

TOWN OF QUEENSBURY, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2008

TOWN OF QUEENSBURY, NEW YORK

TABLE OF CONTENTS

DECEMBER 31, 2008

	<u>Page</u>
Management's Discussion and Analysis	1-8
Independent Auditor's Report on the Financial Statements	9-10
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities and Change in Net Assets	12
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Proprietary Fund Financial Statements	
Statement of Net Assets - Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	16
Statement of Cash Flows - Proprietary Funds	17
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	18
Statement of Changes in Fiduciary Net Assets	19
Supplementary Information - Budgetary Comparison Statements	
Budgetary Comparison Statement - General Fund	20
Budgetary Comparison Statement - Highway Fund	21
Budgetary Comparison Statement - Fire Protection Fund	22
Notes to Financial Statements	23-41

TOWN OF QUEENSBURY, NEW YORK

TABLE OF CONTENTS (CONTINUED)

DECEMBER 31, 2008

Additional Reports Required by Government Auditing Standards and OMB Circular A-133	
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Report on Internal Control Over Financial Statements and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	44-45
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	46-47
Schedule of Findings and Questioned Costs	48

As management of the Town of Queensbury, New York (the "Town"), we offer the readers of the Town's financial statements this narrative overview and analysis as of and for the year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with our basic financial statements, which can be found on pages 11 through 19 and our supplemental information which can be found on pages 20 through 22 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities on December 31, 2008, by \$58,503,912 representing net assets. Of this amount, \$36,079,751 represents the Town's investment in capital assets net of related debt, and \$4,553,044 is restricted for future capital improvements and perpetual care for the Town's cemeteries. The remaining amount of \$17,871,117 represents unrestricted net assets which can be used to support the Town's various activities and programs.
- At December 31, 2008, the Town's governmental funds reported a combined ending fund balance of \$8,544,613. Of this total amount, \$2,546,723 was reserved for specific purposes, \$2,534,186 was appropriated to finance part of the 2009 annual budget, and the remaining unreserved balance of \$3,463,704 can be used to support the Town's various governmental activities and programs.
- At December 31, 2008, the unreserved and unappropriated fund balance of the General Fund was \$2,128,647.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private sector business.

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

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as sales and mortgage taxes held for distribution by the County of Warren, unbilled water and sewer rents for services provided during the year, interest payable on long-term debt, and vested sick leave benefits payable to eligible employees.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and assessment charges (business-type activities). The governmental activities of the Town include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation and various home and community services. The business-type activities of the Town include operations of the Town's water districts, sewer districts, and refuse and garbage disposal and recycling services provided at the Town's landfill and transfer stations.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund, and Fire Protection Fund, all of which are considered to be major funds. Data from the other four governmental funds, the Capital Projects Fund for governmental activities, Special Grant Fund, Cemetery Fund, and Lighting Fund are combined into a single, aggregated presentation as Non-Major Governmental Funds. The unreserved, unappropriated fund balances of the Non-Major Governmental funds totaled \$848,942 as of December 31, 2008.

The governmental fund financial statements can be found on pages 13 and 14 of this report.

Proprietary funds. The Town utilizes enterprise funds to report the same function presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water Districts, Sewer Districts, Refuse and Garbage Disposal, and Recycling operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water operations, Sewer operations and operation of the Town's Landfill and Transfer Stations, all of which are considered to be major funds of the Town.

The Town utilizes an internal service fund to account for certain workers compensation and unemployment insurance costs.

The proprietary fund financial statements can be found on pages 15 through 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town-owned programs. The Town uses an Agency fund to account for money and property held by the Town pending payment to applicable parties. The Town utilizes a private purpose trust fund to account for assets of its length of service award program for volunteer firefighters and emergency service providers. The accounting used for fiduciary funds is much like that used for other similar funds.

The fiduciary fund financial statements can be found on pages 18 and 19 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 41 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities by \$58,503,912 at December 31, 2008.

By far, the largest portion of the Town's net assets, \$36,079,751 (62%), reflects the Town's investment in capital assets. This portion of net assets includes the costs of land, buildings, improvements other than buildings, machinery and equipment, infrastructure and work in progress less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF QUEENSBURY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2008

An additional portion of the Town's net assets, \$4,553,044 (8%), represents resources that are subject to restrictions on how they may be used. The remaining balance of net assets \$17,871,117 (30%) is unrestricted and can be used to support the Town's ongoing activities and programs. The following is a condensed statement of the Town's net assets as of December 31, 2008:

Condensed Statement of Net Assets
Year Ended December 31, 2008

	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 10,985,163	\$ 11,810,974	\$ 22,796,137
Long-Term Assets	-	772,846	772,846
Capital Assets	<u>11,627,064</u>	<u>38,814,487</u>	<u>50,441,551</u>
Total Assets	<u>22,612,227</u>	<u>51,398,307</u>	<u>74,010,534</u>
Current Liabilities	1,703,177	1,589,745	3,292,922
Long-Term Liabilities	<u>-</u>	<u>12,213,700</u>	<u>12,213,700</u>
Total Liabilities	<u>1,703,177</u>	<u>13,803,445</u>	<u>15,506,622</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,626,064	25,453,687	36,079,751
Restricted	1,816,105	2,736,939	4,553,044
Unrestricted	<u>8,466,881</u>	<u>9,404,236</u>	<u>17,871,117</u>
Total Net Assets	<u>\$ 20,909,050</u>	<u>\$ 37,594,862</u>	<u>\$ 58,503,912</u>

The Town experienced a decrease in net assets during 2008 totaling \$266,812 primarily from the use of \$1,180,061 in prior year governmental resources to finance current year governmental activities. The business-type activities experienced an increase in net assets amounting to \$913,249. The following is a condensed statement of activities for the year ended December 31, 2008:

Condensed Statement of Activities
Year Ended December 31, 2008

	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues			
Charges for Services	\$ 1,421,500	\$ 4,710,459	\$ 6,131,959
Operating Grants and Contributions	670,633	-	670,633
Capital Grants and Contributions	841,813	-	841,813
General Revenues			
Real Property Tax and Related Tax Items	2,899,006	2,417,590	5,316,596
Non-Property Taxes	6,651,234	-	6,651,234
Other General Revenues	<u>2,170,806</u>	<u>279,085</u>	<u>2,449,891</u>
Total Revenues	<u>\$ 14,654,992</u>	<u>\$ 7,407,134</u>	<u>\$ 22,062,126</u>

Condensed Statement of Activities (Continued)
Year Ended December 31, 2008

	Governmental Activities	Business-type Activities	Total
Expenses			
General Government Support	\$ 3,317,600	\$ -	\$ 3,317,600
Public Safety	4,213,578	-	4,213,578
Health	7,940	-	7,940
Transportation	4,805,254	-	4,805,254
Economic Opportunity and Development	218,680	-	218,680
Culture and Recreation	1,199,268	-	1,199,268
Home and Community Service	2,082,658	-	2,082,658
Water	-	4,093,274	4,093,274
Sewer	-	1,759,849	1,759,849
Landfill	-	630,837	630,837
Total Expenses	<u>15,844,978</u>	<u>6,483,960</u>	<u>22,328,938</u>
 Transfers	 <u>9,925</u>	 <u>(9,925)</u>	 <u>-</u>
 Change in Net Assets	 (1,180,061)	 913,249	 (266,812)
 Net Assets, Beginning of Year	 21,763,191	 35,666,231	 57,429,422
 Prior Period Adjustments	 <u>325,920</u>	 <u>1,015,382</u>	 <u>1,341,302</u>
 Net Assets, End of Year	 <u>\$ 20,909,050</u>	 <u>\$ 37,594,862</u>	 <u>\$ 58,503,912</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

As of the end of the current fiscal year, the Town governmental funds reported combined ending fund balances of \$8,544,613, a decrease of \$1,883,289 from the prior year. Portions of these fund balances are reserved to indicate that it is not available for new spending because it has already been committed to: (1) liquidate contracts and purchase orders of the prior period \$730,618, (2) pay future capital improvements \$1,111,213, and (3) pay for perpetual care at the Town's cemeteries \$704,892. Although not considered reserved, the Town Board appropriated \$2,534,186 of the year-end fund balances to finance part of the 2009 annual governmental fund budgets.

General Fund. The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the unreserved unappropriated fund balance of the General Fund was \$2,128,647 while total fund balance of the General Fund aggregated \$5,695,935. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved unappropriated fund balance and total fund balance to total fund expenditures. Unreserved unappropriated fund balance represents 18% of total General Fund expenditures for 2008, while total fund balance represents 48% of the same amount.

The fund balance of the General Fund decreased \$2,571,456 from the prior year primarily because the Town Board decided to appropriate a portion of the prior year fund balance to finance part of the 2009 annual budget.

The main revenue source for the General Fund is derived from sales and use taxes, which are distributed from the County of Warren to all towns, and the village and city located within the county. Together with our similar user taxes, non-property tax revenue and mortgage tax revenue for 2008 totaled \$7,590,660 representing 82% of total General Fund revenues, 64% of total General Fund expenditures, and 109% of total General Fund expenditures less transfers to other funds.

Highway Fund. The Highway Fund is one of the Town's major governmental funds. It is utilized to account for revenues needed to maintain, repair and improve town roads, provide snow removal services, and provide other transportation services for town residents and organizations. The main revenue source for the Highway Fund is an annual transfer of resources from the General Fund, funded primarily from non-property taxes. During 2008, the General Fund contributed \$3,446,525 to the Highway Fund, which ended the year with a fund balance of \$336,329.

Fire Protection District Fund. The Fire Protection District Fund is also a major governmental fund. It is utilized to account for real property taxes levied annually, and other applicable revenues generated to finance contracts for fire protection and emergency medical services. The Fire Protection District Fund received \$2,674,555 in real property taxes during 2008 and ended the year with a fund balance of \$507,364.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town reports three enterprise funds and one internal service fund.

Water District Fund. The Water District Fund is reported as an enterprise fund. The Water District Fund ended 2008 with net assets of \$30,269,497, which is an increase of \$2,087,587 from the prior year. Of the 2008 amount, \$21,824,706 represents the Town's investment in water capital assets, net of related debt and \$637,278 is restricted for capital improvements. The remaining unrestricted net assets of \$7,807,513 can be used for ongoing water operations.

Sewer District Fund. The Sewer District Fund is reported as an enterprise fund. The Sewer District Fund ended 2008 with net assets of \$4,736,435, which is an increase of \$196,871 from the prior year. Of the 2008 amount, \$3,280,261 represents the Town's investment in sewer capital assets, net of related debt. The remaining amount of \$1,456,174 is unrestricted net assets that can be used for ongoing sewer operations.

Landfill/Transfer Stations Fund. The Landfill/Transfer Stations Fund is reported as an enterprise fund. The Landfill/Transfer Stations Fund ended 2008 with net assets of \$2,588,930, which is an increase of \$37,915 over the prior year. Of the 2008 amount, \$348,720 represents the Town's investment in capital assets, net of related debt. Of the remaining balance, \$2,099,661 is restricted for future capital improvements and post closure costs, and \$140,549 is unrestricted and can be used for ongoing routine operations.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The Town's General Fund and two major governmental funds all ended the year within budget estimates. Budgetary comparison statements are included on pages 20 to 22 in the supplementary information section of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$50,441,551 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work in progress, and infrastructure assets, such as roads, water systems and sewer systems.

Major capital assets events that occurred during the current fiscal year included the following:

- Acquisition of equipment
- Additions and improvements to the town road system
- Construction of recreational park with athletic fields
- Dedication of new sewer lines

Additional information on the Town's capital assets can be found in Note 5 on page 33 of this report.

Long-Term Debt. At December 31, 2008 the Town had outstanding debt of \$7,364,300 for water district purposes and \$5,997,500 for sewer district purposes, for a total of \$13,361,800. All of this debt is general obligation debt backed by the full faith and credit of the Town.

The Town was rated "Aaa" by Moody's Investor Services as its last issuance of general obligations debt in 2003.

Additional information on the Town's long-term debt can be found in Note 6 on page 34 of this report.

ECONOMIC FACTORS

The Town is growing and thriving.

The Town has approximately 27,000 residents and is the County Seat of Warren County, which is located in the southern Adirondack Region of northeastern New York, just north of Saratoga County and the Albany capital district area. The Town borders the southern end of Lake George, a well-known summer destination, and is home to the Great Escape Theme Park operated by Six Flags, which is a popular tourist attraction. Business and government operations within the Town and the County offer numerous recreational and tourism opportunities with several lakes, rivers, streams, mountains, ski centers, hiking trails, snowmobile trails and other popular tourist attractions. The Town is also twenty miles from the Saratoga Race Course, one of the oldest and most prestigious thoroughbred horse racing tracks in the United States. Each summer, the racetrack operates a six week schedule of races that attracts world-class horses to participate in the various graded events.

With the area's successful tourism industry and its increasing population and small businesses, Warren County has been able to generate additional revenues from sales tax and hotel occupancy tax. The County distributes a portion of this revenue source with all towns and the village and city located within the county. Since the Town of Queensbury is the largest and most populous municipality within the county, the Town receives a significant amount of these shared revenues. The Town has used these shared revenues to finance governmental activities and has eliminated the need to raise real property taxes for general and highway purposes for the past seven years (2002-present). The Town has also used these shared revenues to reduce real property taxes levied on town properties for county purposes. As a result, the Town has one of the lowest real property tax rates in New York State.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's financial activity for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Queensbury Accounting Department, 742 Bay Road, Queensbury, New York 12804.

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDA, CPA
JAMES M. CUSACK, CPA
JOHN A. CRISCONI, CPA
WENDY M. LAING, CPA
JASON D. MARRA, CPA
JOHN J. TAFILOWSKI, CPA
TERRENCE P. GILLOOLEY
LAUREN M. LIGRECI
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

JOHN A. CIMINO, CPA, OF COUNSEL

**INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

To the Members of the Town Board
of the Town of Queensbury, New York

We have audited the accompanying financial statements of the Town of Queensbury, New York as of and for the year ended December 31, 2008 as listed in the table of contents. These financial statements are the responsibility of the Town of Queensbury, New York's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1 (L), the Town has not recorded other postemployment benefits in accordance with generally accepted accounting principles. The amounts that would have been recorded in the long-term debt account group had other postemployment benefits recorded in accordance with generally accepted accounting principles is not known.

Management's discussion and analysis on page 1 through 8 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standard Board. The supplementary information on pages 20 and 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consist principally of inquires of management regarding the method of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009 on our consideration of the Town of Queensbury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards on page 42 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the basic regulatory basis financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic regulatory basis financial statements taken as a whole.

In our opinion, except for the recording of other postemployment benefits as described in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Queensbury, New York as of December 31, 2008 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 28, 2009

TOWN OF QUEENSBURY, NEW YORK
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENTS OF NET ASSETS
DECEMBER 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 6,334,701	\$ 7,291,772	\$ 13,626,473
Receivables, Net of Allowance for Uncollectibles	2,784,079	2,492,159	5,276,238
Inventories	52,708	-	52,708
Prepaid Expenses	199,411	61,950	261,361
Restricted Assets			
Capital and Cash Equivalents	1,615,264	2,736,939	4,352,203
Cash Assets, Not Being Depreciated			
Land	4,306,610	519,619	4,826,229
Work in Progress	755,013	428,551	1,183,564
Capital Assets, Net of Accumulated Depreciation			
Buildings	2,262,842	791,479	3,054,321
Improvements Other Than Buildings	170,184	-	170,184
Machinery and Equipment	1,422,673	510,278	1,932,951
Infrastructure	<u>2,708,742</u>	<u>36,565,560</u>	<u>39,274,302</u>
Total Assets	<u>22,612,227</u>	<u>51,398,307</u>	<u>74,010,534</u>
Liabilities			
Accounts Payable and Other Current Liabilities	702,020	441,645	1,143,665
Bond Anticipation Notes Payable	1,000,000	-	1,000,000
Deferred Revenues	1,157	-	1,157
Noncurrent Liabilities			
Due Within One Year	-	1,148,100	1,148,100
Due in More Than One Year	<u>-</u>	<u>12,213,700</u>	<u>12,213,700</u>
Total Liabilities	<u>1,703,177</u>	<u>13,803,445</u>	<u>15,506,622</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,626,064	25,453,687	36,079,751
Restricted For:			
Capital Improvements	1,111,213	2,736,939	3,848,152
Cemetery Perpetual Care	704,892	-	704,892
Unrestricted	<u>8,466,881</u>	<u>9,404,236</u>	<u>17,871,117</u>
Total Net Assets	<u>\$ 20,909,050</u>	<u>\$ 37,594,862</u>	<u>\$ 58,503,912</u>

TOWN OF QUEENSBURY, NEW YORK
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

Program/Functions	Expenses	Program Revenue			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government Support	\$ 3,317,600	\$ 193,881	\$ (7,159)	\$ 63,200	\$ (3,067,678)	\$ -	\$ (3,067,678)
Public Safety	4,213,578	581,956	-	-	(3,631,622)	-	(3,631,622)
Health	7,940	-	-	-	(7,940)	-	(7,940)
Transportation	4,805,254	53,329	-	567,455	(4,184,470)	-	(4,184,470)
Economic Opportunity and Development	218,680	-	-	-	(218,680)	-	(218,680)
Culture and Recreation	1,199,268	203,324	16,566	211,158	(768,220)	-	(768,220)
Home and Community Service	2,082,658	389,010	661,226	-	(1,032,422)	-	(1,032,422)
Total Governmental Activities	<u>15,844,978</u>	<u>1,421,500</u>	<u>670,633</u>	<u>841,813</u>	<u>(12,911,032)</u>	<u>-</u>	<u>(12,911,032)</u>
Business-Type Activities							
Water	4,093,274	2,919,679	-	-	-	(1,173,595)	(1,173,595)
Sewer	1,759,849	1,145,643	-	-	-	(614,206)	(614,206)
Landfill	<u>630,837</u>	<u>645,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,300</u>	<u>14,300</u>
Total Business-Type Activities	<u>6,483,960</u>	<u>4,710,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,773,501)</u>	<u>(1,773,501)</u>
Total Governmental	<u>22,328,938</u>	<u>6,131,959</u>	<u>670,633</u>	<u>841,813</u>	<u>(12,911,032)</u>	<u>(1,773,501)</u>	<u>(14,684,533)</u>
General Revenues							
Real Property Tax and Related Tax Items					2,899,006	2,417,590	5,316,596
Non-Property Taxes					6,651,234	-	6,651,234
Interest Earnings					217,909	279,085	496,994
State Aid and Mortgage Taxes Not Restricted to Specific Purposes					944,372	-	944,372
Miscellaneous General Revenues					<u>1,008,525</u>	<u>-</u>	<u>1,008,525</u>
Total General Revenues					11,721,046	2,696,675	14,417,721
Transfers							
Transfer from Business-Type of Governmental Activities					<u>9,925</u>	<u>(9,925)</u>	<u>-</u>
Total General Revenues and Transfers					<u>11,730,971</u>	<u>2,686,750</u>	<u>14,417,721</u>
Change in Net Assets							
Change in Net Assets					(1,180,061)	913,249	(266,812)
Net Assets, Beginning of Year							
Net Assets, Beginning of Year					21,763,191	35,666,231	57,429,422
Prior Period Adjustments					<u>325,920</u>	<u>1,015,382</u>	<u>1,341,302</u>
Net Assets, End of Year							
Net Assets, End of Year					<u>\$ 20,909,050</u>	<u>\$ 37,594,862</u>	<u>\$ 58,503,912</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>General</u>	<u>Highway</u>	<u>Fire Protection</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 2,761,410	\$ 290,026	\$ 331,625	\$ 2,730,781	\$ 6,113,842
Receivables From Other Governments	1,329,781	-	-	338,103	1,667,884
Other Receivables, Net of Uncollectibles	215,650	9,253	226,879	121,788	573,570
Due From Other Funds	530,936	91,000	-	-	621,936
Prepaid Expenses	111,114	46,659	9,448	7,190	174,411
Restricted Assets					
Cash and Cash Equivalents,					
Special Reserves	1,068,969	-	-	546,295	1,615,264
Investments, Special Reserves	-	-	-	-	-
Total Assets	<u>\$ 6,017,860</u>	<u>\$ 436,938</u>	<u>\$ 567,952</u>	<u>\$ 3,744,157</u>	<u>\$ 10,766,907</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 179,854	\$ 83,980	\$ 44,479	\$ 206,014	\$ 514,327
Bond Anticipation Notes Payable	-	-	-	1,000,000	1,000,000
Compensated Absences	49,931	16,602	-	2,223	68,756
Due to Other Funds	91,000	-	-	530,935	621,935
Deferred Revenue	1,130	27	-	-	1,157
Other Payables	10	-	16,109	-	16,119
Total Liabilities	<u>321,925</u>	<u>100,609</u>	<u>60,588</u>	<u>1,739,172</u>	<u>2,222,294</u>
Fund Balances					
Reserved For:					
Encumbrances	84,799	213,398	22,600	409,821	730,618
Capital Improvements	1,069,969	-	-	41,244	1,111,213
Cemetery Perpetual Care	-	-	-	704,892	704,892
Unreserved:					
Appropriated for 2009	2,412,520	121,580	-	86	2,534,186
Unappropriated	2,128,647	1,351	484,764	848,942	3,463,704
Total Fund Balances	<u>5,695,935</u>	<u>336,329</u>	<u>507,364</u>	<u>2,004,985</u>	<u>8,544,613</u>
Total Liabilities and Fund Balances	<u>\$ 6,017,860</u>	<u>\$ 436,938</u>	<u>\$ 567,952</u>	<u>\$ 3,744,157</u>	<u>\$ 10,766,907</u>

Reconciliation of the Total Fund Balance in Governmental Funds to the Statement of Net Assets:

Total Fund Balances in Governmental Funds	\$ 8,544,613
Capital Assets, Net of Accumulated Depreciation	11,626,064
Net Receivables for Revenues Earned but Not Available	542,625
Inventories of Materials and Supplies	52,708
Vested Sick Leave Benefits	(27,565)
Net Assets of Internal Service Fund	170,605
Total Net Assets	<u>\$ 20,909,050</u>

TOWN OF QUEENSBURY, NEW YORK

FUND FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Highway</u>	<u>Fire Protection</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Revenues					
Real Property Taxes	\$ -	\$ -	\$ 2,674,555	\$ 133,498	\$ 2,808,053
Real Property Tax Items	74,717	-	16,236	-	90,953
Non-Property Taxes	6,668,249	-	-	-	6,668,249
Departmental Income	280,361	-	-	354,021	634,382
Intergovernmental Charges	11,631	-	-	-	11,631
Use of Money and Property	139,977	15,566	25,198	38,848	219,589
Licenses and Permits	91,046	-	-	-	91,046
Fines and Forfeitures	577,295	-	-	-	577,295
Sale of Property and Compensation for Loss	24,751	44,130	-	18,160	87,041
Miscellaneous	52,404	4,175	918,665	(9,809)	965,435
State Aid	1,068,301	267,455	-	500,248	1,836,004
Federal Aid	-	-	-	604,178	604,178
Total Revenues	<u>\$ 8,988,732</u>	<u>\$ 331,326</u>	<u>\$ 3,634,654</u>	<u>\$ 1,639,144</u>	<u>\$ 14,593,856</u>
Expenditures					
Current					
General Government Support	2,555,653	-	-	-	2,555,653
Public Safety	428,861	-	3,308,837	-	3,737,698
Health	7,940	-	-	-	7,940
Transportation	422,515	2,463,349	-	113,082	2,998,946
Economic Opportunity and Development	218,680	-	-	-	218,680
Culture and Recreation	887,610	-	-	-	887,610
Home and Community Service	654,368	-	-	1,131,068	1,785,436
Employee/Volunteer Benefits	1,563,785	808,773	343,191	146,799	2,862,548
Debt Service					
Capital Outlay					
General Government Support	197,657	-	-	336,489	534,146
Public Safety	16,947	-	-	-	16,947
Transportation	-	295,670	-	61,614	357,284
Culture and Recreation	35,245	-	-	351,822	387,067
Home and Community Services	-	-	-	137,095	137,095
Total Expenditures	<u>6,989,261</u>	<u>3,567,792</u>	<u>3,652,028</u>	<u>2,277,969</u>	<u>16,487,050</u>
Other Financing Sources (Uses)					
Interfund Transfers In	222,370	3,446,525	-	1,466,348	5,135,243
Interfund Transfers Out	(4,793,297)	(124,233)	(16)	(207,789)	(5,125,335)
Total Other Financing Sources and Uses	<u>(4,570,927)</u>	<u>3,322,292</u>	<u>(16)</u>	<u>1,258,559</u>	<u>9,908</u>
Net Change in Fund Balance	(2,571,456)	85,826	(17,390)	619,734	(1,883,286)
Fund Balance, Beginning of Year	<u>8,267,391</u>	<u>250,503</u>	<u>524,754</u>	<u>1,385,251</u>	<u>10,427,899</u>
Fund Balance, End of Year	<u>\$ 5,695,935</u>	<u>\$ 336,329</u>	<u>\$ 507,364</u>	<u>\$ 2,004,985</u>	<u>\$ 8,544,613</u>

Reconciliation of the Total Fund Balance in Governmental Funds to the Statement of Net Assets:

Net Change in Fund Balances	\$ (1,883,286)
Capital Expenditures	1,338,262
Fair Value of Donated Land	63,200
Depreciation Expense	(677,692)
Change in Net Receivables for Revenues Earned but Not Available	(92,724)
Change in Vested Sick Leave Benefits	(11,502)
Change in Net Assets of Internal Service Fund	76,099
Other	7,582
Change in Net Assets	<u>\$ (1,180,061)</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2008

	Business-Type Activities Enterprise Funds			Total Enterprise Funds	Governmental Internal Service
	Water	Sewer	Landfill		
Assets					
Cash and Cash Equivalents	\$ 5,909,509	\$ 1,256,673	\$ 125,590	\$ 7,291,772	\$ 220,859
Receivables, Net of Allowance for Uncollectibles	2,042,564	404,837	44,758	2,492,159	-
Prepaid Expenses	50,960	5,926	5,064	61,950	25,000
Restricted Assets					
Cash and Cash Equivalents	637,278	-	2,099,661	2,736,939	-
Capital Assets, Not Being Depreciated					
Land	287,230	83,952	148,437	519,619	-
Work in Progress	421,275	7,276	-	428,551	-
Capital Assets, Net of Accumulated Depreciation					
Buildings	777,875	-	13,604	791,479	-
Machinery and Equipment	279,540	44,059	186,679	510,278	-
Infrastructure	27,423,086	9,142,474	-	36,565,560	-
Total Assets	\$ 37,829,317	\$ 10,945,197	\$ 2,623,793	\$ 51,398,307	\$ 245,859
Liabilities					
Accounts Payable	90,552	159,989	27,017	277,558	75,254
Interest Payable	60,662	33,413	-	94,075	-
Compensated Absences	44,306	17,860	7,846	70,012	-
Non-Current Liabilities					
Due Within One Year	845,850	302,250	-	1,148,100	-
Due in More than One Year	6,518,450	5,695,250	-	12,213,700	-
Total Liabilities	7,559,820	6,208,762	34,863	13,803,445	75,254
Net Assets					
Invested in Capital Assets, Net of Related Debt	21,824,706	3,280,261	348,720	25,453,687	-
Restricted For					
Capital Improvements	637,278	-	2,099,661	2,736,939	-
Unrestricted	7,807,513	1,456,174	140,549	9,404,236	170,605
Total Net Assets	30,269,497	4,736,435	2,588,930	37,594,862	170,605
Total Liabilities and Net Assets	\$ 37,829,317	\$ 10,945,197	\$ 2,623,793	\$ 51,398,307	\$ 245,859

TOWN OF QUEENSBURY, NEW YORK

FUND FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities			Total Enterprise Funds	Governmental Internal Service
	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>		
Operating Revenues					
Water Sales and Services	\$ 2,919,679	\$ -	\$ -	\$ 2,919,679	\$ -
Sewer Sales and Services	-	1,145,643	-	1,145,643	-
Landfill and Transfer Station Charges	-	-	645,137	645,137	-
Capital Grants and Contributions	-	-	-	-	89,860
Total Operating Revenues	<u>2,919,679</u>	<u>1,145,643</u>	<u>645,137</u>	<u>4,710,459</u>	<u>89,860</u>
Operating Expenses					
Costs of Sales and Services	2,886,674	1,336,238	614,943	4,837,855	18,210
Depreciation	946,843	300,964	15,894	1,263,701	-
Total Operating Expenses	<u>3,833,517</u>	<u>1,637,202</u>	<u>630,837</u>	<u>6,101,556</u>	<u>18,210</u>
Operating Gain (Loss)	<u>(913,838)</u>	<u>(491,559)</u>	<u>14,300</u>	<u>(1,391,097)</u>	<u>71,650</u>
Nonoperating Revenues (Expenses)					
Real Property Taxes Levied for Water and Sewer Purposes	2,008,699	408,891	-	2,417,590	-
Transfer from Other Activities	12,022	-	-	12,022	-
Interest and Earnings	200,460	34,191	44,434	279,085	4,449
Transfer to Other Activities	-	(21,947)	-	(21,947)	-
Interest Expense	(259,757)	(122,647)	-	(382,404)	-
Total Nonoperating Revenues (Expenses)	<u>1,961,424</u>	<u>298,488</u>	<u>44,434</u>	<u>2,304,346</u>	<u>4,449</u>
Change in Net Assets	1,047,586	(193,071)	58,734	913,249	76,099
Net Assets, Beginning of Year	28,181,910	4,933,306	2,551,015	35,666,231	121,995
Prior Period Adjustments	<u>1,040,001</u>	<u>(3,800)</u>	<u>(20,819)</u>	<u>1,015,382</u>	<u>(27,489)</u>
Net Assets, End of Year	<u>\$ 30,269,497</u>	<u>\$ 4,736,435</u>	<u>\$ 2,588,930</u>	<u>\$ 37,594,862</u>	<u>\$ 170,605</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Landfill	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 2,872,375	\$ 1,085,205	\$ 651,447	\$ 4,609,027
Cash Paid to Suppliers	(1,257,757)	(977,354)	(326,875)	(2,561,986)
Cash Paid to Employees and Employee Benefits	(1,795,766)	(344,659)	(286,755)	(2,427,180)
Net Cash Provided By (Used In) Operating Activities	(181,148)	(236,808)	37,817	(380,139)
Cash Flows from Noncapital Financing Activities:				
Cash Received from Real Estate Taxes	2,008,699	408,891	-	2,417,590
Cash Flows from Capital and Related Financing Activities:				
Proceeds/Payments Other Funds	12,022	(547,399)	20,712	(514,665)
Purchases of Capital Assets	(796,272)	6,656	(158,377)	(947,993)
Principal Paid on Capital Debt	(850,850)	(292,250)	-	(1,143,100)
Interest Paid on Capital Debt	(274,983)	(119,192)	-	(394,175)
Net Cash Used In Capital and Related Financing Activities	(1,910,083)	(952,185)	(137,665)	(2,999,933)
Cash Flows from Investing Activities:				
Increase in Restricted Cash	(144,358)	-	(2,715)	(147,073)
Interest and Dividends	200,460	34,191	44,719	279,085
Net Cash Provided By Investing Activities	56,102	34,191	41,719	132,012
Net Decrease in Cash and Cash Equivalents	(26,430)	(745,911)	(58,129)	(830,470)
Cash and Cash Equivalents at Beginning of Year	5,935,939	2,002,584	183,719	8,122,242
Cash and Cash Equivalents at End of Year	\$ 5,909,509	\$ 1,256,673	\$ 125,590	\$ 7,291,772
Noncash Investing, Capital Financing Activities:				
Acquisition of Capital Assets on Account				
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Operating Income (Loss)	\$ (913,838)	\$ (491,559)	\$ 14,300	\$ (1,391,097)
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation Expense	946,843	300,964	15,894	1,263,701
Changes in Assets and Liabilities:				
Receivables - Net of Allowances	(47,304)	(60,438)	6,310	(101,432)
Prepaid Expenses	(20,532)	1,066	1,825	(17,641)
Accounts and Other Payables	(146,317)	13,159	(512)	(133,670)
Accrued Expenses				
Net Cash Provided By (Used In) Operating Activities	\$ (181,148)	\$ (236,808)	\$ 37,817	\$ (380,139)

TOWN OF QUEENSBURY, NEW YORK

FUND FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET ASSETS

DECEMBER 31, 2008

	<u>Agency Funds</u>	<u>Private Purpose Trust Volunteer File</u>	<u>Private Purpose Trust Volunteer Ambulance</u>
Assets			
Cash and Cash Equivalents	\$ 326,287	\$ -	\$ -
Investments	-	1,169,926	266,712
Receivables from Other Governments	<u>250</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 326,537</u>	<u>\$ 1,169,926</u>	<u>\$ 266,712</u>
Liabilities			
Agency Accounts Payable	<u>\$ 326,537</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>326,537</u>	<u>-</u>	<u>-</u>
Net Assets	<u>\$ -</u>	<u>\$ 1,169,926</u>	<u>\$ 266,712</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Private Purpose Trust Volunteer <u>Fire</u>	Private Purpose Trust Volunteer <u>Ambulance</u>
Additions		
Service Award Program Contributions	\$ 160,431	\$ -
Interest Earnings	<u>(396,637)</u>	<u>(99,401)</u>
Total Additions	(236,206)	(99,401)
Deductions		
Public Safety	<u>106,408</u>	<u>33,364</u>
Change in Net Assets	(342,614)	(132,765)
Net Assets, Beginning of Year	<u>1,512,540</u>	<u>399,477</u>
Net Assets, End of Year	<u>\$ 1,169,926</u>	<u>\$ 266,712</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual and Encumbrances</u>	<u>Variance with Revised-Positive (Negative)</u>
	<u>Adopted</u>	<u>Revised</u>		
Revenues				
Real Property Taxes	\$ -	\$ -	\$ -	\$ -
Real Property Tax Items	35,000	35,000	74,717	39,717
Non-Property Taxes	6,440,000	6,440,000	6,668,249	228,249
Departmental Income	215,300	215,300	280,331	65,031
Intergovernmental Charges	-	-	11,631	11,631
Use of Money and Property	155,100	155,100	139,977	(15,123)
Licenses and Permits	120,200	120,200	91,076	(29,124)
Fines and Forfeitures	541,494	541,494	577,295	35,801
Sales of Property and Compensation for Loss	2,000	8,925	24,751	15,826
Miscellaneous	25,000	25,000	52,404	27,404
Interfund Revenues	-	209,829	-	(209,829)
State Aid	1,346,500	1,346,500	1,068,301	(278,199)
Federal Aid	-	29,679	-	(29,679)
Total Revenues	<u>8,880,594</u>	<u>9,127,027</u>	<u>8,988,732</u>	<u>(138,295)</u>
Expenditures				
General Government Support	2,845,250	2,950,672	2,802,002	148,670
Public Safety	450,928	477,870	445,808	32,062
Health	7,475	8,675	7,940	735
Transportation	420,970	445,573	422,515	23,058
Economic Opportunity and Development	210,370	222,370	218,680	3,690
Culture and Recreation	909,223	974,263	954,697	19,566
Home and Community Services	669,577	706,776	658,633	48,143
Employee Benefits	<u>1,582,699</u>	<u>1,653,199</u>	<u>1,563,785</u>	<u>89,414</u>
Total Expenditures	<u>7,096,492</u>	<u>7,439,398</u>	<u>7,074,060</u>	<u>365,338</u>
Other Financing Sources (Uses)				
Interfund Transfers In	-	-	222,370	222,370
Interfund Transfers Out	<u>(3,514,050)</u>	<u>(4,793,297)</u>	<u>(4,793,297)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,514,050)</u>	<u>(4,793,297)</u>	<u>(4,570,927)</u>	<u>222,370</u>
Appropriated Fund Balance (Budget) and Net Change in Fund Balances	<u>\$ (1,729,948)</u>	<u>\$ (3,105,668)</u>	<u>\$ (2,656,255)</u>	<u>\$ 449,413</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

Positive	<u>Budgeted Amounts</u>		<u>Actual and</u>	<u>Variance with</u>
	<u>Adopted</u>	<u>Revised</u>	<u>Encumbrances</u>	<u>Revised-</u> <u>(Negative)</u>
Revenues				
Real Property Taxes	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	12,000	12,000	15,566	3,566
Sale of Property and Compensation for Loss	23,500	34,755	44,130	9,375
Miscellaneous	10,500	10,500	4,175	(6,325)
Interfund Revenues	5,000	5,000	-	(5,000)
State Aid	<u>220,000</u>	<u>220,000</u>	<u>267,455</u>	<u>47,455</u>
Total Revenues	<u>271,000</u>	<u>282,255</u>	<u>331,326</u>	<u>49,071</u>
Expenditures				
Transportation	2,745,199	2,984,408	2,972,417	11,991
Employee Benefits	<u>881,326</u>	<u>813,928</u>	<u>808,773</u>	<u>5,155</u>
Total Expenditures	<u>3,626,525</u>	<u>3,798,336</u>	<u>3,781,190</u>	<u>17,146</u>
Other Financing Sources (Uses)				
Interfund Transfers In	3,355,525	3,446,525	3,446,525	-
Interfund Transfer Out	<u>-</u>	<u>(124,233)</u>	<u>(124,233)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,355,525</u>	<u>3,322,292</u>	<u>3,322,292</u>	<u>-</u>
Appropriated Fund Balance (Budget) and Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (193,789)</u>	<u>\$ (127,572)</u>	<u>\$ 66,217</u>

TOWN OF QUEENSBURY, NEW YORK
FUND FINANCIAL STATEMENTS
BUDGETARY COMPARISON STATEMENT - FIRE PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

Positive	<u>Budgeted Amounts</u>		<u>Actual and</u>	<u>Variance with</u>
	<u>Adopted</u>	<u>Revised</u>	<u>Encumbrances</u>	<u>(Negative)</u>
Revenues				
Real property taxes	\$ 2,668,900	\$ 2,668,900	\$ 2,674,555	\$ 5,655
Real property tax items	15,000	15,000	16,236	1,236
Use of money and property	40,000	40,000	25,198	(14,802)
Miscellaneous	<u>670,000</u>	<u>670,000</u>	<u>918,665</u>	<u>248,665</u>
Total Revenues	<u>3,393,900</u>	<u>3,393,900</u>	<u>3,634,654</u>	<u>240,754</u>
Expenditures				
Public safety	3,047,111	3,376,596	3,331,437	45,159
Volunteer benefits	<u>346,789</u>	<u>368,058</u>	<u>343,191</u>	<u>24,867</u>
Total Expenditures	<u>3,393,900</u>	<u>3,744,654</u>	<u>3,674,628</u>	<u>70,026</u>
Other Funding Sources (Uses)				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>
Appropriated Fund Balance (Budget) and				
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (350,754)</u>	<u>\$ (39,990)</u>	<u>\$ 310,764</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Queensbury, New York (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying basic financial statement follows.

In preparing the basic financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

A. Financial Reporting Entity

The Town of Queensbury, New York, (the “Town”) which was established in 1762, is governed by its Town Charter, and other general laws of the State of New York and various local laws. The Town Board, which is governing body of the Town, consists of the Supervisor and four voting Council persons, all elected. The Town Supervisor serves as the chief executive and fiscal officer. As authorized by Town Law 3 §34, the Town provides the following basic services: public safety, health services, maintenance of Town roads, recreation, home and community service, economic assistance and other general services.

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Town and/or its citizens, or whether the activity is conducted within geographic boundaries of the Town and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. Based on the application of these criteria, the Town has determined it has no component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The governmental reporting model has the following sections: Management’s Discussion and Analysis, Government-wide Financial Statements, and Fund Financial Statements.

The government-wide financial statements, which include the statement of net assets and the statement of activities, report information on all nonfiduciary activities of the Town, as the primary government. The effect of interfund transactions within the same activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support made to customers.

The statement of net assets presents the financial condition of the Town’s activities at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identified the net expense or revenue from each activity, and identifies the amount of general revenues needed to help finance the specific activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate “fund types.”

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements. The General Fund and other major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated in one column identified as non-major governmental funds.

A fund is a separate accounting entity with a self-balancing set of accounts.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual, which are when they become both measurable and available. “Measurable” means the amount of the transaction can be reasonably determined and “available” means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected generally within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, payments for the principal and interest on debt service, acquisition of capital assets and inventory type items, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, water and sewer rents, sales taxes and certain intergovernmental revenues are considered to be susceptible to accrual and so have been recognized in the fund financial statements as revenues of the current fiscal period. All other revenue items are considered to be measurable and available generally when the Town receives cash for these revenues, such as fines, permits, and other miscellaneous collections.

The Town also reports deferred revenue on its fund financial statements for certain revenues. Deferred revenues arise when potential revenue does not meet both of the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the Town receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue recognized.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Payments for acquisition of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the “purchase” method, as opposed to the “consumption” method.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

D. Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for with a separate set of self-balancing accounts that comprise it's assets, liabilities, fund balance, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, or limitations. The Town's fund types are as follows:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The Town's governmental funds are as follows:

- a) *The General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. This fund operates within the financial limits of an annual budget adopted by the Town Board, and includes expenditures for general governmental support and other general town activities.
- b) *Special Revenue Funds* are used to account for specific revenues (other than those generated for major capital projects) that are legally restricted to expenditures for particular purposes. The Town utilizes the following special revenue funds:
 1. The Special Grant Fund is used to account for federally-funded community development block grants and other specially funded programs.
 2. The Cemetery Fund is used to account for revenues from sales of cemetery lots, charges for services and other revenues generated to pay for operation of the Town's various cemeteries.
 3. The Highway Fund is used to account for revenues generated to pay for repairs and improvements to town roads, acquisition and maintenance of highway vehicles and equipment, snow removal and other transportation services.
 4. The Fire Protection Fund is used to account for real property taxes and other revenues generated to pay for contracts for fire protection services, contributions to the service award program and other related public safety costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

b) Special Revenue Funds (Continued)

5. The Lighting Fund is used to account for real property taxes and other revenues generated within district boundaries to pay for specific street lighting costs.
- c) *The Capital Project Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

In addition to the General Fund, the Town considers the Highway Fund and the Fire Protection Fund to be major governmental funds.

Proprietary Funds represent the Town's business-type activities and include Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report activities for which fees are charged to external customers for goods and services provided, and the Town's fee pricing policies are established to recover costs of providing such service, including capital costs such as depreciation or debt service. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues are charged to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following enterprise funds:

- a) *The Water District Fund* is used to report operations of the Town's water treatment and supply facilities that provide drinking water to Town residents within established water districts, as well as to certain local communities outside the Town's corporate boundaries. Users of the water system, inside and outside the Town limits, are charged certain user fees and assessments to pay for water operations. The fund also records revenues and expenses associated with extending water lines, making improvements to the water treatment facilities, and other capital expenses.
- b) *The Sewer District Fund* is used to report operations of the Town's sanitary sewer system that is provided to Town residents located within established sewer districts. The Town contracts with the City of Glens Falls, New York for treatment and disposal at the City's waste water treatment facility. Users of the sewer system are charged certain user fees and assessments to pay for sewer operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

Proprietary Funds (Continued)

- c) *The Landfill/Transfer Station Fund* is used to report refuse and garbage disposal services and recycling operations at the Town's transfer stations and landfill. Certain user fees are charged to customers to pay for these services.

The Town considers each of the three enterprise funds to be major proprietary funds.

The Town maintains one internal service fund to account for certain workers compensation and unemployment insurance costs.

Fiduciary Funds are used to report resources that are held by the Town in a trustee or agency capacity for others and cannot be used to support the Town's own programs. The Town maintains agency funds to account for assets that the Town holds on behalf of others as their agent. The Town maintains a private purpose trust fund to account for the Town sponsored length of service award program established for volunteer fire fighters of the various fire department companies providing fire protection and emergency services to town residents.

In addition to the various funds, the Town also maintains schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include bonds, accumulated vested sick leave and other long-term debt used to finance governmental activities. These non-current governmental assets and liabilities are included under governmental activities in the government-wide statement of net assets. At December 31, 2008, the Town has no outstanding bonds or other long-term debt issued to finance governmental activities.

E. Excluded from the Financial Reporting Entity

The Economic Development Corporation ("EDC") is a not-for-profit corporation created to promote economic development within the County. Members of the EDC are not appointed by the Town Board. EDC members have complete responsibility for management of the agency and accountability for fiscal matters. The Town is not liable for EDC bonds or notes. The Town has entered into an agreement with the EDC for services in the amount of \$128,000 for the year ended December 31, 2008.

F. Revenue Recognition Property Tax

Taxes for Town purposes are based on Town budget requirements. Taxes are collected by the Town until April 1, at which time all unpaid taxes are returned to the County, which is responsible for all uncollected taxes. The following calendar pertains to Town real property taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenue Recognition Property Tax (Continued)

Valuation date	January 1
Taxable status date	March 1
Exemption filing date	March 1
Final roll date	July 1
Date taxes due	January 1
Date penalty periods begin	February 1

G. Budgetary Data

General Budget Process - Prior to October 5 of each year, the Budget Officer submits to the Town Clerk and Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications of the budget.

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

H. Encumbrances

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year end are reported as reservations of fund balances since the commitments do not constitute expenditures or liabilities.

I. Estimates

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

J. Capital Assets and Depreciation

Property, plant and equipment of all funds are stated at historical cost or estimated cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided on the straight-line basis over the estimated useful life of the assets ranging from 3 to 40 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations. The liability for accumulated vacation, vested sick benefits and related benefits has been recorded in the respective funds.

L. Other Postemployment Benefits ("OPEB")

In addition to pension providing pension benefits, the Town also provides certain health care benefits for retired employees and their dependants. Substantially all the Town employees may become eligible for those benefits if they reach normal retirement age while working for the Town.

Effective for the year ended December 31, 2008, Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45") requires the Town to recognize the cost of pension benefits to be reflected in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 requires the services of any actuary to calculate current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than prior practice which recognized expense on a pay-as-you-go basis.

The Town has evaluated the costs and benefits of adopting GASB 45 and determined that at this time the cost outweighs the benefit. Therefore, the Town has continued to recognize OPEB costs on a pay-as-you-go basis, which is not in accordance with generally accepted accounting principles. The amount that would be recorded in the long-term debt account group had GASB 45 been adopted is not know.

OPEB costs recognize as incurred was approximately \$420,000 in 2008 for 47 retirees.

2. CASH AND INVESTMENTS

The Town's investment policies are governed by state statutes. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The budget officer is authorized to use demand accounts, certificates of deposit, obligations of the United States of America, New York State and local municipalities and school districts, certificates of participation and repurchase agreements with certain restrictions.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of any state and its municipalities and school districts.

TOWN OF QUEENSBURY, NEW YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2008

2. CASH AND INVESTMENTS (CONTINUED)

During 2008, cash and investments were either insured by Federal Depository Insurance or collateralized by assets of the Town's agent in the Town's name.

3. RECEIVABLES

Receivables consist of the following at December 31, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Due from Other Governments	\$ 2,210,509	\$ -
Other	<u>573,570</u>	<u>2,492,159</u>
	<u>\$ 2,784,079</u>	<u>\$ 2,492,159</u>

Due from other governments business-type activities include receivables due from two local governments for extension of water transmission mains to those communities for the eventual sale of water. Payments are due as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest @ 3.55%</u>	<u>Total</u>
2009	\$	128,472	\$ 30,857	\$ 159,329
2010		128,472	26,297	154,769
2011		128,472	21,736	150,208
2012		128,472	17,174	145,646
2013		128,472	12,614	141,086
Thereafter		<u>258,958</u>	<u>12,133</u>	<u>271,091</u>
Total		<u>\$ 901,318</u>	<u>\$ 120,811</u>	<u>\$ 1,022,129</u>

4. RESTRICTED ASSETS

Restricted assets consist of cash and investments for the following:

	<u>Restricted Balance</u>	<u>Restriction</u>
General Fund	\$ 1,068,969	Capital Reserves
Water Fund	637,278	Capital Reserves
Refuse and Garbage Fund	2,099,661	Capital Reserves
Cemetery Fund	<u>546,295</u>	Cemetery Perpetual Care Capital Reserves
Total Restricted Assets	<u>\$ 4,352,203</u>	

TOWN OF QUEENSBURY, NEW YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2008

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2008</u>
Cost or Estimated Cost				
Governmental Fund				
Work in Progress	\$ -	\$ 755,013	\$ -	\$ 755,013
Land	4,776,925	63,200	(533,515)	4,306,610
Buildings	4,565,325	-	215,251	4,780,576
Improvements	461,367	-	(16,900)	444,467
Machinery and Equipment	5,704,318	251,115	162,514	6,117,947
Infrastructure	<u>4,074,558</u>	<u>925,544</u>	<u>25,430</u>	<u>5,025,532</u>
	<u>19,582,493</u>	<u>1,994,872</u>	<u>(147,220)</u>	<u>21,430,145</u>
Cost or Estimated Cost				
Business-Type Activities				
Work in Progress	-	428,551	-	428,551
Land	568,821	-	(49,202)	519,619
Buildings	1,279,560	-	10,124	1,289,684
Machinery and Equipment	1,677,129	229,346	(19,101)	1,887,374
Infrastructure	<u>55,561,804</u>	<u>327,606</u>	<u>1,867,581</u>	<u>57,756,991</u>
	<u>59,087,314</u>	<u>985,503</u>	<u>1,809,402</u>	<u>61,882,219</u>
Accumulated Depreciation				
Governmental Funds				
Buildings	2,295,403	130,437	91,893	2,517,733
Improvements	263,616	21,652	(10,985)	274,283
Machinery and Equipment	4,405,206	257,293	32,775	4,695,274
Infrastructure	<u>2,065,739</u>	<u>268,310</u>	<u>(17,259)</u>	<u>2,316,790</u>
	<u>9,029,964</u>	<u>677,692</u>	<u>96,424</u>	<u>9,804,080</u>
Accumulated Depreciation				
Business-Type Activities				
Buildings	455,691	33,150	9,364	498,205
Machinery and Equipment	1,326,491	67,796	(17,191)	1,377,096
Infrastructure	<u>19,189,319</u>	<u>1,162,756</u>	<u>839,357</u>	<u>21,191,432</u>
	<u>20,971,501</u>	<u>1,263,702</u>	<u>831,530</u>	<u>23,066,733</u>
Net Capital Asset	<u>\$ 48,668,342</u>	<u>\$ 1,038,981</u>	<u>\$ 734,228</u>	<u>\$ 50,441,551</u>

TOWN OF QUEENSBURY, NEW YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2008

6. BONDS PAYABLE

Bonds are comprised of the following at December 31, 2008:

<u>State Loans Payable</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance December 31, 2008</u>
Quaker Road Sewer Environment Bond	9/15/90	1,975,000	7.5%	2010	\$ 235,000
Water Treatment Plant Environment Bond	7/31/98	11,883,200	4.35 to 5.1%	2015	4,985,000
Shore Colony Water District	12/15/03	2,880,333	4.0 to 4.25%	2023	2,340,000
Queensbury Avenue Sewer	3/4/04	1,362,591	4.0%	2033	1,165,000
Route 9 Sewer	7/17/06	4,912,000	2.49 to 4.13%	2035	4,555,000
 <u>Serial Bonds</u>					
Big Bay/Big Boom Water District	3/21/84	78,000	5.0%	2022	31,800
Queensbury Public Improvement Bond	7/1/95	9,775,000	5.2 to 5.5%	2010	<u>50,000</u>
					<u>\$ 13,361,800</u>

The Town's future bond debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 1,148,100	\$ 373,876	\$ 1,521,976
2010	1,146,100	339,682	1,485,782
2011	1,027,200	304,584	1,331,784
2012	1,027,200	273,529	1,300,729
2013	1,027,200	241,670	1,268,870
Thereafter	<u>7,986,000</u>	<u>1,749,432</u>	<u>9,735,432</u>
Total	<u>\$ 13,361,800</u>	<u>\$ 3,282,773</u>	<u>\$ 16,644,573</u>

Total interest expenditures for the year ended December 31, 2008 were \$394,175.

7. LANDFILL POST-CLOSURE CARE COSTS

State and federal laws and regulations require the Town to place a final cover on its Ridge Road landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Town of Queensbury ceased operations at the landfill in 1993 and completed closure in 1997. Landfill postclosure care costs of \$179,962 reported at December 31, 2008 represent the remaining estimated cost to perform post-closure care. These estimated amounts are based on what it would cost to perform post-closure care as of December 31, 2008. Actual post-closure care costs may be higher due to inflation, changes in technology, or changes in regulations. The Town has \$1,897,718 in the Capital Reserve (Note 8), for potential future landfill post-closure care costs.

8. RESERVED FUND BALANCES

Encumbrances

The governmental funds include a reserve for encumbrances equal to an amount reserved to satisfy purchase orders and other commitments for goods and/or services to be received in the following year.

Capital Reserve

Capital reserves have been established for the following capital projects:

General Fund - Recreation Assessment	\$	53,739
- Capital		782,134
- Town-wide Drainage		109,652
- Highway Garage		<u>124,444</u>
		<u>1,069,969</u>
Water Fund - Equipment		145,096
- Capital		<u>492,182</u>
		<u>637,278</u>
Refuse and Garbage Fund - Landfill Closure		1,897,718
- Equipment		<u>201,943</u>
		<u>2,099,661</u>
Cemetery Fund - Equipment		<u>41,244</u>
		<u>\$ 3,848,152</u>

Reserve for Perpetual Care

The Cemetery Fund has a reserve for perpetual care of \$704,892.

9. RETIREMENT BENEFITS

Plan Description - The Town participates in the New York State and Local Employees' Retirement System (ERS), and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issued a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy - The Systems are non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 and who have not completed ten years of service, and who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

2008	\$ 454,564
2007	\$ 488,846
2006	\$ 535,685

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

10. VOLUNTEER FIREFIGHTER AWARD PROGRAM

The Town of Queensbury established a defined contribution Service Award Program (referred to as a "LOSAP" - Length of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1990 for the active volunteer firefighter members of the Bay Ridge, Central Queensbury, North Queensbury, South Queensbury and West Glens Falls Fire Companies. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Town of Queensbury is the sponsor of the Program and the Program administrator.

10. VOLUNTEER FIREFIGHTER AWARD PROGRAM (CONTINUED)

Program Description

Participation, vesting and service credit

In a defined contribution LOSAP, each Participant has an individual Program account. An eligible Program Participant is defined by the Program Sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned 1 year of Service Award Program service credit. Each Participant's individual Program account is credited with a service award contribution as of the end of each year during which the volunteer met the requirements to earn a year of Service Award Program service credit. The Participant is paid his or her account balance upon attainment of the Entitlement Age. The Program's Entitlement Age is 62. The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Fire District) earned by the Program assets and allocated to the Participant's Program account.

Participants acquire a non-forfeitable right to be paid their Program account balance after earning credit for five (5) years of service or upon attaining the Program's Entitlement Age while an active volunteer. An active volunteer firefighter earns a year of Service Award Program service credit calendar year after the establishment of the Program in which he or she accumulates fifty or more points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Award Program credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter of the Bay Ridge, Central Queensbury, North Queensbury, South Queensbury or West Glens Falls Fire Companies.

Benefits

A Participant's benefit under the Program is his or her Program account balance paid upon attainment of the entitlement age in a lump sum to the Participant. The annual contribution paid by the Fire District and credited to the account of a Participant who earned fifty points during a calendar year is currently \$700. The maximum number of years of service credit a Participant may earn under the Program is 40 years. Currently, there are no other forms of payment of a volunteer's earned service award under the Program.

Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's account balance will not be paid until a Participant attains the Entitlement Age. The Program provides lump sum death and disability benefits equal to the Participant's Program account balance as of the December 31 preceding the date of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self insured and are paid from the Program trust fund.

For a complete explanation of the program see the Program Document, a copy of which is available from the Town Supervisor.

10. VOLUNTEER FIREFIGHTER AWARD PROGRAM (CONTINUED)

Fiduciary Investment and Control

After the end of each calendar year, each fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year indicating which volunteers earned fifty points. The certified list is delivered to the Town Board for the Board's review and approval. The fire company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Town Board.

The Town Board has retained Penflex, Inc. to assist in the administration of the Program. The services provided by Penflex, Inc. are described in the attached agreement between Penflex, Inc. and the Town of Queensbury.

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Town Board the amount of the service award to be paid to the Participant or to a Participant's designated beneficiary. The person(s) authorized by the Town Board then authorizes, in writing, the custodian of the Town's Volunteer Firefighter Service Award Program trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from the authorized representative of the Town.

Penflex bills the Town of Queensbury for the services it provides. Penflex's invoices are authorized for payment by the Town in the same manner as any other invoice presented to the Town for payment. The Town pays Penflex invoices from its general fund.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to Participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The Town created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Town Supervisor. The Town Board is the Program Trustee.

Authority to invest the Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the attached written investment policy statement adopted by the Town.

The Town has retained Glens Falls National Bank to provide investment management and custodial services as well to pay benefits to Participants.

10. VOLUNTEER FIREFIGHTER AND AWARD PROGRAMS (CONTINUED)

Program Financial Condition

Net Assets Available for Benefits are as follows:

Cash & Money Market	\$ 70,084
Equities	628,187
Fixed Income	468,932
Interest Receivable	2,723
Prior Year Contributions Receivable	700
Current Year Contributions Receivable	99,962
Less: Liabilities	<u>-</u>
 Total Net Assets Available for Benefits	 <u><u>\$ 1,270,588</u></u>
 Unfunded Liability for Prior Service	 <u><u>\$ -</u></u>

Prior Service Costs

Prior service costs have been amortized and paid.

Changes in Net Assets Available for Benefits were as follows:

Plan Contributions	\$ 157,062
Investment Income Earned	50,481
Loss in Fair Market Value of Investments	(447,117)
Investment Fees	(7,344)
Benefits Paid	<u>(99,064)</u>
 Change in Net Assets Available for Benefits	 (345,982)
 Net Assets Available for Benefits, Beginning	 <u>1,616,570</u>
 Net Assets, Available for Benefits, Ending	 <u><u>\$ 1,270,588</u></u>

Contributions

Amount of Sponsor's Required Contributions	\$ 148,376
Amount of Sponsor's Actual Contributions	\$ 147,676

Administration Fees

Fees Paid to Administrative/Actuarial Services Provider	\$ 12,315
Fees Paid for Investment Management	\$ 7,344

11. VOLUNTEER AMBULANCE WORKER SERVICE AWARD PROGRAM

Ambulance Worker Service Award Program - In connection with service contracts between the Town and local volunteer ambulance workers, the Town implemented a volunteer ambulance worker service award program on January 25, 1996, effective January 1, 1994. The program is a defined contribution retirement plan covering volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. The annual contribution is \$400 per calendar year for each volunteer ambulance worker who earned 50 service credits during the year. Contributions expensed to the plan totaled \$0 for the year ended December 31, 2008.

12. OPERATING TRANSFERS

Interfund Transactions

During the course of normal operations, the Town records numerous transactions between funds including expenditures for the provision of services as well as transfers between funds to finance various projects or debt payments.

Interfund balances arising from these transactions as of December 31, 2008 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund	\$ 530,936	\$ 91,000	\$ 222,370	\$ 4,917,530
Highway Fund	91,000	-	3,446,525	-
Water Fund	-	-	141,017	30,000
Sewer Fund	12,000	12,000	77,758	-
Refuse and Garbage Fund	-	-	37,495	225,000
Cemetery Fund	-	37,830	166,025	-
Special Grant Fund	-	483,106	57,000	50,000
Capital Projects Fund	-	10,000	1,488,323	413,983
Trust and Agency Fund	-	-	-	-
	<u>\$ 633,936</u>	<u>\$ 633,936</u>	<u>\$ 5,636,513</u>	<u>\$ 5,636,513</u>

13. COMMITMENTS AND CONTINGENCIES

Lawsuits - The Town is involved in numerous lawsuits arising in the normal course of business, including claims for property damage, personal injury, personnel practices, disputes over contract awards and property condemnation proceedings and suits contesting the assessments. In the opinion of the Town, after considering all relevant facts, the ultimate losses not covered by insurance resulting from such litigation would be immaterial in relation to the regulatory financial statements taken as a whole.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Self-Insurance - The Town participated in a self-insurance plan for workers' compensation until January 1, 2000, at which time it commenced a traditional workers' compensation insurance plan. A liability of \$57,032 was recorded as of December 31, 2008 to record the Town's estimated liability relating to self-insurance claims being administered by a third party.

Grant Programs - The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations.

Environmental Concerns - The Town is engaged in many activities (*e.g.*, water and sewer service, refuse collection, gasoline storage) in the normal course of operations that are potentially hazardous to the environment. As of December 31, 2008, the Town is not aware of any significant environmental problems that should be disclosed in the regulatory basis financial statements.

Municipal Wastewater Agreement - The Town has entered into an agreement with the City of Glens Falls, New York (the "City") to treat the Town's wastewater at the City's treatment plant at established rates through December 2016. Total wastewater treatment expenditures for the year ended December 31, 2008 were \$705,648.

14. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments increasing net assets of governmental activities by \$325,920 and increasing net assets of business-type activities by \$1,015,382 resulted in the correction of recording various capital asset accounts.

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133**

TOWN OF QUEENSBURY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2008

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grant	14.228	\$ 67,392
Home Investment Partnership Program	14.239	<u>25,627</u>
Total U.S. Department of Housing and Urban Development		<u>93,019</u>
<u>U.S. Department of Transportation</u>		
Highway Planning and Construction Transportation Capital Grant	20.205	<u>511,159</u>
Total Federal Awards		<u>\$ 604,178</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal financial assistance programs of the Town of Queensbury, New York for the year ended December 31, 2008. The significant accounting policies of the Town of Queensbury, New York are described in Note 1 to the financial statements. Federal awards received directly from federal agencies as well as federal financial assistance, if any, passed through other government agencies are included in the Schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting used by the Town of Queensbury, New York to report to the Federal Government.

Relationship to Financial Statements

Federal awards revenue is reported in the Town of Queensbury, New York's financial statements as follows:

Special Grant Fund	\$ 93,019
Capital Projects Fund	<u>511,159</u>
Total Federal Awards	<u><u>\$ 604,178</u></u>

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDA, CPA
JAMES M. CUSACK, CPA
JOHN A. CRISCONI, CPA
WENDY M. LAING, CPA
JASON D. MARRA, CPA
JOHN J. TAFIOWSKI, CPA
TERRENCE P. GILLOOLEY
LAUREN M. LIGRECI
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

JOHN A. CIMINO, CPA, OF COUNSEL

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Supervisor and Members of
the Town Board of the Town
of Queensbury, New York

We have audited the regulatory basis financial statements of the Town of Queensbury, New York as of and for the year ended December 31, 2008, and have issued our report thereon dated September 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

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

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

Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 28, 2009

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDA, CPA
JAMES M. CUSACK, CPA
JOHN A. CRISCONI, CPA
WENDY M. LAING, CPA
JASON D. MARRA, CPA
JOHN J. TAFIOWSKI, CPA
TERRENCE P. GILLOOLEY
LAUREN M. LIGRECI
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

JOHN A. CIMINO, CPA, OF COUNSEL

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

To the Supervisor and Members of
the Town Board of the Town
of Queensbury, New York.

Compliance

We have audited the compliance of the Town of Queensbury, New York with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. The Town of Queensbury, New York major federal program is identified in the schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town of Queensbury, New York management. Our responsibility is to express an opinion on the Town of Queensbury, New York's compliance based on our audit.

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

In our opinion, the Town of Queensbury, New York complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Town of Queensbury, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Queensbury, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 28, 2009

TOWN OF QUEENSBURY, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Identification of major programs.

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
20.205	Highway Planning and Construction Transportation Capital Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.