

**TOWN OF NORTH CASTLE,  
NEW YORK**

Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 2008

Prepared by

**Dawn T. Donovan  
Town Comptroller**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED DECEMBER 31, 2008  
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TOWN OF NORTH CASTLE, NEW YORK

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<p style="text-align: center;"><b>STATISTICAL SECTION</b> <b>(Unaudited)</b></p>
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This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the Town's overall financial health.

This section includes the following schedules:

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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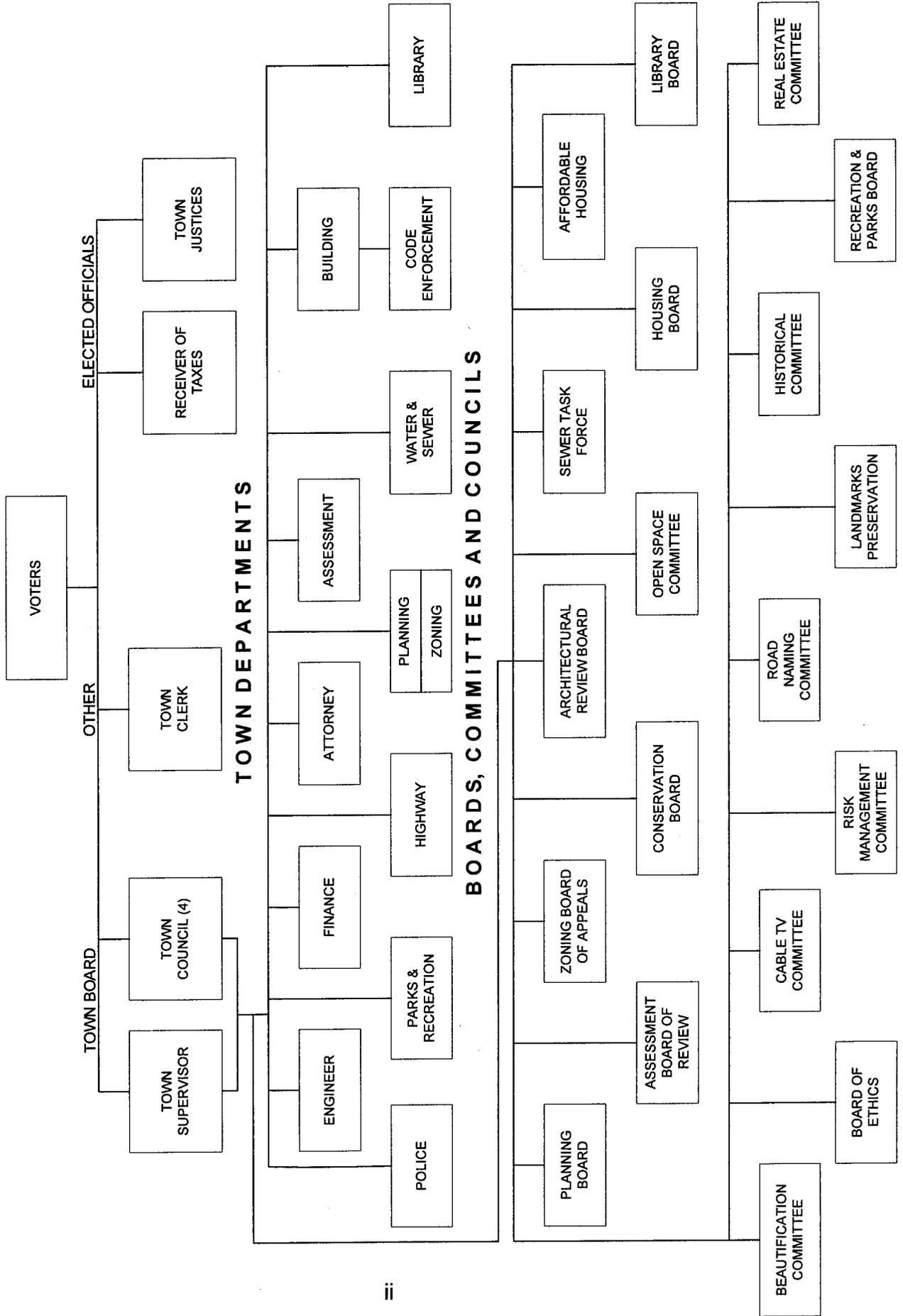
**INTRODUCTORY  
SECTION**

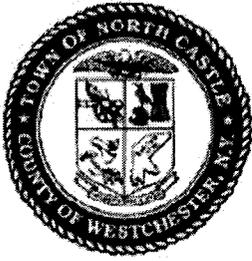
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**TOWN OF NORTH CASTLE,  
NEW YORK  
PRINCIPAL OFFICIALS**

<b>SUPERVISOR:</b>	Reese Berman
<b>TOWN BOARD:</b>	Rebecca A. Kittredge Gerald K. Geist Michael Schiliro William Weaver
<b>TOWN CLERK:</b>	Ann Leber
<b>RECEIVER OF TAXES:</b>	Patricia A. Colombo
<b>TOWN COMPTROLLER:</b>	Dawn T. Donovan

**STRUCTURE OF TOWN OF NORTH CASTLE GOVERNMENT**





Dawn T. Donovan  
Town Comptroller

**TOWN OF NORTH CASTLE**  
**15 BEDFORD ROAD**  
**ARMONK, NEW YORK 10504**  
*Established 1736*

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Town Hall  
Telephone (914) 273-3322  
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March 9, 2009

To the Honorable Supervisor and Town Board of the  
Town of North Castle, New York:

The Comprehensive Annual Financial Report ("CAFR") for the Town of North Castle, New York ("Town") for the fiscal year ended December 31, 2008 is herewith submitted. The New York State Comptroller's Office requires the Town to submit an annual report of the financial records and transactions presented in conformity with generally accepted accounting principles ("GAAP"). The Town has elected to have these statements audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to this requirement and Town Board policy.

This report consists of management's responsibilities concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Bennett Kielson Storch DeSantis, The Government Services Division of O'Connor Davis Munns & Dobbins, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the

financial statements of the Town for the year ended December 31, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the Town's basic financial statements, for the year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The financial section also includes a narrative introduction, overview and analysis of the December 31, 2008 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented after the statistical section of this report.

## **Profile of the Town**

The Town was established in 1788 by New York State as a separate political entity vested with independent taxing and debt authority. There are no incorporated villages situated within the Town's borders. The Town has portions of five independently governed school districts, which rely on the taxing powers granted by New York State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

The Town Board is the legislative, appropriating, governing and policy determining body of the Town and consists of four councilpersons, elected at large to serve a four-year term, plus the Supervisor. Councilpersons may serve an unlimited number of terms. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual budgets for the Town must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board on the recommendation of the Supervisor.

The Supervisor is the chief executive and financial officer of the Town and is elected for a two-year term of office. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. Duties of the Supervisor include the administration of the Town's daily functions, budget preparation and control, and debt issuance.

The Town provides a wide range of governmental services to its residents. Highway construction and maintenance of roads is a Town function. Recreation is provided and parks are maintained through the Town government. Water, sewer, lighting, fire protection and ambulance services are furnished by various special districts, which have been formed within the Town. Other services performed at the Town level include property assessment, police protection, zoning administration and planning. The Town provides refuse collection services to residential properties and pays the cost thereof from the General Fund. Refuse collection is not provided to commercial establishments, who must contract with private carters for this service.

The annual budget serves as the foundation for the Town's financial planning and control. All departments are required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before October 20<sup>th</sup>. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date (the Town has no authority to amend the budget submitted by the fire districts). After reviewing these estimates, the budget officer prepares a tentative budget which includes his/her recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than October 30<sup>th</sup>. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing, which must be held on or before November 10<sup>th</sup>. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are consistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Town Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is required to be held no later than December 10<sup>th</sup>. At the hearing, any person may express their opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than December 20<sup>th</sup>, at which time; the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor. However, any changes or modifications to the annual budget, including the transfer of appropriations among line items, must be approved by resolution of the Town Board. Budget to actual comparisons are provided in this report for each

individual fund for which an annual budget has been adopted. For the General, Highway, Public Library and Special Districts funds, these comparisons are presented as part of the basic financial statements. For other governmental funds with annual budgets, the comparisons are presented in the governmental fund subsection of this report.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

### ***Local Economy***

The Town is situated in the central portion of Westchester County, which continues to rank among the most affluent counties in the United States. The Town encompasses approximately 24 square miles and is primarily suburban residential in nature. However, the Town has a significant commercial base, which includes the world headquarters for International Business Machine (“IBM”) and several other large corporations. The population of the Town, according to the 2002 estimated census, is 11,402, which represents an increase of 5.1% since the 2000 official census report. The 2000 per capita money income for residents of the Town is approximately 65.1% above the County level and more than twice the New York State average. Unemployment statistics are not maintained for the Town; however, the Town believes that unemployment in the Town is less than the County’s overall rate.

### ***Completed Projects***

The following projects were completed:

- Improvement at Lombardi Park facility
- Completed the first actuarial report required for the implementation of GASB Statement No. 45, Other Post Employment Benefits.

### ***Long-Term Financial Planning***

The Town’s future projects include the following:

- Multi-year financial plan.

- The Town plans to update the well at Windmill Farms Water District No. 2.
- Looking at future space requirements for Town Hall facilities.

### **Cash Management Policies and Practices**

In accordance with New York State General Municipal Law, the Town has adopted a cash management and investment policy based on the principles of legality, safety, liquidity and yield. The Town may only deposit funds in commercial banks licensed to do business in New York State. Deposits exceeding Federal Deposit Insurance ("FDIC") limits must be protected with collateral that meet or exceeds the guidelines of the Town's investment policy. Investments may only be made in certain securities approved by the law in accordance with the Town's policy. The Town monitors its bank balances and investments accordingly and takes necessary measures to ensure that sufficient funds are available to meet current expenditures. Revenues received are recorded and deposited timely, and idle cash is invested to obtain the highest yield.

Additional information on the Town's cash management program can be found in Note 1, E of the notes to financial statements.

### **Risk Management**

The Town maintains various conventional liability insurance policies to protect against potential losses. The general liability policy provides coverage of \$3 million. The Town's public official's liability policy provides coverage of \$1 million. In addition, the umbrella policy provides coverage up to \$10 million.

The Town, pursuant to Section 110 of Worker's Compensation Law, has elected to reimburse eligible employees for the cost of medical expenses. Reimbursements are limited to the cost of two physician treatments for employees who did not lose time from regular duties beyond the day of the accident. The reserve for worker's compensation has been established for this purpose. In addition, the Town purchases conventional insurance for workers' compensation benefits. The Town also purchases conventional health insurance from various providers.

## **Pension and Other Post-Employment Benefits**

The Town participates in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System ("Systems"). These Systems are cost sharing multiple employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. The New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. The Town's contribution to the Systems is equal to 100% of the actuarially required contribution for the current fiscal year.

The Town also provides health care benefits for retired employees. The cost of providing post-employment health care benefits is shared between the Town and the retired employee. As of December 31, 2008, there were 67 retired employees receiving these benefits. The Town's annual other post employment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, instead of expensing the current year premiums paid, a per capita claims cost is determined, which is then used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed thirty years. For the fiscal year ended December 31, 2008, the Town's annual OPEB cost of \$2,063,907 was equal to the ARC.

Additional information on the Town's pension arrangements and post-employment health care benefits can be found in Note 3, D and F, respectively.

## **Awards and Acknowledgments**

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the fiscal year ended December 31, 2007. This was the ninth consecutive year that the Town received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Preparation of this report could not be accomplished without the efficient and dedicated services of the members of the Finance Department, Town Assessor, Receiver of Taxes, Town Clerk, Police Department and Building Department, as well as our independent auditor, who assisted in its preparation. I would also like to thank the Town Supervisor and the members of the Town Board for their interest and support in the financial operations of the Town.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dawn T. Donovan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dawn T. Donovan  
Town Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of North Castle  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**FINANCIAL  
SECTION**



INDEPENDENT AUDITORS' REPORT

To the Honorable Supervisor and Town Board of  
the Town of North Castle, New York:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Castle, New York as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Castle, New York as of December 31, 2008 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General, Highway, Public Library and Special Districts funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 3,F to the basic financial statements, the Town of North Castle, New York adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*" as of and for the year ended December 31, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2009 on our consideration of the Town of North Castle, New York's internal control over financial reporting and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Castle, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of North Castle, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information listed in the statistical section of the table of contents has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

*Bennett Kjelson Storch DeSantis*

**The Government Services Division of  
O'Connor Davies Munns & Dobbins, LLP**  
March 2, 2009

**Town of North Castle, New York**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2008**

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**Introduction**

The following discussion and analysis of the Town of North Castle, New York's ("Town") financial statements provides an overview of the financial activities of the Town for the fiscal year ended December 31, 2008. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

**Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- On the government-wide financial statements, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$20,505,727. Of this amount, the unrestricted portion is a deficit of \$2,086,371. The deficit results primarily from the first time accrual of the annual other post employment benefit obligations cost in accordance with the provisions of Government Accounting Standards Board ("GASB") Statement No. 45.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,146,933, a decrease of \$1,412,120. Exclusive of the Capital Projects Fund, the combined ending fund balances were \$6,925,149. Of this latter amount, the unreserved and undesignated fund balance was \$3,571,699 or 51.58%. This amount is available for spending at the Town's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$964,383 or 5.9% of total General Fund expenditures and other financing uses.
- The Town retired \$480,000 of general obligation debt during the year ended December 31, 2008.
- The Town issued \$1,177,185 of bond anticipation notes to finance capital projects while retiring \$398,055 of these short-term obligations during the year ended December 31, 2008.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also includes other supplementary information as listed in the table of contents.

### *Government-wide Financial Statements*

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

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

The *statement of activities* presents information reflecting how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave and other post employment benefit obligations ("OPEB")).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Town include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### *Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances*

*of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund, Public Library Fund, Special Districts Fund and Capital Projects Fund, which are considered to be major funds. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund, Highway Fund, Public Library Fund and Special Districts Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The Town maintains only one type of fiduciary fund that is known as an agency fund. Resources are held in this fund by the Town purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization or government.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

### *Notes to Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are located following the basic financial statements section of this report.

*Other Information*

Additional statements and schedules can be found immediately following the notes to financial statements. These include the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

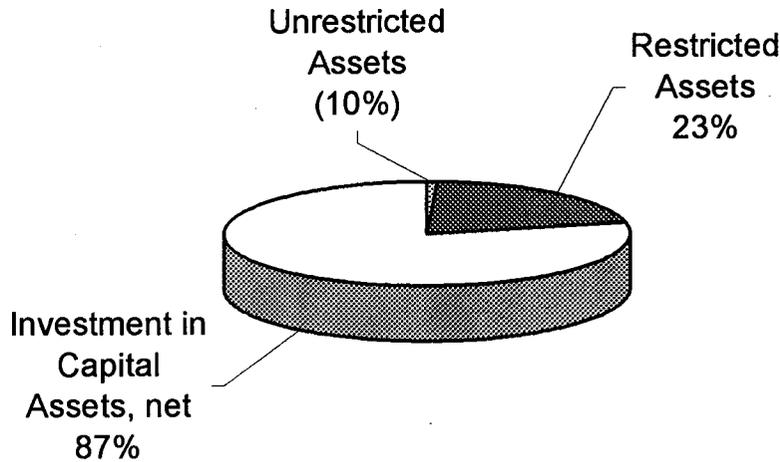
**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets exceeded liabilities by \$20,505,727 at the close of the current fiscal year.

**Net Assets**

	December 31,	
	<u>2008</u>	<u>2007</u>
Current Assets	\$ 34,602,139	\$ 37,622,229
Capital Assets, net	<u>30,054,197</u>	<u>29,577,015</u>
Total Assets	<u>64,656,336</u>	<u>67,199,244</u>
Current Liabilities	29,239,965	30,967,744
Long-term Liabilities	<u>14,910,644</u>	<u>13,170,980</u>
Total Liabilities	<u>44,150,609</u>	<u>44,138,724</u>
Net Assets:		
Invested in capital assets, net of related debt	17,894,852	18,080,605
Restricted	4,697,246	4,760,947
Unrestricted	<u>(2,086,371)</u>	<u>218,968</u>
Total Net Assets	<u>\$ 20,505,727</u>	<u>\$ 23,060,520</u>

**Net Assets Distribution  
December 31, 2008**



By far, the largest component of the Town's net assets is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding (87%). The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net assets of \$4,697,246, or 23%, represent resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

	<u>2008</u>	<u>2007</u>
Capital Projects	\$ 233,838	\$ 126,254
Special Purposes	1,270,161	1,180,398
Workers' Compensation Benefits	1,692	1,692
D.A.R.E	1,274	1,368
Highway	-	134,310
Library	-	157,521
Debt Service	3,189,315	3,158,438
Special Purposes	966	966
<b>Total</b>	<b><u>\$ 4,697,246</u></b>	<b><u>\$ 4,760,947</u></b>

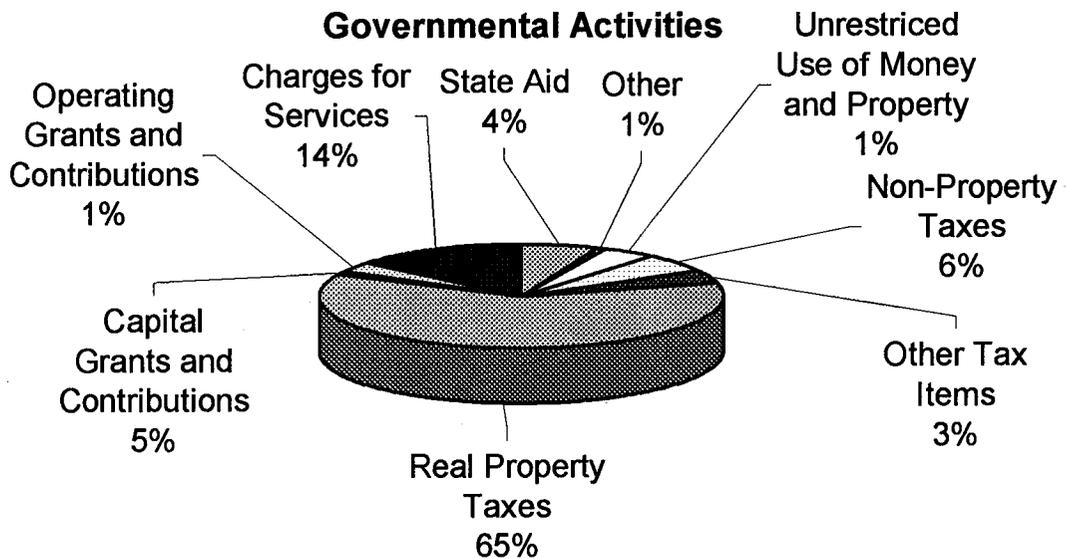
Those assets subject to external restrictions are \$22.6 million. The remaining balance of unrestricted net assets, which is a deficit of \$2 million, must be financed from future obligations. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing years. Rather, it is the result of having long-term commitments of other post employment benefit obligations (\$2.1 million) that

are greater than currently available resources. Payment for these liabilities will be budgeted in the year that actual payment will be made.

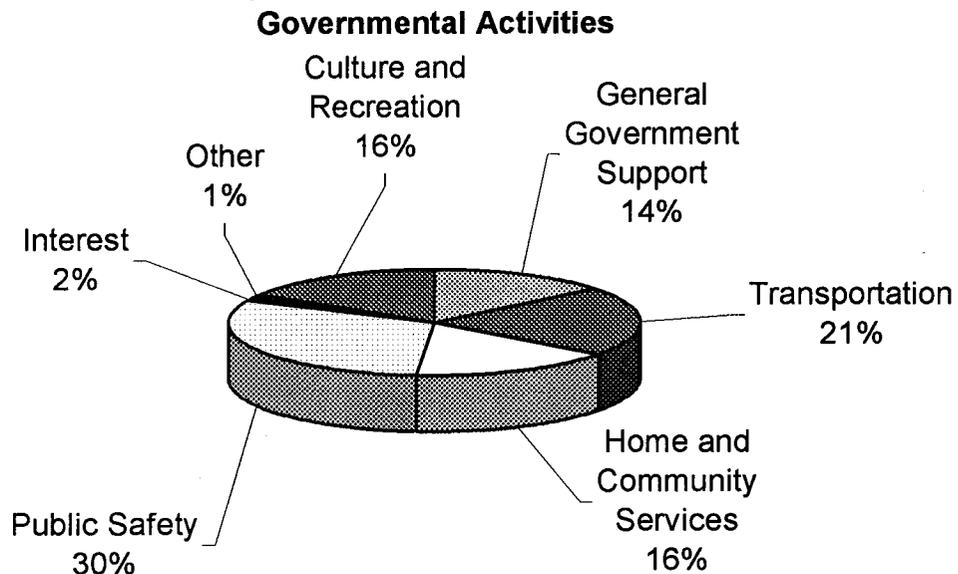
### Change in Net Assets

	December 31,	
	2008	2007
Program Revenues:		
Charges for Services	\$ 3,748,150	\$ 3,737,584
Operating Grants and Contributions	410,621	918,778
Capital Grants and Contributions	1,499,890	405,723
General Revenues:		
Real Property Taxes	18,199,753	16,693,034
Other Tax Items	924,947	1,012,391
Non-Property Taxes	1,635,068	1,611,500
Unrestricted Use of Money and Property	214,990	354,512
Unrestricted State Aid	1,119,304	1,653,570
Donated Assets	-	1,141,984
Miscellaneous	47,836	54,692
	<u>27,800,559</u>	<u>27,583,768</u>
Program Expenses:		
General Government Support	4,446,771	3,747,161
Public Safety	9,004,425	7,958,370
Health	237,438	228,708
Transportation	6,434,122	5,479,945
Economic Opportunity and Development	175,844	189,028
Culture and Recreation	4,967,238	4,373,182
Home and Community Services	4,635,011	4,368,012
Interest	454,503	368,398
	<u>30,355,352</u>	<u>26,712,804</u>
Change in Net Assets	(2,554,793)	870,964
Net Assets - Beginning	<u>23,060,520</u>	<u>22,189,556</u>
Net Assets - Ending	<u>\$ 20,505,727</u>	<u>\$ 23,060,520</u>

### Sources of Revenue for Fiscal Year 2008



### Expenses for Fiscal Year 2008



Governmental activities decreased the Town's net assets by \$2,554,793. For the fiscal year ended December 31, 2008, revenues from governmental activities totaled \$27.8 million. Tax revenues (\$20.8 million), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue sources (75%). Collection of the current tax levy remains very strong at 99%, while averaging 99.1% over the last 10 years. Governmental activities expenses of the Town for the year ended December 31, 2008 totaled \$30.3 million. The largest components of these expenses are in the areas

of public safety (30%), transportation (21%), culture and recreation (16%) and home and community services (16%).

The major changes compared to 2007 are as follows:

Revenues:

- Real property taxes increased by \$1,506,719, or 9.0%, primarily as a result of an increase in the tax rate.
- Capital Grants and Contributions increase by \$1,094,167, primarily from a grant received by the EPA for work done to our sewer district.
- State Aid decreased by \$534,266. This is primarily due to the decrease in mortgage tax revenues due to less refinancing of mortgages and a slowing housing market.
- Unrestricted use of money and property decreased by \$139,522. This is primarily due to decreased interest earnings as a result of declining interest rates.

Expenses:

- General Government Support increased by \$699,610. This was the result of reallocation of benefits to each department.
- Public Safety increased by \$1,046,055. This was the result of contractual salary increases as well as growing health benefit costs and required retirement system contributions.
- Transportation increased by \$954,177. This was primarily the result of increased costs for overtime, sand and salt, heat and fuel costs and road repaving.
- Culture and Recreation increased by \$594,056. This was primarily the result of depreciation costs related to new capital asset acquisitions, as well as increased staffing, health benefits and required retirement system contributions.

### **Financial Analysis of the Town's Funds**

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

#### *Governmental Funds*

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$5.1 million, a decrease of approximately \$1.5 million from the prior year. Exclusive of the Capital Projects Fund, the combined fund balances total \$6.9 million. Of this amount, \$5.3 million constitutes unreserved fund balance, of which \$1.7 million has been designated for subsequent year's expenditures and represents the amount estimated for use in the 2009 budget. The remainder of the fund balance is reserved (\$1.7 million, exclusive of the Capital Projects Fund) to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$241,321), 2) a reserve for parklands (\$307,654), 3) trusts (\$962,507) and 4) a variety of other purposes (\$147,144).

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$154,683 representing 13% of the total General Fund balance of \$1,192,574. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures and other financing uses. Unreserved and undesignated fund balance represents .95% of total General Fund expenditures and other financing uses, while total fund balance represents 7.3% of that same amount. This is slightly less favorable compared with the results from the prior fiscal year (4.5% and 11.5%, respectively).

The fund balance of the General Fund decreased by \$670,770 during the fiscal year ended December 31, 2008. Actual expenditures and other financing uses were \$1,214,234 less than the amount contained in the final budget, representing a modest savings of 6.9% of the total budget. There was no one particular area in the budget that accounted for these savings. Actual revenues and other financing sources were under the final budget by \$907,772, or 5.47% of the total revenue budget. The revenue categories that reflected negative variances as compared to the budget were real property taxes (\$164,765) due to refunds of real property taxes, and franchise fees, license and permits a deduction of (\$282,978) due to slower building due to the current economy and a decrease in state aid (\$544,347) from lower mortgage recording taxes that were not anticipated when the budget was adopted. These were partially offset by a positive variance in non-property tax items \$145,068 from better than anticipated sales tax collections.

The budget variances noted above (\$1,214,234 for expenditures and \$907,772 for revenues) aggregate \$306,462. However, the Town had intended to use \$977,232 of previously accumulated budget surpluses (comprised of \$910,367 of appropriated fund balance and \$66,865 in encumbrances from the prior year) to provide real property tax relief in developing the 2008 General Fund budget. Accordingly, the net difference of \$670,770 reflects the amount the fund balance was diminished in 2008. The Town has designated \$800,000 of the fund balance be used for real property tax relief in the 2009 fiscal year. These monies would revert back to undesignated fund balance if it were not needed for this purpose.

The **Highway Fund's** total fund balance at the end of the fiscal year was \$569,208, an increase of \$52,061 from the previous year. This resulted primarily from the decrease in overtime and winter weather supplies due to a mild 2008 winter season. Of the total fund balance, \$50,000 has been designated to be used in the 2009 fiscal year

The **Library Fund's** total fund balance at the end of the current fiscal year was \$190,218, an increase of \$32,697 from the previous year. This was the result of careful monitoring of expenditures. Of the total fund balance, \$25,000 has been designated to be used in the 2009 fiscal year.

The **Special Districts Fund** total fund balance at the end of the current fiscal year was \$3,702,022, an increase of \$167,738 from the previous year. This was the result of careful monitoring of the water and sewer expenditures. Of the total fund balance, \$810,124 has been designated to be used in the 2009 fiscal year.

The **Capital Projects Fund** reflects a deficit fund balance of \$1,778,216 at the end of the current fiscal year. This deficit was increased by \$1,083,609 from the prior year. Total revenues and other financing sources aggregated \$2,048,664. This revenue was primarily derived from federal funds received from the EPA in the amount of \$622,963 to finance the Quarry Heights Sewer district installation. An additional \$303,900 of revenue was received from various residents for their hook up costs into the Quarry Heights Sewer District. Capital outlay expenditures totaled \$3,132,273. These costs were primarily related to the upgrade of the Sewer No.2 treatment plant as well as the windmill tank project.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended General Fund budget was \$13,167 for 2008, an immaterial modification. Actual revenues were less than budgetary expectations by \$907,772 in 2008. Actual expenditures and other financing uses were \$1,214,234 less than budget in 2008. These variances were explained in the previous discussion.

### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of December 31, 2008, amounted to \$30.1 million (net of accumulated depreciation) as compared to \$29.6 million in 2007. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

**Capital Assets  
(Net of Accumulated Depreciation)**

	December 31,	
	2008	2007
Land	\$ 2,608,034	\$ 2,608,034
Land Improvements	1,000,372	1,079,520
Buildings	13,067,101	13,437,505
Infrastructure	6,876,106	7,526,962
Machinery and Equipment	3,387,000	3,117,999
Construction-in-Progress	3,115,584	1,806,995
Total	\$ 30,054,197	\$ 29,577,015

The following highlights the amounts expended during the current fiscal year on major capital assets:

- New highway trucks
- Parks improvement
- Upgrades and additions to the Town's water and sewer distribution systems
- Construction of a new water tank in Water District No.2

Additional information on the Town's capital assets can be found in Note 3,B in the notes to financial statements.

**Long-Term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$10,478,563. As required by New York State Law, all bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town.

During the 2008 fiscal year the Town paid \$480,000 in principal on outstanding obligations.

Through sound financial management and manageable debt levels, the Town has been successful in maintaining its high-grade rating for its general obligation bonds, currently rated Aaa by Moody's Investors Service.

Additional information on the Town's long-term debt can be found in Note 3,F in the notes to financial statements.

## **Economic Factors and Next Year's Budget**

According to the United States Bureau of Labor Statistics, the unemployment rate for Westchester County (unemployment information for the Town is unavailable) was 5.7% as of December, 2008. This compares favorably with the rate of 6.8% for New York State and the 7.1% national unemployment rate. The 3.7% increase in the Consumer Price Index for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2007 to 2008 was comparable to the 1.6% increase recorded for the U.S. city average for the same period. Interest rates have been declining, contributing to decreased interest revenue. Town management was also aware that in 2008 there would most likely be significant increases in insurance and employee benefits (particularly medical insurance and retirement contributions). All of these factors were taken into consideration in developing the 2008 budget.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Comptroller, Town of North Castle, 15 Bedford Road, Armonk, New York 10504.

**BASIC  
FINANCIAL STATEMENTS**

TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF NET ASSETS  
DECEMBER 31, 2008

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 9,250,038
Investments	336,930
Receivables:	
Taxes, net	23,812,048
Accounts	198,293
Water rents	67,548
State and Federal aid	429,271
Due from other governments	364,799
Prepaid expenses	143,212
Capital assets (net of accumulated depreciation):	
Land	2,608,034
Land improvements	1,000,372
Buildings and improvements	13,067,101
Infrastructure	6,876,106
Machinery and equipment	3,387,000
Construction-in-progress	3,115,584
	<u>64,656,336</u>
Total Assets	
<b>LIABILITIES</b>	
Accounts payable	499,158
Accrued liabilities	88,862
Retainages payable	189,708
Bond interest and matured bonds payable	575
Due to other governments	63,527
Due to school districts	24,936,557
Unearned revenues	157,767
Accrued interest payable	113,042
Loan payable	399,874
Bond anticipation notes payable	2,790,895
Non-current liabilities:	
Due within one year:	
Bonds payable	495,000
Compensated absences	236,817
Due in more than one year:	
Bonds payable	9,983,563
Compensated absences	2,131,357
Other postemployment benefit obligations	2,063,907
	<u>44,150,609</u>
Total Liabilities	
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	17,894,852
Restricted for:	
Capital projects	233,838
Special purposes	1,270,161
Workers' compensation benefits	1,692
D.A.R.E.	1,274
Special districts	3,189,315
Debt service	966
Unrestricted	(2,086,371)
	<u>\$ 20,505,727</u>
Total Net Assets	

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

TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government support	\$ 4,446,771	\$ 24,749	\$ 35,215	\$ -	\$ (4,386,807)
Public safety	9,004,425	921,082	32,284	45,289	(8,005,770)
Health	237,438	-	-	-	(237,438)
Transportation	6,434,122	212,572	50,535	527,738	(5,643,277)
Economic opportunity and development	175,844	-	-	-	(175,844)
Culture and recreation	4,967,238	1,074,560	219,330	-	(3,673,348)
Home and community services	4,635,011	1,515,187	73,257	926,863	(2,119,704)
Interest	454,503	-	-	-	(454,503)
<b>Total Governmental Activities</b>	<b>\$ 30,355,352</b>	<b>\$ 3,748,150</b>	<b>\$ 410,621</b>	<b>\$ 1,499,890</b>	<b>(24,696,691)</b>
<b>General Revenues:</b>					
Real property taxes					18,199,753
Other tax items:					
Payments in lieu of taxes					692,893
Interest and penalties on real property taxes					232,054
Non-property taxes:					
Non-property tax distribution from County					1,488,682
Franchise fees - Cable TV					146,386
Unrestricted use of money and property					214,990
Unrestricted State aid					1,119,304
Miscellaneous					47,836
<b>Total General Revenues</b>					<b>22,141,898</b>
<b>Change in Net Assets</b>					<b>(2,554,793)</b>
<b>Net Assets - Beginning</b>					<b>23,060,520</b>
<b>Net Assets - Ending</b>					<b>\$ 20,505,727</b>

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

TOWN OF NORTH CASTLE, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	General	Highway	Public Library	Special Districts
<b>ASSETS</b>				
Cash and Equivalents	\$ 1,846,750	\$ 612,697	\$ 192,839	\$ 3,756,332
Investments	336,930	-	-	-
Taxes Receivable, net of allowance for uncollectible taxes	23,812,048	-	-	-
Other Receivables:				
Accounts	197,522	771	-	-
Water rents	-	-	-	67,548
State and Federal aid	-	-	-	-
Due from other governments	364,799	-	-	-
	562,321	771	-	67,548
Prepaid Expenditures	143,212	-	-	-
Total Assets	<u>\$ 26,701,261</u>	<u>\$ 613,468</u>	<u>\$ 192,839</u>	<u>\$ 3,823,880</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 55,133	\$ 19,626	\$ 2,621	\$ 113,084
Accrued liabilities	64,228	24,634	-	-
Retainages payable	60,959	-	-	2,316
Bond interest and matured bonds payable	-	-	-	-
Due to other governments	63,527	-	-	-
Due to school districts	24,936,557	-	-	-
Deferred revenues	-	-	-	6,458
Deferred tax revenues	328,283	-	-	-
Loan payable	-	-	-	-
Bond anticipation notes payable	-	-	-	-
Total Liabilities	<u>25,508,687</u>	<u>44,260</u>	<u>2,621</u>	<u>121,858</u>
Fund Balances (Deficits):				
Reserved for encumbrances	82,013	2,557	7,700	149,051
Reserved for prepaid expenditures	143,212	-	-	-
Reserved for parklands	-	-	-	-
Reserved for trusts	-	-	-	-
Reserved for workers' compensation benefits	1,692	-	-	-
Reserved for D.A.R.E.	1,274	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
General Fund	964,383	-	-	-
Special Revenue Funds	-	566,651	182,518	3,552,971
Capital Projects Fund	-	-	-	-
Total Fund Balances (Deficits)	<u>1,192,574</u>	<u>569,208</u>	<u>190,218</u>	<u>3,702,022</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 26,701,261</u>	<u>\$ 613,468</u>	<u>\$ 192,839</u>	<u>\$ 3,823,880</u>

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

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,569,718	\$ 1,271,702	\$ 9,250,038
-	-	336,930
-	-	23,812,048
-	-	198,293
-	-	67,548
429,271	-	429,271
-	-	364,799
429,271	-	1,059,911
-	-	143,212
<u>\$ 1,998,989</u>	<u>\$ 1,271,702</u>	<u>\$ 34,602,139</u>
\$ 308,694	\$ -	\$ 499,158
-	-	88,862
126,433	-	189,708
-	575	575
-	-	63,527
-	-	24,936,557
151,309	-	157,767
-	-	328,283
399,874	-	399,874
2,790,895	-	2,790,895
3,777,205	575	29,455,206
-	-	241,321
-	-	143,212
-	307,654	307,654
-	962,507	962,507
-	-	1,692
-	-	1,274
-	966	966
-	-	964,383
-	-	4,302,140
(1,778,216)	-	(1,778,216)
<u>(1,778,216)</u>	<u>1,271,127</u>	<u>5,146,933</u>
<u>\$ 1,998,989</u>	<u>\$ 1,271,702</u>	<u>\$ 34,602,139</u>

TOWN OF NORTH CASTLE, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008

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Fund Balances - Total Governmental Funds	<u>\$ 5,146,933</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>30,054,197</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>328,283</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(113,042)
Bonds payable	(10,478,563)
Compensated absences	(2,368,174)
Other postemployment benefit obligations	<u>(2,063,907)</u>
	<u>(15,023,686)</u>
Net Assets of Governmental Activities	<u><u>\$ 20,505,727</u></u>

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

## TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2008

	General	Highway	Public Library	Special Districts
<b>REVENUES</b>				
Real property taxes	\$ 9,544,152	\$ 4,558,627	\$ 1,462,217	\$ 2,518,026
Other tax items	924,947	-	-	-
Non-property taxes	1,635,068	-	-	-
Departmental income	1,321,097	-	24,950	1,198,861
Intergovernmental charges	-	156,667	-	-
Use of money and property	222,615	28,416	29,318	270,456
Licenses and permits	613,132	-	-	-
Fines and forfeitures	185,497	-	-	-
Sale of property and compensation for loss	31,903	22,119	2,157	-
Interfund revenues	-	2,822	-	-
State aid	1,158,253	-	3,303	-
Federal aid	-	-	-	-
Miscellaneous	47,836	-	5,550	23,206
<b>Total Revenues</b>	<b>15,684,500</b>	<b>4,768,651</b>	<b>1,527,495</b>	<b>4,010,549</b>
<b>EXPENDITURES</b>				
Current:				
General government support	3,537,467	-	-	6,046
Public safety	7,766,022	-	-	408,803
Health	6,358	-	-	231,080
Transportation	262,271	4,405,524	-	113,152
Economic opportunity and development	175,844	-	-	-
Culture and recreation	2,545,170	-	1,494,798	-
Home and community services	1,749,657	-	-	2,319,642
Debt Service:				
Principal	-	-	-	-
Interest	14,305	32,006	-	24,929
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>16,057,094</b>	<b>4,437,530</b>	<b>1,494,798</b>	<b>3,103,652</b>
Excess (Deficiency) of Revenues Over Expenditures	(372,594)	331,121	32,697	906,897
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,000	-	-	-
Transfers out	(306,176)	(279,060)	-	(739,159)
<b>Total Other Financing Sources (Uses)</b>	<b>(298,176)</b>	<b>(279,060)</b>	<b>-</b>	<b>(739,159)</b>
<b>Net Change in Fund Balances</b>	<b>(670,770)</b>	<b>52,061</b>	<b>32,697</b>	<b>167,738</b>
Fund Balances (Deficits) - Beginning of Year	1,863,344	517,147	157,521	3,534,284
Fund Balances (Deficits) - End of Year	<b>\$ 1,192,574</b>	<b>\$ 569,208</b>	<b>\$ 190,218</b>	<b>\$ 3,702,022</b>

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

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 18,083,022
-	-	924,947
-	-	1,635,068
-	-	2,544,908
-	-	156,667
-	18,557	569,362
-	-	613,132
-	-	185,497
-	-	56,179
-	-	2,822
477,738	-	1,639,294
718,252	-	718,252
303,900	177,008	557,500
<u>1,499,890</u>	<u>195,565</u>	<u>27,686,650</u>
-	-	3,543,513
-	-	8,174,825
-	-	237,438
-	-	4,780,947
-	-	175,844
-	7,082	4,047,050
-	-	4,069,299
-	480,000	480,000
-	386,341	457,581
<u>3,132,273</u>	<u>-</u>	<u>3,132,273</u>
<u>3,132,273</u>	<u>873,423</u>	<u>29,098,770</u>
<u>(1,632,383)</u>	<u>(677,858)</u>	<u>(1,412,120)</u>
548,774	866,341	1,423,115
-	(98,720)	(1,423,115)
<u>548,774</u>	<u>767,621</u>	<u>-</u>
(1,083,609)	89,763	(1,412,120)
<u>(694,607)</u>	<u>1,181,364</u>	<u>6,559,053</u>
<u>\$ (1,778,216)</u>	<u>\$ 1,271,127</u>	<u>\$ 5,146,933</u>

TOWN OF NORTH CASTLE, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2008

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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (1,412,120)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. This amount is less than the total capital outlay since capital outlay includes amounts under the capitalization threshold and, therefore, were not capitalized.

Capital outlay expenditures	2,064,389
Depreciation expense	<u>(1,587,207)</u>
	<u>477,182</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	<u>116,731</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	<u>480,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(155,757)
Accrued interest payable	3,078
Other postemployment benefit obligations	<u>(2,063,907)</u>
	<u>(2,216,586)</u>

Change in Net Assets of Governmental Activities \$ (2,554,793)

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

TOWN OF NORTH CASTLE, NEW YORK

GENERAL, HIGHWAY, PUBLIC LIBRARY AND SPECIAL DISTRICTS FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2008

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 9,708,917	\$ 9,708,917	\$ 9,544,152	\$ (164,765)
Other tax items	926,995	926,995	924,947	(2,048)
Non-property taxes	1,490,000	1,490,000	1,635,068	145,068
Departmental income	1,436,450	1,428,450	1,321,097	(107,353)
Intergovernmental charges	-	-	-	-
Use of money and property	210,800	210,800	222,615	11,815
Licenses and permits	896,110	896,110	613,132	(282,978)
Fines and forfeitures	177,000	177,000	185,497	8,497
Sale of property and compensation for loss	23,600	23,600	31,903	8,303
Interfund revenues	-	-	-	-
State aid	1,702,600	1,702,600	1,158,253	(544,347)
Miscellaneous	25,000	27,800	47,836	20,036
<b>Total Revenues</b>	<b>16,597,472</b>	<b>16,592,272</b>	<b>15,684,500</b>	<b>(907,772)</b>
Expenditures:				
Current:				
General government support	4,071,045	4,299,385	3,537,467	761,918
Public safety	8,026,387	7,883,892	7,766,022	117,870
Health	7,862	7,862	6,358	1,504
Transportation	291,090	288,128	262,271	25,857
Economic opportunity and development	179,872	185,097	175,844	9,253
Culture and recreation	2,803,552	2,740,662	2,545,170	195,492
Home and community services	1,863,664	1,851,613	1,749,657	101,956
Debt Service - Interest	14,685	14,685	14,305	380
<b>Total Expenditures</b>	<b>17,258,157</b>	<b>17,271,324</b>	<b>16,057,094</b>	<b>1,214,230</b>
Excess (Deficiency) of Revenues Over Expenditures	(660,685)	(679,052)	(372,594)	306,458
Other Financing Sources (Uses):				
Transfers in	-	8,000	8,000	-
Transfers out	(306,180)	(306,180)	(306,176)	4
<b>Total Other Financing Uses</b>	<b>(306,180)</b>	<b>(298,180)</b>	<b>(298,176)</b>	<b>4</b>
<b>Net Change in Fund Balances</b>	<b>(966,865)</b>	<b>(977,232)</b>	<b>(670,770)</b>	<b>306,462</b>
Fund Balances - Beginning of Year	966,865	977,232	1,863,344	886,112
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,192,574</b>	<b>\$ 1,192,574</b>

Highway Fund				Public Library Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,558,627	\$ 4,558,627	\$ 4,558,627	\$ -	\$ 1,462,217	\$ 1,462,217	\$ 1,462,217	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	30,500	30,500	24,950	(5,550)
80,500	80,500	156,667	76,167	-	-	-	-
40,000	40,000	28,416	(11,584)	35,600	35,600	29,318	(6,282)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
23,200	23,200	22,119	(1,081)	600	600	2,157	1,557
3,200	3,200	2,822	(378)	-	-	-	-
-	-	-	-	3,200	3,200	3,303	103
-	-	-	-	575	575	5,550	4,975
<u>4,705,527</u>	<u>4,705,527</u>	<u>4,768,651</u>	<u>63,124</u>	<u>1,532,692</u>	<u>1,532,692</u>	<u>1,527,495</u>	<u>(5,197)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,445,100	4,450,345	4,405,524	44,821	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,582,162	1,582,162	1,494,798	87,364
-	-	-	-	-	-	-	-
32,010	32,010	32,006	4	-	-	-	-
<u>4,477,110</u>	<u>4,482,355</u>	<u>4,437,530</u>	<u>44,825</u>	<u>1,582,162</u>	<u>1,582,162</u>	<u>1,494,798</u>	<u>87,364</u>
228,417	223,172	331,121	107,949	(49,470)	(49,470)	32,697	82,167
-	-	-	-	-	-	-	-
(279,060)	(279,060)	(279,060)	-	-	-	-	-
(279,060)	(279,060)	(279,060)	-	-	-	-	-
(50,643)	(55,888)	52,061	107,949	(49,470)	(49,470)	32,697	82,167
50,643	55,888	517,147	461,259	49,470	49,470	157,521	108,051
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,208</u>	<u>\$ 569,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,218</u>	<u>\$ 190,218</u>

(Continued)

TOWN OF NORTH CASTLE, NEW YORK

GENERAL, HIGHWAY, PUBLIC LIBRARY AND SPECIAL DISTRICTS FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL (Continued)  
 YEAR ENDED DECEMBER 31, 2008

	Special Districts Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 2,522,508	\$ 2,522,508	\$ 2,518,026	\$ (4,482)
Other tax items	-	-	-	-
Non-property taxes	-	-	-	-
Departmental income	1,187,983	1,187,983	1,198,861	10,878
Intergovernmental charges	-	-	-	-
Use of money and property	265,050	265,050	270,456	5,406
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	-	-	-	-
Interfund revenues	-	-	-	-
State aid	-	-	-	-
Miscellaneous	-	-	23,206	23,206
<b>Total Revenues</b>	<b>3,975,541</b>	<b>3,975,541</b>	<b>4,010,549</b>	<b>35,008</b>
Expenditures:				
Current:				
General government support	7,390	11,169	6,046	5,123
Public safety	408,803	408,803	408,803	-
Health	231,788	231,788	231,080	708
Transportation	145,184	145,084	113,152	31,932
Economic opportunity and development	-	-	-	-
Culture and recreation	-	-	-	-
Home and community services	3,279,451	3,238,488	2,319,642	918,846
Debt Service - Interest	24,940	24,940	24,929	11
<b>Total Expenditures</b>	<b>4,097,556</b>	<b>4,060,272</b>	<b>3,103,652</b>	<b>956,620</b>
Excess (Deficiency) of Rev- enues Over Expenditures	(122,015)	(84,731)	906,897	991,628
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(689,058)	(739,172)	(739,159)	13
<b>Total Other Financing Uses</b>	<b>(689,058)</b>	<b>(739,172)</b>	<b>(739,159)</b>	<b>13</b>
<b>Net Change in Fund Balances</b>	<b>(811,073)</b>	<b>(823,903)</b>	<b>167,738</b>	<b>991,641</b>
Fund Balances - Beginning of Year	811,073	823,903	3,534,284	2,710,381
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,702,022</b>	<b>\$ 3,702,022</b>

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

TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2008

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**ASSETS**

Cash:

Demand deposits	\$ 233,829
Time deposits	<u>28,324</u>
	262,153

Accounts Receivable	<u>102,940</u>
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Total Assets	<u>\$ 365,093</u>
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**LIABILITIES**

Accounts payable	\$ 22,257
Deposits	<u>342,836</u>

Total Liabilities	<u>\$ 365,093</u>
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The notes to financial statements are an integral part of this statement.

**Note 1 - Summary of Significant Accounting Policies**

The Town of North Castle, New York was established in 1788 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town of North Castle, New York conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

**A. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government which is the Town of North Castle, b) organizations for which the Town is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Assets presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Fund Financial Statements**

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Town in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The major special revenue funds of the Town are as follows:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.

Public Library Fund - The Public Library Fund is used to account for the activities of the Town's Public Library.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, street lighting, fire protection, parking and ambulance districts.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Town also reports the following non-major governmental funds.

Special Revenue Fund -

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

- b. Fiduciary Funds (Not Included in Government-wide Financial Statements) - Fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Town's Agency Fund is primarily utilized to account for various deposits that are payable to other jurisdictions or individuals.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**E. Assets, Liabilities and Net Assets or Fund Balances**

**Deposits, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Town's investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Town's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The Town utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2008.

The Town was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk or credit risk.

**Investments** - The Town participates in a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. Additional information concerning the cooperative is

**Note 1 - Summary of Significant Accounting Policies (Continued)**

presented in the annual report of the Cooperative Liquid Assets Securities System ("CLASS"), which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

CLASS is rated AAA/V1+ by Fitch Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special districts taxes which are due April 1st and payable without penalty to April 30th. School districts taxes for the period July 1st to June 30th are levied on July 1st and are due on September 1st with the first half payable without penalty until September 30th and the second half payable without penalty until January 31st. The Town guarantees the full payment of the County and school districts warrants and assumes the responsibility for uncollected taxes. The Town also has the responsibility for conducting in-rem foreclosure proceedings.

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the various school districts located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are included in the Town's levy and are payable without penalty for thirty days. The County Charter provides for the Town to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school districts taxes, the Charter provides that the Town satisfy the warrant of each school district by April 5th. Thus, the Town's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town must satisfy its obligation to the municipalities regardless of the amounts collected. The County tax warrant is due in October and uncollected County taxes have been accounted for in a manner similar to Town taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

**Inventory** - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

**Prepaid Expenses/Expenditures** - Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the fund financial statements are equally offset by a reservation of fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land improvements	20
Buildings and improvements	20-50
Infrastructure	30-50
Machinery and equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental funds balance sheet.

**Unearned/Deferred Revenues** - Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenues consist of revenue from grants received before the eligibility requirements have been met.

Deferred revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town has reported deferred revenues of \$328,283 for real property taxes in the General Fund, \$6,458 for fees received in advance in the Special Districts Fund and \$151,309 for funds received in advance of project expenditures in the Capital Projects Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Assets as current

**Note 1 - Summary of Significant Accounting Policies (Continued)**

and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Long-Term Liabilities** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are amortized over the term of the related debt.

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

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for capital projects, special purposes, workers' compensation benefits, D.A.R.E., highway, library, special districts and debt service. The balance is classified as unrestricted.

**Fund Balances - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, parklands, trusts, workers' compensation benefits, D.A.R.E. and debt service represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balance in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund and certain Special Revenue funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications, as approved by the Town Board, shall become the preliminary budget.
- e) On or before December 10th, the Town Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, certain Special Revenue and Debt Service funds.
- i) Budgets for General, Highway, Public Library, Special Districts and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- j) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- k) Appropriations in General, Highway, Public Library, Special Districts and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

Budgeted amounts are as originally adopted, or as amended by the Town Board. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

**B. Property Tax Limitation**

The Town is not limited as to the maximum amount of real property taxes which may be raised.

**C. Fund Deficits**

The deficit in the Capital Projects Fund of \$1,778,216 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes and loans issued to finance construction of capital projects are not recognized as an "other financing source." Liabilities for bond anticipation notes and loans payable are accounted for in the Capital Projects Fund. Bond anticipation notes and loans are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as bond anticipation notes and loans are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes or loans were issued or outstanding to the extent of the project deficits, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

The Special Districts Fund – Fire Protection District No. 1 reflects an undesignated deficit of \$2,628 as of December 31, 2008. This deficit will be addressed in the ensuing year.

**D. Expenditures in Excess of Budget**

The following capital projects exceeded their budgetary provisions by the amounts indicated:

<u>Project</u>	<u>Amount</u>
IBM Park	\$ 35,372
Firehouse Acquisition/Recreation Center	66,465
Highway Garage	73,385
Highway Equipment - 2007	3,118

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2008**Note 3 - Detailed Notes on All Funds****A. Taxes Receivable**

Taxes receivable at December 31, 2008 consisted of the following:

	Town and County Taxes	School Districts Taxes	Total
Current year	\$ 283,420	\$ 23,442,226	\$ 23,725,646
Overdue	25,886	93,556	119,442
Property acquired for taxes	<u>43,027</u>	<u>-</u>	<u>43,027</u>
	<u>\$ 352,333</u>	<u>\$ 23,535,782</u>	23,888,115
Allowance for uncollectible taxes			<u>(76,067)</u>
			<u>\$ 23,812,048</u>

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2008. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$328,283, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

**B. Capital Assets**

Changes in the Town's capital assets are as follows:

	Balance January 1, 2008	Additions	Balance December 31, 2008
Capital assets, not being depreciated:			
Land	\$ 2,608,034	\$ -	\$ 2,608,034
Construction-in-progress	<u>1,806,995</u>	<u>1,308,589</u>	<u>3,115,584</u>
Total Capital Assets, not being depreciated	<u>\$ 4,415,029</u>	<u>\$ 1,308,589</u>	<u>\$ 5,723,618</u>
Capital assets, being depreciated:			
Land improvements	\$ 1,993,510	\$ -	\$ 1,993,510
Buildings and improvements	17,334,424	-	17,334,424
Infrastructure	24,901,673	-	24,901,673
Machinery and equipment	<u>7,178,169</u>	<u>755,800</u>	<u>7,933,969</u>
Total Capital Assets, being depreciated	<u>51,407,776</u>	<u>755,800</u>	<u>52,163,576</u>

TOWN OF NORTH CASTLE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2008

**Note 3 - Detailed Notes on All Funds (Continued)**

	Balance January 1, 2008	Additions	Balance December 31, 2008
Less Accumulated Depreciation for:			
Land improvements	\$ 913,990	\$ 79,148	\$ 993,138
Buildings and improvements	3,896,919	370,404	4,267,323
Infrastructure	17,374,711	650,856	18,025,567
Machinery and equipment	4,060,170	486,799	4,546,969
	<u>26,245,790</u>	<u>1,587,207</u>	<u>27,832,997</u>
 Total Accumulated Depreciation			
	<u>\$ 25,161,986</u>	<u>\$ (831,407)</u>	<u>\$ 24,330,579</u>
 Total Capital Assets, being depreciated			
	<u>\$ 29,577,015</u>	<u>\$ 477,182</u>	<u>\$ 30,054,197</u>
 Capital Assets, net			

Depreciation expense was charged to the Town's functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 112,408
Public Safety	70,434
Transportation	664,379
Economic Opportunity and Development	7,016
Culture and Recreation	231,131
Home and Community Services	<u>501,839</u>
Total Depreciation Expense	<u>\$ 1,587,207</u>

**C. Accrued Liabilities**

Accrued liabilities at December 31, 2008 were as follows:

	<u>Fund</u>		
	<u>General</u>	<u>Highway</u>	<u>Total</u>
Payroll and Employee Benefits	<u>\$ 64,228</u>	<u>\$ 24,634</u>	<u>\$ 88,862</u>

**D. Pension Plans**

The Town of North Castle, New York 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") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary

**Note 3 - Detailed Notes on All Funds (Continued)**

information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion ("GTLI") and regular pension contributions. Contribution rates for the plan year ended March 31, 2009 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	10.8%
	2 75I	9.9
	3 A14	8.0
	4 A15	8.0
PFRS	1 384D	19.4
	2 384D	14.5

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2008	\$ 632,343	\$ 601,903
2007	671,996	585,941
2006	681,034	561,251

The ERS and PFRS contributions were equal to 100% of the actuarially required contribution for each respective fiscal year.

The current ERS contribution for the Town was charged to various departments within the funds identified below. The current PFRS contribution was charged to the General Fund.

<u>Fund</u>	<u>Amount</u>
General	\$ 301,717
Highway	200,349
Public Library	61,840
Special Districts	<u>68,437</u>
	<u>\$ 632,343</u>

TOWN OF NORTH CASTLE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2008

**Note 3 - Detailed Notes on All Funds (Continued)**

**E. Short-Term Capital Borrowings**

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2008	New Issues	Redemptions	Balance December 31, 2008
<b>Bond Anticipation Notes Payable:</b>							
Sewer No. 2 Odor Control	1998	1/09	2.99 %	\$ 96,250	\$ -	\$ 8,750	\$ 87,500
Water District No. 4 Extension	2003	5/09	2.79	308,000	-	19,250	288,750
Road Reconstruction - 2003	2003	-	-	40,000	-	40,000	-
Sewer No. 2 Sand Filter	2003	5/09	2.79	296,000	-	18,500	277,500
Highway Equipment - 2004	2004	5/09	2.79	150,400	-	67,400	83,000
Highway Equipment - 2006	2006	5/09	2.79	398,640	-	99,660	298,980
Technology - 2007	2007	5/09	2.79	310,000	-	62,000	248,000
Highway Equipment - 2007	2007	5/09	2.79	251,300	-	50,260	201,040
Vehicles - 2007	2007	5/09	2.79	161,175	-	32,235	128,940
Highway Equipment - 2008	2008	5/09	2.79	-	397,185	-	397,185
Lombardi Park	2008	5/09	2.79	-	350,000	-	350,000
Open Space Acquisition	2008	5/09	2.79	-	430,000	-	430,000
				2,011,765	1,177,185	398,055	2,790,895
<b>Loans Payable -</b>							
Environmental Facilities Corporation	2007	9/09	-	393,194	399,874	393,194	399,874
<b>Totals</b>				<u>\$ 2,404,959</u>	<u>\$ 1,577,059</u>	<u>\$ 791,249</u>	<u>\$ 3,190,769</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The State of New York has authorized the establishment of the New York State Environmental Facilities Corporation ("Corporation"). The Corporation was created in-part to administer a water pollution control revolving fund for purposes of complying with the Clean Water Act. The Town has received a loan from the Corporation that the Town has drawn down \$399,874 as of December 31, 2008. This loan is to be repaid no later than September 2009, without interest. The liability for this loan has been recorded in the Capital Projects Fund.

Interest expenditures were recorded in the fund financial statements identified below. Interest expense of \$70,005 was recorded in the government-wide financial statements for governmental activities.

General Fund	\$ 14,305
Highway Fund	32,006
Special Districts Fund	<u>24,929</u>
	<u>\$ 71,240</u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2008**Note 3 - Detailed Notes on All Funds (Continued)****F. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2008:

	Balance January 1, 2008	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2008	Due Within One Year
Bonds Payable	\$ 10,958,563	\$ -	\$ 480,000	\$ 10,478,563	\$ 495,000
Other Non-Current Liabilities:					
Compensated Absences	2,212,417	377,000	221,243	2,368,174	236,817
Other Postemployment Benefit Obligations Payable	-	2,951,698	887,791	2,063,907	-
Total Other Non-Current Liabilities	2,212,417	3,328,698	1,109,034	4,432,081	236,817
Long-term Liabilities	<u>\$ 13,170,980</u>	<u>\$ 3,328,698</u>	<u>\$ 1,589,034</u>	<u>\$ 14,910,644</u>	<u>\$ 731,817</u>

The liability for compensated absences and other post-employment benefit obligations are liquidated primarily by the General, Highway and Public Library Funds. The Town's indebtedness for bonds is satisfied by the Debt Service Fund, which is primarily funded by the General, Highway and Special Districts funds.

**Bonds Payable**

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2008
Public Improvements	1994	\$ 1,358,000	June, 2014	5.700 - 6.000 %	\$ 445,000
Water System Improvements	2001	2,268,000	April, 2021	4.500 - 5.000	1,735,000
Firehouse Acquisition	2004	1,100,000	December, 2024	3.500 - 4.250	900,000
Firehouse Acquisition	2006	1,100,000	November, 2026	3.500 - 4.125	1,015,000
Public Improvements	2007	2,380,000	December, 2022	3.625 - 3.875	2,265,000
Sewer No. 2 Treatment Plant Upgrade	2007	4,223,563	March, 2037	3.630 - 4.789	4,118,563
					<u>\$ 10,478,563</u>

Interest expenditures of \$386,341 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$384,498 was recorded in the government-wide financial statements for governmental activities.

**Note 3 - Detailed Notes on All Funds (Continued)****Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2008 including interest payments of \$5,203,247 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 495,000	\$ 449,362	\$ 944,362
2010	508,563	428,178	936,741
2011	520,000	406,338	926,338
2012	535,000	384,381	919,381
2013	545,000	361,257	906,257
2014-2018	2,715,000	1,470,500	4,185,500
2019-2023	2,585,000	874,277	3,459,277
2024-2028	1,000,000	482,123	1,482,123
2029-2033	840,000	276,479	1,116,479
2034-2037	735,000	70,352	805,352
	<u>\$ 10,478,563</u>	<u>\$ 5,203,247</u>	<u>\$ 15,681,810</u>

The above general obligation bonds are direct obligations of the Town, for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

**Compensated Absences**

In accordance with the Town's collective bargaining agreements, all employees may accumulate sick leave based upon length of service. Upon retirement, employees are compensated for accumulated sick leave pursuant to contract provisions. Vacation time earned during the year is generally taken in the year earned, however, with permission, certain employees may carryover vacation leave to the following year. Police employees may accumulate compensatory time up to a maximum of 96 hours. The value of compensated absences has been reflected in the government-wide financial statements.

**Post-Employment Health Care Benefits**

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements. The Town has recognized revenues and expenditures of \$25,844 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

**Note 3 - Detailed Notes on All Funds (Continued)**

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the calendar year ended December 31, 2008, the Town's annual OPEB cost of \$2,063,907 was equal to the ARC.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Medical</u>	<u>Perscription</u> <u>Drug</u>	<u>Dental and</u> <u>Vision</u>
2009	8.0 %	9.0 %	5.0 %
2010	7.0	8.0	5.0
2011	6.0	7.0	5.0
2012	5.0	6.0	5.0
2013+	5.0	5.0	5.0

The amortization basis is the entry age normal cost method with an open amortization approach. The Town currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the entry age normal method.

The number of participants as of December 31, 2008 was as follows:

Active Employees	140
Retired Employees	<u>67</u>
Total	<u><u>207</u></u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Amortization Component:	
Actuarial Accrued Liability as of 1/1/08	\$ 35,601,176
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 35,601,176</u>
Covered payroll (active plan members)	10,991,828
UAAL as a percentage of covered payroll	323.89%
Normal Cost Component	\$ 1,348,748
Interest on Normal Cost	<u>48,392</u>
Total Normal Cost	<u>1,397,140</u>
Amortization of Unfunded Accrued Liability	1,500,713
Interest on Amortization of Unfunded Accrued Liability	<u>53,845</u>
Total Amortization of Unfunded Accrued Liability	<u>1,554,558</u>
Annual OPEB Cost	2,951,698
Contributions Made	<u>887,791</u>
Net OPEB Cost at 12/31/08	<u>\$ 2,063,907</u>

**G. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

Transfers Out	Transfers In			Total
	General	Capital Projects	Non-Major Governmental	
General	\$ -	\$ 132,495	\$ 173,681	\$ 306,176
Highway	-	279,060	-	279,060
Special Districts	-	46,499	692,660	739,159
Non-Major Governmental	<u>8,000</u>	<u>90,720</u>	<u>-</u>	<u>98,720</u>
	<u>\$ 8,000</u>	<u>\$ 548,774</u>	<u>\$ 866,341</u>	<u>\$ 1,423,115</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due and 2) to move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures.

**H. Net Assets**

The components of net assets are detailed below:

*Invested in Capital Assets, net of Related Debt* - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Capital Projects* - the component of net assets that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Special Purposes* - the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

*Restricted for Workers' Compensation Benefits* - the component of net assets that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

*Restricted for D.A.R.E.* - the component of net assets that has been established pursuant to State authorization for unexpended gifts and donations restricted to use for the Town's drug awareness program.

*Restricted for Highway* - the component of net assets that reports the amounts restricted for use by the Town's Highway department.

*Restricted for Library* - the component of net assets that reports the amounts restricted for use by the Town's Public Library.

*Restricted for Special Districts* - the component of net assets that represents funds restricted for water, sewer, street lighting, fire protection, parking and ambulance purposes under New York State Law or by external parties and/or statutes.

*Restricted for Debt Service* - the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

*Unrestricted* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Note 3 - Detailed Notes on All Funds (Continued)**

**I. Fund Balances**

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below. The unreserved components of fund balance are also detailed below.

**Reserved**

Encumbrances outstanding have been reserved as it is the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

The Reserve for Prepaid Expenditures has been established to account for employee retirement and other costs paid in advance. The reserve indicates that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Parklands has been established pursuant to New York State Law. This amount represents funds received by the Town in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

The Reserve for Trusts has been established to set aside funds in accordance with the terms of the grants.

**Unreserved - Designations**

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. The Town's designations are detailed below.

	Fund			
	General	Highway	Public Library	Special Districts
Designated for Subsequent Year's Expenditures	\$ 800,000	\$ 50,000	\$ 25,000	\$ 810,124
Designated for Open Space	9,700	-	-	-
	<u>\$ 809,700</u>	<u>\$ 50,000</u>	<u>\$ 25,000</u>	<u>\$ 810,124</u>

Designated for Subsequent Year's Expenditures - This designation represents funds that the Town Board has appropriated for the ensuing year's budget.

Designated for Open Space - This designation represents funds which the Town will use, as approved by the Town Board, to acquire and/or develop recreational facilities and open space.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

The Town is a defendant in various actions, all of which are within the limits of the Town's insurance coverage. Counsel for the insurance carrier is defending these claims. Consequently, an unfavorable decision in any of the actions will not have an adverse effect on the Town's financial condition.

The Town is also defendant in numerous tax certiorari proceedings, the results of which generally require tax refunds on the part of the Town. However, the amount of possible refunds cannot be determined at the present time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

**B. Risk Management**

The Town maintains various conventional liability insurance policies to protect against potential losses. The general liability policy provides coverage of \$3 million. The Town's public officials and law enforcement liability policies provide coverage of \$1 million each. In addition, the umbrella policy provides coverage up to \$10 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The Town, pursuant to Section 110 of Workers' Compensation Law, has elected to reimburse eligible employees for the cost of medical expenses. Reimbursements are limited to the cost of two physician treatments for employees who did not lose time from regular duties beyond the day of the accident. The reserve for workers' compensation has been established for this purpose. In addition, the Town purchases conventional insurance for workers' compensation benefits. The Town also purchases conventional health insurance from various providers.

**C. Contingencies**

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Town's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

## MAJOR GOVERNMENTAL FUNDS

### GENERAL FUND

- The General Fund constitutes the primary operating fund of the Town in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

### SPECIAL REVENUE FUNDS

- **Highway Fund** - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.
- **Public Library Fund** - The Public Library Fund is used to account for the activities of the Town's Public Library.
- **Special Districts Fund** - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, lighting, fire protection, parking and ambulance districts.

### CAPITAL PROJECTS FUND

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

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 1,846,150	\$ 2,251,633
Petty cash	600	600
	<u>1,846,750</u>	<u>2,252,233</u>
Investments	<u>336,930</u>	<u>330,481</u>
Taxes Receivable, net of allowance for uncollectible taxes of \$76,067 in 2008 and \$58,152 in 2007	<u>23,812,048</u>	<u>26,312,503</u>
Other Receivables:		
Accounts	197,522	154,767
Due from other governments	364,799	399,038
	<u>562,321</u>	<u>553,805</u>
Prepaid Expenditures	<u>143,212</u>	<u>150,569</u>
Total Assets	<u>\$ 26,701,261</u>	<u>\$ 29,599,591</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 55,133	\$ 167,610
Accrued liabilities	64,228	46,418
Retainages payable	60,959	59,403
Due to other governments	63,527	48,604
Due to school districts	24,936,557	27,202,660
Deferred tax revenues	328,283	211,552
Total Liabilities	<u>25,508,687</u>	<u>27,736,247</u>
Fund Balance:		
Reserved for encumbrances	82,013	66,865
Reserved for prepaid expenditures	143,212	150,569
Reserved for workers' compensation benefits	1,692	1,692
Reserved for D.A.R.E.	1,274	1,368
Unreserved:		
Designated for subsequent year's expenditures	800,000	900,000
Designated for open space	9,700	9,700
Undesignated	154,683	733,150
Total Fund Balance	<u>1,192,574</u>	<u>1,863,344</u>
Total Liabilities and Fund Balance	<u>\$ 26,701,261</u>	<u>\$ 29,599,591</u>

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 9,708,917	\$ 9,708,917	\$ 9,544,152	\$ (164,765)
Other tax items	926,995	926,995	924,947	(2,048)
Non-property taxes	1,490,000	1,490,000	1,635,068	145,068
Departmental income	1,436,450	1,428,450	1,321,097	(107,353)
Use of money and property	210,800	210,800	222,615	11,815
Licenses and permits	896,110	896,110	613,132	(282,978)
Fines and forfeitures	177,000	177,000	185,497	8,497
Sale of property and compensation for loss	23,600	23,600	31,903	8,303
State aid	1,702,600	1,702,600	1,158,253	(544,347)
Federal aid	-	-	-	-
Miscellaneous	25,000	27,800	47,836	20,036
<b>Total Revenues</b>	<b>16,597,472</b>	<b>16,592,272</b>	<b>15,684,500</b>	<b>(907,772)</b>
Expenditures:				
Current:				
General government support	4,071,045	4,299,385	3,537,467	761,918
Public safety	8,026,387	7,883,892	7,766,022	117,870
Health	7,862	7,862	6,358	1,504
Transportation	291,090	288,128	262,271	25,857
Economic opportunity and development	179,872	185,097	175,844	9,253
Culture and recreation	2,803,552	2,740,662	2,545,170	195,492
Home and community services	1,863,664	1,851,613	1,749,657	101,956
Employee benefits	-	-	-	-
Debt Service - Interest	14,685	14,685	14,305	380
<b>Total Expenditures</b>	<b>17,258,157</b>	<b>17,271,324</b>	<b>16,057,094</b>	<b>1,214,230</b>
Excess (Deficiency) of Revenues Over Expenditures	(660,685)	(679,052)	(372,594)	306,458
Other Financing Sources (Uses):				
Transfers in	-	8,000	8,000	-
Transfers out	(306,180)	(306,180)	(306,176)	4
<b>Total Other Financing Uses</b>	<b>(306,180)</b>	<b>(298,180)</b>	<b>(298,176)</b>	<b>4</b>
<b>Net Change in Fund Balance</b>	<b>(966,865)</b>	<b>(977,232)</b>	<b>(670,770)</b>	<b>306,462</b>
Fund Balance - Beginning of Year	966,865	977,232	1,863,344	886,112
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,192,574</b>	<b>\$ 1,192,574</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 8,782,997	\$ 8,782,997	\$ 8,932,324	\$ 149,327
1,013,195	1,013,195	1,012,391	(804)
1,340,000	1,340,000	1,611,500	271,500
1,408,550	1,408,550	1,301,883	(106,667)
207,825	207,825	366,897	159,072
763,110	763,110	660,460	(102,650)
127,000	127,000	194,258	67,258
22,950	27,285	25,053	(2,232)
1,661,600	1,661,600	1,717,214	55,614
-	-	8,703	8,703
15,000	18,250	54,692	36,442
<u>15,342,227</u>	<u>15,349,812</u>	<u>15,885,375</u>	<u>535,563</u>
3,143,037	3,719,626	3,621,949	97,677
7,321,046	7,467,597	7,435,784	31,813
10,702	10,702	10,702	-
273,350	336,048	314,653	21,395
146,015	187,303	182,299	5,004
2,687,907	2,625,166	2,615,409	9,757
1,917,793	1,930,833	1,847,154	83,679
744,621	-	-	-
2,491	2,491	2,330	161
<u>16,246,962</u>	<u>16,279,766</u>	<u>16,030,280</u>	<u>249,486</u>
<u>(904,735)</u>	<u>(929,954)</u>	<u>(144,905)</u>	<u>785,049</u>
-	14,330	14,330	-
<u>(245,663)</u>	<u>(241,563)</u>	<u>(241,281)</u>	<u>282</u>
<u>(245,663)</u>	<u>(227,233)</u>	<u>(226,951)</u>	<u>282</u>
(1,150,398)	(1,157,187)	(371,856)	785,331
<u>1,150,398</u>	<u>1,157,187</u>	<u>2,235,200</u>	<u>1,078,013</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,863,344</u>	<u>\$ 1,863,344</u>

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Actuals for 2007)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
<b>REAL PROPERTY TAXES</b>	\$ 9,708,917	\$ 9,708,917	\$ 9,544,152	\$ (164,765)	\$ 8,932,324
<b>OTHER TAX ITEMS</b>					
Payments in lieu of taxes	701,995	701,995	692,893	(9,102)	796,382
Interest and penalties on real property taxes	225,000	225,000	232,054	7,054	216,009
	926,995	926,995	924,947	(2,048)	1,012,391
<b>NON-PROPERTY TAXES</b>					
Non-property tax distribution from County	1,400,000	1,400,000	1,488,682	88,682	1,501,646
Franchise fees - Cable TV	90,000	90,000	146,386	56,386	109,854
	1,490,000	1,490,000	1,635,068	145,068	1,611,500
<b>DEPARTMENTAL INCOME</b>					
Charges for tax redemption	750	750	1,430	680	1,255
Assessor's fees	2,000	2,000	2,390	390	400
Town Clerk fees	10,000	10,000	10,228	228	8,694
Housing Board fees	500	500	450	(50)	-
Inspection fees	100,000	100,000	44,860	(55,140)	55,008
Police fees	26,000	26,000	63,079	37,079	60,812
Dog control fines	100	100	50	(50)	70
Planning Board fees	25,000	25,000	25,738	738	39,955
Park and recreation charges	987,000	987,000	960,405	(26,595)	918,745
Recreation concessions	68,000	68,000	69,289	1,289	72,471
Parking lot fees	47,100	47,100	55,905	8,805	50,762
Zoning fees	140,000	132,000	69,733	(62,267)	76,106
False alarm fees	30,000	30,000	17,540	(12,460)	17,605
	1,436,450	1,428,450	1,321,097	(107,353)	1,301,883

USE OF MONEY AND PROPERTY

Earnings on investments	200,000	200,000	214,990	14,990	354,512
Rents	10,800	10,800	7,625	(3,175)	12,385
	<u>210,800</u>	<u>210,800</u>	<u>222,615</u>	<u>11,815</u>	<u>366,897</u>

LICENSES AND PERMITS

Business and occupational licenses	2,500	2,500	1,600	(900)	1,600
Dog licenses	3,600	3,600	3,066	(534)	3,251
Building and alteration permits	890,000	890,000	608,456	(281,544)	655,599
Games of chance	10	10	10	-	10
	<u>896,110</u>	<u>896,110</u>	<u>613,132</u>	<u>(282,978)</u>	<u>660,460</u>

FINES AND FORFEITURES

Fines and forfeited bail	176,000	176,000	184,497	8,497	193,258
Fines and penalties - dog cases	1,000	1,000	1,000	-	1,000
	<u>177,000</u>	<u>177,000</u>	<u>185,497</u>	<u>8,497</u>	<u>194,258</u>

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Minor sales	3,000	3,000	2,736	(264)	5,454
Sale of equipment	600	600	676	76	1,000
Insurance recoveries	20,000	20,000	28,491	8,491	18,599
	<u>23,600</u>	<u>23,600</u>	<u>31,903</u>	<u>8,303</u>	<u>25,053</u>

STATE AID

Per capita	55,000	55,000	56,879	1,879	55,222
Mortgage tax	1,550,000	1,550,000	1,062,425	(487,575)	1,598,348
Police - Stop DWI and Dare programs	90,000	90,000	31,959	(58,041)	24,044
School Tax Relief Program	4,000	4,000	2,443	(1,557)	3,789
Youth	3,100	3,100	3,353	253	3,515
Other	500	500	1,194	694	32,296
	<u>1,702,600</u>	<u>1,702,600</u>	<u>1,158,253</u>	<u>(544,347)</u>	<u>1,717,214</u>

(Continued)

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Actuals for 2007)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
<b>FEDERAL AID</b>					
Public safety grant	\$ -	\$ -	-	-	\$ 8,703
<b>MISCELLANEOUS</b>					
Refund of prior year's expenditures	2,000	2,000	14,183	12,183	2,653
Medicare Part D reimbursement	20,000	20,000	25,844	5,844	35,441
Gifts and donations	2,000	4,800	5,161	361	5,450
Other	1,000	1,000	2,648	1,648	11,148
	<u>25,000</u>	<u>27,800</u>	<u>47,836</u>	<u>20,036</u>	<u>54,692</u>
<b>TOTAL REVENUES</b>	<b>16,597,472</b>	<b>16,592,272</b>	<b>15,684,500</b>	<b>(907,772)</b>	<b>15,885,375</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in - Special Purpose Fund	-	8,000	8,000	-	14,330
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 16,597,472</b>	<b>\$ 16,600,272</b>	<b>\$ 15,692,500</b>	<b>\$ (907,772)</b>	<b>\$ 15,899,705</b>

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Actuals for 2007)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
<b>GENERAL GOVERNMENT SUPPORT</b>					
Town Board	\$ 207,479	\$ 212,928	\$ 206,701	\$ 6,227	\$ 202,401
Town Justice	396,793	393,986	376,284	17,702	354,040
Supervisor	307,688	288,850	275,192	13,658	288,530
Finance	449,647	446,397	430,525	15,872	420,052
Independent audit	68,225	68,225	68,225	-	66,450
Receiver of Taxes	282,463	280,306	274,880	5,426	269,062
Assessor	431,388	407,160	352,180	54,980	369,144
Fiscal agent fees	550	550	-	550	-
Town Clerk	444,863	444,483	437,432	7,051	402,759
Town Attorney	340,483	340,483	322,204	18,279	372,840
Engineer	173,720	181,220	147,129	34,091	156,692
Elections	22,455	24,096	23,785	311	23,437
Records management	38,896	33,535	27,776	5,759	25,634
Central communications	74,340	71,040	42,415	28,625	55,371
Central printing	48,582	49,582	44,396	5,186	47,318
Central data processing	60,605	57,905	48,369	9,536	70,272
Buildings	285,134	286,134	251,112	35,022	270,523
Special items:					
Unallocated insurance	31,425	26,707	23,222	3,485	28,508
Municipal association dues	4,200	4,150	3,850	300	3,000
Taxes on Town property	22,000	22,719	22,719	-	20,171
Judgments and claims	80,000	435,537	84,595	350,942	69,883
Miscellaneous - Consultants	100,109	112,096	74,476	37,620	105,862
Contingency	200,000	111,296	-	111,296	-
	4,071,045	4,299,385	3,537,467	761,918	3,621,949

**PUBLIC SAFETY**

Police	6,926,802	6,857,584	6,778,292	79,292	6,460,914
Jail	400	400	-	400	12
Traffic control	13,500	13,500	10,702	2,798	11,858
Safety inspection	954,881	872,752	851,279	21,473	828,266
Control of animals	55,627	57,893	54,093	3,800	51,462
E-911	36,542	40,083	39,351	732	38,846
Emergency operations	37,660	35,538	29,253	6,285	39,193
D.A.R.E	-	5,167	2,894	2,273	5,052
Civil defense	975	975	158	817	181
	<u>8,026,387</u>	<u>7,883,892</u>	<u>7,766,022</u>	<u>117,870</u>	<u>7,435,784</u>

**HEALTH**

Nursing services	2,500	2,500	1,000	1,500	5,500
Registrar of Vital Statistics	5,362	5,362	5,358	4	5,202
	<u>7,862</u>	<u>7,862</u>	<u>6,358</u>	<u>1,504</u>	<u>10,702</u>

**TRANSPORTATION**

Off-street parking	30,670	30,670	27,272	3,398	25,670
Transportation administration	244,870	241,908	226,330	15,578	230,648
Highway transportation	-	-	-	-	43,636
Sidewalks	15,550	15,550	8,669	6,881	14,699
	<u>291,090</u>	<u>288,128</u>	<u>262,271</u>	<u>25,857</u>	<u>314,653</u>

**ECONOMIC OPPORTUNITY AND DEVELOPMENT**

Social services - Home meals	17,000	17,000	13,861	3,139	16,641
Programs for the aging	162,872	168,097	161,983	6,114	165,658
	<u>179,872</u>	<u>185,097</u>	<u>175,844</u>	<u>9,253</u>	<u>182,299</u>

**CULTURE AND RECREATION**

Recreation administration	1,189,994	1,141,159	1,052,719	88,440	1,069,637
Parks	831,840	812,685	762,695	49,990	797,692
Camps	576,000	551,895	532,727	19,168	554,471
North Castle Community Park	80,775	106,962	85,656	21,306	74,456
Community center	111,643	114,661	99,036	15,625	106,851
Joint recreation Banksville Community Center	10,500	10,500	10,500	-	10,500
Town historian	500	500	62	438	41
Historical property	500	500	-	500	-
Celebrations	1,800	1,800	1,775	25	1,761
	<u>2,803,552</u>	<u>2,740,662</u>	<u>2,545,170</u>	<u>195,492</u>	<u>2,615,409</u>

(Continued)

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Actuals for 2007)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
<b>HOME AND COMMUNITY SERVICES</b>					
Cemeteries	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -
Zoning Board of Appeals	16,690	14,590	6,976	7,614	12,929
Planning Board	409,144	387,224	366,018	21,206	340,617
Storm sewers	30,000	30,000	22,089	7,911	34,100
Refuse and garbage	1,209,080	1,213,122	1,208,240	4,882	1,186,422
Community beautification	25,920	25,920	17,191	8,729	17,211
Municipal housing	10,650	12,835	12,695	140	1,952
Pest control	3,800	3,800	3,430	370	3,474
Drainage	30,000	29,815	29,725	90	29,775
Shade trees	40,000	52,927	33,991	18,936	39,875
Conservation	80,880	73,880	49,302	24,578	63,905
Open space acquisition	6,000	6,000	-	6,000	31
Composting	500	500	-	500	116,863
	<u>1,863,664</u>	<u>1,851,613</u>	<u>1,749,657</u>	<u>101,956</u>	<u>1,847,154</u>
<b>DEBT SERVICE</b>					
Interest - Bond anticipation notes	14,685	14,685	14,305	380	2,330
<b>TOTAL EXPENDITURES</b>	<u>17,258,157</u>	<u>17,271,324</u>	<u>16,057,094</u>	<u>1,214,230</u>	<u>16,030,280</u>
<b>OTHER FINANCING USES</b>					
Transfers out:					
Debt Service Fund	173,685	173,685	173,681	4	172,281
Capital Projects Fund	132,495	132,495	132,495	-	69,000
<b>TOTAL OTHER FINANCING USES</b>	<u>306,180</u>	<u>306,180</u>	<u>306,176</u>	<u>4</u>	<u>241,281</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 17,564,337</u>	<u>\$ 17,577,504</u>	<u>\$ 16,363,270</u>	<u>\$ 1,214,234</u>	<u>\$ 16,271,561</u>

TOWN OF NORTH CASTLE, NEW YORK

HIGHWAY FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash - Demand deposits	\$ 612,697	\$ 543,520
Accounts Receivable	<u>771</u>	<u>1,311</u>
Total Assets	<u>\$ 613,468</u>	<u>\$ 544,831</u>
 <u>LIABILITIES AND FUND BALANCE</u> 		
Liabilities:		
Accounts payable	\$ 19,626	\$ 17,463
Accrued liabilities	<u>24,634</u>	<u>10,221</u>
Total Liabilities	<u>44,260</u>	<u>27,684</u>
Fund Balance:		
Reserved for encumbrances	2,557	643
Unreserved:		
Designated for subsequent year's expenditures	50,000	50,000
Undesignated	<u>516,651</u>	<u>466,504</u>
Total Fund Balance	<u>569,208</u>	<u>517,147</u>
Total Liabilities and Fund Balance	<u>\$ 613,468</u>	<u>\$ 544,831</u>

TOWN OF NORTH CASTLE, NEW YORK

HIGHWAY FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 4,558,627	\$ 4,558,627	\$ 4,558,627	\$ -
Intergovernmental charges	80,500	80,500	156,667	76,167
Use of money and property	40,000	40,000	28,416	(11,584)
Sale of property and compensation for loss	23,200	23,200	22,119	(1,081)
Interfund revenues	3,200	3,200	2,822	(378)
State aid	-	-	-	-
Federal aid	-	-	-	-
<b>Total Revenues</b>	<b>4,705,527</b>	<b>4,705,527</b>	<b>4,768,651</b>	<b>63,124</b>
Expenditures:				
Current -				
Transportation	4,445,100	4,450,345	4,405,524	44,821
Debt Service - Interest	32,010	32,010	32,006	4
<b>Total Expenditures</b>	<b>4,477,110</b>	<b>4,482,355</b>	<b>4,437,530</b>	<b>44,825</b>
Excess of Revenues Over Expenditures	228,417	223,172	331,121	107,949
Other Financing Uses - Transfers out	(279,060)	(279,060)	(279,060)	-
<b>Net Change in Fund Balance</b>	<b>(50,643)</b>	<b>(55,888)</b>	<b>52,061</b>	<b>107,949</b>
<b>Fund Balance - Beginning of Year</b>	<b>50,643</b>	<b>55,888</b>	<b>517,147</b>	<b>461,259</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 569,208</b>	<b>\$ 569,208</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,336,394	\$ 4,336,394	\$ 4,336,394	\$ -
80,500	80,500	152,908	72,408
40,000	40,000	89,127	49,127
23,200	23,200	23,856	656
3,200	3,200	1,723	(1,477)
-	22,294	22,294	-
-	61,972	61,972	-
4,483,294	4,567,560	4,688,274	120,714
3,982,843	4,067,109	4,006,498	60,611
37,991	37,991	37,975	16
4,020,834	4,105,100	4,044,473	60,627
462,460	462,460	643,801	181,341
(462,460)	(462,460)	(462,460)	-
-	-	181,341	181,341
-	-	335,806	335,806
\$ -	\$ -	\$ 517,147	\$ 517,147

TOWN OF NORTH CASTLE, NEW YORK

PUBLIC LIBRARY FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 192,661	\$ 160,726
Petty cash	178	178
	<u>192,839</u>	<u>160,904</u>
Total Assets	<u>\$ 192,839</u>	<u>\$ 160,904</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Accounts payable	<u>\$ 2,621</u>	<u>\$ 3,383</u>
Fund Balance:		
Reserved for encumbrances	7,700	19,470
Unreserved:		
Designated for subsequent year's expenditures	25,000	30,000
Undesignated	<u>157,518</u>	<u>108,051</u>
	<u>190,218</u>	<u>157,521</u>
Total Fund Balance	<u>190,218</u>	<u>157,521</u>
Total Liabilities and Fund Balance	<u>\$ 192,839</u>	<u>\$ 160,904</u>

TOWN OF NORTH CASTLE, NEW YORK

PUBLIC LIBRARY FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 1,462,217	\$ 1,462,217	\$ 1,462,217	\$ -
Departmental income	30,500	30,500	24,950	(5,550)
Use of money and property	35,600	35,600	29,318	(6,282)
Sale of property and compensation for loss	600	600	2,157	1,557
State aid	3,200	3,200	3,303	103
Miscellaneous	575	575	5,550	4,975
<b>Total Revenues</b>	<b>1,532,692</b>	<b>1,532,692</b>	<b>1,527,495</b>	<b>(5,197)</b>
Expenditures -				
Current -				
Culture and recreation	1,582,162	1,582,162	1,494,798	87,364
Excess (Deficiency) of Revenues Over Expenditures	(49,470)	(49,470)	32,697	82,167
Fund Balance - Beginning of Year	49,470	49,470	157,521	108,051
Fund Balance - End of Year	\$ -	\$ -	\$ 190,218	\$ 190,218

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,360,409	\$ 1,360,409	\$ 1,360,409	\$ -
30,500	30,500	22,401	(8,099)
30,200	30,200	45,871	15,671
600	600	1,060	460
3,200	3,200	3,709	509
575	575	1,929	1,354
1,425,484	1,425,484	1,435,379	9,895
1,450,484	1,450,484	1,428,979	21,505
(25,000)	(25,000)	6,400	31,400
25,000	25,000	151,121	126,121
\$ -	\$ -	\$ 157,521	\$ 157,521

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING BALANCE SHEET - SUB FUNDS  
 DECEMBER 31, 2008  
 (With Comparative Totals for 2007)

	Water Districts				
	No. 1	No. 2	No. 4	No. 5	No. 7
<b>ASSETS</b>					
Cash - Demand deposits	\$ 399,212	\$ 165,246	\$ 1,101,271	\$ 160,461	\$ 47,515
Water Rents Receivable	39,469	10,543	14,405	2,918	213
Prepaid Expenditures	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 438,681</b>	<b>\$ 175,789</b>	<b>\$ 1,115,676</b>	<b>\$ 163,379</b>	<b>\$ 47,728</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 48,501	\$ 2,908	\$ 5,612	\$ 205	\$ 194
Retainages payable	-	1,651	-	-	-
Deferred revenues	-	-	-	-	-
<b>Total Liabilities</b>	<b>48,501</b>	<b>4,559</b>	<b>5,612</b>	<b>205</b>	<b>194</b>
<b>Fund Balances:</b>					
Reserved for encumbrances	8,238	33,399	-	-	-
Reserved for prepaid expenditures	-	-	-	-	-
<b>Unreserved:</b>					
Designated for subsequent year's expenditures	153,638	100,000	236,192	45,753	3,719
Undesignated	228,304	37,831	873,872	117,421	43,815
<b>Total Fund Balances</b>	<b>390,180</b>	<b>171,230</b>	<b>1,110,064</b>	<b>163,174</b>	<b>47,534</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 438,681</b>	<b>\$ 175,789</b>	<b>\$ 1,115,676</b>	<b>\$ 163,379</b>	<b>\$ 47,728</b>

Sewer Districts				Street Lighting Districts			Fire Protection District No. 1
No. 1	No. 2	No. 3	No. 4	No. 1	No. 2	No. 3	
\$ 176,420	\$ 1,286,094	\$ 223,087	\$ 89,478	\$ 30,615	\$ 53,826	\$ 9,901	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 176,420</u>	<u>\$ 1,286,094</u>	<u>\$ 223,087</u>	<u>\$ 89,478</u>	<u>\$ 30,615</u>	<u>\$ 53,826</u>	<u>\$ 9,901</u>	<u>\$ -</u>
\$ 620	\$ 39,831	\$ 4,015	\$ 289	\$ 3,346	\$ 4,845	\$ 90	\$ 2,628
-	-	-	-	266	266	133	-
-	6,458	-	-	-	-	-	-
<u>620</u>	<u>46,289</u>	<u>4,015</u>	<u>289</u>	<u>3,612</u>	<u>5,111</u>	<u>223</u>	<u>2,628</u>
53,794	53,620	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	209,826	14,984	27,550	5,000	10,000	400	-
122,006	976,359	204,088	61,639	22,003	38,715	9,278	(2,628)
<u>175,800</u>	<u>1,239,805</u>	<u>219,072</u>	<u>89,189</u>	<u>27,003</u>	<u>48,715</u>	<u>9,678</u>	<u>(2,628)</u>
<u>\$ 176,420</u>	<u>\$ 1,286,094</u>	<u>\$ 223,087</u>	<u>\$ 89,478</u>	<u>\$ 30,615</u>	<u>\$ 53,826</u>	<u>\$ 9,901</u>	<u>\$ -</u>

(Continued)

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING BALANCE SHEET - SUB FUNDS (Continued)  
 DECEMBER 31, 2008  
 (With Comparative Totals for 2007)

	Parking District No. 1	Ambulance Districts		Totals	
		No. 1	No. 2	2008	2007
<b>ASSETS</b>					
Cash - Demand deposits	\$ 3,062	\$ 8,250	\$ 1,894	\$ 3,756,332	\$ 3,559,012
Water Rents Receivable	-	-	-	67,548	72,139
Prepaid Expenditures	-	-	-	-	2,415
<b>Total Assets</b>	<b>\$ 3,062</b>	<b>\$ 8,250</b>	<b>\$ 1,894</b>	<b>\$ 3,823,880</b>	<b>\$ 3,633,566</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 113,084	\$ 96,978
Retainages payable	-	-	-	2,316	2,304
Deferred revenues	-	-	-	6,458	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,858</b>	<b>99,282</b>
<b>Fund Balances:</b>					
Reserved for encumbrances	-	-	-	149,051	222,891
Reserved for prepaid expenditures	-	-	-	-	2,415
<b>Unreserved:</b>					
Designated for subsequent year's expenditures	3,062	-	-	810,124	588,182
Undesignated	-	8,250	1,894	2,742,847	2,720,796
<b>Total Fund Balances</b>	<b>3,062</b>	<b>8,250</b>	<b>1,894</b>	<b>3,702,022</b>	<b>3,534,284</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,062</b>	<b>\$ 8,250</b>	<b>\$ 1,894</b>	<b>\$ 3,823,880</b>	<b>\$ 3,633,566</b>

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - SUB FUNDS  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Totals for 2007)

	Water Districts				
	No. 1	No. 2	No. 4	No. 5	No. 7
Revenues:					
Real property taxes	\$ 181,327	\$ 125,465	\$ 30,215	\$ 21,000	\$ 36,850
Departmental income	474,628	257,652	346,609	99,488	20,234
Use of money and property	10,901	6,145	19,224	3,848	44
Miscellaneous	23,206	-	-	-	-
<b>Total Revenues</b>	<b>690,062</b>	<b>389,262</b>	<b>396,048</b>	<b>124,336</b>	<b>57,128</b>
Expenditures:					
Current:					
General government support	258	653	-	-	-
Public safety	-	-	-	-	-
Health	-	-	-	-	-
Transportation	-	-	-	-	-
Home and community services	474,715	311,650	295,189	121,501	11,875
Debt Service - Interest	-	-	10,965	-	-
<b>Total Expenditures</b>	<b>474,973</b>	<b>312,303</b>	<b>306,154</b>	<b>121,501</b>	<b>11,875</b>
Excess (Deficiency) of Revenues Over Expenditures	215,089	76,959	89,894	2,835	45,253
Other Financing Uses -					
Transfers out	(132,624)	(168,183)	(41,543)	(45,341)	(36,847)
<b>Net Change in Fund Balances</b>	<b>82,465</b>	<b>(91,224)</b>	<b>48,351</b>	<b>(42,506)</b>	<b>8,406</b>
Fund Balances -					
Beginning of Year	307,715	262,454	1,061,713	205,680	39,128
Fund Balances (Deficits) -					
End of Year	<u>\$ 390,180</u>	<u>\$ 171,230</u>	<u>\$ 1,110,064</u>	<u>\$ 163,174</u>	<u>\$ 47,534</u>

Sewer Districts				Street Lighting Districts			Fire Protection District No. 1
No. 1	No. 2	No. 3	No. 4	No. 1	No. 2	No. 3	
\$ 146,457	\$ 1,057,538	\$ 113,597	\$ 36,324	\$ 51,041	\$ 73,328	\$ 5,107	\$ 406,496
175	75	-	-	-	-	-	-
4,138	220,903	3,617	1,636	-	-	-	-
-	-	-	-	-	-	-	-
<u>150,770</u>	<u>1,278,516</u>	<u>117,214</u>	<u>37,960</u>	<u>51,041</u>	<u>73,328</u>	<u>5,107</u>	<u>406,496</u>
270	-	-	-	63	560	125	2,922
-	-	-	-	-	-	-	408,803
-	-	-	-	-	-	-	-
-	-	-	-	45,315	65,910	1,927	-
79,208	906,829	76,195	42,480	-	-	-	-
-	13,964	-	-	-	-	-	-
<u>79,478</u>	<u>920,793</u>	<u>76,195</u>	<u>42,480</u>	<u>45,378</u>	<u>66,470</u>	<u>2,052</u>	<u>411,725</u>
71,292	357,723	41,019	(4,520)	5,663	6,858	3,055	(5,229)
-	(314,621)	-	-	-	-	-	-
71,292	43,102	41,019	(4,520)	5,663	6,858	3,055	(5,229)
<u>104,508</u>	<u>1,196,703</u>	<u>178,053</u>	<u>93,709</u>	<u>21,340</u>	<u>41,857</u>	<u>6,623</u>	<u>2,601</u>
<u>\$ 175,800</u>	<u>\$ 1,239,805</u>	<u>\$ 219,072</u>	<u>\$ 89,189</u>	<u>\$ 27,003</u>	<u>\$ 48,715</u>	<u>\$ 9,678</u>	<u>\$ (2,628)</u>

(Continued)

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - SUB FUNDS (Continued)  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Totals for 2007)

	Parking District No. 1	Ambulance Districts		Totals	
		No. 1	No. 2	2008	2007
<b>Revenues:</b>					
Real property taxes	\$ -	\$ 51,933	\$ 181,348	\$ 2,518,026	\$ 2,162,642
Departmental income	-	-	-	1,198,861	1,187,385
Use of money and property	-	-	-	270,456	397,477
Miscellaneous	-	-	-	23,206	-
<b>Total Revenues</b>	<b>-</b>	<b>51,933</b>	<b>181,348</b>	<b>4,010,549</b>	<b>3,747,504</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government support	-	96	1,099	6,046	4,772
Public safety	-	-	-	408,803	365,240
Health	-	50,272	180,808	231,080	218,006
Transportation	-	-	-	113,152	87,040
Home and community services	-	-	-	2,319,642	2,032,840
Debt Service - Interest	-	-	-	24,929	96,790
<b>Total Expenditures</b>	<b>-</b>	<b>50,368</b>	<b>181,907</b>	<b>3,103,652</b>	<b>2,804,688</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>1,565</b>	<b>(559)</b>	<b>906,897</b>	<b>942,816</b>
<b>Other Financing Uses -</b>					
Transfers out	-	-	-	(739,159)	(506,243)
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>1,565</b>	<b>(559)</b>	<b>167,738</b>	<b>436,573</b>
<b>Fund Balances -</b>					
Beginning of Year	3,062	6,685	2,453	3,534,284	3,097,711
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ 3,062</b>	<b>\$ 8,250</b>	<b>\$ 1,894</b>	<b>\$ 3,702,022</b>	<b>\$ 3,534,284</b>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 181,612	\$ 181,612	\$ 181,327	\$ (285)
Departmental income	476,785	476,785	474,628	(2,157)
Use of money and property	15,000	15,000	10,901	(4,099)
Miscellaneous	-	-	23,206	23,206
<b>Total Revenues</b>	<b>673,397</b>	<b>673,397</b>	<b>690,062</b>	<b>16,665</b>
Expenditures -				
Current:				
General government support	200	275	258	17
Home and community services	632,625	632,550	474,715	157,835
<b>Total Expenditures</b>	<b>632,825</b>	<b>632,825</b>	<b>474,973</b>	<b>157,852</b>
Excess (Deficiency) of Revenues Over Expenditures	40,572	40,572	215,089	174,517
Other Financing Uses -				
Transfers out	(132,625)	(132,625)	(132,624)	1
<b>Net Change in Fund Balance</b>	<b>(92,053)</b>	<b>(92,053)</b>	<b>82,465</b>	<b>174,518</b>
<b>Fund Balance - Beginning of Year</b>	<b>92,053</b>	<b>92,053</b>	<b>307,715</b>	<b>215,662</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 390,180</b>	<b>\$ 390,180</b>

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 113,024	\$ 113,024	\$ 113,024	\$ -
456,285	456,285	479,074	22,789
15,000	15,000	20,710	5,710
-	-	-	-
<u>584,309</u>	<u>584,309</u>	<u>612,808</u>	<u>28,499</u>
200	200	197	3
<u>665,220</u>	<u>665,220</u>	<u>476,809</u>	<u>188,411</u>
<u>665,420</u>	<u>665,420</u>	<u>477,006</u>	<u>188,414</u>
(81,111)	(81,111)	135,802	216,913
<u>(52,940)</u>	<u>(72,470)</u>	<u>(72,469)</u>	<u>1</u>
(134,051)	(153,581)	63,333	216,914
<u>134,051</u>	<u>153,581</u>	<u>244,382</u>	<u>90,801</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,715</u>	<u>\$ 307,715</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 125,565	\$ 125,565	\$ 125,465	\$ (100)
Departmental income	232,831	232,831	257,652	24,821
Use of money and property	18,500	18,500	6,145	(12,355)
<b>Total Revenues</b>	<b>376,896</b>	<b>376,896</b>	<b>389,262</b>	<b>12,366</b>
Expenditures -				
Current:				
General government support	100	1,169	653	516
Home and community services	477,151	436,263	311,650	124,613
<b>Total Expenditures</b>	<b>477,251</b>	<b>437,432</b>	<b>312,303</b>	<b>125,129</b>
Excess (Deficiency) of Revenues Over Expenditures	(100,355)	(60,536)	76,959	137,495
Other Financing Uses -				
Transfers out	(128,365)	(168,184)	(168,183)	1
<b>Net Change in Fund Balance</b>	<b>(228,720)</b>	<b>(228,720)</b>	<b>(91,224)</b>	<b>137,496</b>
<b>Fund Balance - Beginning of Year</b>	<b>228,720</b>	<b>228,720</b>	<b>262,454</b>	<b>33,734</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 171,230</b>	<b>\$ 171,230</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 54,606	\$ 54,606	\$ 54,514	\$ (92)
183,657	183,657	208,691	25,034
13,500	13,500	17,977	4,477
<u>251,763</u>	<u>251,763</u>	<u>281,182</u>	<u>29,419</u>
-	850	845	5
496,535	495,685	306,733	188,952
<u>496,535</u>	<u>496,535</u>	<u>307,578</u>	<u>188,957</u>
(244,772)	(244,772)	(26,396)	218,376
<u>(53,888)</u>	<u>(54,608)</u>	<u>(54,605)</u>	<u>3</u>
(298,660)	(299,380)	(81,001)	218,379
<u>298,660</u>	<u>299,380</u>	<u>343,455</u>	<u>44,075</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,454</u>	<u>\$ 262,454</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 4  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 30,215	\$ 30,215	\$ 30,215	\$ -
Departmental income	360,148	360,148	346,609	(13,539)
Use of money and property	12,000	12,000	19,224	7,224
<b>Total Revenues</b>	<b>402,363</b>	<b>402,363</b>	<b>396,048</b>	<b>(6,315)</b>
Expenditures:				
Current -				
Home and community services	447,774	447,774	295,189	152,585
Debt Service - Interest	10,965	10,965	10,965	-
<b>Total Expenditures</b>	<b>458,739</b>	<b>458,739</b>	<b>306,154</b>	<b>152,585</b>
Excess (Deficiency) of Revenues Over Expenditures	(56,376)	(56,376)	89,894	146,270
Other Financing Uses -				
Transfers out	(41,547)	(41,547)	(41,543)	4
<b>Net Change in Fund Balance</b>	<b>(97,923)</b>	<b>(97,923)</b>	<b>48,351</b>	<b>146,274</b>
<b>Fund Balance - Beginning of Year</b>	<b>97,923</b>	<b>97,923</b>	<b>1,061,713</b>	<b>963,790</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,110,064</b>	<b>\$ 1,110,064</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 28,498	\$ 28,498	\$ 28,498	\$ -
349,748	349,748	370,026	20,278
10,000	10,000	54,521	44,521
<u>388,246</u>	<u>388,246</u>	<u>453,045</u>	<u>64,799</u>
409,900	409,900	252,860	157,040
11,814	11,814	11,814	-
<u>421,714</u>	<u>421,714</u>	<u>264,674</u>	<u>157,040</u>
(33,468)	(33,468)	188,371	221,839
<u>(42,332)</u>	<u>(42,332)</u>	<u>(42,330)</u>	<u>2</u>
(75,800)	(75,800)	146,041	221,841
<u>75,800</u>	<u>75,800</u>	<u>915,672</u>	<u>839,872</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061,713</u>	<u>\$ 1,061,713</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 5  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Real property taxes	\$ 21,000	\$ 21,000	\$ 21,000	\$ -
Departmental income	100,307	100,307	99,488	(819)
Use of money and property	6,000	6,000	3,848	(2,152)
<b>Total Revenues</b>	<b>127,307</b>	<b>127,307</b>	<b>124,336</b>	<b>(2,971)</b>
<b>Expenditures -</b>				
Current -				
Home and community services	173,541	173,541	121,501	52,040
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(46,234)</b>	<b>(46,234)</b>	<b>2,835</b>	<b>49,069</b>
<b>Other Financing Uses -</b>				
Transfers out	(45,343)	(45,343)	(45,341)	2
<b>Net Change in Fund Balance</b>	<b>(91,577)</b>	<b>(91,577)</b>	<b>(42,506)</b>	<b>49,071</b>
<b>Fund Balance - Beginning of Year</b>	<b>91,577</b>	<b>91,577</b>	<b>205,680</b>	<b>114,103</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 163,174</b>	<b>\$ 163,174</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 18,000	\$ 18,000	\$ 18,000	\$ -
100,282	100,282	111,452	11,170
5,000	5,000	11,065	6,065
123,282	123,282	140,517	17,235
133,468	133,468	85,194	48,274
(10,186)	(10,186)	55,323	65,509
(46,487)	(46,487)	(46,485)	2
(56,673)	(56,673)	8,838	65,511
56,673	56,673	196,842	140,169
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,680</u>	<u>\$ 205,680</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 6  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ -	\$ -	\$ -	\$ -
Expenditures - Current - Home and community services	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 681	\$ 681	\$ 681	\$ -
<u>681</u>	<u>681</u>	<u>681</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 7  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 36,850	\$ 36,850	\$ 36,850	\$ -
Departmental income	16,812	16,812	20,234	3,422
Use of money and property	50	50	44	(6)
<b>Total Revenues</b>	<b>53,712</b>	<b>53,712</b>	<b>57,128</b>	<b>3,416</b>
Expenditures -				
Current:				
General government support	90	90	-	90
Home and community services	17,160	17,160	11,875	5,285
<b>Total Expenditures</b>	<b>17,250</b>	<b>17,250</b>	<b>11,875</b>	<b>5,375</b>
Excess of Revenues Over Expenditures	36,462	36,462	45,253	8,791
Other Financing Uses -				
Transfers out	(36,850)	(36,850)	(36,847)	3
<b>Net Change in Fund Balance</b>	<b>(388)</b>	<b>(388)</b>	<b>8,406</b>	<b>8,794</b>
<b>Fund Balance - Beginning of Year</b>	<b>388</b>	<b>388</b>	<b>39,128</b>	<b>38,740</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,534</b>	<b>\$ 47,534</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 35,276	\$ 35,276	\$ 35,276	\$ -
15,704	15,704	17,965	2,261
50	50	14	(36)
<u>51,030</u>	<u>51,030</u>	<u>53,255</u>	<u>2,225</u>
90	90	-	90
<u>13,323</u>	<u>13,323</u>	<u>8,768</u>	<u>4,555</u>
<u>13,413</u>	<u>13,413</u>	<u>8,768</u>	<u>4,645</u>
37,617	37,617	44,487	6,870
<u>(37,697)</u>	<u>(37,697)</u>	<u>(37,696)</u>	<u>1</u>
(80)	(80)	6,791	6,871
<u>80</u>	<u>80</u>	<u>32,337</u>	<u>32,257</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,128</u>	<u>\$ 39,128</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 146,735	\$ 146,735	\$ 146,457	\$ (278)
Departmental income	100	100	175	75
Use of money and property	3,000	3,000	4,138	1,138
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>149,835</b>	<b>149,835</b>	<b>150,770</b>	<b>935</b>
Expenditures -				
Current:				
General government support	1,500	1,500	270	1,230
Home and community services	194,139	194,139	79,208	114,931
<b>Total Expenditures</b>	<b>195,639</b>	<b>195,639</b>	<b>79,478</b>	<b>116,161</b>
Excess (Deficiency) of Revenues Over Expenditures	(45,804)	(45,804)	71,292	117,096
Fund Balance - Beginning of Year	45,804	45,804	104,508	58,704
Fund Balance - End of Year	\$ -	\$ -	\$ 175,800	\$ 175,800

2007

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 148,116	\$ 148,116	\$ 148,116	\$ -
100	100	77	(23)
3,000	3,000	10,183	7,183
200	200	-	(200)
<u>151,416</u>	<u>151,416</u>	<u>158,376</u>	<u>6,960</u>
1,500	1,500	616	884
<u>150,196</u>	<u>150,196</u>	<u>96,180</u>	<u>54,016</u>
<u>151,696</u>	<u>151,696</u>	<u>96,796</u>	<u>54,900</u>
(280)	(280)	61,580	61,860
<u>280</u>	<u>280</u>	<u>42,928</u>	<u>42,648</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,508</u>	<u>\$ 104,508</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Real property taxes	\$ 1,057,797	\$ 1,057,797	\$ 1,057,538	\$ (259)
Departmental income	1,000	1,000	75	(925)
Use of money and property	204,000	204,000	220,903	16,903
<b>Total Revenues</b>	<b>1,262,797</b>	<b>1,262,797</b>	<b>1,278,516</b>	<b>15,719</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government support	1,100	1,100	-	1,100
Home and community services	1,142,085	1,142,085	906,829	235,256
Debt Service - Interest	13,975	13,975	13,964	11
<b>Total Expenditures</b>	<b>1,157,160</b>	<b>1,157,160</b>	<b>920,793</b>	<b>236,367</b>
<b>Excess of Revenues Over Expenditures</b>	<b>105,637</b>	<b>105,637</b>	<b>357,723</b>	<b>252,086</b>
<b>Other Financing Uses - Transfers out</b>	<b>(304,328)</b>	<b>(314,623)</b>	<b>(314,621)</b>	<b>2</b>
<b>Net Change in Fund Balance</b>	<b>(198,691)</b>	<b>(208,986)</b>	<b>43,102</b>	<b>252,088</b>
<b>Fund Balance - Beginning of Year</b>	<b>198,691</b>	<b>208,986</b>	<b>1,196,703</b>	<b>987,717</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,239,805</b>	<b>\$ 1,239,805</b>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 954,643	\$ 954,643	\$ 954,441	\$ (202)
1,000	1,000	100	(900)
195,500	195,500	266,709	71,209
<u>1,151,143</u>	<u>1,151,143</u>	<u>1,221,250</u>	<u>70,107</u>
100	1,100	1,083	17
1,009,002	1,009,002	703,165	305,837
23,944	85,531	84,976	555
<u>1,033,046</u>	<u>1,095,633</u>	<u>789,224</u>	<u>306,409</u>
118,097	55,510	432,026	376,516
<u>(231,583)</u>	<u>(252,658)</u>	<u>(252,658)</u>	<u>-</u>
(113,486)	(197,148)	179,368	376,516
<u>113,486</u>	<u>197,148</u>	<u>1,017,335</u>	<u>820,187</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,196,703</u>	<u>\$ 1,196,703</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 3  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 113,597	\$ 113,597	\$ 113,597	\$ -
Use of money and property	4,000	4,000	3,617	(383)
Miscellaneous	-	-	-	-
Total Revenues	<u>117,597</u>	<u>117,597</u>	<u>117,214</u>	<u>(383)</u>
Expenditures -				
Current:				
General government support	200	200	-	200
Home and community services	<u>126,135</u>	<u>126,135</u>	<u>76,195</u>	<u>49,940</u>
Total Expenditures	<u>126,335</u>	<u>126,335</u>	<u>76,195</u>	<u>50,140</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,738)	(8,738)	41,019	49,757
Fund Balance - Beginning of Year	<u>8,738</u>	<u>8,738</u>	<u>178,053</u>	<u>169,315</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,072</u>	<u>\$ 219,072</u>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 85,236	\$ 85,236	\$ 85,236	\$ -
2,000	2,000	10,931	8,931
25	25	-	(25)
<u>87,261</u>	<u>87,261</u>	<u>96,167</u>	<u>8,906</u>
200	200	-	200
<u>102,678</u>	<u>102,678</u>	<u>77,970</u>	<u>24,708</u>
<u>102,878</u>	<u>102,878</u>	<u>77,970</u>	<u>24,908</u>
(15,617)	(15,617)	18,197	33,814
<u>15,617</u>	<u>15,617</u>	<u>159,856</u>	<u>144,239</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,053</u>	<u>\$ 178,053</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 4  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 36,324	\$ 36,324	\$ 36,324	\$ -
Use of money and property	2,500	2,500	1,636	(864)
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>38,824</b>	<b>38,824</b>	<b>37,960</b>	<b>(864)</b>
Expenditures -				
Current:				
General government support	200	200	-	200
Home and community services	68,841	68,841	42,480	26,361
<b>Total Expenditures</b>	<b>69,041</b>	<b>69,041</b>	<b>42,480</b>	<b>26,561</b>
Excess (Deficiency) of Revenues Over Expenditures	(30,217)	(30,217)	(4,520)	25,697
Fund Balance - Beginning of Year	30,217	30,217	93,709	63,492
Fund Balance - End of Year	\$ -	\$ -	\$ 89,189	\$ 89,189

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 39,281	\$ 39,281	\$ 39,281	\$ -
1,500	1,500	5,367	3,867
25	25	-	(25)
<u>40,806</u>	<u>40,806</u>	<u>44,648</u>	<u>3,842</u>
200	200	-	200
<u>50,626</u>	<u>50,626</u>	<u>24,322</u>	<u>26,304</u>
<u>50,826</u>	<u>50,826</u>	<u>24,322</u>	<u>26,504</u>
(10,020)	(10,020)	20,326	30,346
<u>10,020</u>	<u>10,020</u>	<u>73,383</u>	<u>63,363</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,709</u>	<u>\$ 93,709</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 5  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ -	\$ -	\$ -	\$ -
Expenditures - Current - Home and community services	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2007

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 158	\$ 158	\$ 158	\$ -
<u>158</u>	<u>158</u>	<u>158</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - STREET LIGHTING DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ 51,090	\$ 51,090	\$ 51,041	\$ (49)
Expenditures -				
Current:				
General government support	400	400	63	337
Transportation	55,190	55,190	45,315	9,875
Total Expenditures	55,590	55,590	45,378	10,212
Excess (Deficiency) of Revenues Over Expenditures	(4,500)	(4,500)	5,663	10,163
Fund Balance - Beginning of Year	4,500	4,500	21,340	16,840
Fund Balance - End of Year	\$ -	\$ -	\$ 27,003	\$ 27,003

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 39,777	\$ 39,777	\$ 39,777	\$ -
400	400	142	258
<u>43,877</u>	<u>43,877</u>	<u>34,674</u>	<u>9,203</u>
<u>44,277</u>	<u>44,277</u>	<u>34,816</u>	<u>9,461</u>
(4,500)	(4,500)	4,961	9,461
<u>4,500</u>	<u>4,500</u>	<u>16,379</u>	<u>11,879</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,340</u>	<u>\$ 21,340</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - STREET LIGHTING DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ 73,490	\$ 73,490	\$ 73,328	\$ (162)
Expenditures -				
Current:				
General government support	1,000	1,000	560	440
Transportation	81,490	81,490	65,910	15,580
Total Expenditures	82,490	82,490	66,470	16,020
Excess (Deficiency) of Revenues Over Expenditures	(9,000)	(9,000)	6,858	15,858
Fund Balance - Beginning of Year	9,000	9,000	41,857	32,857
Fund Balance - End of Year	\$ -	\$ -	\$ 48,715	\$ 48,715

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 56,184	\$ 56,184	\$ 56,022	\$ (162)
1,000	1,225	1,012	213
63,184	62,959	51,123	11,836
64,184	64,184	52,135	12,049
(8,000)	(8,000)	3,887	11,887
8,000	8,000	37,970	29,970
\$ -	\$ -	\$ 41,857	\$ 41,857

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - STREET LIGHTING DISTRICT NO. 3  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ 5,142	\$ 5,142	\$ 5,107	\$ (35)
Expenditures -				
Current:				
General government support	100	200	125	75
Transportation	5,442	5,342	1,927	3,415
Total Expenditures	5,542	5,542	2,052	3,490
Excess (Deficiency) of Revenues Over Expenditures	(400)	(400)	3,055	3,455
Fund Balance - Beginning of Year	400	400	6,623	6,223
Fund Balance - End of Year	\$ -	\$ -	\$ 9,678	\$ 9,678

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,161	\$ 4,161	\$ 4,161	\$ -
100	100	-	100
4,461	4,461	1,243	3,218
4,561	4,561	1,243	3,318
(400)	(400)	2,918	3,318
400	400	3,705	3,305
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,623</u>	<u>\$ 6,623</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - FIRE PROTECTION DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ 409,303	\$ 409,303	\$ 406,496	\$ (2,807)
Expenditures -				
Current:				
General government support	500	2,925	2,922	3
Public safety	408,803	408,803	408,803	-
Total Expenditures	409,303	411,728	411,725	3
Deficiency of Revenues Over Expenditures	-	(2,425)	(5,229)	(2,804)
Fund Balance - Beginning of Year	-	2,425	2,601	176
Fund Balance - End of Year	\$ -	\$ -	\$ (2,628)	\$ (2,628)

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 365,240	\$ 365,240	\$ 364,943	\$ (297)
-	110	102	8
365,240	365,240	365,240	-
365,240	365,350	365,342	8
-	(110)	(399)	(289)
-	110	3,000	2,890
\$ -	\$ -	\$ 2,601	\$ 2,601

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - PARKING DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures - Current - Transportation	3,062	3,062	-	3,062
Deficiency of Revenues Over Expenditures	(3,062)	(3,062)	-	3,062
Fund Balance - Beginning of Year	3,062	3,062	3,062	-
Fund Balance - End of Year	\$ -	\$ -	\$ 3,062	\$ 3,062

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
3,062	3,062	-	3,062
(3,062)	(3,062)	-	3,062
3,062	3,062	3,062	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,062</u>	<u>\$ 3,062</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - AMBULANCE DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ 51,980	\$ 51,980	\$ 51,933	\$ (47)
Expenditures -				
Current:				
General government support	1,000	1,000	96	904
Health	50,980	50,980	50,272	708
Total Expenditures	51,980	51,980	50,368	1,612
Excess of Revenues Over Expenditures	-	-	1,565	1,565
Fund Balance - Beginning of Year	-	-	6,685	6,685
Fund Balance - End of Year	\$ -	\$ -	\$ 8,250	\$ 8,250

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 51,480	\$ 51,480	\$ 51,480	\$ -
500	500	212	288
50,980	50,980	49,716	1,264
51,480	51,480	49,928	1,552
-	-	1,552	1,552
-	-	5,133	5,133
\$ -	\$ -	\$ 6,685	\$ 6,685

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - AMBULANCE DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Real property taxes	\$ 181,808	\$ 181,808	\$ 181,348	\$ (460)
Expenditures -				
Current:				
General government support	1,000	1,110	1,099	11
Health	180,808	180,808	180,808	-
Total Expenditures	181,808	181,918	181,907	11
Excess (Deficiency) of Revenues Over Expenditures	-	(110)	(559)	(449)
Fund Balance - Beginning of Year	-	110	2,453	2,343
Fund Balance - End of Year	\$ -	\$ -	\$ 1,894	\$ 1,894

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 169,290	\$ 169,290	\$ 169,034	\$ (256)
1,000	1,000	563	437
168,290	168,290	168,290	-
169,290	169,290	168,853	437
-	-	181	181
-	-	2,272	2,272
\$ -	\$ -	\$ 2,453	\$ 2,453

TOWN OF NORTH CASTLE, NEW YORK

CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 1,569,718	\$ 1,722,681
State and Federal Aid Receivable	<u>429,271</u>	<u>778,717</u>
Total Assets	<u>\$ 1,998,989</u>	<u>\$ 2,501,398</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 308,694	\$ 265,173
Retainages payable	126,433	363,863
Deferred revenues	151,309	162,010
Loan payable	399,874	393,194
Bond anticipation notes payable	<u>2,790,895</u>	<u>2,011,765</u>
Total Liabilities	3,777,205	3,196,005
Fund Deficit -		
Unreserved and undesignated	<u>(1,778,216)</u>	<u>(694,607)</u>
Total Liabilities and Fund Deficit	<u>\$ 1,998,989</u>	<u>\$ 2,501,398</u>

TOWN OF NORTH CASTLE, NEW YORK

CAPITAL PROJECTS FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Use of money and property	\$ -	\$ 1,939
State aid	477,738	365,685
Federal aid	718,252	-
Miscellaneous	<u>303,900</u>	<u>38,099</u>
Total Revenues	1,499,890	405,723
Expenditures - Capital outlay	<u>3,132,273</u>	<u>4,726,276</u>
Deficiency of Revenues Over Expenditures	<u>(1,632,383)</u>	<u>(4,320,553)</u>
Other Financing Sources:		
Bonds issued	-	6,603,563
Transfers in	<u>548,774</u>	<u>1,402,960</u>
Total Other Financing Sources	<u>548,774</u>	<u>8,006,523</u>
Net Change in Fund Balance	(1,083,609)	3,685,970
Fund Deficit - Beginning of Year	<u>(694,607)</u>	<u>(4,380,577)</u>
Fund Deficit - End of Year	<u>\$ (1,778,216)</u>	<u>\$ (694,607)</u>

## TOWN OF NORTH CASTLE, NEW YORK

CAPITAL PROJECTS FUND  
 PROJECT-LENGTH SCHEDULE  
 INCEPTION OF PROJECT THROUGH DECEMBER 31, 2008

PROJECT	Project Number	Project Budget	Expenditures and Transfers	Unexpended Balance
CHIPS Capital	28c	\$ 141,867	\$ 141,867	\$ -
Chlorination Contact Water District No. 1	68	900,000	749,621	150,379
NYS Multi - Modal Sidewalk Improvements	81	128,740	56,638	72,102
IBM Park	82	1,306,520	1,341,892	(35,372)
NYSDOT Route 120	84	9,973,000	9,819,721	153,279
Sewer No. 2 Odor Control	91	245,000	245,000	-
Route 128 Connect Road	93	108,321	46,292	62,029
Park Improvements	100	459,305	447,155	12,150
Water District No. 4 Extension	103	385,000	363,580	21,420
Wampus Brook Pathway	106	240,015	31,300	208,715
Road Reconstruction - 2003	107	200,000	200,000	-
Sewer No. 2 Treatment Plant Upgrade	109	5,200,000	4,344,570	855,430
Sewer No. 2 Sand Filter	110	370,000	353,570	16,430
Highway Equipment - 2004	111	337,000	335,881	1,119
Highway Equipment - 2006	112	498,300	493,213	5,087
Firehouse Acquisition/Recreation Center	113	3,738,099	3,804,564	(66,465)
Highway Garage	114	10,000	83,385	(73,385)
Highway Equipment - 2007	115	310,000	313,118	(3,118)
Technology - 2007	115	251,300	216,250	35,050
Vehicles - 2007	115	161,175	115,266	45,909
Windmill Tank	115	1,650,000	1,507,671	142,329
NWP Painting	116	730,000	-	730,000
Sewer Nitrogen Removal	118	4,700,000	384,602	4,315,398
Highway Equipment - 2008	119	397,185	397,185	-
Lombardi Park	120	440,719	414,933	25,786
Various Projects	121	100,000	95,860	4,140
Open Space Acquisition	122	430,000	187,001	242,999
Quarry Heights	123	926,863	849,205	77,658
Police Radios	124	45,289	45,289	-
Totals		<u>\$ 34,383,698</u>	<u>\$ 27,384,629</u>	<u>\$ 6,999,069</u>

Methods of Financing					Fund Balance	Bond
Interfund	Proceeds	State and	Other	Totals	(Deficit) at	Anticipation
Transfers	of	Federal Aid			December 31,	Notes and Loan
	Obligations				2008	Outstanding at
						December 31,
						2008
\$ -	\$ -	\$ 141,867	\$ -	\$ 141,867	\$ -	\$ -
-	750,000	-	-	750,000	379	-
-	-	56,638	-	56,638	-	-
1,069,320	-	-	237,200	1,306,520	(35,372)	-
-	-	9,819,721	-	9,819,721	-	-
70,000	87,500	-	-	157,500	(87,500)	87,500
-	-	-	108,321	108,321	62,029	-
97,414	345,000	-	16,891	459,305	12,150	-
-	96,250	-	-	96,250	(267,330)	288,750
79,710	-	-	3,665	83,375	52,075	-
-	200,000	-	-	200,000	-	-
-	4,598,563	-	-	4,598,563	253,993	-
-	92,500	-	-	92,500	(261,070)	277,500
-	254,000	-	-	254,000	(81,881)	83,000
-	199,320	-	-	199,320	(293,893)	298,980
1,347,068	2,200,000	-	38,099	3,585,167	(219,397)	-
10,000	-	-	-	10,000	(73,385)	-
-	62,000	-	-	62,000	(251,118)	248,000
-	50,260	-	-	50,260	(165,990)	201,040
-	32,235	-	-	32,235	(83,031)	128,940
-	1,650,000	-	-	1,650,000	142,329	-
-	730,000	-	-	730,000	730,000	-
-	-	-	-	-	(384,602)	399,874
-	-	-	-	-	(397,185)	397,185
90,719	-	-	-	90,719	(324,214)	350,000
50,000	-	50,000	-	100,000	4,140	-
-	-	-	-	-	(187,001)	430,000
-	-	622,963	303,900	926,863	77,658	-
-	-	45,289	-	45,289	-	-
<u>\$ 2,814,231</u>	<u>\$ 11,347,628</u>	<u>\$ 10,736,478</u>	<u>\$ 708,076</u>	<u>\$ 25,606,413</u>	<u>\$ (1,778,216)</u>	<u>\$ 3,190,769</u>

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

- **Special Purpose Fund** - The Special Purpose Fund is used to account for assets held by the Town in accordance with the terms of a trust agreement.

### DEBT SERVICE FUND

- The Debt Service is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

TOWN OF NORTH CASTLE, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2008  
 (With Comparative Totals for 2007)

	Special Purpose Fund	Debt Service Fund	Total Non-Major Governmental Funds	
			2008	2007
<u>ASSETS</u>				
Cash and Equivalents	\$ 1,270,161	\$ 1,541	\$ 1,271,702	\$ 1,181,939
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities-				
Bond interest and matured bonds payable	\$ -	\$ 575	\$ 575	\$ 575
Fund Balances:				
Reserved for parklands	307,654	-	307,654	307,654
Reserved for trusts	962,507	-	962,507	872,744
Reserved for debt service	-	966	966	966
Total Fund Balances	1,270,161	966	1,271,127	1,181,364
Total Liabilities and Fund Balances	\$ 1,270,161	\$ 1,541	\$ 1,271,702	\$ 1,181,939

## TOWN OF NORTH CASTLE, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 2008  
 (With Comparative Totals for 2007)

	Special Purpose Fund	Debt Service Fund	Total Non-Major Governmental Funds	
			2008	2007
Revenues:				
Use of money and property	\$ 18,557	\$ -	\$ 18,557	\$ 46,419
Miscellaneous	177,008	-	177,008	333,568
Total Revenues	<u>195,565</u>	<u>-</u>	<u>195,565</u>	<u>379,987</u>
Expenditures:				
Current -				
Culture and recreation	7,082	-	7,082	133,231
Debt Service:				
Principal	-	480,000	480,000	280,000
Interest	-	386,341	386,341	226,058
Total Expenditures	<u>7,082</u>	<u>866,341</u>	<u>873,423</u>	<u>639,289</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>188,483</u>	<u>(866,341)</u>	<u>(677,858)</u>	<u>(259,302)</u>
Other Financing Sources (Uses):				
Transfers in	-	866,341	866,341	507,024
Transfers out	(98,720)	-	(98,720)	(714,330)
Total Other Financing Sources (Uses)	<u>(98,720)</u>	<u>866,341</u>	<u>767,621</u>	<u>(207,306)</u>
Net Change in Fund Balances	89,763	-	89,763	(466,608)
Fund Balances - Beginning of Year	<u>1,180,398</u>	<u>966</u>	<u>1,181,364</u>	<u>1,647,972</u>
Fund Balances - End of Year	<u>\$ 1,270,161</u>	<u>\$ 966</u>	<u>\$ 1,271,127</u>	<u>\$ 1,181,364</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL PURPOSE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 779,696	\$ 710,743
Time deposits	<u>490,465</u>	<u>469,655</u>
Total Assets	<u>\$ 1,270,161</u>	<u>\$ 1,180,398</u>
<u>FUND BALANCE</u>		
Reserved for parklands	\$ 307,654	\$ 307,654
Reserved for trusts	<u>962,507</u>	<u>872,744</u>
Total Fund Balance	<u>\$ 1,270,161</u>	<u>\$ 1,180,398</u>

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL PURPOSE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Use of money and property	\$ 18,557	\$ 46,419
Miscellaneous	<u>177,008</u>	<u>333,568</u>
Total Revenues	195,565	379,987
Expenditures - Current - Culture and recreation	<u>7,082</u>	<u>133,231</u>
Excess of Revenues Over Expenditures	188,483	246,756
Other Financing Uses -		
Transfers out	<u>(98,720)</u>	<u>(714,330)</u>
Net Change in Fund Balance	89,763	(467,574)
Fund Balance - Beginning of Year	<u>1,180,398</u>	<u>1,647,972</u>
Fund Balance - End of Year	<u><u>\$ 1,270,161</u></u>	<u><u>\$ 1,180,398</u></u>

TOWN OF NORTH CASTLE, NEW YORK

DEBT SERVICE FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 966	\$ 966
Cash with fiscal agent	<u>575</u>	<u>575</u>
Total Assets	<u>\$ 1,541</u>	<u>\$ 1,541</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Bond interest and matured bonds payable	\$ 575	\$ 575
Fund Balance - Reserved for debt service	<u>966</u>	<u>966</u>
Total Liabilities and Fund Balance	<u>\$ 1,541</u>	<u>\$ 1,541</u>

TOWN OF NORTH CASTLE, NEW YORK

DEBT SERVICE FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures -				
Debt Service -				
Serial bonds:				
Principal	430,276	480,003	480,000	3
Interest	385,967	386,354	386,341	13
Total Expenditures	816,243	866,357	866,341	16
Deficiency of Revenues Over Expenditures	(816,243)	(866,357)	(866,341)	16
Other Financing Sources -				
Transfers in	816,243	866,357	866,341	(16)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	966	966
Fund Balance - End of Year	\$ -	\$ -	\$ 966	\$ 966

2007			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
280,003	280,003	280,000	3
190,087	227,312	226,058	1,254
470,090	507,315	506,058	1,257
(470,090)	(507,315)	(506,058)	1,257
470,090	507,315	507,024	(291)
-	-	966	966
-	-	-	-
\$ -	\$ -	\$ 966	\$ -

TOWN OF NORTH CASTLE, NEW YORK

FIDUCIARY FUNDS - AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED DECEMBER 31, 2008

	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
<b><u>ASSETS</u></b>				
Cash:				
Demand deposits	\$ 314,819	\$ 13,648,430	\$ 13,729,420	\$ 233,829
Time deposits	41,788	621	14,085	28,324
	<u>356,607</u>	<u>13,649,051</u>	<u>13,743,505</u>	<u>262,153</u>
Accounts Receivable	<u>-</u>	<u>102,940</u>	<u>-</u>	<u>102,940</u>
Total Assets	<u>\$ 356,607</u>	<u>\$ 13,751,991</u>	<u>\$ 13,743,505</u>	<u>\$ 365,093</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 4,371	\$ 17,886	\$ -	\$ 22,257
Net Payroll	-	8,426,842	8,426,842	-
Employee Payroll Deductions	-	5,175,600	5,175,600	-
Deposits	<u>352,236</u>	<u>118,172</u>	<u>127,572</u>	<u>342,836</u>
Total Liabilities	<u>\$ 356,607</u>	<u>\$ 13,738,500</u>	<u>\$ 13,730,014</u>	<u>\$ 365,093</u>

**STATISTICAL  
SECTION**

(Unaudited)

## **Financial Trends**

These schedules contain trend information to help the reader understand how the Town's financial performance and well being have changed over time. These schedules include:

Net Assets by Component

Changes in Net Assets

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

TOWN OF NORTH CASTLE, NEW YORK

NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Primary Government			
Invested in Capital Assets			
Net of Related Debt	\$ 15,901,724	\$ 16,336,338	\$ 16,240,323
Restricted	4,351,672	4,607,940	5,013,402
Unrestricted	<u>1,388,206</u>	<u>1,175,414</u>	<u>935,831</u>
Total Primary Government			
Net Assets	<u>\$ 21,641,602</u>	<u>\$ 22,119,692</u>	<u>\$ 22,189,556</u>

(1) Net assets reflect the initial implementation of the requirements of Governmental Accounting Standards Board Statement No. 45 regarding the recording of other post employment benefit obligations.

Note: Data not available prior to fiscal 2004 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

2007	2008 (1)
\$ 18,080,605	\$ 17,894,852
4,760,947	4,697,246
218,968	(2,086,371)
\$ 23,060,520	\$ 20,505,727
\$ 23,060,520	\$ 20,505,727

## TOWN OF NORTH CASTLE, NEW YORK

CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS

	2004	2005	2006
Governmental Activities			
Expenses:			
General government support	\$ 3,716,500	\$ 4,042,548	\$ 3,621,935
Public safety	6,784,455	7,263,641	7,549,646
Health	229,138	269,268	223,688
Transportation	5,178,384	6,087,402	4,919,039
Economic opportunity and development	114,026	122,915	134,444
Culture and recreation	3,754,327	4,060,072	4,154,578
Home and community services	3,420,268	3,657,852	4,235,059
Interest	203,248	254,414	284,595
Total Primary Government Expenses	<u>23,400,346</u>	<u>25,758,112</u>	<u>25,122,984</u>
Program Revenues:			
Charges for Services			
General government support	31,188	24,413	28,887
Public safety	1,338,755	1,187,174	975,116
Transportation	123,961	211,864	166,765
Culture and recreation	1,030,372	1,050,697	1,054,398
Home and community services	1,259,014	1,277,475	1,404,400
Operating Grants and Contributions	251,984	959,910	942,652
Capital Grants and Contributions	<u>1,028,418</u>	<u>1,506,041</u>	<u>215,403</u>
Total Primary Government Program Revenues	<u>5,063,692</u>	<u>6,217,574</u>	<u>4,787,621</u>
Total Primary Government net expense	<u>(18,336,654)</u>	<u>(19,540,538)</u>	<u>(20,335,363)</u>
General Revenues:			
Taxes			
Real Property Taxes	13,686,362	14,934,941	15,610,515
Other Tax Items	984,868	968,969	1,059,455
Non-property Taxes	1,370,110	1,471,777	1,507,662
Unrestricted Use of Money and Property	153,008	196,980	321,986
Unrestricted State aid	1,824,189	2,416,845	1,829,720
Donated assets	-	-	-
Miscellaneous	<u>16,072</u>	<u>29,116</u>	<u>75,889</u>
Total Primary Government	<u>18,034,609</u>	<u>20,018,628</u>	<u>20,405,227</u>
Change in Net Assets			
Total Primary Government	<u>\$ (302,045)</u>	<u>\$ 478,090</u>	<u>\$ 69,864</u>

(1) Net assets reflect the initial implementation of the requirements of Governmental Accounting Standards Board Statement No. 45 regarding the recording of other post employment benefit obligations.

Note: Data not available prior to fiscal 2004 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

<u>2007</u>	<u>2008 (1)</u>
\$ 3,747,161	\$ 4,446,771
7,958,370	9,004,425
228,708	237,438
5,479,945	6,434,122
189,028	175,844
4,373,182	4,967,238
4,368,012	4,635,011
368,398	454,503
<u>26,712,804</u>	<u>30,355,352</u>
25,995	24,749
984,952	921,082
203,670	212,572
1,029,834	1,074,560
1,493,133	1,515,187
918,778	410,621
405,723	1,499,890
<u>5,062,085</u>	<u>5,658,661</u>
<u>(21,650,719)</u>	<u>(24,696,691)</u>
16,693,034	18,199,753
1,012,391	924,947
1,611,500	1,635,068
354,512	214,990
1,653,570	1,119,304
1,141,984	-
54,692	47,836
<u>22,521,683</u>	<u>22,141,898</u>
<u>\$ 870,964</u>	<u>\$ (2,554,793)</u>

TOWN OF NORTH CASTLE, NEW YORK

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 185,721	\$ 202,001	\$ 174,756	\$ 174,963
Unreserved	<u>3,026,721</u>	<u>2,866,821</u>	<u>2,586,227</u>	<u>2,403,714</u>
Total General Fund	<u>\$ 3,212,442</u>	<u>\$ 3,068,822</u>	<u>\$ 2,760,983</u>	<u>\$ 2,578,677</u>
All Other Governmental Funds				
Reserved	\$ 2,296,957	\$ 2,526,594	\$ 2,141,171	\$ 2,162,440
Unreserved, Reported In:				
Special Revenue Funds	1,643,682	1,952,077	2,224,297	2,574,077
Capital Projects Fund	<u>(3,075,676)</u>	<u>(3,165,154)</u>	<u>(1,474,585)</u>	<u>(2,778,863)</u>
Total All Other Governmental Funds	<u>\$ 864,963</u>	<u>\$ 1,313,517</u>	<u>\$ 2,890,883</u>	<u>\$ 1,957,654</u>
Total Governmental Funds	<u>\$ 4,077,405</u>	<u>\$ 4,382,339</u>	<u>\$ 5,651,866</u>	<u>\$ 4,536,331</u>

2003	2004	2005	2006	2007	2008
\$ 325,742	\$ 442,355	\$ 314,987	\$ 510,996	\$ 220,494	\$ 228,191
<u>2,248,634</u>	<u>1,984,991</u>	<u>2,124,016</u>	<u>1,724,204</u>	<u>1,642,850</u>	<u>964,383</u>
<u>\$ 2,574,376</u>	<u>\$ 2,427,346</u>	<u>\$ 2,439,003</u>	<u>\$ 2,235,200</u>	<u>\$ 1,863,344</u>	<u>\$ 1,192,574</u>
\$ 2,844,723	\$ 1,984,565	\$ 2,901,995	\$ 4,866,099	\$ 3,252,877	\$ 1,430,435
<u>2,733,024</u>	<u>2,924,057</u>	<u>2,906,860</u>	<u>3,481,506</u>	<u>3,963,533</u>	<u>4,302,140</u>
<u>(3,471,054)</u>	<u>(1,764,312)</u>	<u>(3,005,047)</u>	<u>(7,495,572)</u>	<u>(2,520,701)</u>	<u>(1,778,216)</u>
<u>\$ 2,106,693</u>	<u>\$ 3,144,310</u>	<u>\$ 2,803,808</u>	<u>\$ 852,033</u>	<u>\$ 4,695,709</u>	<u>\$ 3,954,359</u>
<u>\$ 4,681,069</u>	<u>\$ 5,571,656</u>	<u>\$ 5,242,811</u>	<u>\$ 3,087,233</u>	<u>\$ 6,559,053</u>	<u>\$ 5,146,933</u>

## TOWN OF NORTH CASTLE, NEW YORK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	1999	2000	2001	2002
<b>Revenues</b>				
Real property taxes	\$ 9,695,644	\$ 10,106,259	\$ 10,852,609	\$ 11,540,196
Other tax items	1,099,523	1,012,379	981,123	1,013,502
Non-property taxes	957,883	1,073,981	1,104,302	1,146,960
Departmental income	2,233,865	2,171,777	2,075,606	2,255,884
Intergovernmental Charges	82,426	75,753	76,364	76,024
Use of money and property	622,153	815,719	640,725	412,396
Licenses and permits	443,294	519,890	401,107	351,680
Fines and forfeitures	108,933	86,947	68,063	142,174
Sale of property and compensation for loss	56,336	53,037	114,126	90,391
Interfund revenues	16,710	18,005	15,418	20,489
State aid	2,225,820	2,276,213	2,264,182	2,746,838
Federal aid	40,214	1,423	-	50,829
Miscellaneous	52,108	42,703	19,862	97,674
<b>Total Revenues</b>	<b>17,634,909</b>	<b>18,254,086</b>	<b>18,613,487</b>	<b>19,945,037</b>
<b>Expenditures</b>				
<b>Current</b>				
General government support	2,021,016	2,310,826	2,366,738	2,488,394
Public safety	3,485,702	3,815,498	3,887,251	4,275,299
Health	34,462	85,606	183,690	177,409
Transportation	2,216,201	2,347,211	2,503,677	2,372,612
Economic opportunity and development	91,229	84,822	98,752	103,700
Culture and recreation	2,453,605	2,635,916	2,659,678	2,795,418
Home and community services	2,539,631	2,493,313	2,657,536	3,014,860
Employee benefits (1)	1,664,169	1,910,152	2,137,073	2,394,559
<b>Debt Service:</b>				
Principal	285,000	285,000	295,000	323,000
Interest	232,827	231,063	246,657	278,509
<b>Capital Outlay</b>	<b>2,654,292</b>	<b>1,749,745</b>	<b>2,575,908</b>	<b>2,836,812</b>
<b>Total Expenditures</b>	<b>17,678,134</b>	<b>17,949,152</b>	<b>19,611,960</b>	<b>21,060,572</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(43,225)</b>	<b>304,934</b>	<b>(998,473)</b>	<b>(1,115,535)</b>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	-	-	2,268,000	-
Transfers in	1,155,435	961,960	1,033,450	1,037,562
Transfers out	(1,155,435)	(961,960)	(1,033,450)	(1,037,562)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>2,268,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (43,225)</b>	<b>\$ 304,934</b>	<b>\$ 1,269,527</b>	<b>\$ (1,115,535)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>3.4%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.3%</b>

(1) Beginning in fiscal year 2007, the cost of employee benefits was distributed within the applicable department

2003	2004	2005	2006	2007	2008
\$ 12,401,382	\$ 13,755,673	\$ 14,771,418	\$ 15,622,212	\$ 16,791,769	\$ 18,083,022
983,920	984,868	968,969	1,059,455	1,012,391	924,947
1,169,095	1,370,110	1,471,777	1,507,662	1,611,500	1,635,068
2,527,115	2,732,671	2,451,325	2,423,280	2,511,669	2,544,908
76,550	81,649	169,377	123,872	152,908	156,667
367,428	376,051	594,870	824,690	947,730	569,362
492,361	606,747	751,458	684,164	660,460	613,132
215,286	157,546	173,054	172,140	194,258	185,497
66,521	67,806	133,194	67,369	49,969	56,179
18,257	28,028	3,174	2,466	1,723	2,822
2,672,526	2,786,237	3,891,950	2,095,975	2,108,902	1,639,294
92,700	-	-	-	70,675	718,252
105,818	248,254	695,287	623,726	428,288	557,500
<u>21,188,959</u>	<u>23,195,640</u>	<u>26,075,853</u>	<u>25,207,011</u>	<u>26,542,242</u>	<u>27,686,650</u>
2,622,774	2,701,987	2,923,428	2,871,813	3,626,721	3,543,513
4,665,996	5,152,762	5,252,436	5,434,016	7,801,024	8,174,825
179,163	182,770	268,893	223,314	228,708	237,438
2,638,091	2,638,820	3,117,793	2,958,213	4,408,191	4,780,947
98,551	114,026	122,915	128,070	182,299	175,844
2,977,781	3,079,465	3,276,217	3,312,893	4,177,619	4,047,050
2,854,902	3,091,870	3,272,861	3,493,233	3,879,994	4,069,299
2,957,783	4,084,671	4,387,169	4,598,400	-	-
275,000	280,000	335,000	335,000	280,000	480,000
227,324	205,829	233,248	239,078	363,153	457,581
1,546,856	1,872,853	3,214,738	4,868,559	4,726,276	3,132,273
<u>21,044,221</u>	<u>23,405,053</u>	<u>26,404,698</u>	<u>28,462,589</u>	<u>29,673,985</u>	<u>29,098,770</u>
<u>144,738</u>	<u>(209,413)</u>	<u>(328,845)</u>	<u>(3,255,578)</u>	<u>(3,131,743)</u>	<u>(1,412,120)</u>
-	1,100,000	-	1,100,000	6,603,563	-
1,020,195	1,033,832	1,468,793	1,759,832	1,924,314	1,423,115
<u>(1,020,195)</u>	<u>(1,033,832)</u>	<u>(1,468,793)</u>	<u>(1,759,832)</u>	<u>(1,924,314)</u>	<u>(1,423,115)</u>
-	1,100,000	-	1,100,000	6,603,563	-
<u>\$ 144,738</u>	<u>\$ 890,587</u>	<u>\$ (328,845)</u>	<u>\$ (2,155,578)</u>	<u>\$ 3,471,820</u>	<u>\$ (1,412,120)</u>
2.5%	2.2%	2.3%	2.4%	2.5%	3.5%

# Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax. These schedules include:

Assessed Value and Estimated Actual Value  
of Taxable Property

Direct and Overlapping Property Tax Rates,  
Per \$1,000 of Assessed Valuation

Principal Taxpayers

Property Tax Levies and Collections

TOWN OF NORTH CASTLE, NEW YORK

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

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Year	Residential Property	Commercial Property	Industrial Property	Special Franchise (1)	Total Taxable Assessed Value
1999	\$ 68,307,910	\$ 24,933,025	\$ 361,500	\$ 1,919,579	\$ 95,522,014
2000	72,607,060	25,979,925	350,500	1,840,130	100,777,615
2001	77,760,600	25,748,125	350,500	1,843,914	105,703,139
2002	80,754,110	25,325,680	350,500	1,828,808	108,259,098
2003	83,233,710	25,106,885	329,800	1,543,999	110,214,394
2004	85,481,460	25,420,785	329,800	1,567,382	112,799,427
2005	87,738,045	25,176,285	329,800	1,354,470	114,598,600
2006	89,302,215	24,496,505	321,100	1,474,520	115,594,340
2007	90,941,365	24,273,750	321,100	1,457,663	116,993,878
2008	90,287,065	24,238,250	315,500	1,373,095	118,871,764

(1) Assessed valuation of transmission lines of Consolidated Edison and Verizon

(2) Provided by the New York State Office of Real Property Services

Note: Estimated actual taxable value is calculated by dividing taxable assessed value by the state special equalization rate. Tax rates are per \$1,000 of assessed value.

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State Special Equalization Rate (2)	Estimated Actual Taxable Value	Total Direct Tax Rate
4.92 %	\$ 1,941,504,350	\$ 89.78
4.12	2,446,058,617	89.76
3.74	2,826,287,139	91.29
3.41	3,174,753,607	91.51
2.81	3,922,220,427	99.62
2.81	4,014,214,484	108.00
2.31	4,960,978,355	114.41
2.26	5,114,793,805	118.51
1.94	6,030,612,268	124.45
1.91	6,223,652,565	133.10

TOWN OF NORTH CASTLE, NEW YORK

DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
 PER \$1,000 OF ASSESSED VALUATION  
 LAST TEN FISCAL YEARS

Year	Town of North Castle	Overlapping Rates			
		Westchester County			
		Operating	Sewer Districts (Range)		School Districts (Range)
1999	\$ 89.7824	\$ 94.7181	\$ 12.8019 - \$ 19.0856	\$ 230.5009 - \$ 318.1234	
2000	89.7619	88.6600	12.3675 - 17.2445	217.4252 - 326.7860	
2001	91.2852	96.7017	12.5777 - 18.2097	260.6445 - 389.8971	
2002	91.5065	99.0362	13.6081 - 17.9348	288.1299 - 469.4963	
2003	99.6201	102.7353	13.8300 - 17.9000	296.2230 - 536.9806	
2004	107.9976	116.4244	14.3181 - 17.9000	295.7407 - 573.1290	
2005	114.4128	125.4840	13.8870 - 16.8680	355.9519 - 562.5494	
2006	118.5121	138.9681	17.6725 - 19.9840	402.5229 - 654.7501	
2007	124.4478	133.8470	20.5191 - 23.1365	428.1545 - 664.2562	
2008	133.1000	142.8470	22.6910 - 24.2940	475.2960 - 748.0567	

Source: Town of North Castle Department of Finance

## TOWN OF NORTH CASTLE, NEW YORK

PRINCIPAL TAXPAYERS  
DECEMBER 31, 2008 AND 1999

2008

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	New York City	Watershed	\$ 8,065,300	6.78 %
2	Westchester County	Airport	1,847,200	1.55
3	MBIA	Commercial	1,521,644	1.28
4	IBM	Commercial	1,393,600	1.17
5	Con Edison	Utility	1,364,559	1.15
6	North White Plains Shopping Center	Commercial	672,600	0.57
7	NYNEX/Verizon	Utility	485,261	0.41
8	Lashins	Commercial	561,000	0.47
9	North Castle Leisure	Commercial	372,900	0.31
10	Armonk Fairview, LLC	Commercial	268,600	0.23
	Total		<u>\$ 16,552,664</u>	<u>13.92 %</u>

1999

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	New York City	Watershed	\$ 7,884,000	8.25 %
2	IBM	Commercial	2,288,000	2.40
3	Westchester County	Airport	2,235,900	2.34
4	MBIA	Commercial	2,066,500	2.16
5	Con Edison	Utility	1,650,841	1.73
6	NYNEX	Utility	768,701	0.80
7	North Castle Leisure	Commercial	603,500	0.63
8	J.F. Jelenko	Commercial	400,000	0.42
9	Ronald Targan	Hotel	356,000	0.37
10	Armonk Business Center	Commercial	220,000	0.23
	Total		<u>\$ 18,473,442</u>	<u>19.33 %</u>

Source: Town of North Castle's Assessor's Office.

TOWN OF NORTH CASTLE, NEW YORK

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 19,216,058	\$ 19,027,428	99.02 %	\$ 121,715	\$ 19,149,143	99.65 %
2000	20,727,525	20,620,795	99.49	72,296	20,693,091	99.83
2001	22,328,256	22,204,054	99.44	75,372	22,279,426	99.78
2002	23,805,774	23,722,985	99.65	24,743	23,747,728	99.76
2003	26,985,992	26,824,328	99.40	92,760	26,917,088	99.74
2004	29,795,444	29,669,235	99.58	47,239	29,716,474	99.73
2005	32,769,587	32,560,560	99.36	33,730	32,594,290	99.47
2006	33,306,131	33,238,330	99.80	27,749	33,266,079	99.88
2007	34,247,231	34,120,366	99.63	71,652	34,192,018	99.84
2008	37,216,003	37,017,163	99.47	-	37,017,163	99.47

(1) Includes amounts for General, Highway, Library, Special Districts and the County of Westchester

Source: Town of North Castle Department of Finance

## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Legal Debt Margin Information

TOWN OF NORTH CASTLE, NEW YORK

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Long-Term Debt	Percentage of Actual Taxable Value of Property	Percentage of Personal Income (1)	Per Capita (1)
1999	\$ 2,295,000	\$ -	\$ 2,295,000	2.40 %	0.64 %	\$ 211
2000	2,010,000	-	2,010,000	1.99	0.53	185
2001	3,983,000	-	3,983,000	3.77	1.03	367
2002	3,660,000	-	3,660,000	3.38	0.95	337
2003	3,385,000	6,036	3,378,964	3.07	0.86	311
2004	4,205,000	-	4,205,000	3.73	1.01	388
2005	3,870,000	-	3,870,000	3.38	0.89	357
2006	4,635,000	-	4,635,000	4.01	1.01	427
2007	10,958,563	966	10,957,597	9.37	1.66	1,010
2008	10,478,563	966	10,477,597	8.81	1.51	966

(1) - Population and personal income data can be found in the schedule of demographic and economic statistics

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

TOWN OF NORTH CASTLE, NEW YORK

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2008

<u>Government Unit</u>	<u>Net Long-Term Debt Outstanding (1)</u>	<u>Percentage Applicable to North Castle</u>	<u>Amount Applicable to North Castle</u>
County of Westchester (2)	\$ 672,078,835	2.45 %	\$ 16,446,995
School Districts (as of June 30, 2008)			
Armonk	76,335,000	86.52	66,045,042
Bedford	77,403,559	2.30	1,780,282
Harrison	12,015,000	0.03	3,605
Mount Pleasant	31,694,149	1.39	440,549
Valhalla	19,245,000	32.25	6,206,513
			<u>90,922,986</u>
Net Direct Debt			<u>10,477,597</u>
Net Direct and Overlapping Debt			<u><u>\$ 101,400,583</u></u>

(1) Excludes the amount available for repayment in the Debt Service Fund.

(2) As of December 31, 2007. Information pertaining to December 31, 2008 is not currently available.

Source: Town of North Castle and County of Westchester Finance Departments.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town.

This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

TOWN OF NORTH CASTLE, NEW YORK

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	1999	2000	2001	2002
Debt Limit	\$ 119,034,538	\$ 130,198,110	\$ 146,292,731	\$ 167,113,382
Total Net Debt Applicable to Limit	<u>1,361,820</u>	<u>1,269,120</u>	<u>1,013,750</u>	<u>2,141,200</u>
Legal Debt Margin	<u>\$ 117,672,718</u>	<u>\$ 128,928,990</u>	<u>\$ 145,278,981</u>	<u>\$ 164,972,182</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.14%	0.97%	0.69%	1.28%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessment Roll			State Special Equalization Ratio		Full Valuation
Year	Budget Year	Assessed Valuation			
2007	2008	\$ 118,871,764	1.91	% \$	6,223,652,565
2006	2007	116,993,878	1.94		6,030,612,268
2005	2006	115,594,340	2.26		5,114,793,805
2004	2005	114,598,600	2.31		4,960,978,355
2003	2004	112,799,427	2.81		<u>4,014,214,484</u>
Total Five Year Full Valuation					<u>\$ 26,344,251,477</u>
Five Year Average Full Valuation of Taxable Real Property					<u>5,268,850,295</u>
Debt Limit - 7% of Five Year Average Full Valuation					<u>368,819,521</u>
Outstanding Town Debt:					
Serial Bonds			10,478,563		
Bond Anticipation Notes and Loans			<u>3,190,769</u>		13,669,332
Less:					
Exclusion for Water and Sewer Districts			395,010		
Appropriations in 2009 Budget, Exclusive of Water and Sewer Districts			<u>491,662</u>		<u>886,672</u>
Net Indebtedness Subject to Debt Limit					<u>12,782,660</u>
Net Debt Contracting Margin					<u>\$ 356,036,861</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 198,818,044	\$ 240,849,418	\$ 301,516,595	\$ 296,617,449	\$ 336,599,471	\$ 368,819,521
<u>5,406,970</u>	<u>5,783,116</u>	<u>5,076,377</u>	<u>8,743,791</u>	<u>12,626,240</u>	<u>12,782,660</u>
<u>\$ 193,411,074</u>	<u>\$ 235,066,302</u>	<u>\$ 296,440,218</u>	<u>\$ 287,873,658</u>	<u>\$ 323,973,231</u>	<u>\$ 356,036,861</u>

2.72%

2.40%

1.68%

2.95%

3.75%

3.47%

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. These schedules include:

Demographic Statistics

TOWN OF NORTH CASTLE, NEW YORK

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended December 31,</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (1)</u>	<u>Unemployment Rate (2)</u>
1999	10,890	\$ 357,366,240	\$ 32,816	3.40 %
2000	10,849 (3)	378,575,855	34,895	3.00
2001	10,849	386,267,796	35,604	3.50
2002	10,849	383,533,848	35,352	4.20
2003	10,849	391,106,450	36,050	4.00
2004	10,849	417,393,577	38,473	3.80
2005	10,849	433,601,983	39,967	3.90
2006	10,849	459,910,808	42,392	3.10
2007	10,849	659,499,861	60,789	3.60
2008	10,849	695,496,843	64,107	5.70

Sources:

- (1) Source: U.S. Department of Commerce, Bureau of Census
- (2) New York State Department of Labor - Unemployment statistics are not available for the Town as such, the information reflected represents rates for the County.
- (3) 2000 U.S. Census

## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. These schedules include:

Principal Employers

Full-Time Equivalent Town Government Employees by Function

Operating Indicators by Function/Program

Capital Asset Statistics by Function/Program

TOWN OF NORTH CASTLE, NEW YORK

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	2008	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Byram Hills School District	600	11.25 %
IBM	400	7.50
MBIA	400	7.50
Breezemont Day Camp	264	4.95
Tripp Lake Camp, LLC	200	3.75
Swiss Re Life & Health America	176	3.30
Semx, Corp	150	2.81
Safe Light Instrument	130	2.44
Car Quest Distirbutions	120	2.25
Future Stars Day Camps	106	1.99
	<u>2,546</u>	<u>47.72 %</u>
	1999	
<u>EMPLOYER</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
IBM	700	13.17 %
Swiss Re Life & Health America	500	9.41
Metro North Commuter Railroad	456	8.58
MBIA	400	7.52
Breezemont Day Camp	360	6.77
Byram Hills School District	309	5.81
J. F. Jelenko & Co	150	2.82
Car Quest Distirbutions	120	2.26
Safe Light Instrument	108	2.03
Semiconductor Packaging	100	1.88
	<u>3,203</u>	<u>60.25 %</u>

Sources: The Town Finance's Office and the New York State Department of Labor

Note: Based upon estimated Town employment of 5,335 in 2008 and 5,316 in 1999.

TOWN OF NORTH CASTLE, NEW YORK

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS

Function:	Full-time Equivalent Employees as of December 31,			
	1999	2000	2001	2002
General Government	56	58	55	58
Public Safety	47	48	49	49
Culture and Recreation	80	87	78	73
Home and Community Services	12	11	12	12
<b>Total</b>	<b>195</b>	<b>204</b>	<b>194</b>	<b>192</b>

Source: Town's Finance Department

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<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
58	57	62	63	62	61
54	52	49	52	54	52
63	63	68	69	74	64
<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>13</u>
<u>186</u>	<u>184</u>	<u>192</u>	<u>198</u>	<u>204</u>	<u>190</u>

TOWN OF NORTH CASTLE, NEW YORK

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

	1999	2000	2001	2002
General Government Support:				
Building permits issued	548	612	472	508
Public Safety:				
Police:				
Physical arrests	263	277	218	329
Parking violations	968	954	873	1,388
Traffic violations	1,512	1,412	825	1,507
Culture and Recreation:				
Recreation:				
Adult programs	24	24	24	24
Children's programs	56	56	56	56
Camp	9	9	9	9
Senior citizen's programs	2	2	2	2
Pre-school classes	14	14	14	14
Special events	3	3	3	3
Library:				
Volumes in collections	82,000	82,000	82,000	82,000
Circulation	152,223	159,162	184,229	204,303
Home and Community Services:				
Water District No. 1:				
Average daily consumption	348,204	339,933	347,244	366,796
Peak daily consumption	402,516	354,934	379,050	427,263
Water District No. 2:				
Average daily consumption	154,894	140,049	153,568	147,508
Peak daily consumption	270,013	188,643	221,087	235,033
Water District No. 4:				
Average daily consumption	213,055	284,740	354,748	303,433
Peak daily consumption	382,710	454,090	554,237	545,828
Water District No. 5:				
Average daily consumption	52,059	54,733	66,897	72,289
Peak daily consumption	88,763	89,492	102,693	151,089

Source: Various Town departments

2003	2004	2005	2006	2007	2008
642	548	726	597	576	669
298	278	295	215	244	218
1,241	1,320	1,273	1,126	1,236	936
1,761	1,884	1,777	1,176	1,716	1,643
24	24	24	24	28	30
56	56	56	56	65	70
9	9	9	9	10	10
2	2	2	2	3	3
14	14	14	14	17	17
3	3	3	3	4	4
90,890	90,890	85,488	81,859	87,578	82,266
208,341	205,399	196,731	196,902	186,000	203,370
408,746	421,970	348,473	370,819	366,025	364,348
443,900	477,160	424,293	440,170	418,760	532,679
137,020	147,279	157,125	137,260	166,314	161,750
211,910	196,430	256,690	195,543	273,157	333,080
297,553	281,198	317,522	355,971	377,677	363,235
502,436	417,544	520,532	605,999	580,051	607,480
69,261	59,792	70,173	68,421	95,824	76,812
109,145	96,645	125,225	122,183	153,709	163,400

TOWN OF NORTH CASTLE, NEW YORK

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

	1999	2000	2001	2002
<b>General Government Support:</b>				
Number of general government buildings	5	5	5	5
<b>Public Safety:</b>				
Number of police stations	1	1	1	1
Patrol cars	20	20	20	20
<b>Transportation:</b>				
Miles of streets	90	92	92	92
Number of street lights	1,276	1,276	1,276	1,276
Number of traffic signals	N/A	N/A	1	1
<b>Culture and Recreation:</b>				
Number of community centers	1	2	2	2
Number of parks/playgrounds	4	8	8	8
Acres of parks	315	315	315	341
Baseball/softball diamonds	6	6	10	10
Outdoor tennis courts	5	9	9	9
Soccer fields	-	-	5	5
Nature trails	1	1	1	1
Picnic areas	1	1	2	2
Libraries	2	2	2	2
<b>Home and Community Services:</b>				
Miles of water mains	31	31	31	31
Fire hydrants	256	253	262	264
Miles of sanitary sewers	21	21	21	21

N/A - Information not available

Source: Various Town departments

2003	2004	2005	2006	2007	2008
5	5	5	5	5	5
1	1	1	1	1	1
20	20	20	21	21	21
93	93	93	93	94	98
602	605	606	606	607	607
1	1	1	1	1	1
2	2	2	3	3	3
8	8	8	8	8	8
341	341	341	343	343	343
10	10	10	10	10	10
9	9	9	9	9	9
5	5	5	5	5	5
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
31	31	31	31	32	32
264	270	270	270	276	278
21	21	21	21	22	22

**FEDERAL AWARDS**



**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 Honorable Supervisor and Town Board  
of the Town of North Castle, New York:

We have audited the financial statements of the Town of North Castle, New York as of and for the year ended December 31, 2008, and have issued our report thereon dated March 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Town of North Castle, New York in a separate letter.

This report is intended solely for the information and use of the Board of Trustees, management 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. However, this report is a matter of public record and its distribution is not limited.

*Bennett Kjelson Storch DeSantis*

**The Government Services Division of  
O'Connor Davies Munns & Dobbins, LLP**  
March 2, 2009



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

To the Honorable Mayor and Board of Trustees of the  
Town of North Castle, New York:

**Compliance**

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

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

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

**Internal Control Over Compliance**

The management of the Town of North Castle, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing

our audit, we considered the Town of North Castle, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of North Castle, New York's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

#### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the Town of North Castle, New York as of and for the year ended December 31, 2008 and have issued our report thereon dated March 2, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Board of Education, management, 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.

*Bennett Kielson Storch DeSantis*  
The Government Services Division of  
O'Connor Davies Munns & Dobbins, LLP  
March 2, 2009

TOWN OF NORTH CASTLE, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending December 31, 2008

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number (1)</u>	<u>Federal</u> <u>Program</u> <u>Expenditures</u>
<u>Environmental Protection Agency</u>		
Direct Program -		
Surveys, Studies, Investigations and Special Purpose Grants	66.606	<u>\$ 376,463</u>
<u>U.S. Department of Justice</u>		
Direct Program -		
Public Safety Partnership and Community Policing Grant	16.710	<u>\$ 45,289</u>
<u>U.S. Department of Housing</u> <u>and Urban Development</u>		
Indirect Program - Passed through the County of Westchester -		
Entitlement Grants	14.218	<u>\$ 296,500</u>
Total		<u><u>\$ 718,252</u></u>

(1) Catalog of Federal Domestic Assistance number

TOWNOF NORTH CASTLE, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2008

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal award programs for the year ended December 31, 2008. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The fund financial statements are presented using the modified accrual basis of accounting.

**TOWN OF NORTH CASTLE, NEW YORK**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2008**

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None

**TOWN OF NORTH CASTLE, NEW YORK**

**Schedule of Findings and Questioned Costs  
Year Ended December 31, 2008**

**Section I-Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No  
Reportable condition(s) identified  
not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements  
noted?  Yes  No

**Federal Awards**

Internal Control over major programs:  
Material weakness(es) identified?  Yes  No  
Reportable condition(s) identified  
not considered to be material weaknesses?  Yes  None reported

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

Any audit findings disclosed that are  
required to be reported in accordance  
with Circular A-133, Section .5 1 0(a)?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.606	Surveys, Studies, Investigations and Special Purpose Grants

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes  No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None