01/01/10	Issued During 2010	Paid During 2010	Principal Outstanding 12/31/10	Due Within One Year
Public Improvements	1990	3,989,400	2020	6.80	\$ 415,000	\$ -	\$ 40,000	\$ 375,000	\$ 40,000
Public Improvements	1992	4,305,000	2012	5.90	510,000	-	170,000	340,000	170,000
Public Improvement	1994	1,300,000	2014	5.25-6.00	175,000	-	35,000	140,000	35,000
Public Improvements	1995	2,412,700	2010	4.85	125,000	-	125,000	-	-
Water Pollution Control	1996	1,045,000	2015	2.95-5.20	320,000	-	50,000	270,000	50,000
Public Improvements	1996	1,710,000	2011	4.90-5.00	140,000	-	70,000	70,000	70,000
Public and District Improvement	1997	3,900,000	2012	4.55	900,000	-	300,000	600,000	300,000
Water Pollution Control	1997	1,352,000	2016	3.40-5.65	445,000	-	80,000	365,000	80,000
Public Improvements	1998	2,795,000	2013	4.40	875,000	-	200,000	675,000	225,000
District Improvement	1999	460,000	2018	2.78-4.905	230,000	-	25,000	205,000	25,000
District Improvement	1999	305,256	2018	3.48-5.42	155,000	-	15,000	140,000	15,000
District Improvement	2000	797,279	2019	3.80-5.96	400,000	-	40,000	360,000	40,000
Public Improvements	2001	2,085,000	2019	4.50	855,000	-	105,000	750,000	105,000
Public Improvements	2001	852,500	2019	4.25	350,000	-	50,000	300,000	50,000
District Improvement	2001	710,300	2020	3.23-5.13	385,000	-	35,000	350,000	35,000
District Improvement	2002	577,648	2021	1.33-5.06	360,000	-	30,000	330,000	30,000
Public Improvements	2002	1,057,500	2014	4.125	475,000	-	95,000	380,000	95,000
District Improvement	2002	1,851,499	2021	1.21-4.98	1,145,000	-	95,000	1,050,000	95,000
District Improvement	2003	577,648	2023	.721-4.50	420,000	-	30,000	390,000	30,000
Public Improvements	2003	2,184,500	2017	2.50	1,225,000	-	150,000	1,075,000	150,000
Public Improvements	2003	1,520,000	2013	2.00	395,000	-	100,000	295,000	100,000
Public Improvements	2004	7,945,000	2024	3.50-4.25	5,725,000	-	525,000	5,200,000	550,000
Public Improvements	2004	300,000	2024	1.58-4.96	225,000	-	15,000	210,000	15,000
Public Improvements	2005	650,000	2019	4.80-5.00	500,000	-	40,000	460,000	45,000
Public Improvements	2007	2,770,000	2027	4.00-4.125	2,510,000	-	130,000	2,380,000	135,000
Public Improvements	2010	3,135,000	2030	3.5-4.125	-	<u>3,135,000</u>	-	<u>3,135,000</u>	<u>140,000</u>
GRAND TOTAL					<u>\$19,260,000</u>	<u>\$ 3,135,000</u>	<u>\$2,550,000</u>	<u>\$19,845,000</u>	<u>\$2,625,000</u>

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

- b. OTHER LONG-TERM LIABILITIES - In addition to the above long-term liability, the Town has a non-current liability for the earned but unused portion of compensated absences. The Town also has outstanding capital leases for various equipment and a liability for post employment benefits as described at Note 3., B., 2. During the current year, the Town recognized \$116,369 of expenditures for capital lease interest.
- c. CHANGES IN LONG-TERM LIABILITIES - The following is a summary of changes in long-term liabilities for the year ended December 31, 2010:

	Balance 01/01/10	Additions	Payments	Balance 12/31/10	Due Within One Year
General obligation debt:					
Serial Bonds	\$ 19,260,000	\$ 3,135,000	\$ 2,550,000	\$ 19,845,000	\$ 2,625,000
Other liabilities:					
Compensated absences	1,830,042	1,241,510	1,213,052	1,858,500	185,850
Workers' Compensation	-	461,621	-	461,621	221,497
Capital leases	2,087,483	242,817	559,843	1,770,457	525,330
Post employment benefits	2,594,640	2,392,126	1,691,701	3,295,065	-
Total government activities	<u>\$ 25,772,165</u>	<u>\$ 7,473,074</u>	<u>\$ 6,014,596</u>	<u>\$ 27,230,643</u>	<u>\$ 3,557,677</u>

- d. The following table summarizes the Town's future serial bond debt requirements as of December 31, 2010:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,625,000	\$ 777,647
2012	2,590,000	658,415
2013	2,140,000	561,814
2014	1,820,000	482,274
2015	1,590,000	417,720
2016-2020	5,900,000	1,235,682
2021-2025	2,080,000	447,826
2026-2030	<u>1,100,000</u>	<u>119,381</u>
Totals	<u>\$19,845,000</u>	<u>\$4,700,759</u>

There is a statutory debt limit applicable to Towns within New York State. The Town is in compliance with this debt limit.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

- e. CAPITAL LEASE OBLIGATIONS - The Town has entered into non-cancellable lease agreements for certain vehicles and equipment with original obligation totaling \$3,939,537, which have been capitalized for financial reporting purposes. Future minimum lease payments remaining under these capital leases as of December 31, 2010 are as follows:

2011	\$ 593,997
2012	487,698
2013	430,319
2014	196,955
2015	196,555
2016	<u>37,225</u>
	1,942,749
Less: imputed interest	<u>172,292</u>
Present value of capital leases	<u>\$1,770,457</u>

- f. OPERATING LEASES - Operating lease obligations are primarily for rental of automobiles and equipment. Lease expenditures for the year were approximately \$94,338. The future minimum rental payments required by the primary government for noncancellable operating leases are:

2011	\$ 89,751
2012	72,847
2013	14,694
2014	<u>416</u>
Total	<u>\$ 177,708</u>

NOTE 4 - STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

DEFICIT FUND BALANCE

The Town reported a deficit fund balance at December 31, 2010 in the following funds:

<u>Fund</u>	<u>Deficit</u>	<u>Comment</u>
Drainage District	\$ 59,633	To be eliminated by increasing calculated rate by \$0.49 each year for the next three years.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 - COMMITMENTS AND CONTINGENCIES

CONTINGENCIES

The Town is involved in litigation arising in the ordinary course of its 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.

NOTE 6 – RISK FINANCING

The workers' compensation plan maintains excess insurance, which insures against catastrophic claim losses for amounts over \$500,000, per occurrence, up to the limitations provided under the contract. The plan establishes reserve liabilities based on the estimated cost of individual claims incurred. Those estimates are determined based on many factors, one of the most significant being past experience. Since the reserve liability is an estimate it may not reflect the plan's ultimate liability.

	<u>Workers'</u> <u>Compensation</u>
Estimated claims as of December 31, 2009	\$ 329,165
Claims incurred during 2010	351,228
Payments made during 2010	<u>(218,772)</u>
Estimated claims as of December 31, 2010	<u>\$ 461,621</u>

NOTE 7 – PRIOR PERIOD ADJUSTMENT

In the current year, a prior period adjustment was recorded to the governmental activities beginning net assets due to an overstatement of the capital assets, net of accumulated depreciation. As a result, the Town's governmental activities beginning net assets decreased by \$1,898,927 and capital assets, net of accumulated depreciation decreased from \$47,566,577 to \$45,667,650 in order to remove assets below the Town's capitalization thresholds that were improperly included in prior years.

NOTE 8 - FUTURE GASB PRONOUNCEMENTS

A. FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. It distinguishes fund balance between amounts that are considered *nonspendable*, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications such as restricted, committed, assigned and unassigned.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 - FUTURE GASB PRONOUNCEMENTS (Continued)

B. OPEB MEASUREMENTS BY AGENT EMPLOYERS AND AGENT MULTIPLE-EMPLOYER PLANS

In December 2009, GASB issued Statement No. 57 which addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. (In agent multiple-employer plans, separate liabilities are calculated and separate asset accounts are kept for each participating government, rather than being administered and accounted for as a single plan as is done in a cost-sharing plan). GASB Statement No. 57 amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

This Statement enables certain agent employers to use the alternative measurement method, a less complex and potentially less expensive alternative to a full actuarial valuation. It also adjusts the requirement that a defined benefit OPEB plan obtain an actuarial valuation, in light of the change allowing more qualifying employers to use the alternative measurement method and clarifies that the same frequency and timing of determining OPEB measures are required for both agent multiple-employer plans and their participating employers. GASB Statement No. 57 is effective for financial statements for periods beginning after June 15, 2011, however, earlier application of this Statement is encouraged.

C. THE FINANCIAL REPORTING ENTITY: OMNIBUS

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement is designed to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity by modifying certain requirements in GASB Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Component units are legally separate organizations that state and local governments include in their financial reports. Statement No. 61 modifies the existing criteria for inclusion of organizations that are “fiscally dependent” on a government. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government’s management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

TOWN OF IRONDEQUOIT, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 - FUTURE GASB PRONOUNCEMENTS (Continued)

Statement No. 61 also amends the criteria for reporting component units as if they were part of the primary government (*i.e.*, blending) in certain circumstances. For component units that currently are blended based on the “substantively the same governing body” criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The requirements of Statement No. 61 are effective for financial statements for periods beginning after June 15, 2012, with earlier application encouraged

**D. CODIFICATION OF ACCOUNTING AND FINANCIAL REPORTING GUIDANCE
CONTAINED IN PRE-NOVEMBER 30, 1989 FASB AND AICPA PRONOUNCEMENTS.**

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB’s authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

While the guidance included largely has been taken “as is” from the original FASB and AICPA pronouncements, it has been modified when appropriate to relate specifically to the governmental environment to increase its usefulness to this audience. By incorporating and maintaining this guidance in a single source, the Statement reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports. It also eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. The requirements of Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

TOWN OF IRONDEQUOIT, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	General			Variance
	Original Budget	Modified Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Real property taxes	\$ 10,110,539	\$ 10,110,539	\$ 10,110,539	\$ -
Real property tax items	431,244	431,244	488,042	56,798
Non-property taxes	3,765,000	3,765,000	3,583,498	(181,502)
Departmental income	842,140	842,140	765,782	(76,358)
Intergovernmental charges	138,583	138,583	153,592	15,009
Use of money and property	169,830	169,830	160,599	(9,231)
Licenses and permits	44,700	44,700	46,410	1,710
Fines and forfeitures	465,000	465,000	305,773	(159,227)
Sale of property and compensation for loss	46,353	46,353	50,061	3,708
Miscellaneous local sources	160,314	160,314	463,732	303,418
Interfund revenues	187,254	187,254	192,696	5,442
State sources	1,698,562	1,710,407	1,540,548	(169,859)
Federal sources	44,206	103,515	110,958	7,443
Total revenues	18,103,725	18,174,879	17,972,230	(202,649)
EXPENDITURES:				
General government	3,374,147	3,615,293	3,480,269	135,024
Public safety	10,054,028	10,069,416	9,843,353	226,063
Transportation	306,691	376,013	371,061	4,952
Economic assistance and opportunity	331,832	329,832	303,910	25,922
Culture and recreation	1,897,827	1,831,914	1,721,872	110,042
Home and community services	1,097,800	1,116,323	898,327	217,996
Debt service:				
Principal	903,031	903,031	887,782	15,249
Interest	246,709	246,709	244,539	2,170
Total expenditures	18,212,065	18,488,531	17,751,113	737,418

TOWN OF IRONDEQUOIT, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	General			Variance
	Original Budget	Modified Budget	Actual	Favorable (Unfavorable)
Excess (deficit) of revenues over expenditures	(108,340)	(313,652)	221,117	534,769
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	108,340	108,340	284,868	176,528
Interfund transfers out	-	(134,975)	(134,975)	-
Appropriated fund balance	-	340,287	-	(340,287)
Total other financing sources	108,340	313,652	149,893	(163,759)
Net change in fund balances	-	-	371,010	371,010
Fund balances - beginning of year	-	-	823,826	823,826
Fund balances - end of year	-	-	1,194,836	1,194,836
Current year encumbrances	-	-	(123,160)	(123,160)
Fund balances - end of year GAAP	\$ -	\$ -	\$ 1,071,676	\$ 1,071,676

TOWN OF IRONDEQUOIT, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE HIGHWAY FUND AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Highway				Sewer			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
Real property taxes	\$ 4,711,348	\$ 4,711,348	\$ 4,711,348	\$ -	\$ 3,010,823	\$ 3,010,823	\$ 3,010,823	\$ -
Real property tax items	-	-	-	-	8,200	8,200	8,570	370
Departmental income	-	-	-	-	-	-	4,027	4,027
Intergovernmental charges	759,390	759,390	891,939	132,549	-	-	-	-
Use of money and property	22,530	22,530	14,954	(7,576)	101,280	101,280	97,249	(4,031)
Licenses and permits	25,000	25,000	20,348	(4,652)	-	-	-	-
Sale of property and compensation for loss	19,000	19,000	34,928	15,928	44,000	44,000	9,225	(34,775)
Miscellaneous local sources	-	-	5,658	5,658	-	-	9,888	9,888
State sources	240,000	240,000	327,436	87,436	-	-	-	-
Total revenues	<u>5,777,268</u>	<u>5,777,268</u>	<u>6,006,611</u>	<u>229,343</u>	<u>3,164,303</u>	<u>3,164,303</u>	<u>3,139,782</u>	<u>(24,521)</u>
EXPENDITURES:								
General government	95,174	84,187	83,444	743	47,167	50,167	34,892	15,275
Transportation	4,129,386	4,168,667	4,057,616	111,051	-	-	-	-
Home and community services	-	-	-	-	2,378,560	3,152,453	2,604,306	548,147
Debt service:								
Principal	1,348,203	1,298,443	1,298,438	5	767,683	734,533	713,309	21,224
Interest	336,295	323,575	322,427	1,148	342,863	342,863	311,977	30,886
Total expenditures	<u>5,909,058</u>	<u>5,874,872</u>	<u>5,761,925</u>	<u>112,947</u>	<u>3,536,273</u>	<u>4,280,016</u>	<u>3,664,484</u>	<u>615,532</u>

TOWN OF IRONDEQUOIT, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE HIGHWAY FUND AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	Highway				Sewer			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
Excess (deficit) of revenues over expenditures	(131,790)	(97,604)	244,686	342,290	(371,970)	(1,115,713)	(524,702)	591,011
OTHER FINANCING SOURCES (USES):								
Interfund transfers in	61,790	61,790	61,808	18	21,970	21,970	21,980	10
Interfund transfers out	-	(36,076)	(36,076)	-	-	(27,880)	(27,880)	-
Appropriated fund balance	70,000	71,890	-	(71,890)	350,000	1,121,623	-	(1,121,623)
Total other financing sources (uses)	131,790	97,604	25,732	(71,872)	371,970	1,115,713	(5,900)	(1,121,613)
Net change in fund balances	-	-	270,418	270,418	-	-	(530,602)	(530,602)
Fund balances - beginning of year	-	-	778,099	778,099	-	-	1,090,660	1,090,660
Fund balances - end of year	-	-	1,048,517	1,048,517	-	-	560,058	560,058
Current year encumbrances	-	-	(1,000)	(1,000)	-	-	(15,109)	(15,109)
Fund balances - end of year GAAP	\$ -	\$ -	\$ 1,047,517	\$ 1,047,517	\$ -	\$ -	\$ 544,949	\$ 544,949

TOWN OF IRONDEQUOIT, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Schedule of Funding Progress</u>	<u>Actuarial Valuation Date</u>		
	<u>01/01/10</u>	<u>01/01/08</u>	<u>01/01/06</u>
1. Currently retired liability	\$ 19,779,666	\$ 18,376,694	\$ 14,259,014
2. Actives eligible to retire	4,628,685	2,084,035	1,530,061
3. Actives not yet eligible	<u>7,622,017</u>	<u>8,215,902</u>	<u>5,137,274</u>
4. Actuarial Accrued Liability	32,030,368	28,676,631	20,926,349
5. Actuarial Value of Assets	<u>-</u>	<u>-</u>	<u>-</u>
6. Unfunded Actuarial Accrued Liability	32,030,368	28,676,631	20,926,349
7. Funded Ratio (5. divided by 4.)	0%	0%	0%
8. Annual Covered Payroll	11,547,638	12,113,518	Not available
9. Ratio of Unfunded Actuarial Accrued Liability to Covered Payroll	277%	236.7%	Not available

<u>Schedule of Employer Contributions</u>	<u>Fiscal Year Ending</u>
December 31, 2006	\$ 1,005,697
December 31, 2007	\$ 1,307,375
December 31, 2008	\$ 1,414,126
December 31, 2009	\$ 1,443,689
December 31, 2010	\$ 1,691,701

SECTION B

SUPPLEMENTAL SCHEDULES

TOWN OF IRONDEQUOIT, NEW YORK
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Grant	Miscellaneous Special Revenue	Library	Drainage District	Fire District	Lighting District	Water	Total
ASSETS:								
Cash and cash equivalents	\$ -	\$ 84,539	\$ 262,689	\$ 247	\$ 64,937	\$ 246,565	\$ 3,145	\$ 662,122
Accounts receivable	-	-	115	37	-	-	298,295	298,447
State and federal receivables	116,694	-	14,962	-	-	-	-	131,656
Prepaid expenditures	-	-	3,923	29,206	7,809	-	10,153	51,091
Total assets	<u>\$ 116,694</u>	<u>\$ 84,539</u>	<u>\$ 281,689</u>	<u>\$ 29,490</u>	<u>\$ 72,746</u>	<u>\$ 246,565</u>	<u>\$ 311,593</u>	<u>\$ 1,143,316</u>
LIABILITIES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable	\$ 5,427	\$ 1,800	\$ 141,038	\$ 31,551	\$ 11,190	\$ 34,632	\$ 76,636	\$ 302,274
Accrued liabilities	-	-	6,047	7,572	-	-	7,781	21,400
Due to other funds	110,689	-	-	50,000	-	-	110,000	270,689
Deferred revenues	-	-	-	-	-	-	5,659	5,659
Total liabilities	<u>116,116</u>	<u>1,800</u>	<u>147,085</u>	<u>89,123</u>	<u>11,190</u>	<u>34,632</u>	<u>200,076</u>	<u>600,022</u>
FUND BALANCES:								
Reserved for encumbrances	-	-	-	-	366	-	-	366
Unreserved:								
Designated for subsequent year's expenditures	-	-	10,000	-	-	-	48,859	58,859
Undesignated (deficit)	<u>578</u>	<u>82,739</u>	<u>124,604</u>	<u>(59,633)</u>	<u>61,190</u>	<u>211,933</u>	<u>62,658</u>	<u>484,069</u>
Total fund balances (deficit)	<u>578</u>	<u>82,739</u>	<u>134,604</u>	<u>(59,633)</u>	<u>61,556</u>	<u>211,933</u>	<u>111,517</u>	<u>543,294</u>
Total liabilities and fund balances	<u>\$ 116,694</u>	<u>\$ 84,539</u>	<u>\$ 281,689</u>	<u>\$ 29,490</u>	<u>\$ 72,746</u>	<u>\$ 246,565</u>	<u>\$ 311,593</u>	<u>\$ 1,143,316</u>

TOWN OF IRONDEQUOIT, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Grant	Miscellaneous Special Revenue	Library	Drainage District	Fire District	Lighting District	Water	Total
REVENUES:								
Real property taxes	\$ -	\$ -	\$ 1,674,285	\$ 679,708	\$ 94,693	\$ 141,290	\$ 51,015	\$ 2,640,991
Departmental income	-	-	120,774	-	-	-	662,350	783,124
Use of money and property	-	703	-	994	562	1,440	129,560	133,259
Sale of property and compensation for loss	-	-	3,175	-	-	-	2,939	6,114
Miscellaneous local sources	16,941	5,130	115	7,127	3,818	1,616	2,007	36,754
State sources	-	-	14,962	-	-	-	-	14,962
Federal sources	968,233	-	4,082	-	-	-	-	972,315
Total revenues	985,174	5,833	1,817,393	687,829	99,073	144,346	847,871	4,587,519
EXPENDITURES:								
General government	-	-	-	-	-	-	21,925	21,925
Public safety	-	-	-	-	113,883	-	-	113,883
Transportation	-	-	-	-	-	168,133	-	168,133
Culture and recreation	-	-	1,824,852	-	-	-	-	1,824,852
Home and community services	1,038,210	17,795	-	337,212	-	-	933,579	2,326,796
Employee benefits	-	-	-	-	12,963	-	-	12,963
Debt service:								
Principal	-	-	26,837	123,060	-	-	60,417	210,314
Interest	-	-	935	93,848	-	-	7,597	102,380
Total expenditures	1,038,210	17,795	1,852,624	554,120	126,846	168,133	1,023,518	4,781,246

TOWN OF IRONDEQUOIT, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	Special Grant	Miscellaneous Special Revenue	Library	Drainage District	Fire District	Lighting District	Water	Total
Excess (deficit) of revenues over expenditures	(53,036)	(11,962)	(35,231)	133,709	(27,773)	(23,787)	(175,647)	(193,727)
OTHER FINANCING SOURCES:								
Interfund transfers in	-	-	-	-	-	-	17,000	17,000
Net change in fund balances	(53,036)	(11,962)	(35,231)	133,709	(27,773)	(23,787)	(158,647)	(176,727)
Fund balances (deficit) - beginning of year	53,614	94,701	169,835	(193,342)	89,329	235,720	270,164	720,021
Fund balances (deficit) - end of year	\$ 578	\$ 82,739	\$ 134,604	\$ (59,633)	\$ 61,556	\$ 211,933	\$ 111,517	\$ 543,294

FORM OF BOND COUNSEL'S OPINION

June 20, 2012

Town of Irondequoit,
Town of Monroe,
State of New York

Re: Town of Irondequoit, Monroe County, New York
\$4,490,000 Public Improvement Refunding (Serial) Bonds, 2012

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$4,490,000 Public Improvement Refunding (Serial) Bonds, 2012 (the "Obligations"), of the Town of Irondequoit, County of Monroe, State of New York (the "Obligor"), dated June 20, 2012, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ and ____ hundredths per centum (____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, and at the rate of ____ per centum (____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on November 15, 2012, May 15, 2013 and semi-annually thereafter on November 15 and May 15, and maturing in the amount of \$20,000 on November 15, 2012, \$185,000 on May 15, 2013, \$770,000 on May 15, 2014, \$710,000 on May 15, 2015, \$730,000 on May 15, 2016, \$750,000 on May 15, 2017, \$740,000 on May 15, 2018, \$220,000 on May 15, 2019, \$75,000 on May 15, 2020, \$75,000 on May 15, 2021, \$75,000 on May 15, 2022, \$70,000 on May 15, 2023 and \$70,000 on May 15, 2024.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations 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 Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fifth paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions 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 Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, 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.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP