

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 2011

NEW ISSUE
Book-Entry-Only

RATING: Moody's Investors Service: A1
(SEE "RATINGS" HEREIN)

In the opinion of Bond Counsel, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the Town with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the Town, interest on the Bonds (i) is excluded from gross income of the owners thereof for Federal income tax purposes, (ii) is not an "item of tax preference" for purposes of the Federal alternative minimum tax imposed on individuals and corporations, and (iii) is not included in "adjusted current earnings" for purposes of calculating the Federal alternative minimum tax imposed on corporations. Bond Counsel is also of the opinion that under existing statutes interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Bonds. See "Tax Exemption" herein

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

TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK

\$1,025,666 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2011

Dated: Date of Delivery

Principal Due: February 1
as shown on the inside cover

See inside cover for principal and interest payment dates, as well as principal payment amounts and coupon rates.

The \$1,025,666 Public Improvement (Serial) Bonds, 2011 (the "Bonds") are general obligations of the Town of Waterford, Saratoga County, New York (the "Town"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount.

The Bonds are subject to redemption prior to maturity, as more fully described under "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

Interest on the Bonds will be payable on August 1, 2011 and semi-annually thereafter on each February 1 and August 1 until maturity. The Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one Bond of an odd denomination maturing on February 1, 2012. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

The Bonds are offered for delivery when, as and if issued and received by the purchasers, subject to the receipt of the respective approving legal opinion of Harris Beach PLLC, Bond Counsel, Rochester, New York. Environmental Capital LLC is serving as Financial Advisor to the Town with respect to the Bonds. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about February 24, 2011.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed decision.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Town has deemed this Preliminary Official Statement "Final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

\$1,025,666 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2011

Dated: Date of Delivery

Principal Due: February 1, as shown below
Interest Due: August 1, 2011 and February 1
and August 1 each year
thereafter until maturity

<u>Maturity</u> <u>(February 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
02/01/2012	\$60,666		
02/01/2013	60,000		
02/01/2014	60,000		
02/01/2015	60,000		
02/01/2016	60,000		
02/01/2017	60,000		
02/01/2018	60,000		
02/01/2019	65,000		
02/01/2020	65,000		
02/01/2021	70,000		
02/01/2022	75,000		
02/01/2023	75,000		
02/01/2024	80,000		
02/01/2025	85,000		
02/01/2026	90,000		

**TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK**

Town Council

John E. Lawler.....	Supervisor
David F. Ball.....	Councilman
James E. Boudreau.....	Councilman
Elizabeth M. Callaghan.....	Councilman
Laurie A. Marble.....	Councilman

Darlene A. Dziarcak.....	Town Clerk
William J. Coutu.....	Budget Officer
James D. Early.....	Town Assessor
Dreyer Boyajian L.L.P.....	Town Attorney

Bond Counsel

Harris Beach PLLC
Rochester, NY

Financial Advisor

Environmental Capital LLC
110 West 40th Street, Suite 1804
New York, NY 10018
(212) 302-4227
Fax (212) 302-4420

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

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OFFICIAL STATEMENT
of the
TOWN OF WATERFORD, SARATOGA COUNTY, NEW YORK

Relating to

\$1,025,666 Public Improvement (Serial) Bonds, 2011

[Book-Entry-Only Bonds]

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Waterford, in the County of Saratoga, in the State of New York (the "Town", "County", and "State", respectively) in connection with the sale of \$1,025,666 Public Improvement (Serial) Bonds, 2011 (the "Bonds").

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

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

DESCRIPTION OF THE BONDS

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

The Bonds will be issued in registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one Bond of an odd denomination maturing on February 1, 2012. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on August 1, 2011 and semi-annually thereafter on each February 1 and August 1 until maturity or redemption. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds and as described herein. The Bonds will be subject to redemption prior to maturity as described herein. The Record Date for the Bonds is the fifteenth day of the calendar month preceding each interest payment date.

Authorization and the Purpose of the Issue

The Bonds are issued pursuant to the Constitution and laws of the State, including among others, the Town Law and the Local Finance Law and bond resolutions duly adopted by the Town Board on December 29, 2008 and September 28, 2010 authorizing the issuance of \$1,176,500 in serial bonds to finance the cost of certain improvements to the facilities of the Waterford Sewer District and \$593,517 in serial bonds to finance the payment of real property tax refunds, respectively. The following bond anticipation notes were issued in relation to the aforementioned resolutions:

<u>Purpose</u>	<u>Maturity</u>	<u>Amount</u>
Certain improvements to the facilities of the Waterford Sewer District ("Sewer BANs")	2/25/2011	\$1,176,500
Payment of real property tax refunds ("Tax BANs")	2/25/2011	\$573,666

A \$452,000 portion of the proceeds from the sale of the Bonds, together with \$605,041.90 in grant moneys from New York State Department of Energy Conservation and \$119,458.10 in unexpended proceeds from the Town will be used to redeem in full the Sewer BANs. The remaining proceeds from the sale of the Bonds (\$573,666) will be used to redeem the Tax BANs.

Optional Redemption

The Bonds maturing on or before February 1, 2021 will not be subject to redemption prior to maturity. The Bonds maturing on February 1, 2022 and thereafter, will be subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after February 1, 2021 at par plus accrued interest to the redemption date.

If less than all the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Supervisor of the Town. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date and the redemption premium. Interest shall cease to be paid thereon after such redemption date (See "Book-Entry-Only System" for additional information concerning redemptions).

Book-Entry-Only System

THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DTC PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN THE DEPOSITORY TRUST COMPANY ("DTC"), THE DTC PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE TOWN NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BOND HOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants" and together with the Direct Participants, the "DTC Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial interests in Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written

confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. Upon compliance with any agreements between the Town and DTC, the Town may discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event bond certificates are required to be printed and delivered.

Source – The Depository Trust Company

THE TOWN

General Information

The Town, incorporated in 1816, is located in the southeastern corner of Saratoga County, approximately 12 miles north of Albany at the junction of the Mohawk and Hudson Rivers and encompasses about 6.7 square miles. It includes the incorporated village of Waterford, the oldest continually incorporated village in the United States. School districts providing educational services within the Town include the Waterford-Halfmoon School District and the Shenendehowa School District.

The Town is primarily residential in character, consisting of single family, two-family and apartment houses. Commercial facilities include a number of small retail businesses and industries in the Town include Momentive Performance Materials Silicones, Mohawk Paper Mills, Cascades Tissue Group, Inc., Maximum Security Products Corp., Degussa Corporation and additional smaller industries such as Ursula of Switzerland, a dress manufacturing firm.

The population in the Town is 8,609, according to the U.S. Census Bureau—2009 Population Estimate. The Town's 2000 median household income was \$46,362 and the 2000 per capita income was \$22,538. Many residents find employment at the various commercial, industrial or governmental institutions in the Town including the regional facility for the New York State Department of Transportation and State canal system facilities. A number of residents are employed in cities such as Albany, Schenectady and Troy which are located within a 15-mile radius of the Town, and others commute to businesses in other parts of the Capital District.

Form of Government

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

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

The Town Clerk is elected to a four-year term. The Town Clerk also serves as the Tax Collector for the Town. The Town Supervisor appoints a Budget Officer, and the Town Board appoints a Town Assessor, Town Attorney and Town Engineer. The Town Supervisor administers all Town departments and is the official responsible for all audit and financial operations.

Town Services

The Town provides its residents with many of the services traditionally provided by Town governments, as follows: police protection and law enforcement; sewer services; highway and public facilities maintenance; a local justice court that is responsible for enforcing provisions of the State's Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities; building code enforcement; and planning and zoning administration. Fire protection is furnished by two fire districts and by the village fire departments.

Pursuant to State law, the County, not the Town, is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs.

Employees

The Town provides services through 36 full-time and 37 permanent part-time employees, some of whom are represented by the following unit of organized labor. The Town also employs a large number of temporary seasonal employees primarily in recreation programs.

Employees Contracts

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
17	Waterford Police Union Local 9200 - Council 82	12/31/10*

*Contract currently in negotiations

Employee Pension Benefits

Substantially all employees of the Town eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and the Police and Fire Retirement System ("PFRS"), collectively referred to as the "System". This is a cost sharing, multiple public employers' system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). ERS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute 3% of gross annual salary toward the cost of retirement programs. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

The Town's required contributions to the ERS and PFRS since 2008 for the fiscal years ending March 31 are as follows:

<u>Year</u>	<u>ERS</u>	<u>PRS</u>
2008	\$103,224	\$90,531
2009	\$96,239	\$69,710
2010	\$102,525	\$69,187
2011	\$133,566	\$105,774

Chapter 49 of the Laws of 2003 requires the Town to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the funds administered by the system would make a lower contribution possible. The Town's contributions for fiscal year 2008 and 2009 were approximately 16.19% and 13.16% of payroll for PFRS and 8.85% and 7.79% of payroll for ERS, respectively. The Town's contributions for fiscal year 2010 and 2011 were approximately 12.73% and 18.52% of payroll for PFRS and 7.38% and 9.91% of payroll for ERS, respectively. Chapter 260 of the Laws of 2004 ("Chapter 260") requires that the annual payment for each year be paid by February 1 of the following year.

Required annual contributions, to the extent they exceed 9.5% of payroll for 2006 or 10.5% of payroll for 2007, may be paid to the State Comptroller in installments over a ten year period. Presently, the statutory financing rate for the amortizations of such excess amounts through the State Comptroller is 8% per annum, but Chapter 260 permits the State Comptroller to change the 8% to a rate more closely approximating a market rate of return on taxable fixed rate securities with similar terms issued by comparable issuers.

Chapter 260 also amended the Local Finance Law to permit municipalities to issue their own notes or bonds, payable over a period of up to ten years, to finance the amount of such required payments that could have been amortized with the Comptroller.

Although Chapter 49 and Chapter 260 offer temporary relief from the short term actuarial effects of the decline in the value of pension fund investments experienced over the last several years, neither shifts the burden of providing retirement benefits to Town employees away from Town taxpayers.

Other Post Employment Benefits

The Town has no OPEB obligations.

FINANCIAL FACTORS

Independent Audit

The Town's annual audited financial statements for the fiscal year ended December 31, 2009 were audited by UHY LLP, a firm of independent certified public accountants. Appendix B contains the Town's 2009 Audited Financial Statements.

Fund Structures and Accounts

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses).

The Town maintains the following governmental funds: General Fund, Special Revenue Funds (Outside Villages Fund, Highway Fund, Special Districts Fund, Special Grant Fund and Miscellaneous Special Revenue Fund), and Capital Projects Fund.

Basis of Accounting

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt and compensated absences, are recorded when the liability is incurred, if measurable.

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

Revenues

The Town derives a major portion of its General Fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix A, herein). Property taxes accounted for 74.7% of total operating revenues for the fiscal year ended December 31, 2009, while State aid accounted for 21.4%.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five fiscal years and the amount budgeted for 2010:

TABLE 1
Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total</u> <u>Revenues</u>	<u>Real Property</u> <u>Taxes</u>	<u>Real Property</u> <u>Taxes to</u> <u>Revenues</u>
2005	1,828,569	1,491,626	81.6
2006	2,282,620	1,877,509	82.3
2007	3,161,126	2,080,240	65.8
2008	2,404,425	2,040,715	84.9
2009	3,039,302	2,269,459	74.7
2010 (Adopted Budget)	2,542,440	2,281,710	89.7
2011 (Adopted Budget)	2,512,450	2,215,630	88.2

Source: Town of Waterford Annual Financial Report Fiscal Year Ending 12/31 (2005-2009) and adopted budgets of the Town. Summary itself is not audited.

State Aid. The Town also receives a significant portion of its revenues in the form of State aid. For the fiscal year ended December 31, 2009, State aid represented approximately 21.4% of the total general fund revenues of the Town. However, there is no assurance that the State appropriation for State aid to towns will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total general fund revenues and State aid during the last five fiscal years and the budgeted amounts for 2010 and 2011:

TABLE 2
State Aid
(General Fund - Townwide and Town Outside Village)

<u>Fiscal Year</u>	<u>Total</u> <u>Revenues</u>	<u>State Aid</u>	<u>State Aid</u> <u>to Revenues</u>
2005	1,828,569	253,796	13.9
2006	2,282,620	287,919	12.7
2007	3,161,126	757,276	24.0
2008	2,404,425	215,118	8.9
2009	3,039,302	649,283	21.4
2010 (Adopted Budget)	2,542,440	150,000	5.9
2011 (Adopted Budget)	2,512,450	210,000	8.4

Source: Town of Waterford Annual Financial Report Fiscal Year Ending 12/31 (2005-2009) and adopted budgets of the Town. Summary itself is not audited.

Budget Process

Prior to September 30 of each year, the Budget Officer submits to the Town Clerk 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 Council. Town taxes included in the budget are due and payable by January 31 without penalty and interest. Any revisions to the budget are approved by the Town Board. The budget is not subject to voter approval.

2011 Adopted Budget

The Town's 2011 Budget was adopted on November 9, 2010. It assumes that \$118,000 will be appropriated from the fund balance in the General Fund. Total General Fund budgeted revenues for 2011, including appropriated fund balance, are equal to total budgeted expenditures for 2011.

Investment Policy

With respect to the temporary investment of moneys which are not required for immediate expenditure, the Town has adopted an investment policy in conformity with applicable laws of the State. All such investments of the Town are made in accordance with such policy. Pursuant to State law, including Sections 10 and 11 of the General Municipal Law, a municipality is permitted to temporarily invest moneys with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities or acceptance of an eligible surety bond or and eligible letter of credit, pursuant to the provisions of eligible securities or acceptance of an eligible surety bond or an eligible letter of credit, pursuant to the provisions of and subject to the limitations of subdivision 3 of Section 10 of the General Municipal Law (the "GML") of the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the municipality itself; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (8) in the case of moneys held in certain reserve funds established by municipalities or certain improvements districts pursuant to law, in obligations of such municipality. All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the municipality, such obligations must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such obligations held in the custody of a bank or trust company must be held by such bank or trust company pursuant to a written custodial agreement as set forth in subdivision 3 of Section 10 of the GML.

A municipality must also, pursuant to subdivision 2a. of Section 10 of the GML, designate by resolution one or more banks or trust companies for the deposit of public funds, the disposition of which is not otherwise provided for by law. Such resolution must specify the maximum amount which may be kept on deposit at any time in each bank or trust company. Except as otherwise provided by law, such deposits shall be made to the credit of the municipality. All public deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereafter amended are required to be secured by either a pledge of eligible securities or acceptance of an eligible surety bond or an eligible letter of credit, pursuant to the provisions of and subject to the limitation of subdivision 3 of Section 10 of the GML.

REAL PROPERTY TAXES

Real Property Tax Collection Procedure and History

The Town derives a significant portion of its annual revenue through a direct real property tax. Taxes are due January 1, and are payable without penalty up to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. In April, the tax roll is returned to the County and taxes plus penalties are payable to the County Commissioner of Finance. The Town retains the total amount of its current levy and delinquent water and sewer charge levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility for collection and holds annual tax sales.

TABLE 3**Tax Rates**

(Per \$1,000 of Assessed Valuation)

<u>Fiscal Year Ending December 31:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Town:					
Homestead	9.60	9.96	11.00	11.00	11.29
Non-Homestead	11.08	9.96	11.00	11.00	11.29
Special Districts:					
Northside Fire District	6.13	6.38	6.62	6.80	6.84
Waterford-Halfmoon Fire District	8.19	2.44	2.88	2.76	2.97
Waterford Fire Protection District #1	1.95	1.92	1.99	2.00	2.37
Waterford Ambulance District	1.46	1.54	1.50	1.69	1.85
Waterford Water Authority Bonds	0.04	0.03	1.31	1.30	1.39
Waterford Sewer District #1	0.36	0.35	0.53	0.53	0.58
Lighting Districts (1)	0.71	0.78	0.78	0.64	6.72

(1) Average Fee.

Source: Town of Waterford Supervisor's Office

Ten of the Largest Taxpayers

The following table presents the taxable assessments of ten of the Town's largest taxpayers as of 6/30/2010:

TABLE 4**Taxable Assessments⁽¹⁾**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	
G. E. Silicones LLC ⁽²⁾	Manufacturing	\$43,104,600	21.329%
G. E. Silicones LLC	Manufacturing	7,242,350	3.584
NYSD Limited Partnership Champlain Canal	Utility	5,425,260	2.685
Strawberry Ridge LLC	Apartments	2,976,000	1.473
Cascades Tissue Group, NY Inc.	Manufacturing	2,763,150	1.367
Brookfield Renewable Power	Utility	1,745,625	0.864
Niagara Mohawk dba National Grid	Utility	1,545,257	0.765
Evonik Industries	Manufacturing	1,521,000	0.753
Fourth Branch Associates	Utility	1,332,520	0.659
G. E. Silicones LLC	Manufacturing	<u>1,312,135</u>	<u>0.649</u>
		\$68,967,897	34.128%

(1) The Town's total assessed value for 2010 is \$202,089,997. (Source Town of Waterford - Assessor's Office)

(2) Momentive Performance Materials Silicones purchased this division of G.E. Silicones and is not reflected in the current assessment.

TOWN INDEBTEDNESS**Constitutional Requirements**

The New York State Constitution limits the power of the Town (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the Town and the Bonds.

Purpose and Pledge The Town shall not give or loan any money or property to in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

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

Payment and Maturity Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within three fiscal years periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose or, in the alternative, the weighted average period of probable usefulness of the several purposes, for which it

is contracted and in no event may this period exceed forty years. No installment may be more than fifty per centum in excess of the smallest prior installment unless the Town Board provides for substantially level or declining debt service payments in the manner prescribed by the State Legislature. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under “Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Debt Limit The Town has the power to contract indebtedness for any Town purpose as long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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

Statutory Procedure

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

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

The Local Finance Law also provides a twenty-day period of limitation after publication of a resolution or summary thereof which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

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

Each resolution usually authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See “Payment and Maturity” under “Constitutional Requirements”).

In general, the Local Finance Law contains similar provisions providing the Town with power to issue general obligation revenue anticipation notes, tax anticipation notes and budget notes.

In addition, under each resolution the Town Board may delegate, and has delegated, power to issue and sell bonds to the Town Supervisor, the chief fiscal officer of the Town.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town shown on a Debt Statement of the Town prepared as of January 31, 2011:

TABLE 5
Constitutional Debt Limit

<u>Taxable</u> <u>Year</u>	<u>Assessed</u> <u>Valuation</u>	<u>Equalization</u> <u>Ratio</u>	<u>Full</u> <u>Valuation</u>
2011	\$195,594,097	34.0%	\$575,276,756
2010	\$201,939,618	33.8%	597,454,491
2009	\$202,945,864	30.0%	676,486,213
2008	\$183,181,010	33.5%	546,808,985
2007	\$180,196,389	37.5%	480,523,704
Total Five-Year Valuation			\$2,876,550,149
Average Five-Year Valuation			\$575,310,030
Debt Limit - 7% of Average Full Valuation			\$40,271,702

Source: Town of Waterford - Assessors Office

Statement of Debt Contracting Power

TABLE 6
Statutory Debt Limit and Net Indebtedness
(as of 1/31/2011)

Debt Contracting Limitation		\$40,271,702
Gross Direct Indebtedness		
Serial Bonds	\$6,912,301	
Bond Anticipation Notes	<u>\$2,096,873</u>	
Total Gross Direct Indebtedness		\$9,009,174
Exclusions:		
Water Debt ¹	\$5,353,200	
Total Net Indebtedness		\$3,655,974
Net Debt-Contracting Margin		\$36,615,728
Percentage of Debt-Contracting Margin Exhausted		9.08%

¹Water indebtedness and budgeted appropriations are automatically excluded pursuant to the provisions of the New York Constitution and Section 136.00 of the Local Finance Law.

Remedies Upon Default

Constitutional Provisions

The State constitution provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on bonds and certain other obligations of the issuer, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes and that the fiscal officer of the issuer may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

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

Statutory Provisions

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by a Town upon any judgment or accrued claim against such Town shall not exceed 9% per-annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest

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

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

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

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

No principal of or interest payment on Town indebtedness is past due.

Bond Anticipation Notes

The Town currently has the following bond anticipation notes outstanding:

TABLE 7
Bond Anticipation Notes
As of December 31, 2010

<u>Purpose</u>	<u>Date of Original Issuance</u>	<u>Current Maturity Date</u>	<u>Amount Outstanding</u>
Police Car	07-03-08	07-01-11	\$11,834
Drainage Improvements	11-03-06	10-28-11	20,000
G.E. Assessment Analysis	11-03-06	10-28-11	23,000
2009 Ambulance	10-09-09	10-07-11	105,235
Police Car III	08-07-09	08-05-11	22,521
Highway Truck	12-14-07	12-09-11	16,788
Sewer Dept. Dump Truck	08-07-09	08-05-11	30,538
Highway Dept. Leaf Loader/Collector	03-18-10	03-18-11	23,791
Police Car IV	04-29-10	04-29-11	36,000
Canal Visitors Center	08-09-08	08-05-11	57,000
Waste Water Disinfection System*	02-26-09	02-25-11	1,176,500
Real Property Tax Refunds**	10-28-10	02-25-11	573,666
			<u>\$2,096,873</u>

*To be redeemed with proceeds of the Bonds, unexpended proceeds from the Town, and grant moneys from the New York State Department of Energy Conservation

**To be redeemed with proceeds of the Bonds

Source: Town of Waterford

Tax and Revenue Anticipation Notes

During the past five years, the Town's cash flow has been sufficient to meet operating requirements, and the Town has not found it necessary to issue tax or revenue anticipation notes.

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for the last five fiscal years.

TABLE 8
Outstanding Indebtedness

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Serial Bonds	\$3,812,033	\$3,646,747	\$7,513,139	\$7,082,695	\$6,642,251
Bond Anticipation Notes	<u>502,291</u>	<u>417,595</u>	<u>378,722</u>	<u>1,620,020</u>	<u>2,096,873</u>
Totals	\$4,314,324	\$4,064,342	\$7,891,861	\$8,702,715	\$8,739,124

Source: Town of Waterford, Fiscal Year End December 31, 2006 through December 31, 2009 Audited Financial Statements - (see Appendix A)

Authorized but Unissued Indebtedness

Other than the current bond issue, the Town currently does not have any authorized but unissued debt at this time.

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 9
Statement of Overlapping Indebtedness as of 12/31/2010

<u>Overlapping Debt</u>	<u>Net Debt</u>	<u>Town</u>	<u>Amount</u>
<u>Issuer</u>	<u>Outstanding</u>	<u>Share</u>	<u>Applicable To Town</u>
County:			
Saratoga County	\$70,370,000	3.00%	\$2,111,100
Villages:			
Village of Waterford	335,500	100.00%	335,500
School Districts:			
Shenendehowa CSD	98,539,643	2.74%	2,699,986
Waterford-Halfmoon CSD	18,009,868	94.68%	17,051,743
Fire Districts:			
Northside Fire District	805,000	100.00%	805,000
Halfmoon-Waterford No. 1 Fire District	0	20.65%	<u>0</u>
Total Net Overlapping Debt			\$23,003,329

Source – Town of Waterford, New York State - Office of the State Comptroller

Debt Ratios

The following table presents certain debt ratios relating to the Town's net direct and overlapping indebtedness.

TABLE 10
Debt Ratios

	<u>Amount</u>	Debt Per <u>Capita</u> ¹	Debt to <u>Full Value</u> ²
Gross Direct Debt (As of 12/31/2010)	\$6,642,251	\$771.55	1.12%
Net Overlapping Debt	<u>23,003,329</u>		
Net Direct and Overlapping Debt	\$29,645,580	\$3,443.56	4.99%

(1) The population of the Town is estimated at 8,609 as of 2009 according to the U.S. Census Bureau.

(2) The Town's full value of taxable real property for the 2010 taxable year is \$594,382,344.

Source: Town of Waterford.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness for future fiscal years ending December 31, exclusive of economically defeased debt obligations:

TABLE 11
Bond Principal and Interest Requirements

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>	% Principal <u>Remaining</u>
2011	440,444	260,873	701,317	100.00%
2012	455,444	245,835	701,279	93.37%
2013	344,846	230,259	575,105	86.51%
2014	332,622	220,217	552,839	81.32%
2015	230,805	210,452	441,257	76.31%
2016	220,805	201,838	422,643	72.84%
2017	216,405	193,629	410,034	69.51%
2018	226,404	185,620	412,024	66.26%
2019	231,406	177,374	408,780	62.85%
2020	236,404	168,890	405,294	59.36%
2021	178,333	161,603	339,936	55.80%
2022	188,334	155,514	343,848	53.12%
2023	180,000	149,187	329,187	50.28%
2024	190,000	143,250	333,250	47.57%
2025	195,000	136,500	331,500	44.71%
2026	205,000	129,500	334,500	41.78%
2027	215,000	122,250	337,250	38.69%
2028	225,000	114,500	339,500	35.45%
2029	170,000	106,500	276,500	32.07%
2030	180,000	98,000	278,000	29.51%
2031	190,000	89,000	279,000	26.80%
2032	195,000	79,500	274,500	23.94%
2033	205,000	69,750	274,750	21.00%
2034	220,000	59,500	279,500	17.92%
2035	230,000	48,500	278,500	14.60%
2036	240,000	37,000	277,000	11.14%
2037	250,000	25,000	275,000	7.53%
2038	<u>250,000</u>	<u>12,500</u>	<u>262,500</u>	3.76%
Totals	\$6,642,251	\$3,832,541	\$10,474,793	

Note: EFC debt is exclusive of interest subsidy payments.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County and State, based upon recent census data.

TABLE 12
Population Trend

	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>2000/2009</u>
Town	8,695	8,515	8,609	1.1%
County	181,276	200,635	220,069	9.7%
State	17,990,455	18,976,457	19,541,453	3.0%

Source: NYS Department of Economic Development, State Data Center, US Department of Commerce, US Census Bureau

Income

The following table presents per capita money income for the County and State. The smallest area for which such statistics are available (which includes the Town) is Saratoga County. The information set forth below with respect to Saratoga County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Town is necessarily representative of Saratoga County, or vice versa.

TABLE 13
Per Capita Money Income

	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>Percentage Change</u> <u>2000-2009</u>
Town	N/A	22,538	29,150	29.3%
County	15,644	23,945	31,554	31.8%
State	16,501	23,389	30,634	31.0%

Source: New York State Department of Commerce; New York State Empire Development Corporation, US Census Bureau

TABLE 14
Median Family Income

	<u>1990</u>	<u>2000</u>	<u>2009</u>
Town:	N/A	N/A	67,805
County:	41,936	58,213	80,132
State:	39,741	51,691	67,040

Source: US Census Bureau

Employment and Unemployment

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

TABLE 15
Large Commercial and Industrial Employers In the Town

<u>Name</u>	<u>Industry or Business</u>	<u>Number</u> <u>of Employees</u>
Momentive Performance Materials Silicones	Manufacturing	1,000
Cascades Tissue Group, Inc.	Manufacturing	173
Maximum Security Products Corp.	Manufacturing	55
Degussa Corporation	Manufacturing	31
Burniche Piping	Manufacturing	22

Source: Town Supervisor's Office

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2001	3.4%	4.9%
2002	3.9	6.2
2003	4.0	6.4
2004	3.9	5.8
2005	3.7	5.0
2006	3.6	4.6
2007	3.7	4.5
2008	4.5	5.3
2009	6.3	8.4
2010	6.4	8.4

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

Financial Institutions

There are two financial institutions in the Town, Key Bank and Pioneer Savings Bank.

Communication

The Town is served by the Capital District area newspapers, radio and television stations. Time Warner Cable provides cable television service to the Town.

Utilities

Electricity and natural gas are supplied to the Town by National Grid and water is supplied by the Waterford Water Works Authority. Sanitary sewer facilities are provided to over 95% of the Town residents through special assessment sewer benefit areas. The balance of the Town utilizes septic systems. Police protection is provided by the Town Police Department and fire protection is provided by two fire districts and by village fire departments located within the Town.

Transportation

Highways serving the Town include the Interstate 787 to the south and New York State Highway Route Numbers 4 & 32 which intersect in the heart of the Village of Waterford and various County and Town roads. The New York State Thruway and the Adirondack Northway are located to the south and west, respectively. The Town is less than a 20-minute drive from the Albany International Airport. Transportation facilities are furnished by the Capital District Transit Authority, including the Rensselaer Train Station which is a 20-minute drive from the Town and provides passenger service in all directions from the Capital District area. Freight service is available from the Delaware & Hudson Railroad.

Education

There are numerous colleges, universities and vocational schools located throughout the Capital District area. Hudson Valley Community College offers two-year associate degrees; College of Saint Rose, University of Albany, Siena College, and Rensselaer Polytechnic Institute offer four-year degrees. In addition Empire State College/SUNY and University of Albany offer graduate programs.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

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

The Town is dependent in part on financial assistance from the State. No delay in payment of State aid to the Town is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of the State taxes or other revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay, until sufficient State taxes or other revenues have been received by the State to make State aid payments to the Town.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Harris Beach PLLC, Bond Counsel, Rochester, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Town, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Bonds may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; (ii) under existing statutes, regulations, administrative rulings and court decisions, interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes, is not an "item of tax preference" for purposes of the Federal alternative minimum taxes imposed on individuals and corporations by the Code and is not included in "adjusted current earnings," for purposes of calculating the Federal alternative minimum tax imposed on corporations; (iii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iv) based upon Bond Counsel's examination of law and review of the arbitrage certificate executed by the Supervisor of the Town pursuant to Section 148 of the Code and the regulations thereunder, the facts, estimates and circumstances as set forth in said arbitrage certificate are sufficient to support the conclusion that the Bonds will not be "arbitrage bonds" within the meaning of said section, and no matters have come to Bond Counsel's attention which makes unreasonable or incorrect the representations made in said arbitrage certificate. Bond Counsel will express no opinion regarding other Federal or State income tax consequences arising with respect to the Bonds.

Such legal opinion will also state that (i) in rendering the opinion expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Town together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of and interest on the Bonds as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the Town, would materially affect the ability of the Town to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Town, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

The Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined adversely to the Town, would have a material adverse effect on the financial conditions of the Town. The Town currently carries liability insurance coverage for all covered, liability insurance is provided. This general liability coverage insures the Town up to \$1 million per occurrence and \$3 million aggregate; there is also a \$7 million umbrella.

There are also pending against the Town various proceedings brought pursuant to Article 7 of the Real Property Tax Law to review and reduce real estate assessments and obtain a refund for alleged overpayments of real estate taxes. Proceedings to review real estate assessments are defended by the Town. While the results of tax certiorari proceedings are difficult to determine at this time, these proceedings generally result in tax refunds well below the amount requested and are generally settled over a period of years.

MPM Silicones, LLC v. Town of Waterford

A series of tax certiorari claims affecting properties owned within the Town by MPM Silicones, LLC, the purchaser/successor from G.E. Silicones, LLC were filed against the Town in State Supreme Court for the 2007 through 2010 tax years. The aggregate potential exposure from these proceedings for refunds claimed for overpayment of taxes for the 2007 through 2010 tax years is listed below:

<u>Year</u>	<u>Amount of Assessed Value</u> <u>Reduction Sought</u>	<u>Applicable Town Tax</u> <u>Rate/1000</u>	<u>Town Exposure</u>
2007	41,396,929	14.561	602,781
2008	41,528,673	13.450	558,547
2009	41,722,434	15.800	659,217
2010	41,650,014	15.988	665,942
Total	\$166,298,050		\$2,486,487

Town Counsel observes that the 2007-2010 proceedings may be discontinued without the payment of any amounts by the Town in that Petitioner has been or will be reimbursed by the State for all taxes paid as the relevant properties are within an Empire Zone. This has yet to be confirmed in writing.

During 2010, the Town settled tax certiorari litigation brought by DeGussa Corporation, Mohawk Paper and Cascades Tissue Group. Tax certiorari litigation commenced by Golub Corporation/Real Steet is scheduled to be settled in the upcoming weeks.

Pursuant to the New York State Local Finance Law, upon adoption of a bond resolution and subject to applicable statutory limitations, the Town may issue its serial bonds or bond anticipation notes to fund judgments and settled claims.

TAX MATTERS

In the opinion of Bond Counsel, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the Town with certain covenants and the accuracy of certain representations, interest on the Bonds is not includable in gross income for federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Bonds in order that interest on the Bonds will be and remain not includable in gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Bonds and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Bonds to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Bonds. The Town has covenanted to comply with certain procedures and it has made certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Bonds. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Bond Counsel is of the further opinion that interest on the Bonds is not an "item of tax preference" for purposes of federal alternative minimum tax on individuals and corporations and is not included in the calculation of "adjusted current earnings" for purposes of calculating the corporate alternative minimum tax. Corporate purchasers of the Bonds should consult their tax advisors concerning the computation of any alternative minimum tax.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Bonds and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The Bonds will be designated or deemed designated as "qualified tax exempt obligations" within the meaning of, an pursuant to Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the Town of Waterford, New York.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not cause interest on the Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any future legislation, or a judicial decision or administrative action, including but not limited to, a regulation, ruling, or the selection by the Internal Revenue Service of the Bonds or of obligations having similar characteristics to the Bonds for audit examination, or the course or result of any such audit examination, will not affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the forgoing matters.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the Town has agreed to provide, or cause to be provided,

- (i) during any succeeding fiscal year in which the Bonds are outstanding, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system, in electronic format and accompanied by such identifying information as is prescribed by the MSRB, certain “annual financial information” (as such quoted term is defined under the Rule) for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the heading(s) “The Town”, “Financial Factors”, “Real Property Taxes”, “Town of Indebtedness” and “Litigation” and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding year when and if available will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Town of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) In a timely manner, not more than ten (10) business days after occurrence of the event, to the MSRB through EMMA in electronic format, a notice of any of the following events with respect to the Bonds:
 - (a) principal and interest payments delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service (IRS) of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders, if material;
 - (h) bond calls, if material and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) rating changes;

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

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

- (iii) in a timely manner, to the MSRB through EMMA, notice of its failure to provide the aforescribed annual financial information on or before the date specified in the continuing disclosure undertaking.

The Town reserves the right to terminate its obligation to provide the aforescribed notices, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Town acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interest in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town obligations under its event notices undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

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

There have been no instances in the previous five years in which the Town failed to comply, in all material respects, with any previous undertakings pursuant to the Rule.

FINANCIAL ADVISOR

Environmental Capital LLC, New York, New York is serving as Financial Advisor to the Town with respect to the issuance of the Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and are not obligated to review or ensure compliance with the undertaking by the Town to provide continuing secondary market disclosure.

RATING

Moody's Investors Service ("Moody's") has assigned rating of "A1" to the Bonds. Such ratings represent only the views of Moody's from whom the significance of such ratings should be obtained. There can be no assurance that such ratings will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of the Bonds rating may have an adverse effect on the market price of the Town's obligations or the availability of a secondary market for such obligations.

ADDITIONAL INFORMATION

Additional information, including the Town's most recent audited financial statements, may be obtained from Mr. William Coutu, Budget Officer, 65 Broad Street, Waterford, New York 12188, (518) 235-8184 or from the Town's Financial Advisor, Environmental Capital LLC, 110 West 40th Street, Suite 1804, New York, New York 10018, (212) 302-4227.

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

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

TOWN OF WATERFORD
SARATOGA COUNTY, NEW YORK

By: /s/ John E. Lawler
Town Supervisor

DATED: _____

APPENDIX A
SUMMARY OF ADOPTED BUDGETS AND FINANCIAL STATEMENTS *

* Summary itself not audited

TOWN OF WATERFORD
Statement of Budgeted Revenues and Expenditures - General Fund
Fiscal Year Ending December 31:

	Adopted Budget <u>2008</u>	Adopted Budget <u>2009</u>	Adopted Budget <u>2010</u>	Adopted Budget <u>2011</u>
Revenues:				
Real Property Taxes	\$1,825,158	\$2,084,195	\$2,222,210	\$2,207,880
Non-Property Tax Items	235,250	57,390	59,500	7,750
Departmental Income	29,700	38,950	31,800	26,850
Sales of Property & Comp For Loss	1,000	2,000	3,000	0
Use of Money and Property	55,000	40,000	17,500	7,500
Licenses & Permits	1,510	1,510	1,510	3,010
Fines and Forfeitures	40,000	50,000	72,000	35,000
State Aid	177,500	170,000	150,000	210,000
Appropriated Fund Balance	210,000	275,000	280,000	118,000
Intergovernmental Charges	<u>13,340</u>	<u>12,880</u>	<u>14,920</u>	<u>14,460</u>
Total Revenues and Appropriated Fund Balance	<u>\$2,588,458</u>	<u>\$2,731,925</u>	<u>\$2,852,440</u>	<u>\$2,630,450</u>
Expenditures:				
General Government Support	\$688,631	\$736,348	\$743,002	\$689,929
Police & Public Safety	946,714	962,301	969,590	958,998
Employee Benefits	516,813	543,577	615,110	543,700
Transportation	67,291	69,841	72,508	21,200
Economic Assistance & Opportunity	0	0	0	0
Culture & Recreation	103,346	170,832	169,854	161,266
Home & Community Service	61,849	67,103	69,526	68,314
Debt Service	203,134	181,923	181,670	185,843
Miscellaneous	680	0	1,180	1,200
Interfund Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$2,588,458</u>	<u>\$2,731,925</u>	<u>\$2,822,440</u>	<u>\$2,630,450</u>

Source: Adopted Budgets for the Town.

TOWN OF WATERFORD
Comparative Balance Sheets - General Fund
Fiscal Year Ended December 31

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assets:					
Cash	\$745	\$69,390	\$442,653	\$169,239	\$913,327
Other Receivables	10,082	4,891	9,327	9,078	8,956
Section 108 Loan Receivables	-	-	-	-	-
Due from Other Funds	32,049	190,766	408,000	503,154	60,328
Due from Other Governments	1,443	1,200	51,565	23,135	14,771
Other	56,133	77,608	65,737	64,092	68,491
Total Assets	<u>\$100,452</u>	<u>\$343,855</u>	<u>\$977,282</u>	<u>\$768,698</u>	<u>\$1,065,873</u>
Liabilities and Fund Equity (Deficit):					
Liabilities					
Accounts Payable	\$31,707	\$27,198	\$29,836	\$30,358	\$47,484
Accrued Liabilities	18,489	23,850	24,819	31,492	28,699
Due To Other Funds	63,525	645	645	645	645
Due to other Governments	-	-	-	-	-
Other Liabilities	49	-	-	7303	122
Bond Anticipation Notes Payable	-	115,000	92,000	69,000	46,000
Total Liabilities	<u>\$113,770</u>	<u>\$166,693</u>	<u>\$147,300</u>	<u>\$138,798</u>	<u>\$122,950</u>
Fund Equity (Deficit):					
Fund Balance					
Landfill closure reserve	-	-	-	-	-
Water Fund Debt Service Reserve	-	-	-	-	-
Undesignated (deficit)	(14,766)	175,329	827,788	627,610	1,687
Designated	1,448	1,833	2,194	2,290	941,236
Total Fund Equity (deficit)	<u>(13,318)</u>	<u>177,162</u>	<u>829,982</u>	<u>629,900</u>	<u>942,923</u>
Total Liabilities and Fund Equity	<u>\$100,452</u>	<u>\$343,855</u>	<u>\$977,282</u>	<u>\$768,698</u>	<u>\$1,065,873</u>

Source: Town of Waterford, Fiscal Year Ending 12/31 (2005-2009)

TOWN OF WATERFORD
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund - Townwide
Fiscal Year Ended December 31

<u>Revenues:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Real Property Taxes	\$1,491,626	\$1,877,509	\$2,080,240	\$2,040,715	\$2,269,459
Sales Tax	-	-	-	-	-
Use of Money and Property	49,422	66,974	267,651	90,612	80,425
License and Permits	1,842	1,702	1,497	1,355	1,285
Fines and Forfeitures	28,853	41,637	47,555	46,985	29,049
Compensation for Loss	1,000	2,624	5,307	4,924	3,399
Miscellaneous Local Sources	2,030	4,255	1,600	3,827	2,974
State Aid	253,796	287,919	757,276	215,118	649,283
Federal aid	-	-	-	877	3,428
Total Revenues	\$1,828,569	\$2,282,620	\$3,161,126	\$2,404,413	\$3,039,302
<u>Expenditures:</u>					
General Government Support:	\$489,531	\$538,149	\$633,178	\$721,564	\$757,162
Public Safety	896,824	951,809	921,327	894,685	925,431
Payment in lieu of tax	-	-	-	-	-
Transportation	16,551	18,930	64,555	66,377	55,456
Health	-	-	-	-	-
Culture and Recreation	73,670	71,505	103,642	193,849	190,949
Economic Assistance and Opportunity	-	-	100,599	-	-
Home and Community Services	-	-	467,006	60,141	63,373
Employee Benefits	378,181	391,180	-	487,712	554,864
Debt Service	53,148	117,543	181,359	180,177	181,750
Total Expenditures	\$1,907,905	\$2,089,116	\$2,471,666	\$2,604,505	\$2,728,985
Excess (Def) of Revenues Over Expenditures	(79,336)	193,504	689,460	(200,092)	310,317
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	2,706
Transfers to Other Funds	-	(3,024)	(\$36,640)	-	-
Total Other Financing Sources (Uses)	-	(3,024)	(\$36,640)	-	2,706
Net Change in Fund Balances	(79,336)	190,480	652,820	(200,082)	313,023
Fund Balance-Beginning of Year	66,018	(13,318)	177,162	829,982	629,900
Fund Balance-End of Year	(\$13,318)	\$177,162	\$829,982	\$629,900	\$942,923

APPENDIX B

2009 Audited Financial Statements

TOWN OF WATERFORD, NEW YORK

FINANCIAL STATEMENTS
OF THE
GENERAL FUND, SPECIAL REVENUE FUNDS, AND
CAPITAL PROJECTS FUND

Year ended December 31, 2009

TOWN OF WATERFORD, NEW YORK

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS OF THE GENERAL FUND, SPECIAL REVENUE
FUNDS, AND CAPITAL PROJECTS FUND**

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

We have audited the accompanying financial statements of the general fund, special revenue funds and capital projects fund of the Town of Waterford, New York as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Town of Waterford, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 discussed in Note 1, the financial statements present only the general fund, special revenue funds and capital projects fund and do not purport to, and do not, present fairly the government-wide financial position of the Town of Waterford, New York as of December 31, 2009, and the government-wide changes in its financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund, special revenue funds and capital projects fund of the Town of Waterford, New York as of December 31, 2009, and the changes in financial position thereof and the respective budgetary comparison for the general fund and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2010 on our consideration of the Town of Waterford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

UHY LLP

Albany, New York
June 11, 2010

TOWN OF WATERFORD, NEW YORK
COMBINED BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES
December 31, 2009

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS			
Cash and cash equivalents	\$ 913,327	\$ 410,787	\$ 611,043
Other receivables	8,956	248,939	-
Section 108 loan receivables	-	15,749	-
Due from other funds	60,328	645	-
Due from other governments	14,771	240,508	-
Other	68,491	11,756	-
Total assets	<u>\$ 1,065,873</u>	<u>\$ 928,384</u>	<u>\$ 611,043</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 47,484	\$ 114,031	\$ 46,740
Accrued liabilities	28,699	17,685	-
Due to other funds	645	50,628	9,700
Due to other governments	-	92,465	-
Due to component unit	-	-	336,466
Other liabilities	122	125,425	-
Bond anticipation notes payable	46,000	-	1,574,020
Total liabilities	<u>122,950</u>	<u>400,234</u>	<u>1,966,926</u>
FUND EQUITY			
Fund balances:			
Landfill closure reserve	-	42,475	-
Water Fund debt service reserve	-	68,000	-
Designated	1,687	-	-
Undesignated (deficit)	941,236	417,675	(1,355,883)
Total fund equity (deficit)	<u>942,923</u>	<u>528,150</u>	<u>(1,355,883)</u>
Total liabilities and fund equity	<u>\$ 1,065,873</u>	<u>\$ 928,384</u>	<u>\$ 611,043</u>

See notes to financial statements.

TOWN OF WATERFORD, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND EQUITY (DEFICIT) – ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 2009

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
REVENUES			
Real property taxes	\$ 2,269,459	\$ 1,857,806	\$ -
Sales tax	-	1,336,544	-
Use of money and property	80,425	539	-
Licenses and permits	1,285	131,960	-
Fines and forfeitures	29,049	-	-
Compensation for loss	3,399	1,840	-
Miscellaneous local sources	2,974	23,910	115,702
State aid	649,283	70,053	-
Federal aid	3,428	380,514	-
Total revenues	<u>3,039,302</u>	<u>3,803,166</u>	<u>115,702</u>
EXPENDITURES			
General government support	757,162	65,049	2,500
Public safety	925,431	223,067	33,781
Transportation	55,456	617,351	-
Health	-	319,228	131,735
Culture and recreation	190,949	120,524	38,939
Economic assistance and opportunity	-	264,244	-
Home and community services	63,373	1,030,799	817,978
Employee benefits	554,864	282,505	-
Debt service (principal of \$546,143 and interest of \$339,696)	181,750	704,089	-
Total expenditures	<u>2,728,985</u>	<u>3,626,856</u>	<u>1,024,933</u>
Excess (deficiency) of revenues over expenses	310,317	176,310	(909,231)
Transfers	2,706	205,466	(208,172)
Fund equity (deficit), beginning of year	<u>629,900</u>	<u>146,374</u>	<u>(238,480)</u>
Fund equity (deficit), end of year	<u>\$ 942,923</u>	<u>\$ 528,150</u>	<u>\$ (1,355,883)</u>

See notes to financial statements.

TOWN OF WATERFORD, NEW YORK

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY (DEFICIT) - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended December 31, 2009

	Governmental Fund Types			Special Revenue Funds		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Real property taxes	\$ 2,239,169	\$ 2,269,459	\$ 30,290	\$ 1,847,191	\$ 1,857,806	\$ 10,615
Sales tax	-	-	-	1,282,904	1,336,544	53,640
Use of money and property	76,711	80,425	3,714	500	539	39
Licenses and permits	1,510	1,285	(225)	129,296	131,960	2,664
Fines and forfeitures	27,000	29,049	2,049	-	-	-
Compensation for loss	2,000	3,399	1,399	1,840	1,840	-
Miscellaneous local sources	-	2,974	2,974	14,345	23,910	9,565
State aid	170,000	649,283	479,283	59,378	70,053	10,675
Federal aid	-	3,428	3,428	87,994	116,270	28,276
Total revenues	<u>2,516,390</u>	<u>3,039,302</u>	<u>522,912</u>	<u>3,423,448</u>	<u>3,538,922</u>	<u>115,474</u>
EXPENDITURES						
General government support	788,316	757,162	31,154	67,713	65,049	2,664
Public safety	937,065	925,431	11,634	227,675	223,067	4,608
Transportation	57,641	55,456	2,185	642,786	617,351	25,435
Health	-	-	-	319,228	319,228	-
Culture and recreation	206,150	190,949	15,201	117,233	120,524	(3,291)
Economic assistance and opportunity	-	-	-	-	-	-
Home and community services	67,103	63,373	3,730	1,060,874	1,030,799	30,075
Employee benefits	549,364	554,864	(5,500)	282,711	282,505	206
Debt service (principal and interest)	185,751	181,750	4,001	761,437	704,089	57,348
Total expenditures	<u>2,791,390</u>	<u>2,728,985</u>	<u>62,405</u>	<u>3,479,657</u>	<u>3,362,612</u>	<u>117,045</u>
(Deficiency) excess of revenues over expenses	(275,000)	310,317	585,317	(56,209)	176,310	232,519
Net change in fund balances	(275,000)	310,317	585,317	(56,209)	176,310	232,519
Transfers	-	2,706	2,706	46,925	205,466	158,541
Fund equity, beginning of year	629,900	629,900	-	146,374	146,374	-
Fund equity, end of year	<u>\$ 354,900</u>	<u>\$ 942,923</u>	<u>\$ 588,023</u>	<u>\$ 137,090</u>	<u>\$ 528,150</u>	<u>\$ 391,060</u>

See notes to financial statements.

TOWN OF WATERFORD, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Waterford, Saratoga County, New York (the "Town") was founded in 1816. The Town is governed by County Law, other general laws of the State of New York, and various local laws and ordinances. The Town Board is the legislative body responsible for overall operations. The Town Supervisor serves as chief executive officer and chief fiscal officer.

The Town provides the following basic services: police and law enforcement, fire protection, water and sewer, trash collection, recreation, street maintenance and snow removal, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standard Board (GASB) as they relate to fund accounting for fiscal accountability. Fiscal accountability is one of the primary objectives of financial reporting and is designed to demonstrate that the actions of the government during the current period have complied with public decisions concerning the raising and spending of public monies during the reporting cycle.

In June 1999, the GASB approved Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments which became effective for the Town for the period ended December 31, 2004. This statement requires the financial statements to include government-wide financial statements on a full accrual basis, in addition to the fund financial information presented by the Town of Waterford in these financial statements. It further requires information relating to fixed assets, including infrastructure and depreciation, component units and reconciliation between government-wide and fund statements, as well as management discussion and analysis.

The Town has elected not to implement GASB 34 due to the costs associated with the development and maintenance of the information required to present government-wide financial statements. The accompanying financial statements present the financial position of the general fund, special revenue funds and capital projects fund of the Town of Waterford, New York as of December 31, 2009, and the changes in financial position thereof and the respective budgetary comparison for the general fund and special revenue funds for the year then ended.

(a) Financial Reporting Entity

The financial reporting entity consists of the general fund, the special revenue funds and the capital projects fund of the Town of Waterford and does not include any other funds, account groups or component units of the Town.

(b) Basis of Presentation - Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses). The following fund types are used by the Town:

GOVERNMENTAL FUND TYPES

Governmental funds are those in which most governmental functions of the Town are reported. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The following are the Town's governmental fund types:

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND TYPES (Continued)

General Fund - The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Town maintains the following special revenue funds:

- Outside Village Fund - used to account for landfill monitoring costs, Parks and Recreation, Planning Board and Zoning Board activities, and refuse collection operations.
- Highway Fund - used to account for highway operations.
- Special District Funds - used to account for resources of the special districts. The Town has a number of water, sewer, fire protection, lighting, and ambulance districts which supply services to portions of the Town. The water district is treated as a separate entity and is not included in the Town's reporting entity. (See Financial Reporting Entity)
- Special Grant Fund - used to account for federal monies received to provide rental housing and economic development assistance.
- Miscellaneous Special Revenue Fund - used to account for the revenue and expenses associated with the souvenir shop at the Canal Visitor's Center. The souvenir shop purchases items such as beverage mugs, polo shirts, sweatshirts, and other memorabilia for resale to visitors who are interested in obtaining an item which serves as a remembrance of their visit to Waterford.

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

(c) Basis of Accounting

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt and compensated absences, are recorded when the liability is incurred, if measurable.

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax item is sales tax which is recorded as revenue when it is susceptible to accrual. Court and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Inter-governmental revenues and interest income are accrued when their receipt occurs within sixty days of the end of the accounting period and such amounts relate to the current period.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property Taxes

Real property taxes are levied annually no later than December 31 by Saratoga County and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for county purposes are levied together with taxes for town and special district purposes as a single bill. The town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Unpaid town taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year end are relieved as county taxes in the subsequent year.

(e) Budgetary Data

General Budget Process - Prior to September 30 of each year, the Budget Officer submits to the Town Clerk 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 Council. Town taxes included in the budget are due and payable by January 31 without penalty and interest. Any revisions to the budget are approved by the Town Board.

Special Revenue Funds - The budget and actual comparison for Special Revenue Funds, included in the Combined Statement of Revenues and Expenditures - Budget and Actual, reflects budgeted and actual amounts for funds with legally authorized budgets.

Certain special revenue funds have not been included in the comparison because they do not have legally authorized budgets. The actual activity of these unbudgeted funds, as follows, is provided in order to reconcile to the total combined balances of the special revenue funds.

	Fund Balance Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance End of Year
Funds included in budget comparison:					
Funds with budget	\$146,374	\$ 3,538,922	\$ 3,362,612	\$205,466	\$528,150
Funds excluded from budget comparison:					
Funds with no budget - special grant	-	264,244	264,244	-	-
Total special revenue funds	<u>\$146,374</u>	<u>\$ 3,803,166</u>	<u>\$ 3,626,856</u>	<u>\$205,466</u>	<u>\$528,150</u>

(f) Account Groups

Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. An account group is not a "fund." It is concerned only with the measurement of financial position and is not involved with measurement of results of operations and are not included in the financial statements.

General Long-term Debt Account Group - This account group is used to record all long-term debt of the Town, such as compensated absences, installment purchases, and bonds. Information about general long-term debt is disclosed in Note 3.

Fixed Asset Account Group - The Town does not maintain information related to cost of fixed assets and the amounts that should be recorded in this account group have not been determined.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other

The following policies related to transactions affecting governmental funds as well as the account groups.

Compensated Absences - Police

Police officers are granted the following compensated absences each year:

Vacation	10-25 days
Sick leave	1-13 days

Sick leave vests and may be accumulated from year-to-year up to 160 days. Vacation time vests and may be accumulated from year-to-year up to 30 days. Compensatory time vests and may be accumulated from year-to-year up to 120 hours. Upon retirement or death, payment is made for all accumulated time. Payment of unused vacation time is also made upon termination or resignation. The liability for sick leave of \$101,816, vacation time of \$11,354 and compensatory time of \$4,204 is recorded in the general long-term debt account group since it is anticipated that only an immaterial portion will be paid out in any one year.

Compensated Absences - Other

Other personnel are granted the following compensated absences each year:

Vacation	10-15 days
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Vacation time vests and may be accumulated from year-to-year up to 5 days. Vacation time of \$11,747 is also recorded in the general long-term debt account group since it is anticipated that only an immaterial portion will be paid out in any one year.

NOTE 2 — CASH AND CASH EQUIVALENTS

The Town's investment policy is to invest surplus cash in demand accounts and certificates of deposit. Collateral is required for demand deposits and certificates of deposit for amounts not covered by federal deposit insurance. Demand deposits and certificates of deposits at year-end were entirely covered by federal depository insurance or by collateral held by a third party. Coverage was as follows:

	<u>Demand Deposits</u>
Bank balances	\$ 2,057,441
FDIC insurance	\$ 500,000
Collateral held by a third party	\$ 2,570,575

In October 2008, the FDIC increased its insurance from \$100,000 per account type (for governments) to \$250,000. The coverage increase, which is temporary, extends through December 31, 2013.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 3 — LONG-TERM DEBT

As discussed in Note 1, long-term debt of the Town is recorded in the long-term debt account group and is not included in the financial statements. The following describes long-term debt of the Town:

- (a) Changes in Long-term Debt - The following is a summary of changes in long-term debt for the year ended December 31, 2009:

	<u>Bonds</u>	<u>Compensated Absences</u>
Payable at January 1, 2009	\$ 7,513,139	\$ 116,662
Additions	-	12,459
Deletions	<u>(430,444)</u>	<u>-</u>
Payable at December 31, 2009	<u>\$ 7,082,695</u>	<u>\$ 129,121</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

- (b) Bonds Payable - The Town borrows money in order to construct infrastructure and perform improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are secured by the full faith and credit of the Town, are recorded in the General Long-term Debt Account Group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The following is a summary of bonds outstanding at December 31, 2009:

<u>Payable from Description</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate (%)</u>	<u>Date Final Maturity</u>	<u>Outstanding</u>
Special Revenue Funds					
Serial Bond - Multi-Purpose	10/15/92	\$ 1,075,000	6.000%	10/15/12	\$ 185,000
Sewer Fund - Environmental Facilities Corporation	11/15/94	1,108,022	5.851%	11/15/14	345,000
Statutory Installment Bond - Town Outside Village	11/08/02	400,000	2.860%	11/08/12	120,000
Statutory Installment Bond - Sewer Fund	11/08/02	156,000	2.860%	11/08/12	46,800
Statutory Installment Bond - Highway Fund	02/06/03	172,214	3.240%	02/01/13	68,886
Sewer Fund - Environmental Facilities Corporation	07/24/03	1,188,293	4.581%	01/01/28	950,000
Statutory Installment Bond - Town Outside Village	09/15/04	318,180	4.360%	09/15/14	159,090
Statutory Installment Bond - Drainage	12/23/05	150,000	4.290%	12/23/15	90,000
Statutory Installment Bond - Town Hall Improvements	02/10/06	883,000	4.550%	02/10/20	693,786
Statutory Installment Bond - 3 Saratoga Avenue	11/03/06	94,000	4.650%	11/03/16	65,800
Statutory Installment Bond - Linda Lane Drainage	08/09/07	200,000	4.700%	08/09/22	173,333
Serial Bond - Public Improvement *	07/30/08	<u>4,250,000</u>	4.950%	08/01/38	<u>4,185,000</u>
Total		<u>\$ 9,994,709</u>			<u>\$ 7,082,695</u>

* Bonds are issued by the Town of Waterford, but the proceeds were passed through to the Town of Waterford Water Works Authority ("Water Authority"). All proceeds are restricted for use on Water Authority capital improvements. Repayment will be made by the Town through a special water usage tax.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 3 — LONG-TERM DEBT (Continued)

The following table summarizes the Town's future debt service requirements on bonds as of December 31, 2009:

<u>Year Ending Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest (Memorandum)</u>
2010	\$ 440,444	\$ 312,341
2011	440,444	294,399
2012	455,444	276,306
2013	344,845	255,195
2014	332,622	241,929
2015-2019	1,125,825	1,048,293
2020-2024	973,071	828,433
2025-2029	1,010,000	622,793
2030-2034	990,000	395,750
2035-2038	970,000	123,000
	<u>\$ 7,082,695</u>	<u>\$ 4,398,439</u>

(c) Other Long-term Debt - In addition to the above long-term debt the Town had the following noncurrent liabilities:

- Compensated Absences. Represents the earned and unused portion of the liability for compensated absences.

NOTE 4 — OTHER DEBT

Bond Anticipation Notes - Liabilities for bond anticipation notes (BANs) are accounted for in the General Fund and Capital Project Funds. Debt service expenditures are recorded in the fund that benefited from the capital project financed by the note, e.g. the General Fund and Special Revenue Funds. State law required that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that stipulated annual reductions of principal are made. Bond anticipation notes are comprised of the following at December 31, 2009:

<u>Project</u>	<u>Original Date Issued</u>	<u>Balance January 1, 2009</u>	<u>Borrowings</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>
Emergency Generator and Town Civic Center Renovations	07/15/04	\$ 17,035	\$ -	\$ (17,035)	\$ -
Highway Dept Tractor	06/09/05	11,458	-	(5,729)	5,729
Highway Dept Truck	10/06/05	12,391	-	(6,196)	6,195
Passenger Van	10/27/05	14,720	-	(7,360)	7,360
Police Car	08/11/06	10,264	-	(10,264)	-
Drainage Improvements	11/03/06	60,000	-	(20,000)	40,000
Land Appraisal	11/03/06	69,000	-	(23,000)	46,000
Police Car	08/09/07	19,777	-	(9,888)	9,889
Highway Truck	12/14/07	33,577	-	(8,395)	25,182
Police Car	07/03/08	35,500	-	(11,833)	23,667
Loggia Repairs - Canal Visitor's Center	08/08/08	95,000	-	(19,000)	76,000
Improvements to Water Sewer District	02/26/09	-	1,176,500	-	1,176,500
Sewer Dept Truck	08/07/09	-	38,173	-	38,173
Police Car	08/07/09	-	33,781	-	33,781
Ambulance	10/09/09	-	131,544	-	131,544
Total BANS outstanding		<u>\$ 378,722</u>	<u>\$ 1,379,998</u>	<u>\$ (138,700)</u>	<u>\$ 1,620,020</u>

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 5 — INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at December 31, 2009, were as follows:

<u>Fund Type</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General	\$ 60,328	\$ 645
Special revenue	645	50,628
Capital projects	-	9,700
Total	<u>\$ 60,973</u>	<u>\$ 60,973</u>

NOTE 6 — OPERATING TRANSFERS

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. All operating transfers occur within the governmental funds and are reported as other financing sources (uses) in the combined statement of revenues, expenditures and changes in fund equity (deficit) – all governmental fund types. For the year ended December 31, 2009, there were operating transfers within the governmental funds for the purpose of reimbursing the general and special revenue funds for debt service payments by utilizing remaining funds in capital projects fund.

NOTE 7 — PENSION PLANS

(a) Plan Description

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

(b) Funding Policy

The Systems are contributory at a rate of 3% of salary, except for employees who joined the New York State and Local Employees' Retirement System before July 27, 1976 and Tier 3 and 4 members with ten or more years of membership, or ten years of credited service for whom there are no required contributions. 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.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 7 — PENSION PLANS (Continued)

The Town is required to contribute at an actuarially determined rate. The required contributions for the System's fiscal years ending March 31 were:

	<u>ERS</u>	<u>PFRS</u>
2008	\$ 103,224	\$ 90,531
2009	\$ 96,239	\$ 69,710
2010	\$ 102,525	\$ 69,187

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

NOTE 8 — RESERVES

Landfill Closure Reserve

State and federal laws and regulations required the Town to close its landfill site in 1993. Although the closure has been completed, the Town must continue to perform certain maintenance and monitoring functions at the site. The Town believes the annual costs of postclosure maintenance and monitoring costs will not be significant to the Town's annual results of operations. Accordingly, these maintenance and monitoring costs are reported as expenditures in the period incurred.

In conjunction with the landfill closure, the Town entered into an agreement with the City of Mechanicville and the Village of Waterford in November 1989 which required that all revenues received from tipping fees be placed and held in an escrow account with the Town of Waterford as the escrow agent. Such fees were to be used to offset future landfill closure costs. In 2009, costs related to landfill monitoring totaling \$27,350 were incurred. These costs reduced the landfill closure reserve. As of December 31, 2009, the balance remaining in the landfill closure reserve was \$42,475. The landfill closure reserve will be released upon the review and approval of the Town's engineer.

Water Fund Debt Service Reserve

In 2003, the Town received \$354,250 from the Water Authority (a component unit of the Town) to cover the future debt service principal payments associated with the outstanding bonds and bond anticipation notes of the Water Fund. A reserve account was established to account for the balance of funds set aside.

In 2009, the Town utilized \$22,000 for the principal payments associated with the bonds and bond anticipation notes of the Water Fund. As of December 31, 2009, the water fund debt service reserve was \$68,000.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Lawsuits

The Town has been named in several lawsuits arising in the ordinary course of the Town's operations. These claims and lawsuits, in the opinion of management, after considering all relevant facts are either adequately covered by insurance or will not result in material judgments against the Town and, therefore, are not expected to have a material effect on the financial statements.

TOWN OF WATERFORD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 9 — COMMITMENTS AND CONTINGENCIES (Continued)

Grant Programs

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their 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.

NOTE 10 — OPERATING LEASE

During 2003, the Town entered into a lease agreement with the Waterford Rescue Squad to lease them an ambulance, which was acquired with proceeds from the issuance of a bond anticipation note. The ambulance has a cost of \$105,884. The lease is on an annual basis which is renewed at a rate of \$1 per year unless the Town provides notice to the contrary.

During 2009, the Town entered into another lease agreement with the Waterford Rescue Squad to lease them an ambulance, which was acquired with proceeds from the issuance of a bond anticipation note (see Note 4). The ambulance has a cost of \$131,735. The lease is on an annual basis which is renewed at a rate of \$1 per year unless the Town provides notice to the contrary.

**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
Town of Waterford, New York

We have audited the financial statements of the general fund, special revenue fund, and capital projects fund of the Town of Waterford, New York as of and for the year ended December 31, 2009, and have issued our report thereon dated June 11, 2010. 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 Waterford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Waterford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Waterford's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

- (1) Due to the size and resources of the Town, it is not feasible to have extensive segregation of duties.
- (2) The Town does not maintain a general fixed asset group of accounts as required by accounting principles generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Waterford's financial statements of the general fund, special revenue funds and capital projects fund 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 the supervisor and members of the Town Board, management, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

UHY LLP

Albany, New York
June 11, 2010